



Transmitted via e-mail

May 17, 2023

Jeffrey Kirkpatrick, Administrative Manager
Orange County
601 North Ross Street
Santa Ana, CA 92701

2023-24 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated March 17, 2023. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Orange County Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2023 through June 30, 2024 (ROPS 23-24) to the California Department of Finance (Finance) on January 30, 2023. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 18, 2023.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific determination being disputed:

- Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the July 1, 2020 through June 30, 2021 (ROPS 20-21) period. The ROPS 20-21 prior period adjustment (PPA) will offset the ROPS 23-24 Redevelopment Property Tax Trust Fund (RPTTF) distribution. The amount of RPTTF authorized includes the PPA resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency; the PPA amount was initially determined as \$333,707. During the Meet and Confer, the Agency stated it inadvertently reported a total of \$121,238 in actual costs as Reserve Balances. Therefore, Finance updated the funding source for \$121,238 from Reserve Balances to RPTTF funding. As a result, the PPA decreased from \$333,707 to \$212,469.

In addition, per Finance's letter dated March 17, 2023, we continue to make the following determination not contested by the Agency during the Meet and Confer review:

- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the Oversight Board (OB) has approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources necessary to successfully wind-down the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$8,195,457, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2023 through December 31, 2023 period (ROPS A period), and one distribution for the January 1, 2024 through June 30, 2024 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 23-24 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

This is our final determination regarding the obligations listed on the ROPS 23-24. This determination only applies to items when funding was requested for the 12-month period. If a determination by Finance in a previous ROPS is currently the subject of litigation, the item will continue to reflect the determination until the matter is resolved.

The ROPS 23-24 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 23-24 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to Finance's review and may be adjusted even if not adjusted on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Jeffrey Kirkpatrick
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Please direct inquiries to Joshua Mortimer, Supervisor, or Michael Barr, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Bill Malohn, Accounting Manager, Orange County
Christopher Ranftl, Administrative Manager I, Property Tax Unit, Orange County
Kathy Tavoularis, Countywide Oversight Board Representative

Approved RPTF Distribution July 2023 through June 2024			
	ROPS A	ROPS B	Total
RPTF Requested	\$ 8,303,816	\$ 110	\$ 8,303,926
Administrative RPTF Requested	50,000	54,000	104,000
Total RPTF Requested	8,353,816	54,110	8,407,926
RPTF Authorized	8,303,816	110	8,303,926
Administrative RPTF Authorized	50,000	54,000	104,000
ROPS 20-21 Prior Period Adjustment (PPA)	(212,469)	0	(212,469)
Total RPTF Approved for Distribution	\$ 8,141,347	\$ 54,110	\$ 8,195,457