



Transmitted via e-mail

April 12, 2024

Gil Keinan, Managing Director
City of Adelanto
11600 Air Expressway
Adelanto, CA 92301

2024-25 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Adelanto Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2024 through June 30, 2025 (ROPS 24-25) to the California Department of Finance (Finance) on February 1, 2024. Finance has completed its review of the ROPS 24-25.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 2 – Adelanto Public Financing Authority, Local Agency 1995A Taxable Subordinated Revenue Bonds in the requested amount of \$1,319,460 has been partially adjusted. The Agency requested \$781,908 from Other Funds and \$537,552 from the Redevelopment Property Tax Trust Fund (RPTTF) in error. According to the debt service schedule provided by the Agency, the ROPS 24-25 period payment should be \$1,273,560 from Reserve Balances, and the final payment for the July 1, 2025 through June 30, 2025 (ROPS 25-26) period requested in advance should be \$1,366,800 from RPTTF. Because the Agency has \$740,650 held in the trustee reserves, the total RPTTF request for the ROPS 25-26 period should be \$626,150 (\$1,366,800 - \$740,650). Therefore, to accurately reflect the correct debt service payments, Finance made adjustments in the amounts specified in the table on the following page.
- Item No. 3 – Adelanto Public Financing Authority, Local Agency Second Subordinated 1995B Revenue Bonds in the requested amount of \$1,234,198 has been partially adjusted. The Agency requested \$1,234,198 from RPTTF in error. According to the debt service schedule provided by the Agency, the ROPS 24-25 period payment should be \$1,257,036 from Reserve Balances. Further, the ROPS 25-26 payment requested in advance should be \$1,251,360 from RPTTF. Therefore, to accurately reflect the correct debt service payments, Finance made adjustments in the amounts specified in the table on the following page.

- Item No. 4 – Adelanto Public Financing Authority, Local Agency Third Subordinated 1995C Revenue Bonds in the requested amount of \$1,870,508 has been partially adjusted. The Agency requested \$1,870,508 from RPTTF in error. According to the debt service schedule provided by the Agency, the ROPS 24-25 period payment should be \$919,939 from Reserve Balances, and the ROPS 25-26 payment requested in advance should be \$1,900,702 from RPTTF. Therefore, to accurately reflect the correct debt service payments, Finance made adjustments in the amounts specified in the table below.
- Item No. 5 – Adelanto Improvement Project, Area No. 3. 2007 Bonds in the requested amount of \$145,200 has been partially adjusted. The Agency requested \$145,200 from RPTTF in error. According to the debt service schedule provided by the Agency, the ROPS 24-25 period payment should be \$248,900 from Reserve Balances, and the ROPS 25-26 period payment requested in advance should be \$247,300 from RPTTF. Therefore, to accurately reflect the correct debt service payments, Finance made adjustments in the amounts specified in the table below.

Item No.	Obligation Name	Requested RPTTF	Requested Other Funds	Adjustments to RPTTF	Authorized RPTTF	Authorized Other Funds	Authorized Reserve Balances	Total Authorized
2	1995A Bonds	\$ 537,552	\$781,908	\$88,598	\$ 626,150	\$0	\$1,273,560	\$1,899,710
3	1995B Bonds	1,234,198	0	17,162	1,251,360	0	1,257,036	2,508,396
4	1995C Bonds	1,870,508	0	30,194	1,900,702	0	919,939	2,820,641
5	2007 Bonds	145,200	0	102,100	247,300	0	248,900	496,200
	Totals	\$3,787,458	\$781,908	\$238,054	\$4,025,512	\$0	\$3,699,435	\$7,724,947

- Item No. 31 – Excess Bond Proceeds in the total outstanding amount of \$3,139,426 is not allowed. Oversight Board (OB) Resolution No. 2024-01, approving the Agency's bond proceeds expenditure agreement between the City of Adelanto (City) and the Agency providing for the transfer of excess bond proceeds to the City for bond-eligible purposes; directing the transfer of such funds to the City; and making certain findings in connection therewith was denied in our letter dated March 14, 2024. It is our understanding that \$3,056,314 of bond proceeds were deposited in the City's general pooled fund on June 30, 2008. Further, the Agency could not provide documentation showing the \$3,056,314 within the general pooled fund as being restricted for the Agency. Therefore, there are no excess bond proceeds to be transferred. Therefore, the requested amount of \$3,139,426 is not eligible for Bond Proceeds.
- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the OB 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.

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, 2021 through June 30, 2022 (ROPS 21-22) period. The ROPS 21-22 prior period adjustment (PPA) will offset the ROPS 24-25 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 Agency's maximum approved RPTTF distribution for the reporting period is \$4,200,770, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2024 through December 31, 2024 period (ROPS A period), and one distribution for the January 1, 2025 through June 30, 2025 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 24-25 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Except for the adjusted items, Finance approves the remaining items listed on the ROPS 24-25 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 24-25, except items which are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days from the date of this letter. The Agency must use the RAD App to complete and submit its Meet and Confer request form. The Meet and Confer process and guidelines are available on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 24-25. 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 24-25 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 24-25 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.

Please direct inquiries to RedevelopmentAdministration@dof.ca.gov.

Sincerely,

Original signed by:

Cheryl L. McCormick, CPA
Chief, Office of State Audits and Evaluations

cc: Josh Giosa, Consultant, City of Adelanto
Franz Zyss, Chief Deputy, Property Tax Division/Countywide Oversight Board
Representative, San Bernardino County

Approved RPTTF Distribution July 2024 through June 2025			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 2,496,959	\$ 1,323,499	\$ 3,820,458
Administrative RPTTF Requested	74,723	74,722	149,445
Total RPTTF Requested	2,571,682	1,398,221	3,969,903
RPTTF Requested	2,496,959	1,323,499	3,820,458
<u>Adjustment(s)</u>			
Item No. 2	88,598	0	88,598
Item No. 3	(365,338)	382,500	17,162
Item No. 4	30,630	(436)	30,194
Item No. 5	51,050	51,050	102,100
	(195,060)	433,114	238,054
RPTTF Authorized	2,301,899	1,756,613	4,058,512
Administrative RPTTF Authorized	74,723	74,722	149,445
ROPS 21-22 prior period adjustment (PPA)	(7,187)	0	(7,187)
Total RPTTF Approved for Distribution	\$ 2,369,435	\$ 1,831,335	\$ 4,200,770