



May 17, 2019

Mr. Mitch Driskill, City Attorney
City of Westmorland
3205 South Dogwood Road, Suite B
El Centro, CA 92243

Dear Mr. Driskill:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated March 29, 2019. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Westmorland Successor Agency (Agency) submitted an annual ROPS for the period July 1, 2019 through June 30, 2020 (ROPS 19-20) to Finance on February 1, 2019. 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 24, 2019.

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:

Item No. 15 – 2011 Promissory Note to the City of Westmorland (City) in the total outstanding amount of \$30,000 is not allowed. Finance continues to deny this item. It is our understanding the City provided a \$150,000 loan to the former Redevelopment Agency (RDA) for use towards its equity contribution in conjunction with the issuance of the Tax Allocation Refunding Bonds Series 2011 (2011 Bonds). Pursuant to HSC section 34171 (d) (2) (B), contracts or arrangements between the City and the former RDA written at the time of issuance, but in no event later than June 27, 2011 for refunding or refinancing indebtedness obligations existing prior to January 1, 2011, may be deemed enforceable obligations. The 2011 Bonds refunded the RDA's 2006 Notes on January 19, 2011 and the Promissory Note was dated January 17, 2011. Therefore, the Promissory Note meets the requirements of HSC section 34171 (d) (2) (B).

According to previously provided Ledger Reports, the Agency made payments to the City totaling \$120,000 up through December 28, 2011. However, after the Meet and Confer review, the Agency remains unable to provide a financial statement or similar documentation to support the remaining loan payable amount, or if any subsequent payments were made after December 28, 2011. Therefore, the current outstanding amount cannot be verified. As such, the requested amount of \$12,917 remains ineligible for Redevelopment Property Tax Trust Fund (RPTTF) funding at this time.

In addition, per Finance's letter dated March 29, 2019, we continue to make the following determination not contested by the Agency during the Meet and Confer review:

Item No. 3 – 2011 Tax allocation Refunding Bonds in the amount of \$35,000 was requested in error. According to the debt service schedule provided by the Agency, the August 1, 2020 bond payment due during the January 1, 2020 through June 30, 2020 (ROPS 19-20B) period should be \$40,000. Therefore, to accurately reflect the correct debt service payment, Finance made an adjustment in the amount of \$5,000 to increase the total requested RPTTF from \$35,000 to \$40,000.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in RPTTF are used to offset current RPTTF distributions. The County Auditor-Controller's review of the prior period adjustment form submitted by the Agency resulted in no prior period adjustment.

Except for the item adjusted, Finance is not objecting to the remaining items listed on the ROPS 19-20.

The Agency's maximum approved RPTTF distribution for the reporting period is \$65,999 as summarized in the Approved RPTTF Distribution table on Page 3 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

This is Finance's final determination regarding the obligations listed on the ROPS 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 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 19-20 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied 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 RPTTF is the same as the amount of property tax increment available prior to the enactment of 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 RPTTF.

Please direct inquiries to Joshua Mortimer, Supervisor, or Cole Chev, Analyst, at (916) 322-2985.

Sincerely,



JW JENNIFER WHITAKER
Program Budget Manager

cc: Mr. Henry Graham, Chair, City of Westmorland
Ms. Ivonne Ramirez, Property Tax Manager, Imperial County

Attachment

Approved RPTTF Distribution			
For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	\$ 19,382	\$ 53,909	\$ 73,291
Administrative RPTTF Requested	625	0	625
Total RPTTF Requested	20,007	53,909	73,916
RPTTF Requested	19,382	53,909	73,291
<u>Adjustments</u>			
Item No. 3	0	5,000	5,000
Item No. 15	(6,458)	(6,459)	(12,917)
	(6,458)	(1,459)	(7,917)
RPTTF Authorized	12,924	52,450	65,374
Administrative RPTTF Authorized	625	0	625
Total RPTTF Authorized for Obligations	13,549	52,450	65,999
Prior Period Adjustment	0	0	0
Total RPTTF Approved for Distribution	\$ 13,549	\$ 52,450	\$ 65,999