



Transmitted via e-mail

May 15, 2020

Lydia Romero, City Manager
City of Lemon Grove
3232 Main Street
Lemon Grove, CA 91945

2020-21 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 10, 2020. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Lemon Grove Successor Agency (Agency) submitted an annual ROPS for the period of July 1, 2020 through June 30, 2021 (ROPS 20-21) to Finance on January 21, 2020. The Agency requested a Meet and Confer on one of the determinations made by Finance. The Meet and Confer was held on April 23, 2020.

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. 27 – Refinance 2004 Bond in the amount of \$420,791. Finance no longer partially denies this item. Finance previously denied \$89,655 of the \$321,198 requested for the July 1, 2020 through December 31, 2020 period (ROPS 20-21A) to comply with the \$231,543 debt service payment. During the Meet and Confer, the Agency explained and supported the \$89,655 was needed for the interest account to be in compliance with requirements of the Indenture of Trust. As a result, Finance approves the entire amount as requested on the ROPS totaling \$420,791 in Redevelopment Property Tax Trust Funds (RPTTF) funding.

In addition, per Finance's letter dated April 10, 2020, we continue to make the following determinations not contested by the Agency during the Meet and Confer review:

- Item No. 16 – City Loan (from inception) repayment in the amount of \$400,000 is partially allowed. HSC section 34191.4 (b) (3) (A) allows repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in the preceding fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year. According to the San Diego County Auditor-Controller's (CAC) report, the ROPS residual pass-through amount distributed to the taxing entities for fiscal year 2012-13 and 2019-20 is \$251,509 and \$932,122, respectively. Pursuant to the repayment formula, the maximum repayment amount authorized for the ROPS 20-21 period is \$340,307. Therefore, of the \$400,000 requested, \$59,693 is not eligible for RPTTF funding. The Agency may be eligible for additional funding on subsequent ROPS.

- Item No. 35 – 2019 Tax Allocation Refunding Bonds in the amount of \$1,319,795 is allowed. However, on the ROPS 20-21 submission, the Agency inadvertently omitted a request to use \$50,598 in Other Funds. Therefore, with the Agency's concurrence, Finance is approving \$1,319,795 RPTTF and \$50,598 in Other Funds, totaling \$1,370,393, to accurately reflect the required debt service payment amount.

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, 2017 through June 30, 2018 (ROPS 17-18) period. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF authorized includes the prior period adjustment (PPA) resulting from the CAC's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$2,105,398, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2020 through December 31, 2020 period (ROPS A period), and one distribution for the January 1, 2021 through June 30, 2021 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 20-21 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 20-21. 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 deemed denied until the matter is resolved.

The ROPS 20-21 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 20-21 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 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.

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Please direct inquiries to Joshua Mortimer, Supervisor, or Carla Villa, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Molly Brennan, Finance Manager, City of Lemon Grove
Jon Baker, Senior Auditor and Controller Manager, San Diego County

Attachment

Approved RPTTF Distribution July 2020 through June 2021			
	ROPS A	ROPS B	ROPS 20-21 Total
RPTTF Requested	\$ 1,574,700	\$ 565,886	\$ 2,140,586
Administrative RPTTF Requested	27,500	27,500	55,000
Total RPTTF Requested	1,602,200	593,386	2,195,586
RPTTF Requested	1,574,700	565,886	2,140,586
<u>Adjustment(s)</u>			
Item No. 16	0	(59,693)	(59,693)
RPTTF Authorized	1,574,700	506,193	2,080,893
Administrative RPTTF Authorized	27,500	27,500	55,000
ROPS 17-18 prior period adjustment (PPA)	(30,495)	0	(30,495)
Total RPTTF Approved for Distribution	\$ 1,571,705	\$ 533,693	\$ 2,105,398