



Transmitted by e-mail

March 27, 2020

Javier Carcamo, Finance Manager
City of Murrieta
1 Town Square
Murrieta, CA 92562

2020-21 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Murrieta Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2020 through June 30, 2021 (ROPS 20-21) to the California Department of Finance (Finance) on January 24, 2020. Finance has completed its review of the ROPS 20-21.

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

Item No. 42 – Loan Payable to the City of Murrieta-Housing loan repayment totaling \$4,954,398 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 Riverside 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 are \$2,684,652 and \$4,551,833 respectively. Pursuant to the repayment formula, the maximum repayment amount authorized for the ROPS 20-21 period is \$933,591. Therefore, of the \$4,954,398 requested, and after the application of the payment of \$269,613 towards item No. 43, \$4,290,420 is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding. The Agency may be eligible for additional funding on subsequent ROPS.

Additionally the total outstanding amount of \$4,954,398 is overstated. Pursuant to HSC section 34191.4 (b) (3), interest on the remaining outstanding principal amount of the loan shall be recalculated from the date of origination of the loan on a quarterly basis, at a simple interest rate of three percent and repayments shall be applied first to principal, and second to interest.

The total outstanding loan balance includes miscalculated interest. After recalculation interest, the total outstanding loan balance reported on the Agency's ROPS Detail Form has been reduced by \$1,751,063 to \$3,203,335.

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 in the table 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 \$3,250,748, 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.

Except for the item adjusted, Finance is not objecting to the remaining items listed on the ROPS 20-21. If the Agency disagrees with our determination with respect to any items on the ROPS 20-21, 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 of the date of this letter. The Meet and Confer process and guidelines are available on our website:

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

The Agency must use the RAD App to complete and submit its Meet and Confer request form.

Absent a Meet and Confer, 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.

Javier Carcamo
March 27, 2020
Page 3

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 Todd Vermillion, Supervisor, or Jeremy Bunting, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Jennifer Terry, Financial Analyst, City of Murrieta
Pam Elias, Chief Accountant Property Tax Division, Riverside County

Approved RPTTF Distribution July 2020 through June 2021			
	ROPS A	ROPS B	ROPS 20-21 Total
RPTTF Requested	\$ 2,197,653	\$ 5,858,864	\$ 8,056,517
Administrative RPTTF Requested	70,283	125,000	195,283
Total RPTTF Requested	2,267,936	5,983,864	8,251,800
RPTTF Requested	2,197,653	5,858,864	8,056,517
<u>Adjustment</u>			
Item No. 42	0	(4,290,420)	(4,290,420)
RPTTF Authorized	2,197,653	1,568,444	3,766,097
Administrative RPTTF Authorized	70,283	125,000	195,283
ROPS 17-18 prior period adjustment (PPA)	(710,632)	0	(710,632)
Total RPTTF Approved for Distribution	\$ 1,557,304	\$ 1,693,444	\$ 3,250,748