



Transmitted via e-mail

April 15, 2020

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

2020-21 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Westmorland 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 22, 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 determinations:

- Item No. 2 – Taxable Tax Allocation Refunding Bonds, Series 2011 (2011 Bonds) in the amount of \$24,124 is partially adjusted. According to the debt service schedule associated with the bonds, the Agency is only obligated to pay \$21,150 for the ROPS 20-21 period. To accurately reflect the debt service schedule, Finance is adjusting the requested \$24,124 for Redevelopment Property Tax Trust Fund (RPTTF) funding by \$2,974 (\$24,124 - \$21,150) to \$21,150.
- 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 because no additional documentation was provided to validate the Agency's current outstanding loan balance. 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 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, the Agency has not been able 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 \$30,000 is ineligible for RPTTF funding at this time.

- On the ROPS 20-21 form, the Agency reported cash balances and activity for the period July 1, 2017 through June 30, 2018 (ROPS 17-18). According to our review, the Agency has approximately \$6,765 from Reserve Balances available to fund enforceable obligations on the ROPS 20-21. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF funds. This item does not require payment from property tax revenues; therefore, the funding source for the following item has been reclassified in the amount specified below:
 - Item No. 2 – 2011 Bonds in the amount of \$21,150 is partially reclassified. Finance is approving RPTTF in the amount of \$14,385 and the use of Reserve Balances in the amount of \$6,765 totaling \$21,150.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the 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 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 \$83,323, 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 items 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.

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 Brian Dunham, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

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

Approved RPTTF Distribution July 2020 through June 2021			
	ROPS A	ROPS B	ROPS 20-21 Total
RPTTF Requested	\$ 27,924	\$ 67,450	\$ 95,374
Administrative RPTTF Requested	16,344	16,344	32,688
Total RPTTF Requested	44,268	83,794	128,062
RPTTF Requested	27,924	67,450	95,374
<u>Adjustments</u>			
Item No. 2*	(8,489)	(1,250)	(9,739)
Item No. 15	(15,000)	(15,000)	(30,000)
	(23,489)	(16,250)	(39,739)
RPTTF Authorized	4,435	51,200	55,635
Administrative RPTTF Authorized	16,344	16,344	32,688
ROPS 17-18 prior period adjustment (PPA)	(5,000)	0	(5,000)
Total RPTTF Approved for Distribution	\$ 15,779	\$ 67,544	\$ 83,323

*The \$9,739 figure represents the total adjustments of \$2,974 and \$6,765.