



Transmitted via e-mail

May 17, 2021

Jennifer Schaefer, Finance/CDBG Manager  
City of Corona  
400 South Vicentia Avenue, Suite 310  
Corona, CA 92882

### **2021-22 Annual Recognized Obligation Payment Schedule**

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 12, 2021. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Corona Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2021 through June 30, 2022 (ROPS 21-22) to Finance on January 22, 2021. 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 22, 2021.

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 determinations being disputed:

- Item Nos. 47, 50, and 51 – Multiple Loan Agreements reported with various outstanding balances. Finance partially approves and adjusts the balances for each item as explained in detail below. During the Meet and Confer review, the Agency contends that the outstanding loans did not receive any payments since dissolution, and any interest payments made prior to dissolution should not be applied to the original principal balance to be consistent with HSC 34191.4 (b) (3). Finance concurs with the Agency and has recalculated the outstanding balances and adjusted the loan balances reported on the Agency's ROPS Detail Form as follows:
  - Item No. 47 – Main Street Project Area Loan Agreement in the total outstanding amount of \$121,260 is overstated and the requested amount of \$121,260 is partially allowed. Finance has calculated the total outstanding balance by applying only principle payments to the original loan amount. The remaining principal has been recalculated back from the origination date of June 30, 1995, reducing the current outstanding balance by \$2,016 to \$119,244.
  - Item Nos. 50 and 51 – Temescal Canyon Project Area loans in the total outstanding amounts of \$483,469 and \$218,034 are no longer partially reduced. Finance recalculated the loan outstanding balance and agrees with the support provided by the Agency.

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 County Auditor-Controller (CAC)'s report, the ROPS residual pass-through amount distributed to the taxing entities for fiscal year 2012-13 and 2020-21 are \$4,444,710 and \$10,918,609, respectively. Pursuant to the repayment formula, the maximum repayment amount authorized for the ROPS 21-22 period is \$3,236,950. The total loan amounts requested for the ROPS 21-22 period is \$3,349,725 and of this amount, \$112,775 (\$3,349,725 - \$3,236,950) is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding. The excess amount of \$112,775 is applied to Item No. 47.

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, 2018 through June 30, 2019 (ROPS 18-19) period. The ROPS 18-19 prior period adjustment (PPA) will offset the ROPS 21-22 RPTTF distribution. The amount of RPTTF authorized includes the 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 \$10,192,795, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2021 through December 31, 2021 period (ROPS A period), and one distribution for the January 1, 2022 through June 30, 2022 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 21-22 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 21-22. 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 21-22 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 21-22 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.

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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 Mathew Rios, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER  
Program Budget Manager

cc: Cynthia Lara, Administrative Services Manager, City of Corona  
Pam Elias, Chief Accountant, Property Tax Division, Riverside County

<b>Approved RPTTF Distribution July 2021 through June 2022</b>			
	<b>ROPS A</b>	<b>ROPS B</b>	<b>Total</b>
RPTTF Requested	\$ 6,604,879	\$ 3,952,750	\$ 10,557,629
Administrative RPTTF Requested	75,000	75,000	150,000
<b>Total RPTTF Requested</b>	<b>6,679,879</b>	<b>4,027,750</b>	<b>10,707,629</b>
<b>RPTTF Requested</b>	<b>6,604,879</b>	<b>3,952,750</b>	<b>10,557,629</b>
<u>Adjustment(s)</u>			
Item No. 47	(112,775)	0	(112,775)
<b>RPTTF Authorized</b>	<b>6,492,104</b>	<b>3,952,750</b>	<b>10,444,854</b>
<b>Administrative RPTTF Authorized</b>	<b>75,000</b>	<b>75,000</b>	<b>150,000</b>
ROPS 18-19 prior period adjustment (PPA)	(402,059)	0	(402,059)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 6,165,045</b>	<b>\$ 4,027,750</b>	<b>\$ 10,192,795</b>

ICC: Rios, Vermillion, Takagi-Galamba, McAllister, McCormick,  
Whitaker

Final Path: J:\Audits and Review\ROPS 21-22 Letters PDF

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