



Transmitted via e-mail

April 1, 2022

Antony Lopez, City Manager
City of Avenal
919 Skyline Boulevard
Avenal, CA 93204

2022-23 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Avenal Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2022 through June 30, 2023 (ROPS 22-23) to the California Department of Finance (Finance) on January 31, 2022. Finance has completed its review of the ROPS 22-23.

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

- Item No. 1 – 2005 Revenue Bonds in the amount of \$336,575. The Agency requested Bond Proceeds to make debt service payments due in the ROPS 22-23 period in error. Therefore, Finance is reclassifying \$336,575 from Bond Proceeds to Redevelopment Property Tax Trust Fund (RPTTF).
- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the Oversight Board (OB) has approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources necessary to successfully wind-down the Agency.

The Agency did not submit its prior period adjustments (PPA) for the July 1, 2019 through June 30, 2020 (ROPS 19-20) period to the County Auditor-Controller (CAC). Therefore, the CAC did not provide a review of the Agency's ROPS 19-20 PPA as required by HSC section 34186. On the ROPS 22-23 form, the Agency reported cash balances and activities for the ROPS 19-20 period. Therefore, Finance reviewed the ROPS 19-20 expenditures and determined the Agency has no PPA.

The Agency's maximum approved RPTTF distribution for the reporting period is \$467,725, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2022 through December 31, 2022 period (ROPS A period), and one distribution for the January 1, 2023 through June 30, 2023 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 22-23 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 adjusted item, Finance approves the remaining items listed on the ROPS 22-23 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 22-23, 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 from 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 22-23. 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 22-23 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 22-23 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.

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.

Antony Lopez
April 1, 2022
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Please direct inquiries to Todd Vermillion, Supervisor, or Praney Nand, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Griselda Price, Interim Director of Administrative Services, City of Avenal
James Erb, Director of Finance, Kings County

| Approved RPTTF Distribution July 2022 through June 2023 | | | |
|--|-------------------|-------------------|-------------------|
| | ROPS A | ROPS B | Total |
| RPTTF Requested | \$ 0 | \$ 6,000 | \$ 6,000 |
| Administrative RPTTF Requested | 43,085 | 82,065 | 125,150 |
| Total RPTTF Requested | 43,085 | 88,065 | 131,150 |
| RPTTF Requested | 0 | 6,000 | 6,000 |
| <u>Adjustment(s)</u> | | | |
| Item No. 1 | 306,325 | 30,250 | 336,575 |
| RPTTF Authorized | 306,325 | 36,250 | 342,575 |
| Administrative RPTTF Authorized | 43,085 | 82,065 | 125,150 |
| Total RPTTF Approved for Distribution | \$ 349,410 | \$ 118,315 | \$ 467,725 |