

Orange Countywide Oversight Board

Date: 9/26/2019

Agenda Item No. 10H

From: Successor Agency to the Mission Viejo Redevelopment Agency

Subject: Straw Vote of the Countywide Oversight Board Regarding Administrative Budget

Recommended Action:

Hold a straw vote regarding FY 20/21 Administrative Budget for the Mission Viejo Successor Agency

The Mission Viejo Successor Agency requests a straw vote of the Administrative Budget for Fiscal Year 20/21. The Successor Agency shall return in January with a request for final approval of the Administrative Budget with the Recognized Obligation Payment Schedule (ROPS).

Fund accounting is the accounting system used for recording resources whose use has been limited by some organization or individual or as a matter of law. In this case, Successor Agency resources are governed by redevelopment dissolution law. Fund accounting also emphasizes accountability, not only for resources received, but for how money is spent. It is standard practice in governmental accounting to implement cost allocation policies and practices that allocate costs of a governments General Fund to other special funds for reimbursement to the General Fund for the benefit those special funds receive. The City of Mission Viejo seeks reimbursement from the Successor Agency through the administrative allowance for the time spent by staff and other costs incurred for legal, audit and other consultants and other miscellaneous costs incurred to administer the activities of the Successor Agency.

For the FY 20-21 ROPS period, the City of Mission Viejo will be requesting an administrative budget of \$250,000, an amount allowed under dissolution law. This amount is consistent with the amount requested and approved by the Department of Finance (DOF) each year since redevelopment dissolution. Attached is a line item budget for FY 20/21 justifying administrative costs. The amounts in this budget are based on amounts that have been adopted as part of the City's 2019-21 two-year budget. Direct personnel costs are an estimate of time staff will spend during FY 20/21 on former redevelopment agency matters and the dissolution process. Only those employees that spend time on Successor Agency matters are included in the budget and time estimated is generally tasked based. Other direct costs, which are usually legal and audit firm services for direct Successor Agency services are estimates of costs anticipated during FY 19-20. Indirect costs are based on the approved FY 20/21 General Fund line item budget. The items listed under indirect costs have a relationship to Successor Agency operations. As an example, the City's accounting software is used to account for the resources and expenses of the Successor Agency; therefore, a percentage of the cost of the use of that software is allocated to the Successor Agency. The percentage used to allocate indirect costs is 3%, which is the approximate percentage of Successor Agency tax increment revenue to the total General Fund expenditures. For comparative purposes, the City has also attached the approved budgets for ROPS period 19-20 and 18-19.

A request was made to provide Department of Finance (DOF) determination letters that might pertain to the administrative budget discussion. The determination letters for 19-20 and 18-19 include paragraphs that state the following:

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 City acknowledges that based on the number of line items remaining on the ROPS, there is an appearance that activity for the Mission Viejo Successor Agency is minimal. However, there are substantive issues that are on-going with former redevelopment agreements related to the Mall Bond issue (ROPS enforceable obligation line items 1,4, 37 and 58) and the Kaleidoscope Center development (line item 24) that DOF has repeatedly reclassified to the administrative allowance. By denying direct funding for these activities and forcing these activities off the ROPS as separate enforceable obligations, this gives the appearance that there is less going on related to the Successor Agency than there really is. Attached are determination letters for ROPS periods 17-18, 15-16A and 15-16B that demonstrate DOF actions of reclassifying line item requests to the administrative allowance. In summary, DOF reclassified \$71,000 for 15-16A, \$165,000 for 15-16B, and \$96,500 for 17-18.

To further assist the Oversight Board, the following is a summary of some of the more substantive activities of the Successor Agency that have been re-classified to the administrative allowance by DOF.

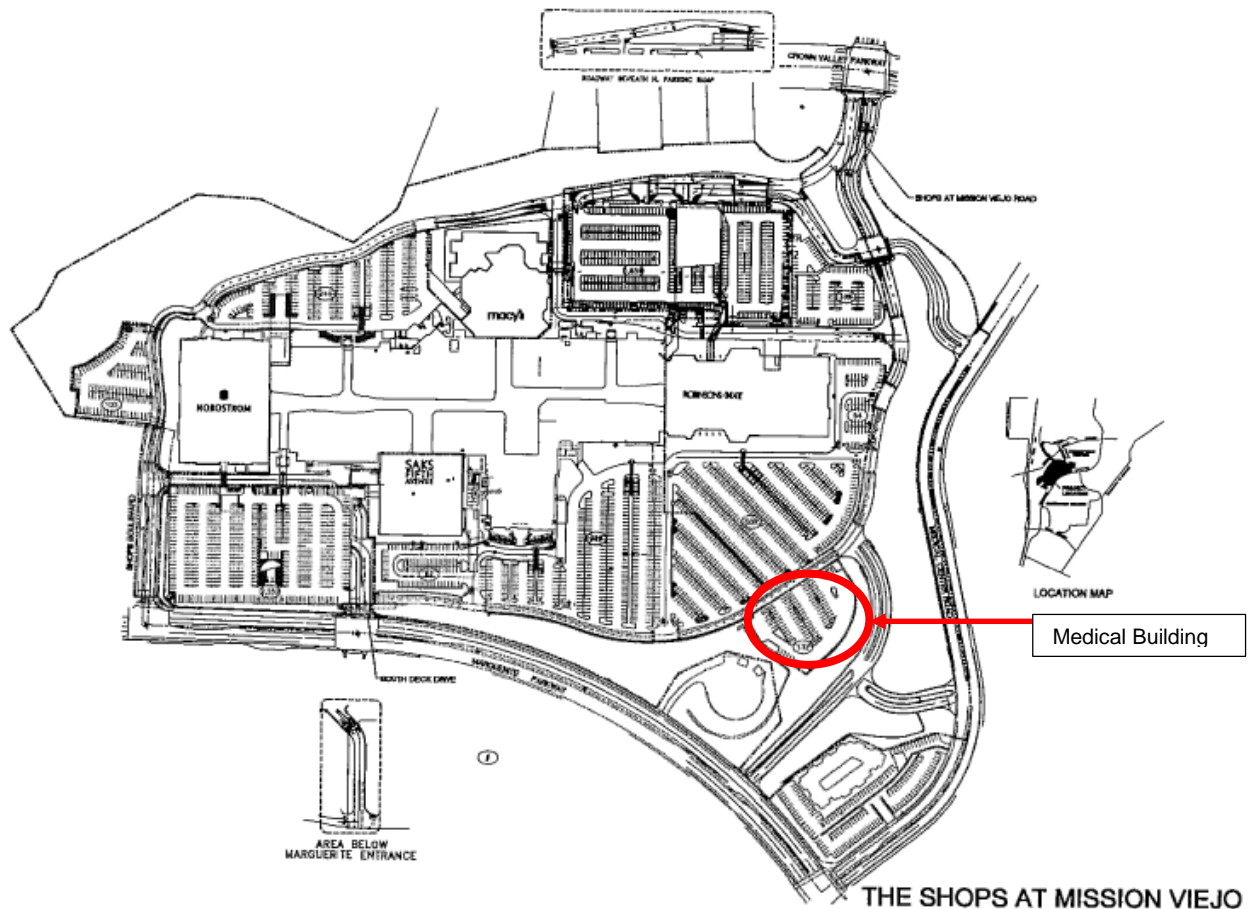
Enforcement of Mall Bond OPA and Covenants Compliance

The former Mission Viejo redevelopment agency (CDA) and Mission Viejo Associates, L.P. (Developer) entered into an Owner Participation Agreement (OPA) dated November 16, 1998. The purpose of the OPA was to implement the provision of the Community Development Plan and the CDA's Implementation Plan for the CDA Project Area pursuant to Section 33490 of the Community Redevelopment Law, both of which state as an objective the redevelopment of existing commercial property in the Project Area, in particular the Mission Viejo Mall, now called The Shops at Mission Viejo (Mall).

The Indenture of Trust (Indenture), dated May 1, 1999, between BNY Western Trust Company (Trustee) and the CDA, authorized the issuance of \$31,100,000 Variable Rate Demand Bonds for the Mission Viejo Mall Improvement Project (Mall Bonds). Also dated May 1, 1999 and as required by the OPA, the CDA and the Developer entered into an Agreement Affecting Real Property (Covenants Agreement), which was subsequently recorded in the County of Orange, California on May 18, 1999 to ensure enforceability of all covenants.

The OPA and the Covenants Agreement are base legal documents in the issuance of the Mall Bonds and the Indenture specifically references that the definitions in the OPA have equal applicability to references in the Indenture. The OPA specifically references the Covenants Agreement. These legal documents are governing documents of all activities at the redeveloped Mall through the year 2028 when the related Mall Bonds mature. The OPA along with the Covenants Agreement set forth the extensive restrictive use, operating, tenanting, management and maintenance covenants, conditions, obligations and other restrictions affecting the Development Parcel (known as the Mall Site) and recorded against the Mall Site in order to ensure long term economic, aesthetic, and community benefits. The purpose of the OPA was to provide the former CDA, and now the Successor Agency, the means to protect the property value and revenue generation of the Mall Site since the ability to meet debt service obligations on the Mall Bonds is dependent on the senior pledge of tax increment generated by the Mall Site. Therefore, the obligation of monitoring and enforcing the OPA covenants is an on-going obligation of the Agency while the Mall Bonds are Outstanding, i.e., until such time that the bonds are fully paid in the year 2028.

The Indenture, OPA and Covenants Agreement identifies the property bound by these legal documents as the "Site" or "Mall Site" and further define the Mall Site to include the Mall Parcels (inclusive of the Development Parcel and the Major Anchor Tenant Parcels) and the Parking Structure Parcels, and includes all the improvements as generally bounded by Crown Valley Parkway to the north, Medical Center Road to the east, Marguerite Parkway to the southeast and Via Curacion to the south, and the San Diego Freeway to the west. The Site map is documented below.



The Mall is owned by Mission Viejo LLC, whose sole member is Mission Viejo Associates, L.P., whose general partner is Simon Property Group, L.P., and whose general partner is Simon Property Group, Inc., (SPG); SPG is an S&P 100 company, the largest REIT in the world, and owner/developer of many hundreds of, the most, regional malls in the U.S. and throughout the world. Uniquely and beneficial to the security for the Mall Bonds, the Covenants Agreement is a senior encumbrance against the Site that requires SPG to use, operate, manage, tenant, and maintain the Mall at the highest tier of all SPG mall properties. Ongoing, the Covenants Agreement must be monitored and enforced to ensure SPG's compliance and the high valuation of the Mall Site thereby generating the high tax increment that, as noted, is the senior, first pledge of revenues securing repayment of the Mall Bonds. If SPG were to not comply with the Covenants Agreement and Mall Bond Documents, with high quality tenant improvements that generate high local revenues, then the security for the Mall Bonds may be compromised.

In addition to the ongoing monitoring to enforce compliance with the Covenants Agreement and Mall Bond Documents for the retail Mall proper, the entire Site is subject to these covenants; so when the owner undertakes new, on-Site improvements, whether retail or non-retail, the Successor Agency is responsible to ensure compliance with all covenants. In other words, any activity that occurs on the Mall Site, whether on-going, a result of previous development, or new development, that is located within the Mall Site, is subject to the Covenants Agreement while the Mall Bonds are Outstanding and due in full in 2028. SPG has entered into a lease agreement with third party that will result in the development of a 110,000 square foot, four-story medical office building and adjacent parking structure. (The project location is highlighted within the Mall Site on the previous map.) Therefore, the Successor Agency is obligated to monitor and enforce compliance by SPG (and its tenants) within the boundaries of the Mall Site to ensure compliance with the covenants of the Covenant Agreements and Mall Bond Documents while the Bonds are Outstanding.

As previously stated, the OPA along with the Covenants Agreement set forth the extensive restrictive use,

operating, tenancing, management and maintenance covenants, conditions, obligations and other restrictions affecting the Mall Site and include: the on-going appearance and maintenance of landscaping; accessibility and quantity of parking spaces; the mix of tenants, both retail and non-retail, allowed on the Mall Site and all improvements and development within the Site. Because the Successor Agency has no staff, the City of Mission Viejo staff and contract staff are used to monitor compliance with the OPA, Covenants Agreement and Mall Bond Documents and legal services provided by the Successor Agency attorney are needed to assist staff with monitoring and enforcing the terms of these agreements.

DOF has repeatedly reclassified ROPS line items for legal and other consulting services provided by a third party and staff time related to these matters as part of the administrative allowance. These costs for outside services and staff time are specifically for the governance of the outstanding Mall Bonds Indenture as well as the Mall OPA and Covenants Agreement and are included in the administrative allowance budget.

Enforcement of Kaleidoscope OPA and Covenants Compliance

The former Agency and original developer entity, Kaleidoscope Partners, L.P., entered into an Owner Participation Agreement dated October 30, 1995 that included long-term CCRs of record against that certain 4.9-acre parcel; these covenants control the uses, types of tenancies, operations, maintenance and management of a large commercial shopping, entertainment, and retail development at the northeast corner of Crown Valley Parkway and the I-5 freeway (Project). The “Covenants” are set forth in that certain Agreement Affecting Real Property recorded in the Official Records, County of Orange as Instrument No. 1999-0507393 as a senior non subordinate encumbrance, including several amendments also of record relating to these “Covenants”.

Over the years, the Project has had numerous operational issues, both pre- and post-dissolution of the redevelopment agency; and, the Project has been transferred to multiple successive owners, each of which requires Mission Viejo’s consent. With each transfer there have been and continue to be legal and other compliance issues related to the uses, tenancies and operations at the Project by the Owner, its agents and property management, and its tenants’, in particular related to enforcing the Owner’s compliance with the Covenants. The current owner is Crown Valley Holdings, LLC, which new ownership too has required ongoing legal services provided by Successor Agency counsel, all related to monitoring and enforcing the Owner’s compliance with the Covenants. The Successor Agency is working on requests to the City by the Owner for improvements and changes of use, which trigger review and compliance work by the Successor Agency related to the Covenants. As with any potential or existing dispute between or among parties, the objective is to not end up in litigation; however, in all instances pre-litigation work to cause enforcement of the Covenants before the Successor Agency has to file a lawsuit, or before having to defend a lawsuit filed by the Owner, legal costs directly related to the enforceable obligation are incurred. Outside legal counsel provide these pre-litigation legal services to the Successor Agency in order to enforce effectively the Covenants and avoid ultimately having to file a lawsuit.

DOF has repeatedly reclassified ROPS line items for legal and other consulting services provided by a third party and staff time related to these matters as part of the administrative allowance. These costs for outside services and staff time are specifically for the governance of the Kaleidoscope OPA and are included in the administrative allowance budget.

General Administration

There are a number of activities that occur regularly as part of general administration. The City of Mission Viejo has prepared a personnel justification that accompanies the administrative allowance budget with an exhaustive list of various tasks, including: tasks performed by each employee; the amount of time spent on each task; and, the frequency of each task; to determine the total hours spent by each employee. This detail is provided to assist the Oversight Board in understanding the City’s time commitment to Successor Agency matters. Some specific examples include: processing invoices, preparing staff reports, preparing and executing resolutions, conducting meetings, preparing monthly bank reconciliations and treasurer’s reports and executing wire transfers. It should also be noted that there is a fixed amount cost associated with

general administration that has no nexus to the number of ROPS line items. For example, regardless of whether there is one ROPS line item with 1 disbursement a year or 20 ROPS line items with 100 disbursements a year, our agency still has to prepare 12 bank reconciliations and 12 treasurer's reports every year.

In conclusion, the City believes the administrative allowance requested of \$250,000 is adequately justified and supported; however, if there is additional information that the Oversight Board believes is needed to further support our request, the City will make every effort to accommodate your request.

Staff Contact(s)

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Attachments

Proposed FY 20/21 Administrative Budget
FY 19/20 Approved Administrative Budget
FY 18/19 Approved Administrative Budget
DOF Determination Letter_19-20
DOF Determination Letter_18-19
DOF Determination Letter_17-18
DOF Determination Letter_15-16A
DOF Determination Letter_15-16B

City of Mission Viejo
FY 20/21
Administrative Allowance Budget

		<u>Fiscal Year</u>	<u>Hourly</u>	<u>Successor</u>		<u>% of Time</u>
		<u>2020/2021</u>	<u>Rate</u>	<u>Agency</u>	<u>SA</u>	<u>Spent on SA</u>
		<u>Costs</u>	<u>Rate</u>	<u>Hours</u>	<u>Administration</u>	<u>Issues</u>
Direct Personnel Costs	Department					
City Manager	City Manager	\$ 349,702	\$ 168.13	60	\$ 10,088	2.88%
Assistant City Manager/Director of Public Services	City Manager	311,077	149.56	60	8,973	2.88%
Executive Administrator	City Manager	124,435	59.82	24	1,436	1.15%
Senior Executive Assistant	City Manager	37,208	35.78	12	429	0.58%
City Council	City Council	128,522	61.79	2	124	0.10%
City Clerk	City Clerk	172,671	83.01	7	540	0.31%
Community Relations Manager	City Clerk	152,220	73.18	2	146	0.10%
Director of Administrative Services	Administrative Services	271,228	130.40	200	26,080	9.62%
AS Manager-Treasury	Administrative Services	152,485	73.31	75	5,498	3.61%
AS Manager-Accounting	Administrative Services	157,614	75.78	61	4,622	2.93%
Treasury Analyst	Administrative Services	118,200	56.83	289	16,423	13.89%
Junior Accountant	Administrative Services	90,097	43.32	106	4,602	5.11%
Junior Accountant	Administrative Services	89,903	43.22	16	670	0.75%
Payroll Technician	Administrative Services	74,131	35.64	78	2,780	3.75%
AS Manager-Budget & Purchasing	Administrative Services	151,816	72.99	46	3,357	2.21%
AS Analyst	Administrative Services	110,709	53.23	28	1,490	1.35%
Accounting Information Specialist	Administrative Services	119,473	71.80	10	700	0.47%
Administrative Assistant	Administrative Services	94,028	45.21	30	1,367	1.45%
Information Technology Service Delivery Mgr	Information Technology	187,038	89.92	62	5,575	2.98%
Information Technology Specialist	Information Technology	161,303	77.55	62	4,808	2.98%
Community Development Director	Community Development	272,112	130.82	24	3,140	1.15%
Planning Manager	Community Development	230,190	110.67	24	2,656	1.15%
Code Enforcement Officer	Community Development	141,717	68.13	156	10,629	7.50%
Total Direct Personnel Costs					116,134	
Other Direct Costs						
Attorneys						
Stradling Yocca Carlson & Rauth	SA Attorney				30,000	
Lozano Smith	City Attorney				10,000	
Audit Fees					2,400	
Bank Fees/Delivery/Postage/Office Supplies/Meeting costs					500	
Total Other Direct Cost					42,900	
Indirect Costs (applied at 3% of total cost)						
General Liability Insurance		827,000			24,810	
Workers Compensation Insurance		201,000			6,030	
Property Insurance		304,500			9,135	
Employee Fidelity Bonds		8,200			246	
Property Tax Administration		173,000			5,190	
Section 115 pension trust payment		165,377			4,961	
City Hall Facility Maintenance		659,467			19,784	
City Council Admin (non payroll)		60,453			1,814	
City Clerk Council Support (non payroll)		3,300			99	
City Clerk Records Mgmt (non payroll)		4,025			121	
Admin Service Admin (non payroll)		13,984			420	
Acctg/Payroll (non payroll/excludes audit)		18,613			558	
Treasury (non payroll)		86,500			2,595	
Risk management (non payroll/excludes insurance)		14,600			438	
Human Resources (non payroll)		146,990			4,410	
Community Development Admin (non-payroll)		32,904			987	
Community Development-Current Planning		46,916			1,407	
Community Development-Code Enforcement		62,707			1,881	
Taping/broadcasting SA meetings		46,260			1,388	
Personnel Computer lease		7,588			228	
Maintenance of Document Management System		22,000			660	
Maintenance of Granicus System (on line streaming of meetings)		23,000			690	
Maintenance of Ektron (website content mgmt)		22,000			660	
Maintenance of Accounting System		72,000			2,160	
Maintenance of Misc Systems (Microsoft, Cylance, Trustwave, Maas 360, Apple,		221,000			6,630	
General Office Supplies and maintenance supplies		29,210			876	
Finance Copier/Equipment Maintenance		34,750			1,043	
Total Indirect Cost					99,220	
Total Successor Agency Admin Allowance Cost					\$ 258,254	

**City of Mission Viejo
FY 20/21
Administrative Allowance
Personnel Justification**

Position	Department	Summary of Job Duties Pertaining to Successor Agency	Hours	Frequency	Total
City Manager	City Manager	Oversees the entire dissolution process. Attends SA, OB and Meet and Confer meetings as well as numerous staff meetings regarding SA. Hours include 5 hours per month.	5	12	<u>60</u>
Total City Manager					60
Assistant City Manager/Director of Public Services	City Manager	Support to City Manager and attendance at SA and OB related meetings. Estimate is equal to 5 hours per month.	5	12	<u>60</u>
Total Assistant City Manager					60
Executive Administrator	City Manager	Direct assistant to the City Manager and Asst City Manager in SA and OB related meetings, transaction processing (i.e. meet and confer related travel requests) and document prep. Estimate is equal to 2 hours per month.	2	12	<u>24</u>
Total Senior Executive Assistant					24
Senior Executive Assistant	City Manager	Direct assistant to the City Manager and Asst City Manager in SA and OB related meetings, transaction processing (i.e. meet and confer related travel requests) and document prep. Estimate is equal to 2 hours per month.	1	12	<u>12</u>
Total Executive Assistant					12
City Council	City Council	Attendance at Successor Agency Meetings for 5 members	0.5	1	0.5
		Attendance at Successor Agency agenda planning mtgs for 2 members	0.5	1	0.5
		Execution of SA resolutions by Mayor	0.25	4	<u>1</u>
Total City Council					2
City Clerk	City Clerk	Preparation of Successor Agency Board meetings, including review of agenda	0.5	2	1
		Preparation of Successor Agency Board agendas	0.5	2	1
		Attendance at Successor Agency Board meetings	0.25	2	0.5
		Attendance at Successor Agency agenda planning meetings	0.25	2	0.5
		Preparation of minutes of Successor Agency Board meetings	0.25	2	0.5
		Review and execution of SA resolutions	0.25	4	1
		Filing and posting of SA resolutions in City document system	0.5	4	<u>2</u>
Total City Clerk					6.5
Community Relations Manager	Community Relations	Processing SA related public requests under the Brown Act	1	2	2
Total Community Relations Manager					<u>0</u> 2

City of Mission Viejo
FY 20/21
Administrative Allowance
Personnel Justification

<i>Position</i>	<i>Department</i>	<i>Summary of Job Duties Pertaining to Successor Agency</i>	<i>Hours</i>	<i>Frequency</i>	<i>Total</i>
Director of Administrative Services	Administrative Services	Direct hours reported on timesheet for ROPS preparation, Mall Bond issues, preparation of SA and OB staff reports, attendance at meetings, etc. (200 hours based projected activity)	200	1	<u>200</u>
Total Director of Admin Services					200
AS Manager-Treasury	Administrative Services	Direct hours reported on timesheet for ROPS preparation, Mall Bond issues, preparation of SA and OB staff reports, attendance at meetings, etc. (75 hours based projected activity)	75	1	<u>75</u>
Total Treasury Manager					75
AS Manager-Accounting	Administrative Services	Review and final approval of all journal entries for quarterly close	0.25	12	3
		Review and approval of monthly bank reconciliation	0.25	12	3
		Review payroll entries in general ledger	1	26	26
		Review of accounts payable coding of SA invoices before processing	0.25	12	3
		Review Mall Bond statement JE's	0.5	12	6
		Analytical review of all monthly financial transactions	1	12	12
		Successor Agency dissolution law and accounting training	1	1	1
		Create/maintain chart of accounts for Successor Agency	1	1	1
		Prepare/process/review entries to close SA funds for fiscal year	3	1	3
		Preparation of SA documents for interim audit for FY 20/21; meeting with auditors	3	1	3
		Training and preparation of SSRS reports in Munis	0	1	0
		Review SA information in annual CAFR for FY 19/20	2	1	<u>2</u>
Total Accounting Manager					61
Treasury Analyst	Administrative Services	Review daily cash in bank account on a daily basis and prepare report for review by Treasury Manager and Director	0.75	260	195
		Prepare monthly Treasurer's Report	1	12	12
		Bank reconciliation	1	12	12
		Quarterly transaction and file maintenance	5	4	20
		Processing check requests for a/p invoices	0.5	10	5
		Update Mall Bond spreadsheets	2	12	24
		Prepare Rolling Reserve letter to bond trustee	5	1	5
		Prepare and process Mall Bond monthly transactions	0.5	4	2
		Set up SA cash and investment accounts/close RDA accounts	1	2	2
		Prepare wire transfer requests and process transactions	2	6	<u>12</u>
Total Treasury Analyst					289

City of Mission Viejo
FY 20/21
Administrative Allowance
Personnel Justification

<i>Position</i>	<i>Department</i>	<i>Summary of Job Duties Pertaining to Successor Agency</i>	<i>Hours</i>	<i>Frequency</i>	<i>Total</i>
Junior Accountant	Administrative Services	Review accounts payable before final posting	0.25	25	6.25
		Prepare and process journal entries for quarterly close	1	12	12
		Preparation of monthly bank reconciliation	1	12	12
		Review payroll entries in general ledger	2	26	52
		Preparation of Mall Bond monthly transactions	1	12	12
		Preparation of SA docs for interim audit FY 20/21	3	1	3
		Preparation of CAFR for FY 19/20	2	1	2
		Training and preparation of SSRS reports in Munis	5	1	5
		Successor Agency accounting training	2	1	2
Total Junior Accountant					106.25
Junior Accountant	Administrative Services	Review SA accounts payable invoices; issuing checks and preparing check registers	0.5	25	12.5
		Preparation of CAFR for FY 19/20	1	1	1
		Training and preparation of SSRS reports in Munis	0	1	0
		Successor Agency accounting training	2	1	2
Total Junior Accountant					15.5
Payroll Technician	Administrative Services	Processing of timesheets for all employees including City employees performing direct duties for Successor Agency; Reviewing timesheets for project allocations, including SA related issues; processing paychecks; reviewing all payroll reports for correctness	2	26	52
		Continuation of maintaining payroll in Munis, including project ledger info and integration to track Successor Agency time, ESS.	1	26	26
Total Payroll Technician					78
AS Manager-Budget & Purchasing	Administrative Services	Set up/Manage of Successor Agency Chart of Accounts	2	1	2
		Processing purchase orders and contracts	0.5	6	3
		Management of purchase orders/contracts until close	1	12	12
		Successor Agency accounting training	2	1	2
		Development of budget (3% of 832 hours)	25	1	25
		Training and preparation of SSRS reports in Munis	2	1	2
Total Budget & Purchasing Manager					46
AS Analyst	Administrative Services	Processing purchase orders and contracts	0.5	6	3
		Management of purchase orders/contracts until close	1	12	12
		Preparation of Successor Agency staff reports	1	6	6
		Preparation of Oversight Board staff reports	1	2	2
		Processing and execution of SA resolutions	0.5	4	2
		Posting of OB resolutions, ROPS and other docs on website	0.5	6	3
		Submittal of docs to DOF	0.25	4	1
		Processing SA related public requests under the Brown Act	0	0	0
Total AS Analyst					28

City of Mission Viejo
FY 20/21
Administrative Allowance
Personnel Justification

<i>Position</i>	<i>Department</i>	<i>Summary of Job Duties Pertaining to Successor Agency</i>	<i>Hours</i>	<i>Frequency</i>	<i>Total</i>
Accounting Information Specialist	Administrative Services	Training of SSRS Reports in Munis (3% of 224 hours)	6.75	1	6.75
		Preparation of SSRS Reports in Munis (3% of 10 reports/Avg 10 hr/report)	0.3	10	<u>3</u>
Total Acct Info Specialist					9.75
Administrative Assistant	Administrative Services	General support to the Director of Administrative Services	2	12	24
		Scan/attach/code accounts payable invoices into accounting system	0.25	25	<u>6.25</u>
Total Administrative Assistant					30.25
Director of Information Technology	IT	Technical support related to SA administration. Based on timesheet.	0	12	<u>0</u>
Total IT Director					0
IT Service Delivery Manager	IT	Munis support and upgrade oversight (3% of 12 month or 2,080 hours)	62	1	<u>62</u>
Total IT Service Delivery Manager					62
Information Technology Specialists/Technicians	IT	Munis administrative and security support (3% of 12 months or 2,080 hours)	62	1	<u>62</u>
Total IT Specialist					62
Community Development Director	Community Development	Monitor development of Mall property in accordance with bond covenants	2	12	<u>24</u>
Total CD Director					24
Planning Manager	Community Development	Monitor development of Mall property in accordance with bond covenants	2	12	<u>24</u>
Total Planning Manager					24
Code Enforcement Officer	Community Development	Code enforcement activities related to bond covenants	3	52	<u>156</u>
Total Code Enforcement Officer					156

**City of Mission Viejo
FY 19/20
Administrative Allowance Budget**

		<u>Fiscal Year</u> <u>2019/2020</u> <u>Costs</u>	<u>Hourly</u> <u>Rate</u>	<u>Successor</u> <u>Agency</u> <u>Hours</u>	<u>SA</u> <u>Administration</u>	<u>% of Time</u> <u>Spent on</u> <u>SA Issues</u>
Direct Personnel Costs	Department					
City Manager	City Manager	\$ 324,864	\$ 156.18	60	\$ 9,371	2.88%
Assistant City Manager/Director of Public Services	City Manager	282,812	135.97	24	3,263	1.15%
Executive Administrator	City Manager	119,486	57.45	24	1,379	1.15%
Senior Executive Assistant	City Manager	35,422	34.06	24	817	1.15%
City Council	City Council	114,435	55.02	5	248	0.22%
City Clerk	City Clerk	243,857	117.24	4	410	0.17%
Deputy City Clerk	City Clerk	125,769	60.47	1	60	0.05%
Records Mangement Coordinator	City Clerk	106,351	51.13	4	205	0.19%
Director of Administrative Services	Administrative Services	250,633	120.50	550	66,273	26.44%
AS Manager-Treasury	Administrative Services	146,592	70.48	150	10,572	7.21%
AS Manager-Accounting	Administrative Services	141,625	68.09	61	4,153	2.93%
Treasury Analyst	Administrative Services	94,453	45.41	337	15,303	16.20%
Junior Accountant	Administrative Services	85,958	41.33	114	4,690	5.46%
Junior Accountant	Administrative Services	86,144	41.42	28	1,160	1.35%
Payroll Technician	Administrative Services	60,278	28.98	78	2,260	3.75%
AS Manager-Budget & Purchasing	Administrative Services	141,204	67.89	30	2,037	1.44%
AS Analyst	Administrative Services	105,070	50.51	36	1,819	1.73%
Accounting Information Specialist	Administrative Services	112,187	67.42	10	657	0.47%
Senior Department Assistant	Administrative Services	90,821	43.66	37	1,594	1.75%
Information Technology Specialist	Information Technology	152,187	73.17	62	4,536	2.98%
Total Direct Personnel Costs					130,808	
Other Direct Costs						
Attorneys						
Stradling Yocca Carlson & Rauth	SA Attorney				15,000	
Lozano Smith	City Attorney				5,000	
Audit Fees					2,000	
Bank Fees/Delivery/Postage/Office Supplies/Meeting costs					1,000	
Total Other Direct Cost					23,000	
Indirect Costs (applied at 3% of total cost)						
General Liability Insurance		713,698			21,411	
Workers Compensation Insurance		177,573			5,327	
Property Insurance		264,513			7,935	
Employee Fidelity Bonds		8,084			243	
Property Tax Administration		203,000			6,090	
Retiree Insurance Program (allocated at 5.6% of payroll)		-			-	
City Hall Facility Maintenance		558,442			16,753	
City Council Admin (non payroll)		36,808			1,104	
City Clerk Council Support (non payroll)		2,450			74	
City Clerk Records Mgmt (non payroll)		6,175			185	
Admin Service Admin (non payroll)		13,807			414	
Acctg/Payroll (non payroll/excludes audit)		40,907			1,227	
Treasury (non payroll)		84,540			2,536	
Human Resources (non payroll)		127,280			3,818	
Community Development Admin		231,994			6,960	
Community Development-Current Planning		445,889			13,377	
Taping/broadcasting SA meetings		27,120			814	
Maintenance of Document Management System		24,000			720	
Maintenance of Granicus System (on line streaming of meetings)		18,700			561	
Maintenance of Ektron (website content mgmt)		10,000			300	
Maintenance of Accounting System		72,000			2,160	
Maintenance of Misc Systems (Microsoft, Cylance, Trustwave, Maas 360, App		237,500			7,125	
General Office Supplies and maintenance supplies		27,735			832	
Finance Copier/Equipment Maintenance		40,750			1,223	
Total Indirect Cost					101,189	
Total Successor Agency Admin Allowance Cost					\$ 254,997	

**City of Mission Viejo
FY 18/19
Administrative Allowance Budget**

		<u>Fiscal Year</u> <u>2018/2019</u> <u>Costs</u>	<u>Hourly</u> <u>Rate</u>	<u>Successor</u> <u>Agency</u> <u>Hours</u>	<u>SA</u> <u>Administration</u>	<u>% of Time</u> <u>Spent on</u> <u>SA Issues</u>
Direct Personnel Costs	Department					
City Manager	City Manager	\$ 311,396	\$ 149.71	60	\$ 8,983	2.88%
Assistant City Manager/Director of Public Services	City Manager	275,402	132.40	24	3,178	1.15%
Senior Executive Assistant	City Manager	107,120	51.50	24	1,236	1.15%
Executive Assistant	City Manager	97,234	46.75	24	1,122	1.15%
City Council	City Council	125,900	60.53	9	514	0.41%
City Clerk	City Clerk	213,265	102.53	7	666	0.31%
Deputy City Clerk	City Clerk	109,721	52.75	4	211	0.19%
Records Mangement Coordinator	City Clerk	97,177	46.72	5	234	0.24%
Director of Administrative Services	Administrative Services	225,711	108.51	701	76,096	33.71%
AS Manager-Treasury	Administrative Services	187,474	100.15	72	7,211	3.46%
AS Manager-Accounting	Administrative Services	152,222	73.18	83	6,074	3.99%
Treasury Assistant	Administrative Services	93,822	45.11	337	15,201	16.20%
Accountant	Administrative Services	109,497	52.64	107	5,606	5.12%
Accountant	Administrative Services	88,403	42.50	35	1,466	1.66%
Payroll Technician	Administrative Services	74,261	35.70	104	3,713	5.00%
AS Manager-Budget & Purchasing	Administrative Services	109,705	52.74	31	1,635	1.49%
Accounting Information Specialist	Administrative Services	98,171	59.00	10	575	0.47%
Administrative Assistant	Administrative Services	87,822	42.22	52	2,196	2.50%
Information Technology Specialist	Information Technology	124,122	59.67	62	3,700	2.98%
Total Direct Personnel Costs					139,617	
Other Direct Costs						
Attorneys						
Stradling Yocca Carlson & Rauth	SA Attorney				15,000	
Lozano Smith	City Attorney				5,000	
Audit Fees					3,800	
Bank Fees/Delivery/Postage/Office Supplies/Meeting costs					1,000	
Total Other Direct Cost					24,800	
Indirect Costs (applied at 3% of total cost)						
General Liability Insurance		743,297			22,299	
Workers Compensation Insurance		257,936			7,738	
Property Insurance		285,000			8,550	
Employee Fidelity Bonds		6,400			192	
Retiree Insurance Program (allocated at 5.6% of payroll)		123,803			3,714	
City Hall Facility Maintenance		703,002			21,090	
City Clerk Council Support (non payroll)		2,450			74	
City Clerk Records Mgmt (non payroll)		4,075			122	
Admin Service Admin (non payroll)		11,307			339	
Acctg/Payroll (non payroll/excludes audit)		31,719			952	
Treasury (non payroll)		167,795			5,034	
Human Resources (non payroll)		91,280			2,738	
Community Development Admin		236,346			7,090	
Taping/broadcasting SA meetings		25,824			775	
Maintenance of Document Management System		24,000			720	
Maintenance of Granicus System (on line streaming of meetings)		18,700			561	
Maintenance of Site Improve (website content mgmt)		10,000			300	
Maintenance of Accounting System		67,000			2,010	
Maintenance of Misc Systems (Microsoft, Cylance, Trustwave, Maas 360, App		179,000			5,370	
General Office Supplies		25,875			776	
Finance Copier/Equipment Maintenance		40,750			1,223	
Total Indirect Cost					91,667	
Total Successor Agency Admin Allowance Cost					\$ 256,084	



**DEPARTMENT OF
FINANCE**
OFFICE OF THE DIRECTOR

GAVIN NEWSOM - GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

April 15, 2019

Ms. Cheryl Dyas, Director of Administrative Services
City of Mission Viejo
200 Civic Center
Mission Viejo, CA 92691

Dear Ms. Dyas:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Mission Viejo Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2019 through June 30, 2020 (ROPS 19-20) to the California Department of Finance (Finance) on January 29, 2019. Finance has completed its review of the ROPS 19-20.

Based on a sample of line items reviewed and application of the law, Finance is approving all of the items listed on the ROPS 19-20 at this time. However, Finance notes the following:

- 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.
- Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in Redevelopment Property Tax Trust Fund (RPTTF) are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 3 includes the prior period adjustment resulting from the County Auditor-Controller's (CAC) review of the prior period adjustment form submitted by the Agency.

Based on our review of the prior period adjustment, Finance noted the Agency misspent a portion of excess funds. In the ROPS 15-16 period, the Agency calculated it had incurred \$259,867 in administrative costs; however, because the Agency was only authorized up to \$250,000 for administrative costs, the remaining \$9,867 was paid by the Administrative Cost Allowance received for the ROPS 16-17 period. This is \$9,867 in excess of the maximum amount allowed pursuant to HSC section 34171 (b) (3). Further, pursuant to HSC section 34177 (a) (3), only those payments listed on a ROPS may be made by the Agency from the funds and source specified on the ROPS, up to the amount authorized by Finance. Finance reminds the Agency that funds in excess of the amounts authorized on the ROPS cannot be expended. Any excess funds must be either remitted to the CAC or retained and expended once the Agency receives approval for their use on future ROPS.

If the Agency disagrees with our determination with respect to any items on the ROPS 19-20, except items that 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/](http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,306,364 as summarized in the Approved RPTTF Distribution table on Page 3 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 19-20. 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 denied until the matter is resolved.

The ROPS 19-20 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 19-20 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 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 Nichelle Jackson, Supervisor, or Alexander Watt, Lead Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Ms. Sherry Merrifield, Administrative Assistant, City of Mission Viejo
Mr. Israel M. Guevara, Administrative Manager, Property Tax Section, Orange County

Attachment

Approved RPTTF Distribution For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	\$ 708,250	\$ 715,750	\$ 1,424,000
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	833,250	840,750	1,674,000
RPTTF Authorized	708,250	715,750	1,424,000
Administrative RPTTF Authorized	125,000	125,000	250,000
Total RPTTF Authorized for Obligations	833,250	840,750	1,674,000
Prior Period Adjustment	(367,636)	0	(367,636)
Total RPTTF Approved for Distribution	\$ 465,614	\$ 840,750	\$ 1,306,364

April 13, 2018

Ms. Cheryl Dyas, Director of Administrative Services
City of Mission Viejo
200 Civic Center
Mission Viejo, CA 92691

Dear Ms. Dyas:

Subject: 2018-19 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Mission Viejo Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2018 through June 30, 2019 (ROPS 18-19) to the California Department of Finance (Finance) on January 29, 2018.

Finance has completed its review of the ROPS 18-19. Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item Nos. 2, 4, and 67 – Bond Covenant/Compliance, Property Tax Allocation Reporting, and Litigation Settlement costs totaling \$293,533 are not allowed. It is our understanding these items are the subject of ongoing litigation and the Agency has not received a final judicial determination seeking the relief requested. As such, until the matter is resolved, Redevelopment Property Tax Trust Fund (RPTTF) funding for these items is not authorized; therefore, RPTTF in the requested amount of \$52,033 is not approved as specified in the table below:

Item No.	Project Name/Debt Obligation	Amount
2	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	\$10,000
4	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project) - Fees	16,500
67	Litigation Settlement	25,533
Total		\$52,033

- The administrative costs are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3), 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.

- On the ROPS 18-19 form, the Agency reported cash balances and activity for the period July 1, 2015 through June 30, 2016 (ROPS 15-16). According to our review, the Agency has approximately \$7,100 in Other Funds and \$119,022 in RPTTF unexpended from the ROPS 15-16 period, totaling \$126,122, available to fund enforceable obligations on the ROPS 18-19. The unexpended RPTTF funds are considered Reserve Balances. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF. Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified in the amounts specified below:
 - Item No. 1 – 1999 Series A Mission Viejo Community Development Financing Authority Variable Rate Demand Bonds in the requested RPTTF amount of \$1,500,000 has been partially reclassified. However, this item does not require payment from RPTTF. Therefore, Finance is approving RPTTF in the amount of \$1,373,878, Other Funds in the amount of \$7,100, and Reserve Balances in the amount of \$119,022, totaling \$1,500,000.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 18-19. If the Agency disagrees with our determination with respect to any items on the ROPS 18-19, 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/](http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,634,828 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2018 through December 31, 2018 period (ROPS A period) and one distribution for the January 1, 2019 through June 30, 2019 period (ROPS B period) based on Finance's approved amounts. Since this determination is for the entire ROPS 18-19 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Pursuant to HSC section 34186 (c), beginning October 1, 2018, the Agency will be required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2016 through June 30, 2017 period (ROPS 16-17) to the Orange County Auditor-Controller for review. The Agency will report actual payments for ROPS 16-17 on ROPS 19-20. A prior period adjustment may be applied to the Agency's ROPS 19-20 RPTTF distribution. Therefore, the Agency should retain any unexpended RPTTF from the ROPS 16-17 period.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 18-19. 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 18-19 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 18-19 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 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 Nichelle Jackson, Supervisor, or Alexander Watt, Lead Analyst, at (916) 322-2985.

Sincerely,



ERIKA LI
Program Budget Manager

cc: Ms. Sherry Merrifield, Administrative Assistant, City of Mission Viejo
Ms. Cindy Wong, Manager, Property Tax Manager, Orange County

Attachment

Approved RPTTF Distribution For the period of July 2018 through June 2019			
	ROPS A Period	ROPS B Period	ROPS 18-19 Total
RPTTF Requested	\$ 788,783	\$ 774,200	\$ 1,562,983
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	913,783	899,200	1,812,983
RPTTF Requested	788,783	774,200	1,562,983
<u>Adjustments</u>			
Item No. 1	0	(126,122)	(126,122)
Item No. 2	(5,000)	(5,000)	(10,000)
Item No. 4	(8,250)	(8,250)	(16,500)
Item No. 67	(25,533)	0	(25,533)
	(38,783)	(139,372)	(178,155)
RPTTF Authorized	750,000	634,828	1,384,828
Administrative RPTTF Authorized	125,000	125,000	250,000
Total RPTTF Approved for Distribution	\$ 875,000	\$ 759,828	\$ 1,634,828



May 17, 2017

Ms. Cheryl Dyas, Director of Administrative Services
City of Mission Viejo
200 Civic Center
Mission Viejo, CA 92691

Dear Ms. Dyas:

Subject: 2017-18 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 14, 2017. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Mission Viejo Successor Agency (Agency) submitted an annual ROPS for the period of July 1, 2017 through June 30, 2018 (ROPS 17-18) to Finance on January 30, 2017. Subsequently, the Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on May 3, 2017.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer, Finance has completed its review of the specific determinations being disputed:

- Item No. 4 – Property Tax Allocation Reporting in the amount of \$195,000. Finance no longer denies this item. Finance initially denied this item because the contract between the Agency and HDL Coren & Cone (HDL) will expire in June 30, 2017 and the Agency has not provided a new or amended contract. During the Meet and Confer, the Agency provided an amendment to the contract between the Agency and HDL, extending the term of the contract to June 30, 2018 for an annual maximum amount of \$16,500. Although enforceable, the types of services requested are considered general administrative costs and are reclassified to the Agency's Administrative Cost Allowance (ACA).

The Agency also contested Item Nos. 2, 24, 45, 57, and 63 through 66 during the Meet and Confer. However, pursuant to HSC section 34177 (m) (1), items that are the subject of litigation disputing Finance's previous or related determination are not eligible for Meet and Confer. As a result, we continue to make the following determinations:

- Item Nos. 63 through 66 – Mission Viejo Housing Authority Housing Entity Administrative Cost Allowance, outstanding obligation amounts totaling \$600,000, is not allowed. Finance continues to deny these items. Pursuant to HSC section 34171 (p), the housing successor administrative cost allowance is applicable only in cases where the city, county, or city and county that authorized the creation of the Redevelopment Agency (RDA) elected to not assume the housing functions.

The housing successor to the former RDA of the City of Mission Viejo (City) is the City-formed Housing Authority and the Authority operates under the control of the City. The Authority is considered the City under dissolution law pursuant to HSC section 34167.10. Therefore, the \$600,000 (\$150,000 + \$150,000 + \$150,000 + \$150,000) of housing successor administrative allowance requested from RPTTF for the ROPS 17-18 period is not allowed.

- The Agency's claimed administrative costs exceed the allowance by \$96,500. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual RPTTF distributed in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the RPTTF distributed in the preceding fiscal year. As a result, the Agency's maximum ACA is \$250,000 for the fiscal year 2017-18.

Although \$250,000 is claimed for ACA, Item Nos. 2, 4, 24, 45, and 57 (\$10,000, \$16,500, \$5,000, \$25,000, and \$40,000, respectively), totaling \$96,500, are considered general and administrative and should be counted toward the cap. Therefore, as noted in the table below, \$96,500 of excess ACA is not allowed:

Administrative Cost Allowance Calculation	
Actual RPTTF distributed for fiscal year 2016-17	\$ 2,821,177
Less distributed Administrative RPTTF	(250,000)
RPTTF distributed for 2016-17 after adjustment	2,571,177
ACA Cap for 2017-18 per HSC section 34171 (b)	250,000
ACA requested for 2017-18	250,000
Plus amount reclassified to ACA	96,500
Total ACA	346,500
ACA in Excess of Cap	\$ (96,500)

Further, Finance continues to reclassify these obligations to the ACA. Under dissolution law, HSC section 34171 (b) allows litigation expenses related to assets or obligations to be funded with property tax outside the administrative cap. The Agency contends these items are project related expenses. However, legal services provided by a third party, or legal services related to the Orange County Auditor-Controller's calculations do not fall into any of the following categories that are specifically excluded from the administrative cap as defined by HSC section 34171 (b):

- Any litigation expenses related to assets or obligations,
- Settlements and judgments,
- The costs of maintaining assets prior to disposition, and
- Employee costs associated with work on specific project implementation activities, including, but not limited to, construction inspection, project management, or actual construction, shall be considered project-specific costs

To the extent the Agency can provide documentation to demonstrate these costs relate to specific projects, etc., the Agency may be eligible for funding outside the administrative cost cap on a future ROPS.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 17-18.

The Agency's maximum approved RPTTF distribution for the reporting period is \$2,369,551 as summarized in the Approved RPTTF Distribution table on Page 5 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2017 through December 31, 2017 period (ROPS A period), and one distribution for the January 1, 2018 through June 30, 2018 period (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 17-18 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 17-18 form, the Agency reported cash balances and activity for the period of January 1, 2016 through June 30, 2016. Finance reviews the Agency's self-reported cash balances on an ongoing basis. The Agency should be prepared to submit financial records and bridging documents to support the cash balances reported upon request.

The Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through June 30, 2016 period (ROPS 15-16). The Agency will report actual payments for ROPS 15-16 on ROPS 18-19, pursuant to HSC section 34186 (a) (1). A prior period adjustment may be applied to the Agency's ROPS 18-19 RPTTF distribution. Therefore, the Agency should retain any unexpended ROPS 15-16 RPTTF.

This is Finance's final determination regarding the obligations listed on the ROPS 17-18. This determination only applies to items when funding was requested for the 12-month period.

The ROPS 17-18 form submitted by the Agency and Finance's determination letter will be posted on Finance's website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

Finance's determination is effective for the ROPS 17-18 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.

Ms. Cheryl Dyas
May 17, 2017
Page 4

Please direct inquiries to Anna Kyumba, Supervisor, or Veronica Zalvidea, Lead Analyst, at (916) 322-2985.

Sincerely,

A handwritten signature in blue ink, appearing to read "Justyn Howard", with a stylized flourish at the end.

JUSTYN HOWARD
Program Budget Manager

cc: Ms. Josephine Julian, Treasury Manager, City of Mission Viejo
Mr. Frank Davies, Property Tax Manager, Orange County

Attachment

Approved RPTTF Distribution For the period of July 2017 through June 2018			
	ROPS A Period	ROPS B Period	ROPS 17-18 Total
RPTTF Requested	\$ 1,872,051	\$ 945,500	\$ 2,817,551
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	1,997,051	1,070,500	3,067,551
RPTTF Requested	1,872,051	945,500	2,817,551
<u>Adjustments</u>			
Item No. 2	(10,000)	0	(10,000)
Item No. 4	(9,000)	(9,000)	(18,000)
Item No. 24	0	(5,000)	(5,000)
Item No. 45	0	(25,000)	(25,000)
Item No. 57	(20,000)	(20,000)	(40,000)
Item No. 63	(150,000)	0	(150,000)
Item No. 64	(150,000)	0	(150,000)
Item No. 65	(150,000)	0	(150,000)
Item No. 66	(75,000)	(75,000)	(150,000)
	(564,000)	(134,000)	(698,000)
RPTTF Authorized	1,308,051	811,500	2,119,551
Administrative RPTTF Requested	125,000	125,000	250,000
<u>Adjustments</u>			
Item No. 2	10,000	0	10,000
Item No. 4	8,250	8,250	16,500
Item No. 24	0	5,000	5,000
Item No. 45	0	25,000	25,000
Item No. 57	20,000	20,000	40,000
	38,250	58,250	96,500
Adjusted Administrative RPTTF	163,250	183,250	346,500
Excess Administrative Costs	0	(96,500)	(96,500)
Administrative RPTTF Authorized	163,250	86,750	250,000
Total RPTTF Approved for Distribution	\$ 1,471,301	\$ 898,250	\$ 2,369,551



REVISED

May 27, 2015

Ms. Cheryl Dyas, Director of Administrative Services
City of Mission Viejo
200 Civic Center
Mission Viejo, CA 92691

Dear Ms. Dyas:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 12, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Mission Viejo Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to Finance on February 27, 2015, for the period of July through December 2015. Finance issued a ROPS determination letter on April 12, 2015. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on April 23, 2015.

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 No. 24 – Kaleidoscope Owner Participation Agreement in the amount of \$35,000. Finance continues to reclassify this obligation to the Agency's Administrative Cost Allowance. HSC section 34171 (b) allows litigation expenses related to assets or obligations to be funded with property tax outside the administrative cap. However, Finance reclassified this item to the administrative cost allowance because it relates to general legal representation and not specifically to bringing or contesting a legal action in court. During the Meet and Confer process, the Agency contended that this item is a project related expense. However, the legal services provided a third party do not fall into any of the following categories that are specifically excluded from the administrative cap as defined by HSC section 34171 (b):
 - Any litigation expenses related to assets or obligations.
 - Settlements and judgments.
 - The costs of maintaining assets prior to disposition.
 - Employee costs associated with work on specific project implementation activities, including, but not limited to, construction inspection, project management, or actual construction, shall be considered project-specific costs.

Although enforceable, the types of services requested are considered general administrative costs and continue to be reclassified.

- Item Nos. 53 and 55 – Legal costs provided by Stradling, Yocca, Carlson, & Rauth related to incorrect Supplemental Educational Revenue Augmentation Fund (SERAF) and Redevelopment Property Tax Trust Funds (RPTTF) calculations totaling \$20,000. Finance no longer denies these items; however, Finance reclassifies these items to the administrative cost allowance. It was our understanding the Agency retained the services of Lozano Smith, LLP for SERAF and RPTTF calculations. HSC section 34171 (d) (1) (F) states that contracts and agreements necessary for the administration or operation of the Agency, including contracts concerning litigation, are enforceable obligations; however, Finance initially denied these items because the legal services from two separate firms for the same issue appears duplicative and unnecessary.

During the Meet and Confer process, the Agency contended that these items are project related expenses. However, the legal services provided a third party does not fall into any of the following categories that are specifically excluded from the administrative cap as defined by HSC section 34171 (b):

- Any litigation expenses related to assets or obligations.
- Settlements and judgments.
- The costs of maintaining assets prior to disposition.
- Employee costs associated with work on specific project implementation activities, including, but not limited to, construction inspection, project management, or actual construction, shall be considered project-specific costs.

Although enforceable, the types of services requested are considered general administrative costs and are being reclassified.

- Item Nos. 54 and 56 – Legal costs provided by Lozano Smith, LLP totaling \$40,000. Finance continues to reclassify Item No. 56 as an administrative cost; however, Finance no longer reclassifies Item No. 54 as an administrative cost, but instead denies Item No. 54. Finance initially determined that the types of services requested are considered general administrative costs and were reclassified. During the Meet and Confer process, the Agency contended that these items are related to litigation services.

For Item No. 54, the Agency provided an invoice for actual costs incurred by the City under the City's agreement with Lozano Smith, LLP. Based on the invoice provided, all of the costs already incurred were billed to the City, not the Agency. As such, the costs related to the litigation that were billed to the City under the City agreement are not an obligation of the Agency. Therefore, Item No. 54 is not an enforceable obligation and not eligible for funding.

For Item No. 56, based on the description of work to be completed, this item does not appear to be related to litigation services. General legal services provided by a third party do not fall into any of the following categories that are specifically excluded from the administrative cap as defined by HSC section 34171 (b):

- Any litigation expenses related to assets or obligations.
- Settlements and judgments.
- The costs of maintaining assets prior to disposition.

- Employee costs associated with work on specific project implementation activities, including, but not limited to, construction inspection, project management, or actual construction, shall be considered project-specific costs.

Although enforceable, the types of services requested for Item No. 56 are considered general administrative costs and continue to be reclassified.

- Item No. 57 – Legal services provided by Lozano Smith, LLP to properly manage preexisting 1999 Variable Rate Demand Bond contracts in the amount of \$60,000. Finance no longer denies this item; however, Finance reclassifies this item to the administrative cost allowance. Finance initially denied this item because no documentation was provided to support the need for these additional compliance services. During the Meet and Confer process, the Agency contended that this item is a project related expense. However, the legal services provided a third party do not fall into any of the following categories that are specifically excluded from the administrative cap as defined by HSC section 34171 (b):
 - Any litigation expenses related to assets or obligations.
 - Settlements and judgments.
 - The costs of maintaining assets prior to disposition.
 - Employee costs associated with work on specific project implementation activities, including, but not limited to, construction inspection, project management, or actual construction, shall be considered project-specific costs.

Although enforceable, the types of services requested are considered general administrative costs and are being reclassified.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 15-16A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2014 period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part or the items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16A. The Agency's maximum approved RPTTF distribution for the reporting period is \$1,450,452 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of July through December 2015	
Total RPTTF requested for non-administrative obligations	1,346,263
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS	\$ 1,471,263
Total RPTTF requested for non-administrative obligations	1,346,263
<u>Denied Items</u>	
Item No. 54	(20,000)
<u>Reclassified Items</u>	
Item No. 24	(1,000)
Item No. 53	(10,000)
Item No. 55	(10,000)
Item No. 56	(20,000)
Item No. 57	(30,000)
	(71,000)
Total RPTTF authorized for non-administrative obligations	\$ 1,255,263
Total RPTTF requested for administrative obligations	125,000
<u>Reclassified Items</u>	
Item No. 24	1,000
Item No. 53	10,000
Item No. 55	10,000
Item No. 56	20,000
Item No. 57	30,000
	71,000
Total RPTTF authorized for administrative obligations	\$ 196,000
Total RPTTF authorized for obligations	\$ 1,451,263
ROPS 14-15A prior period adjustment	(811)
Total RPTTF approved for distribution	\$ 1,450,452

Please refer to the ROPS 15-16A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2015. This determination only applies to items where funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (j). Finance's review of items that have received a Final and Conclusive determination 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 that was available prior to the enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c) (2) (B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-3274.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Josephine Julian, Treasury Manager, City of Mission Viejo
Mr. Frank Davies, Property Tax Manager, Orange County
California State Controller's Office



**DEPARTMENT OF
FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

December 17, 2015

Ms. Cheryl Dyas, Director of Administrative Services
City of Mission Viejo
200 Civic Center
Mission Viejo, CA 92691

Dear Ms. Dyas:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 9, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Mission Viejo Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16B) to Finance on September 29, 2015, for the period of January 1 through June 30, 2016. Finance issued a ROPS determination letter on November 9, 2015. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on November 17, 2015.

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 No. 2 – Stradling, Yocca, Carlson & Rauth Legal Services in the amount of \$80,000 was not allowed. Finance no longer denies this item; however, Finance reclassifies this item as an administrative cost. It was our understanding this item is related to legal services necessary for the administration of the 1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project) and new development. However, Finance initially denied this item because the Agency was unable to provide sufficient documentation to support the amounts claimed. During the Meet and Confer process, the Agency contended that the legal services to be provided are project costs related to compliance with the Owner Participation Agreement, Mall Bond documents, and Covenants Agreement. However, legal services provided by a third party are not employee costs associated with work on specific project implementation activities, which are specifically excluded from the administrative cap as defined by HSC section 34171 (b) (5). Therefore, the legal services requested are considered general administrative costs and will be reclassified.
- Item No. 45 – City of Mission Viejo (City)/KNN Financial in the amount of \$30,000 was partially allowed. Finance continues to deny \$5,000 of this item and reclassifies \$25,000 as an administrative cost. Finance initially adjusted this item to \$10,000 because only \$25,000 was supported pursuant to the Agreement for Consultant Services (KNN Financial) provided by the Agency and the Agency received \$15,000 in ROPS 15-16A. During the Meet and Confer process, the Agency contended that the amount requested

is \$25,000 for professional services plus \$5,000 for related out-of-pocket expenses. Additionally, the Agency stated that the \$15,000 received in ROPS 15-16A will not be expended and will be included in the prior period adjustment process. Based upon further review of the Agreement, Exhibit B states that "the maximum cumulative fees, expenses, and costs authorized under this Agreement shall not exceed \$25,000." As a result, the out-of-pocket expenses should be included as part of this cumulative amount. Therefore, the excess \$5,000 (\$30,000 - \$25,000) is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

Additionally, the cost to evaluate alternatives and implement a preferred alternative in connection with the outstanding variable rate debt obligation incurred in 1999 for the Mission Viejo Mall Improvement Project is not required by an enforceable obligation and is not excluded from the administrative cost allowance pursuant to HSC section 34171 (d) (5). Therefore, the financial services requested are considered general administrative costs and \$25,000 will be reclassified.

- Item No. 51 – Project Management Costs in the amount of \$30,000 were not allowed. Finance continues to deny this item. Finance initially denied this item as it was our understanding this item relates to City staff and consultant time associated with the construction of the medical office building, which was not included in the original OPA discussed Item No. 2 and it is not the obligation of the Agency to monitor the project. During the Meet and Confer process, the Agency contended that since the entire Mall Site is covered under the OPA, Mall Bond documents, and Covenants Agreement, all activities (or failures to act) at, on, or about the Mall Site are subject to compliance with these documents while the Mall Bonds are outstanding, including any development undertaken at the Mall Site.

However, pursuant to HSC section 34177.3 (b), except as required by an enforceable obligation, the work of winding down the redevelopment agency (RDA) does not include planning, design, redesign, development, demolition, alteration, construction, construction financing, site remediation, site development or improvement, land clearance, seismic retrofits, and other similar work. As this project was not included in the original OPA, the tasks identified by the Agency in relation to the new development on the Mall Site are not required by an enforceable obligation and are not the work of winding down the former RDA. Therefore, this item is not an enforceable obligation and is not eligible for RPTTF funding in the amount of \$30,000.

- Item Nos. 60 through 62 – Various Bond Administrative Services related to the 1999 Variable Rate Demand Revenue Bonds totaling \$60,000. Finance no longer denies these items; however, Finance reclassifies these items as administrative costs. It is our understanding these items relate to a letter of credit expiring in May 2016. Finance initially denied these items because the Agency was unable to provide sufficient documentation to support the amounts claimed. During the Meet and Confer process, the Agency provided an explanation of the services to be provided are related to the letter of credit renewal for the 1999 Variable Rate Demand Revenue Bonds. However, the services are not required by an enforceable obligation and are not excluded from the administrative cost allowance pursuant to HSC section 34171 (d) (5). Therefore, the financial services requested are considered general administrative costs and will be reclassified.

- Item Nos. 63 through 66 – Additional items not included on the ROPS 15-16B submission. During the Meet and Confer process, the Agency discussed these items and requested that they be approved for funding; however, these items were not submitted by the Agency in their ROPS 15-16B. Since these items were not included in the original submission, Finance cannot review these during the Meet and Confer process, as there is no denial/determinations for these items that would warrant the need to meet and confer. HSC section 34177 (m) provides that the successor agency shall complete the ROPS in the manner provided for by Finance and we only accept the ROPS 15-16B template downloaded from the RAD App for the ROPS 15-16B review.

In addition, per Finance's letter dated November 9, 2015, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- The Agency's claimed administrative costs exceed the allowance by \$236,000. HSC section 34171 (b) (2) limits the fiscal year 2015-16 administrative expenses to three percent of the RPTTF allocated or \$250,000, whichever is greater. The Orange County Auditor-Controller distributed \$196,000 for administrative costs for the July through December 2015 period, thus leaving a balance of \$54,000 available for the January through June 2016 period. Although \$125,000 is claimed for administrative cost, Finance reclassified Item Nos. 2, 45, and 60 through 62 as administrative costs totaling \$165,000, and only \$54,000 is available pursuant to the cap. Therefore, \$236,000 of excess administrative cost is not allowed.

Finance notes these items contain more than one contract and more than one payee. On future ROPS, the Agency must list each contract as a separate obligation with its own item number and list them in sequential order. Pursuant to HSC section 34177 (m) (1), the Agency is required to complete the ROPS in a manner provided by Finance. Future ROPS not completed in a manner provided by Finance may be rejected in its entirety and returned to the oversight board for reconsideration.

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the county auditor-controller (CAC). The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 15-16B. The Agency's maximum approved RPTTF distribution for the reporting period is \$726,100 as summarized in the Approved RPTTF Distribution table on the next page:

Approved RPTTF Distribution	
For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	872,100
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS 15-16B	\$ 997,100
Total RPTTF requested for non-administrative obligations	872,100
<u>Denied Items</u>	
Item No. 45	(5,000)
Item No. 51	(30,000)
	(35,000)
<u>Reclassified Items</u>	
Item No. 2	(80,000)
Item No. 45	(25,000)
Item No. 60	(20,000)
Item No. 61	(20,000)
Item No. 62	(20,000)
	(165,000)
Total RPTTF authorized for non-administrative obligations	\$ 672,100
Total RPTTF requested for administrative obligations	125,000
<u>Reclassified Items</u>	
Item No. 2	80,000
Item No. 45	25,000
Item No. 60	20,000
Item No. 61	20,000
Item No. 62	20,000
	165,000
Administrative costs in excess of the cap (see Admin Cost Cap table below)	(236,000)
Total RPTTF authorized for administrative obligations	\$ 54,000
Total RPTTF authorized for obligations	\$ 726,100
ROPS 14-15B prior period adjustment	0
Total RPTTF approved for distribution	\$ 726,100
Administrative Cost Cap Calculation	
Total RPTTF for 15-16A (July through December 2015)	1,255,263
Total RPTTF for 15-16B (January through June 2016)	672,100
Less approved unfunded obligations from prior periods	0
Total RPTTF for fiscal year 2015-2016	1,927,363
Administrative cost cap for fiscal year 2015-16 (Greater of 3% of Total RPTTF or \$250,000)	250,000
Administrative allowance for ROPS 15-16A (July through December 2015)	(196,000)
Remaining administrative cost cap for ROPS 15-16B	54,000
ROPS 15-16B administrative obligations after Finance adjustments	(290,000)
Administrative costs in excess of the cap	\$ (236,000)

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined

the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (I) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

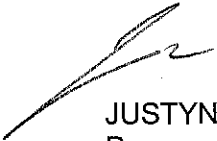
<http://www.dof.ca.gov/redevelopment/ROPS>

This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2016. This determination only applies to items when funding was requested for the six-month period. Finance's determination is effective for this time 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 it was 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 statutes. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-3274.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Josephine Julian, Treasury Manager, City of Mission Viejo
Mr. Frank Davies, Property Tax Manager, Orange County