

# Orange Countywide Oversight Board

Date: 1/28/2020

Agenda Item No. 6F

From: Successor Agency to the Mission Viejo Redevelopment Agency

Subject: Resolution of the Countywide Oversight Board Approving Annual Recognized Obligation Payment Schedule (ROPS) and Administrative Budget

Recommended Action:

Approve resolution approving FY 2020-21 ROPS and Administrative Budget for the Mission Viejo Successor Agency

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The Mission Viejo Successor Agency requests approval of the Recognized Obligation Payment Schedule (ROPS) and Administrative Budget for Fiscal Year 2020-21.

The Successor Agency to the Community Development Agency of the City of Mission Viejo (Successor Agency) is performing its functions under the Dissolution Law, Division 24, Parts 1.8 and 1.85 of the Health and Safety Code, as amended by Assembly Bill 1484 and other subsequent legislation (together, as amended, the “Dissolution Law”), to administer the enforceable obligations and otherwise unwind the former Agency's affairs, all subject to the review and approval by the seven-member Oversight Board. Under Section 34171(h) of Part 1.85, as amended, the ROPS is “the document setting forth the minimum payment amounts required by enforceable obligations for each fiscal year as provided in subdivision (o) of Section 34177.” Under the dates in the Dissolution Law, the Successor Agency and Oversight Board are required to consider and adopt the ROPS for the 20-21 fiscal period of July 1, 2020 to June 30, 2021, and submit such approved FY 20-21 ROPS to the Department of Finance (DOF) on or before February 1, 2020.

The FY 20-21 ROPS attached to the Oversight Board resolution included with this agenda report sets forth comparable listings of the Enforceable Obligations listed in prior ROPS and include:

Line item no. 1 – Mall Bond debt service payment pledge under the Pledge Agreement between the former redevelopment agency and the Mission Viejo Community Development Financing Authority. The amount requested of \$1,731,989 is equal to the debt service payment required during FY 20-21 and less than the property tax increment generated from specific parcels that comprise the Mall Bond site that are required for debt service payment under the Pledge Agreement in the amount of \$1,749,700.

Line item no. 4 – Payments for services of \$16,500 to calculate net tax increment revenue obligated under the Pledge Agreement for debt service payment to the Mall Bond trustee under line item no. 1. This calculation is performed 3 times a year.

Line item no. 58 – Estimated payments of \$7,500 to Mall Bond trustee for annual trustee fees.

Also included as part of the ROPS is the FY 20-21 administrative budget of \$250,000 on line item no. 27, an amount allowed under dissolution law. This amount is consistent with the amount requested and approved by all prior Oversight Boards and the Department of Finance (DOF) in each year of redevelopment dissolution. Attached is a line item budget justifying administrative costs. Direct personnel costs are based on time projected to be spent by staff during fiscal year 2020-21. Those employees listed are expected to perform duties directly related to Successor Agency and former redevelopment agency matters and an exhaustive list of various tasks performed by each employee has also been 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, attending meetings, preparing monthly bank reconciliations and treasurer's reports and

executing wire transfers. Other direct costs are estimates of costs anticipated during FY 20-21. These will include legal costs, annual audit fees and other miscellaneous expenses. Indirect costs are based on the approved FY 20-21 budget and have a relationship to Successor Agency operations. As an example, in order to conduct Successor Agency business, staff must utilize a wide range of software programs that run on the Information Technology (IT) network, including accounting software, Outlook, Microsoft Office, PDF, agenda preparation software, document imaging software, etc. Therefore, it is necessary to allocate a percentage of cost of the IT program to the Successor Agency. The percentage used to estimate indirect costs for FY 20-21 is 2.0%. This is based on the projected direct time of employees as compared to total annual hours of 2,080 per employee. In comparison, the total revenue and expenses of the Successor Agency in comparison with the General Fund 2020-21 budget is 3%.

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 (previously reported 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. 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.

To further assist the Oversight Board, an attachment has been provided that summarizes some of the more substantive activities of the Successor Agency that have been re-classified to the administrative allowance by DOF. In summary, the most significant issues expected during FY 20-21 related to the Mall Bond covenants are on-Site improvements for the NCA development, landscaping issues, tenant issues as a primary pad will be vacated by Forever 21 and needs to be replaced, and misuse of the parking structures by the Mall owners. The most significant issues expected during FY 20-21 related to the Kaleidoscope OPA covenants is landscaping issues, tenant issues, and the on-going efforts to sell the property by the current owners.

The amended ROPS was presented and approved by the Mission Viejo Successor Agency on January 14, 2020. Mission Viejo Successor Agency Resolution 20-01 is attached documenting their action.

The Mission Viejo Successor Agency requests that the Orange Countywide Oversight Board adopt the attached Resolution approving the FY 20-21 ROPS and Administrative Budget for the Mission Viejo Successor Agency.

#### Impact on Taxing Entities

Amounts approved for distribution from Mission Viejo's Redevelopment Property Tax Trust Fund (RPTTF) for the 2020-21 period in the amount of \$2,005,989 are funds that will not be available for distribution to all other taxing entities. Mission Viejo's taxing entities include: County of Orange, County of Orange Flood Control District, County of Orange Harbors, Beaches & Parks County Service Area #26, Orange County Fire Authority, Orange County Superintendent of Schools, Saddleback Community College District; Capistrano Unified School District, Saddleback Valley Unified School District and the Mission Viejo Library.

Staff Contact(s)

Cheryl Dyas, Director of Administrative Services  
[cdyas@cityofmissionviejo.org](mailto:cdyas@cityofmissionviejo.org)  
949-470-3082

Attachments

1. Orange Countywide Oversight Board Resolution
2. Mission Viejo ROPS 20-21
3. Mission Viejo Administrative Budget 20-21
4. Mission Viejo Resolution 20-01
5. Mission Viejo ROPS 19-20
6. Mission Viejo ROPS 18-19
7. Mission Viejo Amended ROPS 18-19
8. DOF Determination Letter 19-20
9. DOF Determination Letter 18-19
10. DOF Amended Determination Letter 18-19
11. DOF Determination Letter 17-18
12. DOF Determination Letter 15-16A
13. DOF Determination Letter 15-16B
14. Supplemental Memo - Activities Reclassed to the Administrative Budget by the Department of Finance

Resolution No. 20-\_\_\_\_

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD WITH OVERSIGHT OF THE SUCCESSOR AGENCY TO THE MISSION VIEJO REDEVELOPMENT AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE 20-21 FISCAL PERIOD OF JULY 1, 2020 TO JUNE 30, 2021, SUBJECT TO SUBMITTAL TO, AND REVIEW BY, THE STATE DEPARTMENT OF FINANCE UNDER CALIFORNIA HEALTH AND SAFETY CODE, DIVISION 24, PART 1.85, AND AUTHORIZING THE POSTING AND TRANSMITTAL THEREOF

WHEREAS, the former Community Development Agency of the City of Mission Viejo (“former Agency”) was established as a community redevelopment agency that was organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.*, and previously authorized to transact business and exercise powers of a redevelopment agency by action of the City Council of the City of Mission Viejo (“City”); and

WHEREAS, Assembly Bill x1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and wind down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 and by other subsequent legislation, and most recently by Senate Bill 107 (together, as amended, the “Dissolution Law”); and

WHEREAS, as of February 1, 2012 the former Agency was dissolved under the Dissolution Law, and, as a separate public entity, corporate and politic, the Successor Agency to the Community Development Agency of the City of Mission Viejo (“Successor Agency”) administers the enforceable obligations of the former Agency and otherwise unwinds the former Agency’s affairs, all subject to the review and approval by a seven-member oversight board; and

WHEREAS, prior to July 1, 2018 under Dissolution Law, in particular Sections 34179 and 34180, all Mission Viejo Successor Agency actions were subject to the review and approval by a local seven-member oversight board, which oversaw and administered the Mission Viejo Successor Agency activities during the period from dissolution until June 30, 2018; and

WHEREAS, as of, on and after July 1, 2018 under Dissolution Law, in particular Sections 34179(j), in every California county there shall be only one oversight board that is staffed by the county auditor-controller, with certain exceptions that do not apply here; and

WHEREAS, every oversight board, both the prior local oversight board and this Orange Countywide Oversight Board (“Oversight Board”), has fiduciary responsibilities to the holders of enforceable obligations and to the taxing entities that benefit from distributions of property tax and other revenues under Dissolution Law, in particular Sections 34188; and

WHEREAS, Sections 34177(m), 34177(o) and 34179 provide that each Recognized Obligation Payment Schedule (“ROPS”) is submitted to, reviewed and approved by the Successor

Agency and then reviewed and approved by the Oversight Board before final review and approval by the State of California, Department of Finance (“DOF”); and

WHEREAS, Section 34177(o) of the Dissolution Law requires that the annual ROPS for the 20-21 fiscal period of July 1, 2020 to June 30, 2021 (“ROPS 20-21”) shall be submitted to the DOF by the Successor Agency, after approval by the Oversight Board, no later than February 1, 2020; and

WHEREAS, the Oversight Board has reviewed the ROPS 20-21 presented by the Successor Agency and desires to approve the ROPS 20-21, including the FY 20-21 Administrative Budget included therewith, and to authorize the Successor Agency, to cause posting of ROPS 20-21 on the City’s website: ([www.cityofmissionviejo.org](http://www.cityofmissionviejo.org)) and to direct transmittal of such ROPS to the DOF, with copies to the County Auditor-Controller and the State Controller’s Office;

NOW, THEREFORE, BE IT RESOLVED BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD:

Section 1. The foregoing recitals are hereby incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

Section 2. The Oversight Board hereby approves the ROPS 20-21, along with the Administrative Budget for FY 20-21 that is included therewith as Attachment 1 and 2, and incorporated by this reference, all under the requirements of the Dissolution Law.

Section 3. The Oversight Board authorizes transmittal of ROPS 20-21 to the DOF, with copies to the County Auditor-Controller and the State Controller’s Office.

Section 4. The Director of Administrative Services of the Successor Agency, or her authorized designee(s), is directed to post this Resolution, including ROPS 20-21, on the City’s website ([www.cityofmissionviejo.org](http://www.cityofmissionviejo.org)) under the Dissolution Law.

Section 5. Under Section 34179(h) written notice and information about all actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF’s choosing. An Oversight Board’s action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review; provided however, that under Section 34177(m) as to each ROPS submitted the DOF shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations thereon no later than 45 days after submittal.

Section 6. The Clerk of the Oversight Board shall certify to the adoption of this Resolution.

**Recognized Obligation Payment Schedule (ROPS 20-21) - Summary**  
**Filed for the July 1, 2020 through June 30, 2021 Period**

**Successor Agency:** Mission Viejo

**County:** Orange

<b>Current Period Requested Funding for Enforceable Obligations (ROPS Detail)</b>	<b>20-21A Total (July - December)</b>	<b>20-21B Total (January - June)</b>	<b>ROPS 20-21 Total</b>
<b>A Enforceable Obligations Funded as Follows (B+C+D)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
<b>E Redevelopment Property Tax Trust Fund (RPTTF) (F+G)</b>	<b>\$ 994,672</b>	<b>\$ 1,011,317</b>	<b>\$ 2,005,989</b>
F RPTTF	869,672	886,317	1,755,989
G Administrative RPTTF	125,000	125,000	250,000
<b>H Current Period Enforceable Obligations (A+E)</b>	<b>\$ 994,672</b>	<b>\$ 1,011,317</b>	<b>\$ 2,005,989</b>

**Certification of Oversight Board Chairman:**

Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

\_\_\_\_\_  
Name Title

/s/ \_\_\_\_\_  
Signature Date

**Mission Viejo**  
**Recognized Obligation Payment Schedule (ROPS 20-21) - ROPS Detail**  
**July 1, 2020 through June 30, 2021**

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
Item #	Project Name	Obligation Type	Agreement Execution Date	Agreement Termination Date	Payee	Description	Project Area	Total Outstanding Obligation	Retired	ROPS 20-21 Total	ROPS 20-21A (Jul - Dec)					20-21A Total	ROPS 20-21B (Jan - Jun)					20-21B Total
											Fund Sources						Fund Sources					
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
								\$17,018,442		\$2,005,989	\$-	\$-	\$-	\$869,672	\$125,000	\$994,672	\$-	\$-	\$-	\$886,317	\$125,000	\$1,011,317
1	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Bonds Issued On or Before 12/31/10	05/01/1999	09/01/2028	BNY Mellon Corporate Trust	Bond Pledge	1	15,507,490	N	\$1,731,989	-	-	-	861,422	-	\$861,422	-	-	-	870,567	-	\$870,567
2	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	OPA/DDA/ Construction	02/20/2012	09/01/2028	Stradling Yocca Carlson Rauth	OPA-Bond/ Covenant Compliance	1	-	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
4	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Fees	07/01/2010	09/01/2028	HdL Coren & Cone	Net Tax Increment Calculations per Pledge Agreement	1	148,500	N	\$16,500	-	-	-	8,250	-	\$8,250	-	-	-	8,250	-	\$8,250
7	Camino Capistrano Bridge Improvements	OPA/DDA/ Construction	02/20/2012	06/30/2033	Stradling Yocca Carlson Rauth	Project Development	1	50,000	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
8	Camino Capistrano Bridge Improvements	OPA/DDA/ Construction	09/04/2002	06/30/2033	Davis Company	Economic Planning	1	50,000	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
27	Administration	Admin Costs	02/01/2012	06/30/2033	City of Mission Viejo	Administration	1	250,000	N	\$250,000	-	-	-	-	125,000	\$125,000	-	-	-	-	125,000	\$125,000
33	Camino Capistrano Bridge Improvements	Improvement/ Infrastructure	01/27/1993	06/30/2033	Contractor	Construction of Improvements	1	939,052	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
Item #	Project Name	Obligation Type	Agreement Execution Date	Agreement Termination Date	Payee	Description	Project Area	Total Outstanding Obligation	Retired	ROPS 20-21 Total	ROPS 20-21A (Jul - Dec)					20-21A Total	ROPS 20-21B (Jan - Jun)					20-21B Total
											Fund Sources						Fund Sources					
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
37	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project	Bonds Issued On or Before 12/31/10	07/01/2014	06/30/2028	Arbitrage Compliance Specialists, Inc.	Arbitrage rebate calculation	1	5,900	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
58	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Bonds Issued On or Before 12/31/10	05/01/1999	09/01/2028	BNY Mellon Trust	Bond Trustee fees	1	67,500	N	\$7,500	-	-	-	-	-	\$-	-	-	-	7,500	-	\$7,500



**Mission Viejo**  
**Recognized Obligation Payment Schedule (ROPS 20-21) - Report of Cash Balances**  
**July 1, 2017 through June 30, 2018**  
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation.							
A	B	C	D	E	F	G	H
	ROPS 17-18 Cash Balances (07/01/17 - 06/30/18)	Fund Sources					Comments
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF	
		Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin	
1	Beginning Available Cash Balance (Actual 07/01/17) RPTTF amount should exclude "A" period distribution amount.	-	-	473,564	7,100	-	
2	Revenue/Income (Actual 06/30/18) RPTTF amount should tie to the ROPS 17-18 total distribution from the County Auditor-Controller	-	-	-	-	2,384,516	
3	Expenditures for ROPS 17-18 Enforceable Obligations (Actual 06/30/18)	-	-	-	-	2,127,440	
4	Retention of Available Cash Balance (Actual 06/30/18) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	-	-	473,564	7,100	-	
5	ROPS 17-18 RPTTF Prior Period Adjustment RPTTF amount should tie to the Agency's ROPS 17-18 PPA form submitted to the CAC		No entry required			257,076	
6	Ending Actual Available Cash Balance (06/30/18) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$-	\$-	\$-	\$-	\$-	

**Mission Viejo**  
**Recognized Obligation Payment Schedule (ROPS 20-21) - Notes**  
**July 1, 2020 through June 30, 2021**

Item #	Notes/Comments
1	None
2	
4	
7	
8	
27	
33	
37	
58	

**City of Mission Viejo  
FY 20/21  
Administrative Allowance Budget**

		<u>Fiscal Year</u> <u>2020/2021</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 SA</u> <u>Issues</u>
<b><i>Direct Personnel Costs</i></b>	<b><i>Department</i></b>					
City Manager	City Manager	\$ 379,664	\$ 182.53	36.00	\$ 6,571	1.73%
Assistant City Manager/Director of Public Services	City Manager	324,371	155.95	36.00	5,614	1.73%
Executive Administrator	City Manager	126,700	60.91	12.00	731	0.58%
City Council	City Council	127,805	61.44	7.25	445	0.35%
City Clerk	City Clerk	130,356	62.67	8.00	501	0.38%
Director of Administrative Services	Administrative Services	267,028	128.38	112.00	14,378	5.38%
AS Manager-Treasury	Administrative Services	143,849	69.16	77.00	5,325	3.70%
AS Manager-Accounting	Administrative Services	149,123	71.69	49.00	3,513	2.36%
Treasury Analyst	Administrative Services	114,243	54.92	122.75	6,742	5.90%
Accountant	Administrative Services	89,634	43.09	50.00	2,155	2.40%
Junior Accountant	Administrative Services	88,373	42.49	22.00	935	1.06%
Payroll Technician	Administrative Services	74,202	35.67	39.00	1,391	1.88%
AS Manager-Budget & Purchasing	Administrative Services	143,950	69.21	20.00	1,384	0.96%
AS Analyst	Administrative Services	109,074	52.44	54.25	2,845	2.61%
Administrative Assistant	Administrative Services	71,689	34.47	10.00	345	0.48%
Community Development Director	Community Development	271,988	130.76	18.00	2,354	0.87%
Planning Technician	Community Development	106,803	51.35	13.00	668	0.63%
Section 115 pension trust payment		37,413			748	
<b>Total Direct Personnel Costs</b>					<b>56,645</b>	
<b><i>Other Direct Costs</i></b>						
Attorneys						
Stradling Yocca Carlson & Rauth	SA Attorney				15,000	
Lozano Smith	City Attorney				1,000	
Audit Fees					2,400	
Bank Fees/Delivery/Postage/Office Supplies/Meeting costs					200	
<b>Total Other Direct Cost</b>					<b>18,600</b>	
<b><i>Indirect Costs (applied at 2.0% of total cost)</i></b>						
Central Service Departments (per 6/19 cost study)						
Interdepartmental		2,093,475			41,870	
City Council Administration (non-payroll)		60,453			1,209	
Commissions		84,618			1,692	
City Manager Administration (non-payroll)		282,315			5,646	
City Clerk Administration (non-payroll)		11,386			228	
Council Support (non-payroll)		3,600			72	
Elections (non-payroll)		73,200			1,464	
Administrative Services Admin (non-payroll)		13,984			280	
Accounting and Payroll (non-payroll)		18,613			372	
Financial Planning and Budget (non-payroll)		2,580			52	
Purchasing (non-payroll)		1,330			27	
Treasury (non-payroll)		86,500			1,730	
Risk Management		291,034			5,821	
Human Resources		434,145			8,683	
Information Technology		3,395,267			67,905	
Fleet Maintenance		169,165			3,383	
Facilities Maintenance		659,467			13,189	
Cable Television		208,592			4,172	
Community Development Admin (non-payroll)		32,904			658	
Community Development-Current Planning		466,972			9,316	
Community Development-Code Enforcement		349,297			6,986	
<b>Total Indirect Cost</b>					<b>174,755</b>	
<b>Total Successor Agency Admin Allowance Cost</b>					<b>\$ 250,000</b>	

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>
City Manager	City Manager	Oversees the entire dissolution process. Attend 4 SA meetings. Review all SA related documents including agenda reports for both SA and OB meetings, and resolutions. Oversee contract with the City Attorney in relation to SA matters, including processing invoices and contract amendments. Oversee the activity at the Mall. Meets with the Mall manager regularly to discuss compliance with Mall Bond covenants, including uses of parking structure, tenancy and maintenance issues. Meets monthly with the Director of Community Development for updates on the NCA development located on the Mall Bond site property and parking structure use issues. Meets with the Kaleidoscope manager regularly to discuss compliance with the covenants on that property, including tenancy, signage and maintenance issues. Owners of Kaleidoscope have been actively trying to sell this property each attempted sell includes communication with potential buyers to communicate covenant requirements on property.	3	12	<u>36</u>
<b>Total City Manager</b>					<b>36</b>
Assistant City Manager/Director of Public Services	City Manager	Provides support to the CM on oversight of entire dissolution process. Attend 2 SA meetings. Review SA related documents including agenda reports and resolutions. Oversee the activity at the Mall. Meets with the Mall manager regularly to discuss compliance with Mall Bond covenants, including uses of parking structure, tenancy and maintenance issues. Review and approve plans related to the NCA development located on the Mall Bond site property. Meets with the Kaleidoscope manager regularly to discuss compliance with the covenants on that property, including tenancy, signage and maintenance issues. Owners of Kaleidoscope have been actively trying to sell this property each attempted sell includes communication with potential buyers to communicate covenant requirements on property.	3	12	<u>36</u>
<b>Total Assistant City Manager</b>					<b>36</b>
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 1 hours per month.	1	12	<u>12</u>
<b>Total Senior Executive Assistant</b>					<b>12</b>
City Council	City Council	Attendance at Successor Agency Meetings for 5 members	1.25	4	5
		Attendance at Successor Agency agenda planning mtgs for 2 members	0.5	4	2
		Execution of SA resolutions by Mayor	0.25	1	<u>0.25</u>
<b>Total City Council</b>					<b>7.25</b>

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

<i><b>Position</b></i>	<i><b>Department</b></i>	<i><b>Summary of Job Duties Pertaining to Successor Agency</b></i>	<i><b>Hours</b></i>	<i><b>Frequency</b></i>	<i><b>Total</b></i>
City Clerk	City Clerk	Preparation of Successor Agency Board meetings, including review of agenda	0.25	4	1
		Preparation of Successor Agency Board agendas	0.25	4	1
		Attendance at Successor Agency Board meetings	0.25	4	1
		Attendance at Successor Agency agenda planning meetings	0.25	4	1
		Preparation of minutes of Successor Agency Board meetings	0.25	4	1
		Review and execution of SA resolutions	0.25	1	1
		Filing and posting of SA resolutions in City document system	0.5	1	1
		Processing SA related public requests under the Brown Act	1	1	<u>1</u>
<b>Total City Clerk</b>					<b>8</b>
Director of Administrative Services	Administrative Services	Review monthly Treasurer's Reports	0.25	12	3
		Approve weekly invoices and approve check run	0.25	26	6.5
		Prep of FY 21/22 ROPS, including admin budget	10	1	10
		Prep of ROPS agenda report and materials	2	2	4
		Attendance at SA meetings	0.25	8	2
		Prep of OB agenda report and materials	2	2	4
		Attendance at OB meetings	3	2	6
		Maintain ROPS cash flow worksheet	5	4	20
		Response to DOF 21/22 ROPS review	2	1	2
		Prep of FY 18/19 PPA	15	1	15
		Response to A-C 18/19 PPA review	2	1	2
		Review Mall Bond spreadsheets (quarterly activity)	1	4	4
		Review Mall Bond property tax calulations prepared by consultant	0.5	3	1.5
		Process wire transfer requests	0.25	2	0.5
		Review annual Mall Bond rolling reserve letter to trustee	0.5	1	0.5
		Quarterly review of financial activity	0.5	3	1.5
		Year end review of financial activity	1	1	1
		Review A-C RPTTF reports	0.25	2	0.5
		Audit issues and prep of FY 19/20 CAFR	4	1	4
		Miscellaneous issues	2	12	<u>24</u>
<b>Total Director of Admin Services</b>					<b>112</b>

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

Position	Department	Summary of Job Duties Pertaining to Successor Agency	Hours	Frequency	Total
AS Manager-Treasury	Administrative Services	Review monthly Treasurer's Reports	0.5	12	6
		Review Mall Bond sales tax calculations	0.5	2	1
		Review Mall Bond property tax calulations prepared by consultant	0.5	3	1.5
		Mall Bond document review, misc. inquiries	2	6	12
		Prep of FY 21/22 ROPS	3	1	3
		Prep of ROPS agenda report and materials	1	2	2
		Attendance at SA meetings	0.25	4	1
		Prep of OB agenda report and materials	1	2	2
		Attendance at OB meetings	3	2	6
		Attendance of OB meetings	1	1	1
		Review Mall Bond spreadsheets (montly activity)	1	12	12
		Process wire transfer requests	0.25	2	0.5
		Review annual trustee statements and approve for payment	0.5	2	1
		Review annual Mall Bond rolling reserve letter to trustee	1	1	1
		Audit issues and prep of FY 19/20 CAFR	3	1	3
		Miscellaneous issues	2	12	24
		Total AS Manager-Treasury			
AS Manager-Accounting	Administrative Services	Review and final approval of all journal entries for quarterly close	0.25	12	3
		Review payroll entries in general ledger	0.5	26	13
		Review of accounts payable coding of SA invoices before processing	0.25	40	10
		Review Mall Bond statement JE's	0.5	12	6
		Analytical review of all monthly financial transactions	0.25	12	3
		Process quarterly admin reimbursement requests	1	4	4
		Successor Agency dissolution law and accounting training	1	1	1
		Maintain chart of accounts for Successor Agency	1	1	1
		Prepare/process/review entries to close SA funds for fiscal year	2	1	2
		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
		Preparation of annual CAFR for FY 19/20	3	1	3
		Total AS Manager-Accounting			

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

Position	Department	Summary of Job Duties Pertaining to Successor Agency	Hours	Frequency	Total
Treasury Analyst	Administrative Services	Review daily cash in bank account on a daily basis and prepare report for review by Treasury Manager and Director	0.25	247	61.75
		Prepare monthly Treasurer's Report	0.75	12	9
		Bank reconciliation	0.5	12	6
		Quarterly transaction and file maintenance	1	4	4
		Processing check requests for a/p invoices	0.5	6	3
		Update Mall Bond spreadsheets	1	12	12
		Prepare Rolling Reserve letter to bond trustee	4	1	4
		Prepare and process Mall Bond monthly transactions	0.5	12	6
		Maintain cash and investment accounts/resolve banking issues	0.5	6	3
		Prepare wire transfer requests and process transactions	1	2	2
		Miscellaneous issues	1	12	12
		Total Treasury Analyst			
Accountant	Administrative Services	Review accounts payable before final posting	0.25	40	10
		Prepare and process journal entries for quarterly close	0.25	12	3
		Preparation of monthly bank reconciliation	0	12	0
		Review payroll entries in general ledger	0.5	26	13
		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
		Prepare and maintain SSRS reports in Munis	0.5	12	6
		Successor Agency accounting training	1	1	1
Total Accountant					50
Junior Accountant	Administrative Services	Review SA accounts payable invoices; issuing checks and preparing check registers	0.5	40	20
		Preparation of CAFR for FY 19/20	1	1	1
		Successor Agency accounting training	1	1	1
Total Junior Accountant					22
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	1	26	26
		Continuation of maintaining payroll in Munis, including project ledger info and integration to track Successor Agency time, ESS.	0.5	26	13
		Total Payroll Technician			

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

<i><b>Position</b></i>	<i><b>Department</b></i>	<i><b>Summary of Job Duties Pertaining to Successor Agency</b></i>	<i><b>Hours</b></i>	<i><b>Frequency</b></i>	<i><b>Total</b></i>
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	2	1
		Management of purchase orders/contracts until close	0.25	12	3
		Successor Agency accounting training	1	1	1
		Development of budget (1.5% of 832 hours)	12	1	12
		Training and preparation of SSRS reports in Munis	1	1	<u>1</u>
<b>Total Budget &amp; Purchasing Manager</b>					<b>20</b>
AS Analyst	Administrative Services	General support to the Director of Administrative Services	3	12	36
		Processing purchase orders and contracts	0.5	2	1
		Management of purchase orders/contracts until close	0.25	12	3
		Preparation of Successor Agency staff reports	1	12	12
		Posting of OB resolutions, ROPS and other docs on website	0.5	2	1
		Submittal of docs to DOF	0.25	1	0.25
		Processing SA related public requests under the Brown Act	1	1	<u>1</u>
<b>Total AS Analyst</b>					<b>54.25</b>
Administrative Assistant	Administrative Services	Scan/attach/code accounts payable invoices into accounting system	0.25	40	<u>10</u>
<b>Total Administrative Assistant</b>					<b>10</b>
Community Development Director	Community Development	Monitor development of Mall property in accordance with bond covenants	1.5	12	<u>18</u>
<b>Total CD Director</b>					<b>18</b>
Code Enforcement Officer	Community Development	Code enforcement activities related to bond covenants	0.5	26	<u>13</u>
<b>Total Code Enforcement Officer</b>					<b>13</b>



## **SUCCESSOR AGENCY RESOLUTION 20-01**

**A RESOLUTION OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MISSION VIEJO APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 20-21 A-B FOR THE ANNUAL FISCAL PERIOD OF JULY 1, 2020 TO JUNE 30, 2021, SUBJECT TO SUBMITTAL TO, AND REVIEW BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD AND THE DEPARTMENT OF FINANCE UNDER THE DIVISION 24, PART 1.85 OF THE CALIFORNIA HEALTH AND SAFETY CODE, AND AUTHORIZING THE POSTING AND TRANSMITTAL THEREOF**

**WHEREAS**, the former Community Development Agency of the City of Mission Viejo ("former Agency") was established as a community redevelopment agency that was organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.*, and previously authorized to transact business and exercise powers of a redevelopment agency by action of the City Council of the City of Mission Viejo ("City"); and

**WHEREAS**, Assembly Bill x1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and wind down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 and by other subsequent legislation, and most recently by Senate Bill 107 (together, as amended, the "Dissolution Law"); and

**WHEREAS**, as of February 1, 2012 the former Agency was dissolved under the Dissolution Law, and, as a separate public entity, corporate and politic, the Successor Agency to the Community Development Agency of the City of Mission Viejo ("Successor Agency") administers the enforceable obligations of the former Agency and otherwise unwinds the former Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board"); and

**WHEREAS**, prior to July 1, 2018 under Dissolution Law, in particular Sections 34179 and 34180, all Mission Viejo Successor Agency actions were subject to the review and approval by a local seven-member oversight board, which oversaw and administered the Mission Viejo Successor Agency activities during the period from dissolution until June 30, 2018; and

**WHEREAS**, as of, on and after July 1, 2018 under Dissolution Law, in particular Sections 34179(j), in every California county there shall be only one oversight board that is staffed by the county auditor-controller, with certain exceptions that do not apply here; and

**WHEREAS**, every oversight board, both the prior local oversight board and this newly established Orange Countywide Oversight Board, has fiduciary responsibilities to the holders of enforceable obligations and to the taxing entities that benefit from distributions of property tax and other revenues under Dissolution Law, in particular Sections 34188; and

**WHEREAS**, Sections 34177(m), 34177(o) and 34179 provide that each Recognized Obligation Payment Schedule ("ROPS") is submitted to, reviewed and approved by the Successor Agency and then reviewed and approved by the Oversight Board before final review and approval by the State of California, Department of Finance ("DOF"); and

**WHEREAS**, Section 34177(o) of the Dissolution Law requires that the annual ROPS for the 20-21 A-B fiscal period of July 1, 2020 to June 30, 2021 ("ROPS 20-21 A-B") shall be submitted to the DOF by the Successor Agency, after approval by the Oversight Board, no later than February 1, 2020; and to submit a copy of the ROPS 20-21 A-B to the County Administrative Officer ("CAO"), the County Auditor-Controller ("CAC"), the State Controller's Office ("SCO") and the DOF at the same time that the Successor Agency submits such ROPS to the Oversight Board for review; and

**WHEREAS**, the Successor Agency has reviewed the draft ROPS 20-21 A-B, including the FY 20-21 administrative budget, and desires to approve the ROPS 20-21 A-B and to authorize the Successor Agency staff to transmit the ROPS to the Oversight Board; and

**WHEREAS**, the Successor Agency staff is directed to post ROPS 20-21 A-B on the Successor Agency website ([www.cityofmissionviejo.org](http://www.cityofmissionviejo.org)).

**NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MISSION VIEJO DOES HEREBY RESOLVE AS FOLLOWS:**

**SECTION 1.** The foregoing recitals are hereby incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

**SECTION 2.** The Successor Agency hereby approves the ROPS 20-21 A-B submitted herewith as Attachment 1, which schedule is incorporated herein by this reference, under the requirements of the Dissolution Law; provided however, ROPS 20-21 A-B is approved subject to transmittal of ROPS 20-21 A-B to the Oversight Board for review and approval and a copy of the ROPS is sent concurrently to the CAO, CAC, SCO, and DOF. Further, the Director of Administrative Services or her designee(s), in consultation with legal counsel, is hereby authorized to request and complete meet and confer session(s), if any, with the DOF and authorized to make augmentations, modifications, additions or revisions as may be necessary or directed by DOF, and changes, if any, will be reported back to the Successor Agency.

**SECTION 3.** After approval by the Oversight Board, the Successor Agency authorizes transmittal of the approved ROPS 20-21 A-B again to the CAC, SCO and DOF.

**SECTION 4.** The Director of Administrative Services of the Successor Agency, or her authorized designee(s), is directed to post this Resolution, including the ROPS 20-21 A-B, on the Successor Agency website ([www.cityofmissionviejo.org](http://www.cityofmissionviejo.org)) under the Dissolution Law.

**SECTION 5.** The Secretary of the Successor Agency shall certify to the adoption of this Resolution.

**APPROVED AND ADOPTED** this 14<sup>th</sup> day of January 2020.

  
\_\_\_\_\_  
Brian Goodell, Chair  
Successor Agency to the Community  
Development Agency of the City of Mission Viejo

STATE OF CALIFORNIA    )  
COUNTY OF ORANGE    ) ss.  
CITY OF MISSION VIEJO    )

I, Kimberly Schmitt, Secretary of the Successor Agency to the Community Development Agency of the City of Mission Viejo, hereby certify that the foregoing resolution was duly adopted by the Successor Agency at a regular meeting held on the 14<sup>th</sup> day of January 2020, and that it was so adopted by the following vote:

AYES:           Bucknum, Goodell, Kelley, Rath, and Sachs  
NOES:           None  
ABSENT:       None

  
\_\_\_\_\_  
Kimberly Schmitt, Secretary  
Successor Agency to the Community  
Development Agency of the City of Mission Viejo

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary  
Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency: Mission Viejo  
County: Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)		19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A	Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B	Bond Proceeds	-	-	-
C	Reserve Balance	-	-	-
D	Other Funds	-	-	-
E	Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 833,250	\$ 840,750	\$ 1,674,000
F	RPTTF	708,250	715,750	1,424,000
G	Administrative RPTTF	125,000	125,000	250,000
H	Current Period Enforceable Obligations (A+E):	\$ 833,250	\$ 840,750	\$ 1,674,000

Certification of Oversight Board Chairman:  
Pursuant to Section 34177 (o) of the Health and Safety code, I  
hereby certify that the above is a true and accurate Recognized  
Obligation Payment Schedule for the above named successor  
agency.

Brian Probolsky, Chairman  
Name  
/s/ [Signature] Title  
Signature Date 1/24/19



Mission Viejo Recognized Obligation Payment Schedule (ROPS 19-20) - ROPS Detail

July 1, 2019 through June 30, 2020

(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 19-20 Total	19-20A (July - December)					19-20A Total	19-20B (January - June)					19-20B Total
											Fund Sources						Fund Sources					
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
	1 1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Bonds Issued On or Before	5/1/1999	9/1/2028	BNY Mellon Corporate	Bond Pledge	1	\$ 17,884,989	N	\$ 1,674,000	\$ 0	\$ 0	\$ 0	\$ 708,250	\$ 125,000	\$ 833,250	\$ 0	\$ 0	\$ 0	\$ 715,750	\$ 125,000	\$ 840,750
	2 1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	OPA/DDA/Construction	2/20/2012	9/1/2028	Stradling Yocca Carlson Rauth	OPA-Bond/Covenant Compliance	1	16,365,037	N	\$ 1,400,000				700,000		\$ 700,000				700,000		\$ 700,000
	4 1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Fees	7/1/2010	9/1/2028	HdL Coren & Cone	Net Tax Increment Calculations per Pledge Agreement	1	165,000	N	\$ 16,500				8,250		\$ 8,250				8,250		\$ 8,250
	7 Camino Capistrano Bridge Improvements	OPA/DDA/Construction	2/20/2012	6/30/2033	Stradling Yocca Carlson Rauth	Project Development	1	50,000	N	\$ -						\$ -						\$ -
	8 Camino Capistrano Bridge Improvements	OPA/DDA/Construction	9/4/2002	6/30/2033	Davis Company	Economic Planning	1	50,000	N	\$ -						\$ -						\$ -
	24 Owner Participation Agreement - Kaleidoscope	OPA/DDA/Construction	10/30/1995	6/30/2024	Stradling Yocca Carlson Rauth	OPA-Covenant Compliance	1	0	Y	\$ -						\$ -						\$ -
	27 Administration	Admin Costs	2/1/2012	6/30/2033	City of Mission Viejo	Administration	1	250,000	N	\$ 250,000					125,000	\$ 125,000					125,000	\$ 125,000
	33 Camino Capistrano Bridge Improvements	Improvement/Infrastructure	1/27/1993	6/30/2033	Contractor	Construction of Improvements	1	939,052	N	\$ -						\$ -						\$ -
	37 1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Bonds Issued On or Before 12/31/10	7/1/2014	6/30/2019	Arbitrage Compliance Specialists, Inc.	Arbitrage rebate calculation	1	5,900	N	\$ -						\$ -						\$ -
	45 1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Fees	7/1/2014	12/31/2019	City of Mission Viejo/KNN Financial	Variable Rate Bond required Letter of Credit renewal related services and other mall bond consulting services	1	0	Y	\$ -						\$ -						\$ -
	58 1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Bonds Issued On or Before 12/31/10	5/1/1999	9/1/2028	BNY Mellon Trust	Bond Trustee fees	1	60,000	N	\$ 7,500						\$ -				7,500		\$ 7,500
	61 1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Bonds Issued On or Before 12/31/10	5/1/1999	9/1/2028	HdL Coren & Cone	Letter of Credit Renewal	1	0	Y	\$ -						\$ -						\$ -
	62 1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Bonds Issued On or Before 12/31/10	5/1/1999	9/1/2028	Quint & Thimmig or Successor	Letter of Credit Renewal	1	0	Y	\$ -						\$ -						\$ -
	63 Mission Viejo Housing Authority	Housing Entity Admin Cost	2/21/2011	9/1/2028	Mission Viejo Housing Authority	For the ROPS 15-16A and 15-16B periods	1		Y	\$ -						\$ -						\$ -
	64 Mission Viejo Housing Authority	Housing Entity Admin Cost	2/21/2011	9/1/2028	Mission Viejo Housing Authority	For the ROPS 14-15A and 14-15B periods	1		Y	\$ -						\$ -						\$ -
	65 Mission Viejo Housing Authority	Housing Entity Admin Cost	2/21/2011	9/1/2028	Mission Viejo Housing Authority	For the ROPS 16-17 period	1		Y	\$ -						\$ -						\$ -
	66 Mission Viejo Housing Authority	Housing Entity Admin Cost	2/21/2011	9/1/2028	Mission Viejo Housing Authority	For the ROPS 17-18 period			Y	\$ -						\$ -						\$ -
	67 Litigation Settlement	Litigation	2/1/2018	9/1/2028	City of Mission Viejo	Litigation Settlement	1		Y	\$ -						\$ -						\$ -



**Mission Viejo Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances**  
**July 1, 2016 through June 30, 2017**  
**(Report Amounts in Whole Dollars)**

funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [Cash Balance Tips Sheet](#).

A	B	C	D	E	F	G	H
		<b>Fund Sources</b>					<b>Comments</b>
		<b>Bond Proceeds</b>		<b>Reserve Balance</b>	<b>Other Funds</b>	<b>RPTTF</b>	
		Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, Grants, Interest, etc.	Non-Admin and Admin	
	<b>ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)</b>						
<b>1</b>	<b>Beginning Available Cash Balance (Actual 07/01/16)</b> RPTTF amount should exclude "A" period distribution amount						
<b>2</b>	<b>Revenue/Income (Actual 06/30/17)</b> RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller					2,336,420	
<b>3</b>	<b>Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)</b>					1,968,784	
<b>4</b>	<b>Retention of Available Cash Balance (Actual 06/30/17)</b> RPTTF amount retained should only include the amounts distributed as reserve for future period(s)					0	
<b>5</b>	<b>ROPS 16-17 RPTTF Prior Period Adjustment</b> RPTTF amount should tie to the Agency's ROPS 16-17 PPA form submitted to the CAC	No entry required				367,636	
<b>6</b>	<b>Ending Actual Available Cash Balance (06/30/17)</b> <b>C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	

**Mission Viejo Recognized Obligation Payment Schedule (ROPS 19-20) - Notes July 1, 2019 through June 30, 2020**

[illegible]

**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>
<b>Direct Personnel Costs</b>	<b>Department</b>					
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%
<b>Total Direct Personnel Costs</b>					<b>130,808</b>	
<b>Other Direct Costs</b>						
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	
<b>Total Other Direct Cost</b>					<b>23,000</b>	
<b>Indirect Costs (applied at 3% of total cost)</b>						
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	
<b>Total Indirect Cost</b>					<b>101,189</b>	
<b>Total Successor Agency Admin Allowance Cost</b>					<b>\$ 254,997</b>	



Recognized Obligation Payment Schedule (ROPS 18-19) - Summary  
Filed for the July 1, 2018 through June 30, 2019 Period

Successor Agency: Mission Viejo  
County: Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)		18-19A Total (July - December)	18-19B Total (January - June)	ROPS 18-19 Total
A	Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B	Bond Proceeds	-	-	-
C	Reserve Balance	-	-	-
D	Other Funds	-	-	-
E	Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 913,783	\$ 899,200	\$ 1,812,983
F	RPTTF	788,783	774,200	1,562,983
G	Administrative RPTTF	125,000	125,000	250,000
H	Current Period Enforceable Obligations (A+E):	\$ 913,783	\$ 899,200	\$ 1,812,983

Certification of Oversight Board Chairman:  
Pursuant to Section 34177 (o) of the Health and Safety code, I  
hereby certify that the above is a true and accurate Recognized  
Obligation Payment Schedule for the above named successor  
agency.

Sherri Butterfield Chairman  
Name Title  
/s/ Sherri Butterfield 1/25/2018  
Signature Date

## Mission Viejo Recognized Obligation Payment Schedule (ROPS 18-19) - ROPS Detail

July 1, 2018 through June 30, 2019

(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 18-19 Total	18-19A (July - December)					18-19A Total	18-19B (January - June)					18-19B Total
											Fund Sources						Fund Sources					
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
								\$ 19,726,585		\$ 1,812,983	\$ -	\$ -	\$ -	\$ 788,783	\$ 125,000	\$ 913,783	\$ -	\$ -	\$ -	\$ 774,200	\$ 125,000	\$ 899,200
2	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	OPA/DDA/Construction	2/20/2012	9/1/2028	Stradling Yocca Carlson Rauth	OPA-Bond/Covenant Compliance	1	17,200,000	N	\$ 1,500,000				750,000		\$ 750,000				750,000		\$ 750,000
3	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Fees	9/4/2002	9/1/2028	Davis Company	Economic Planning	1	-	Y	\$ -						\$ -						\$ -
4	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Fees	7/1/2010	9/1/2028	HdL Coren & Cone	Property Tax Allocation Reporting	1	168,000	N	\$ 16,500				8,250		\$ 8,250				8,250		\$ 8,250
7	Camino Capistrano Bridge Improvements	OPA/DDA/Construction	2/20/2012	6/30/2033	Stradling Yocca Carlson Rauth	Project Development	1	50,000	N	\$ -						\$ -						\$ -
8	Camino Capistrano Bridge Improvements	OPA/DDA/Construction	9/4/2002	6/30/2033	Davis Company	Economic Planning	1	50,000	N	\$ -						\$ -						\$ -
24	Owner Participation Agreement - Kaleidoscope	OPA/DDA/Construction	10/30/1995	6/30/2024	Stradling Yocca Carlson Rauth	OPA-Covenant Compliance	1	-	N	\$ -						\$ -						\$ -
27	Administration	Admin Costs	2/1/2012	6/30/2033	City of Mission Viejo	Administration	1	250,000	N	\$ 250,000					125,000	\$ 125,000					125,000	\$ 125,000
32	City Loans	City/County Loan (Prior 06/28/11), Other	7/30/2009	6/30/2033	City of Mission Viejo	City Loan for redevelopment operations	1	-	Y	\$ -						\$ -						\$ -
33	Camino Capistrano Bridge Improvements	Improvement/Infrastructure	1/27/1993	6/30/2033	Contractor	Construction of Improvements	1	939,052	N	\$ -						\$ -						\$ -
37	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Bonds Issued On or Before 12/31/10	7/1/2014	6/30/2019	Arbitrage Compliance Specialists, Inc.	Arbitrage rebate calculation	1	15,000	N	\$ 2,950						\$ -				2,950		\$ 2,950
45	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Fees	7/1/2014	12/31/2019	City of Mission Viejo/KNN Financial	Variable Rate Bond required Letter of Credit renewal related services and other mall bond consulting services	1	32,000	N	\$ -						\$ -						\$ -
51	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Project Management Costs	3/29/2012	9/1/2028	City of Mission Viejo	OPA Compliance including environmental review and direct project support			Y													
53	SERAF/ERAF Loan Repayment	Legal	2/20/2012	12/31/2033	Stradling Yocca Carlson Rauth	Legal costs related to incorrect County of Orange SERAF calculation	1	-	Y	\$ -						\$ -						\$ -
56	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	RPTTF Shortfall	3/29/2012	9/1/2028	City of Mission Viejo	Legal costs related to incorrect County of Orange RPTTF calculations	1	-	Y	\$ -						\$ -						\$ -
57	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	OPA/DDA/Construction	5/1/1999	9/1/2028	City of Mission Viejo	Construction Project Management	1	-	Y	\$ -						\$ -						\$ -
58	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Bonds Issued On or Before 12/31/10	5/1/1999	9/1/2028	BNY Mellon Trust	Bond Trustee fees	1	97,000	N	\$ 8,000						\$ -				8,000		\$ 8,000
60	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Bonds Issued On or Before 12/31/10	5/1/1999	9/1/2028	City of Mission Viejo	Letter of Credit Renewal	1	-	Y	\$ -						\$ -						\$ -
61	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Bonds Issued On or Before 12/31/10	5/1/1999	9/1/2028	HdL Coren & Cone	Letter of Credit Renewal	1	100,000	N	\$ -						\$ -						\$ -
62	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Bonds Issued On or Before 12/31/10	5/1/1999	9/1/2028	Quint & Thimmig or Successor	Letter of Credit Renewal	1	100,000	N	\$ -						\$ -						\$ -
63	Mission Viejo Housing Authority	Housing Entity Admin Cost	2/21/2011	9/1/2028	Mission Viejo Housing Authority	For the ROPS 15-16A and 15-16B periods	1	150,000	N													
64	Mission Viejo Housing Authority	Housing Entity Admin Cost	2/21/2011	9/1/2028	Mission Viejo Housing Authority	For the ROPS 14-15A and 14-15B periods	1	150,000	N													
65	Mission Viejo Housing Authority	Housing Entity Admin Cost	2/21/2011	9/1/2028	Mission Viejo Housing Authority	For the ROPS 16-17 period	1	150,000	N													
66	Mission Viejo Housing Authority	Housing Entity Admin Cost	2/21/2011	9/1/2028	Mission Viejo Housing Authority	For the ROPS 17-18 period		150,000	N													
67	Litigation Settlement	Litigation	2/1/2018	9/1/2028	City of Mission Viejo	Litigation Settlement	1	25,533	N	\$ 25,533				25,533		\$ 25,533						\$ -
68									N	\$ -						\$ -						\$ -
69									N	\$ -						\$ -						\$ -
70									N	\$ -						\$ -						\$ -
71									N	\$ -						\$ -						\$ -
72									N	\$ -						\$ -						\$ -
73									N	\$ -						\$ -						\$ -
74									N	\$ -						\$ -						\$ -
75									N	\$ -						\$ -						\$ -
76									N	\$ -						\$ -						\$ -
77									N	\$ -						\$ -						\$ -
78									N	\$ -						\$ -						\$ -
79									N	\$ -						\$ -						\$ -
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85									N	\$ -						\$ -						\$ -
86									N	\$ -						\$ -						\$ -
87									N	\$ -						\$ -						\$ -
88									N	\$ -						\$ -						\$ -
89									N	\$ -						\$ -						\$ -
90									N	\$ -						\$ -						\$ -
91									N	\$ -						\$ -						\$ -

(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [Cash Balance Tips Sheet](#)

A	B	C	D	E	F	G	H	I
	Cash Balance Information for ROPS 15-16 Actuals (07/01/15 - 06/30/16)	Fund Sources						Comments
		Bond Proceeds		Reserve Balance		Other	RPTTF	
		Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin	
1	Beginning Available Cash Balance (Actual 07/01/15)	-	-	-	-		811	
2	Revenue/Income (Actual 06/30/16) RPTTF amounts should tie to the ROPS 15-16 total distribution from the County Auditor-Controller during June 2015 and January 2016.	-	-	-	-	7,100	2,176,552	
3	Expenditures for ROPS 15-16 Enforceable Obligations (Actual 06/30/16)	-	-	-	-	7,100	2,060,241	
4	Retention of Available Cash Balance (Actual 06/30/16) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	-	-	-	-	-	-	
5	ROPS 15-16 RPTTF Balances Remaining	No entry required						
6	Ending Actual Available Cash Balance (06/30/16) C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 + 5)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,122	

**Mission Viejo Recognized Obligation Payment Schedule (ROPS 18-19) - Notes July 1, 2018 through June 30, 2019**

[illegible]

## Amended Recognized Obligation Payment Schedule (ROPS 18-19B) - Summary

Filed for the January 1, 2019 through June 30, 2019 Period

Successor Agency: Mission Viejo  
County: Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)		ROPS 18-19B Authorized Amounts	ROPS 18-19B Requested Adjustments	ROPS 18-19B Amended Total
<b>A</b>	<b>Enforceable Obligations Funded as Follows (B+C+D):</b>	<b>\$ 126,122</b>	<b>\$ -</b>	<b>\$ 126,122</b>
B	Bond Proceeds	-	-	-
C	Reserve Balance	119,022	-	119,022
D	Other Funds	7,100	-	7,100
<b>E</b>	<b>Redevelopment Property Tax Trust Fund (RPTTF) (F+G):</b>	<b>\$ 759,828</b>	<b>\$ 33,000</b>	<b>\$ 792,828</b>
F	RPTTF	634,828	33,000	667,828
G	Administrative RPTTF	125,000	-	125,000
<b>H</b>	<b>Current Period Enforceable Obligations (A+E):</b>	<b>\$ 885,950</b>	<b>\$ 33,000</b>	<b>\$ 918,950</b>

Certification of Oversight Board Chairman:  
Pursuant to Section 34177 (o) of the Health and Safety  
code, I hereby certify that the above is a true and accurate  
Recognized Obligation Payment Schedule for the above  
named successor agency.

Brian Problosky Chairman  
Name Title  
/s/ \_\_\_\_\_  
Signature Date



Mission Viejo Amended Recognized Obligation Payment Schedule (ROPS 18-19B) - ROPS Detail																
January 1, 2019 through June 30, 2019																
(Report Amounts in Whole Dollars)																
Item #	Project Name/Debt Obligation	Obligation Type	Total Outstanding Balance	AUTHORIZED AMOUNTS					Total	REQUESTED ADJUSTMENTS					Total	Notes
				Fund Sources						Fund Sources						
				Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		
			\$ 19,726,585	\$ -	\$ 119,022	\$ 7,100	\$ 634,828	\$ 125,000	\$ 885,950	\$ -	\$ -	\$ -	\$ 33,000	\$ -	\$ 33,000	
1	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Bonds Issued On or Before OPA/DDA/Construction	\$ 17,200,000	\$ -	119,022	7,100	623,878		\$ 750,000						\$ -	
2	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	OPA/DDA/Construction	\$ 100,000						\$ -						\$ -	
4	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Fees	\$ 168,000						\$ -				33,000		\$ 33,000	FY 2017/18 and 2018/19 amounts requested based on Sections 1(b) and 1(c) of Settlement Agreement in Case No. 34-2016-80002311
7	Camino Capistrano Bridge Improvements	OPA/DDA/Construction	\$ 50,000	-	-	-	-		\$ -						\$ -	
8	Camino Capistrano Bridge Improvements	OPA/DDA/Construction	\$ 50,000	-	-	-	-		\$ -						\$ -	
24	Owner Participation Agreement - Kaleidoscope	OPA/DDA/Construction	\$ -	-	-	-	-		\$ -						\$ -	
27	Administration	Admin Costs	\$ 250,000	-	-	-	-		\$ -						\$ -	
33	Camino Capistrano Bridge Improvements	Improvement/Infrastructure	\$ 939,052	-	-	-	-		\$ -						\$ -	
37	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Bonds Issued On or Before 12/31/10	\$ 15,000	-	-	-	2,950		\$ 2,950						\$ -	
45	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Fees	\$ 32,000	-	-	-	-		\$ -						\$ -	
58	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Bonds Issued On or Before 12/31/10	\$ 97,000	-	-	-	8,000		\$ 8,000						\$ -	
61	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Bonds Issued On or Before 12/31/10	\$ 100,000	-	-	-	-		\$ -						\$ -	
62	1999 Variable Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	Bonds Issued On or Before 12/31/10	\$ 100,000	-	-	-	-		\$ -						\$ -	
63	Mission Viejo Housing Authority	Housing Entity Admin Cost	\$ 150,000						\$ -						\$ -	
64	Mission Viejo Housing Authority	Housing Entity Admin Cost	\$ 150,000						\$ -						\$ -	
65	Mission Viejo Housing Authority	Housing Entity Admin Cost	\$ 150,000						\$ -						\$ -	
66	Mission Viejo Housing Authority	Housing Entity Admin Cost	\$ 150,000						\$ -						\$ -	
67	Litigation Settlement	Litigation	\$ 25,533						\$ -						\$ -	



**DEPARTMENT OF  
FINANCE**  
OFFICE OF THE DIRECTOR

**GAVIN NEWSOM - GOVERNOR**  
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ [WWW.DOF.CA.GOV](http://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:

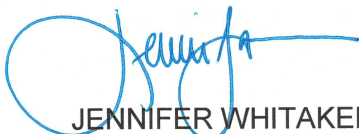
<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

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
<b>Total RPTTF Requested</b>	<b>833,250</b>	<b>840,750</b>	<b>1,674,000</b>
RPTTF Authorized	708,250	715,750	1,424,000
Administrative RPTTF Authorized	125,000	125,000	250,000
<b>Total RPTTF Authorized for Obligations</b>	<b>833,250</b>	<b>840,750</b>	<b>1,674,000</b>
Prior Period Adjustment	(367,636)	0	(367,636)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 465,614</b>	<b>\$ 840,750</b>	<b>\$ 1,306,364</b>



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		<b>\$52,033</b>

- 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:

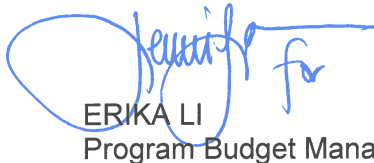
<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

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
<b>Total RPTTF Requested</b>	<b>913,783</b>	<b>899,200</b>	<b>1,812,983</b>
<b>RPTTF Requested</b>	<b>788,783</b>	<b>774,200</b>	<b>1,562,983</b>
<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)
<b>RPTTF Authorized</b>	<b>750,000</b>	<b>634,828</b>	<b>1,384,828</b>
<b>Administrative RPTTF Authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>250,000</b>
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 875,000</b>	<b>\$ 759,828</b>	<b>\$ 1,634,828</b>



November 9, 2018

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

Dear Ms. Dyas:

Subject: Amended Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1) (E), the City of Mission Viejo Successor Agency (Agency) submitted an amended Recognized Obligation Payment Schedule for the period January 1, 2019 through June 30, 2019 (Amended ROPS 18-19B) to the California Department of Finance (Finance) on September 23, 2018. Finance has completed its review of the Amended ROPS 18-19B.

Based on our review and application of the law, Finance has made the following determination:

Item No. 4 – Property Tax Allocation Reporting costs for the requested adjustment of \$33,000 in Redevelopment Property Tax Trust Fund (RPTTF) funding is partially allowed. Pursuant to the Settlement Agreement (*City of Mission Viejo, et al. v. State of California et al. Sacramento Superior Court, Case No. 34-2016-80002311*), the Agency has requested \$16,500 due in both the ROPS 17-18 and 18-19 periods. However, it is our understanding the amounts due in ROPS 17-18 have been paid by funds approved by Finance in our review of ROPS 17-18; therefore, no unpaid amounts exist. Of the \$33,000 requested, \$16,500 is ineligible for funding. Therefore, the total amount authorized for the item is \$16,500 (\$33,000 - \$16,500) in RPTTF funding.

The Agency's amended maximum approved RPTTF distribution for the ROPS 18-19B period is \$776,328 as summarized in the Approved RPTTF Distribution table on Page 3 (see Attachment).

Please refer to the ROPS 18-19B schedule used to calculate the total RPTTF approved for distribution:

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

This is Finance's determination related to the funding of enforceable obligations reported on your Amended ROPS 18-19B. Please note there is no Meet and Confer option for the Amended ROPS process, so Finance's determination is final. This 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 not denied on this Amended 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 is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Nichelle Jackson, Supervisor, or Alexander Watt, Analyst, at (916) 322-2985.

Sincerely,



ERIKA LI  
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**

<b>Approved RPTTF Distribution</b>	
<b>For the period of January 2019 through June 2019</b>	
Authorized RPTTF on ROPS 18-19B	\$ 634,828
Authorized Administrative RPTTF on ROPS 18-19B	125,000
<b>Total Authorized RPTTF on ROPS 18-19B</b>	<b>759,828</b>
<b>Total Requested 18-19B RPTTF Adjustments</b>	<b>33,000</b>
<b>Finance RPTTF Adjustments</b>	
Item No. 14	(16,500)
<b>Authorized RPTTF 18-19B Adjustments</b>	<b>16,500</b>
<b>Total Finance Authorized 18-19B Adjustments</b>	<b>16,500</b>
<b>Total Amended ROPS 18-19B RPTTF approved for distribution</b>	<b>\$ 776,328</b>





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:

<b>Administrative Cost Allowance Calculation</b>	
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)	<b>250,000</b>
ACA requested for 2017-18	250,000
Plus amount reclassified to ACA	96,500
<b>Total ACA</b>	<b>346,500</b>
<b>ACA in Excess of Cap</b>	<b>\$ (96,500)</b>

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
<b>Total RPTTF Requested</b>	<b>1,997,051</b>	<b>1,070,500</b>	<b>3,067,551</b>
<b>RPTTF Requested</b>	<b>1,872,051</b>	<b>945,500</b>	<b>2,817,551</b>
<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)
<b>RPTTF Authorized</b>	<b>1,308,051</b>	<b>811,500</b>	<b>2,119,551</b>
<b>Administrative RPTTF Requested</b>	<b>125,000</b>	<b>125,000</b>	<b>250,000</b>
<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
<b>Adjusted Administrative RPTTF</b>	<b>163,250</b>	<b>183,250</b>	<b>346,500</b>
Excess Administrative Costs	0	(96,500)	(96,500)
<b>Administrative RPTTF Authorized</b>	<b>163,250</b>	<b>86,750</b>	<b>250,000</b>
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 1,471,301</b>	<b>\$ 898,250</b>	<b>\$ 2,369,551</b>



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:



<b>Approved RPTTF Distribution</b>	
<b>For the period of July through December 2015</b>	
Total RPTTF requested for non-administrative obligations	1,346,263
Total RPTTF requested for administrative obligations	125,000
<b>Total RPTTF requested for obligations on ROPS</b>	<b>\$ 1,471,263</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>1,346,263</b>
<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)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 1,255,263</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>125,000</b>
<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
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 196,000</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 1,451,263</b>
ROPS 14-15A prior period adjustment	(811)
<b>Total RPTTF approved for distribution</b>	<b>\$ 1,450,452</b>

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:

<b>Approved RPTTF Distribution</b>	
<b>For the period of January through June 2016</b>	
Total RPTTF requested for non-administrative obligations	872,100
Total RPTTF requested for administrative obligations	125,000
<b>Total RPTTF requested for obligations on ROPS 15-16B</b>	<b>\$ 997,100</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>872,100</b>
<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)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 672,100</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>125,000</b>
<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)
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 54,000</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 726,100</b>
ROPS 14-15B prior period adjustment	0
<b>Total RPTTF approved for distribution</b>	<b>\$ 726,100</b>
<b>Administrative Cost Cap Calculation</b>	
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
<b>Total RPTTF for fiscal year 2015-2016</b>	<b>1,927,363</b>
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)
<b>Remaining administrative cost cap for ROPS 15-16B</b>	<b>54,000</b>
ROPS 15-16B administrative obligations after Finance adjustments	(290,000)
<b>Administrative costs in excess of the cap</b>	<b>\$ (236,000)</b>

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:

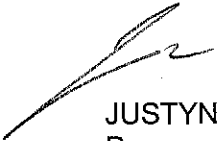
<http://www.dof.ca.gov/redevelopment/ROPS>

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

# Orange Countywide Oversight Board

Date: 1/28/2020

From: Successor Agency to the Mission Viejo Redevelopment Agency

Subject: Summary of Successor Agency Activities Reclassed to the Administrative Budget by the Department of Finance (DOF)

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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 budget by DOF since redevelopment dissolution.

## Enforcement of Mall Bond OPA and Covenants Compliance

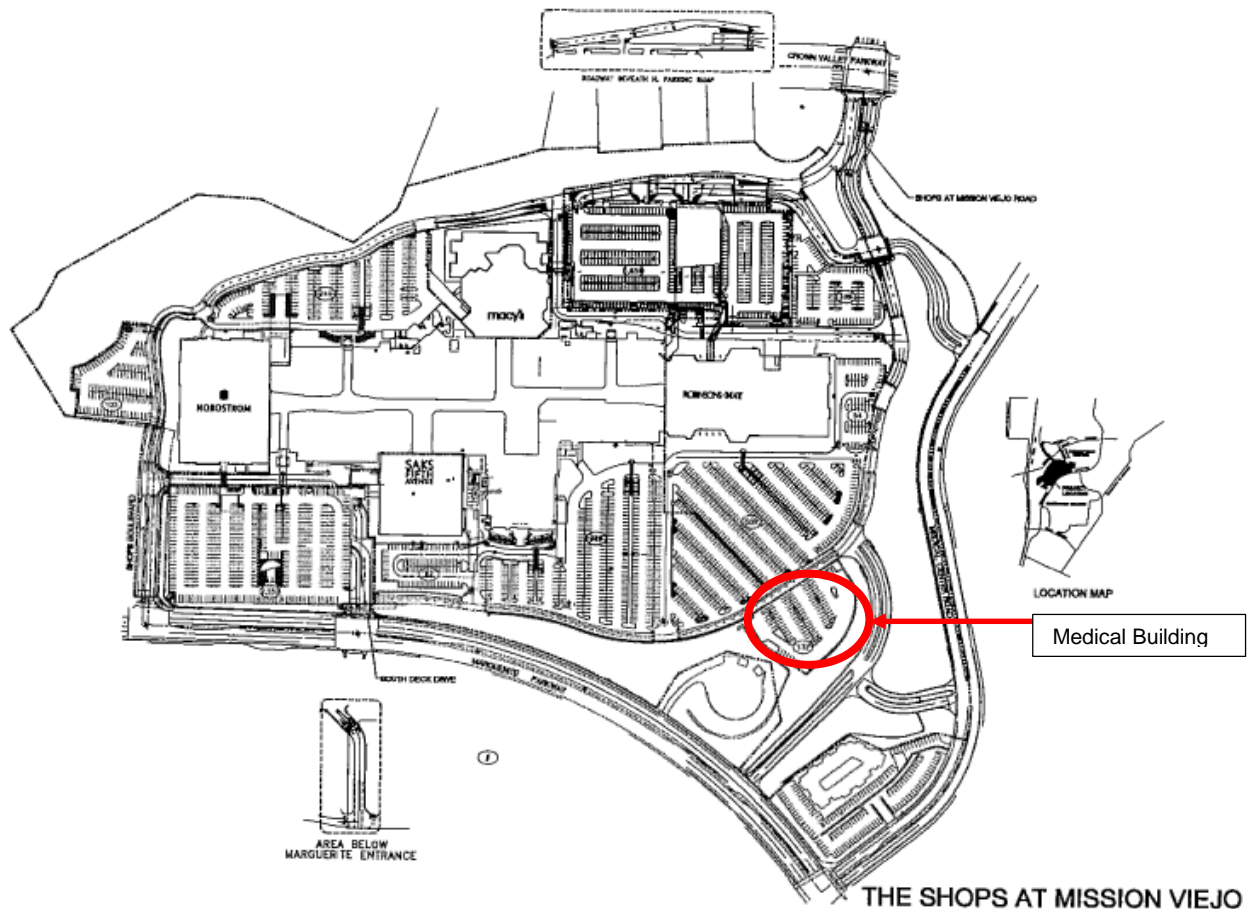
The former Mission Viejo redevelopment agency (CDA) and Mission Viejo Associates, L.P. (Developer) entered into an Owner Participation Agreement (OPA) dated November 16, 1998. The purpose of the OPA was to implement the provision of the Community Development Plan and the CDA's Implementation Plan for 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, tenancing, 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.

The most significant issues expected during FY 20-21 related to the Mall Bond covenants is on-Site improvements for the NCA development, landscaping issues, tenant issues as a primary pad will be vacated by Forever 21 and needs to be replaced, and misuse of the parking structures by the Mall owners.

#### 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.

The most significant issues expected during FY 20-21 related to the Kaleidoscope OPA covenants is landscaping issues, tenant issues, and the on-going efforts to sell the property.