

Orange Countywide Oversight Board

Agenda Item No. 4e

Date: 1/19/2021

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 2021-22 ROPS and Administrative Budget for the Mission Viejo Successor Agency

The Mission Viejo Successor Agency requests approval of the Recognized Obligation Payment Schedule (ROPS) and Administrative Budget for Fiscal Year 2021-22.

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 21-22 fiscal period of July 1, 2021 to June 30, 2022, and submit such approved FY 21-22 ROPS to the Department of Finance (DOF) on or before February 1, 2021.

The FY 21-22 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 \$1,722,651 is equal to the debt service payment required during FY 21-22.

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.

Line item no 68 – As part of the ROPS submittal process for FY 2017-18, DOF disallowed line item 4 for \$16,500 as a separate enforceable obligation and directed Mission Viejo to fund the cost related to this line item as part of the annual administrative allowance. This item, along with several other issues were part of a lawsuit filed by the Successor Agency against the Department of Finance (DOF) and other entities. As part of a Settlement Agreement executed in August 2018, DOF agreed to reverse its decision and approve line item 4 as a separate enforceable obligation. This specific stipulation is outlined in 1. (b) of the attached Settlement Agreement. The Successor Agency submitted an amended ROPS during the FY 2018-19 period to receive funds for this obligation, but that amendment was denied by DOF. The Successor Agency then reported the amount on the FY 2017-18 Prior Period Adjustment Report to retain funds from that fiscal period for this line item and DOF denied funding. The City is now creating a line item on the current ROPS for 2021-22 in a third attempt to request that DOF honor the Settlement Agreement.

Also included as part of the ROPS is the FY 21-22 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 working directly on Successor Agency matters during fiscal year 2021-22. Projected hours by employee have been included as part of the justification to assist the Oversight Board in understanding the City's time commitment to Successor Agency matters. Other direct costs are estimates of costs anticipated during FY 21-22. 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 21-22 is 2.4%. This is based on the projected Successor Agency expenditures in relation to total General Fund expenditures.

A request was made to provide Department of Finance (DOF) determination letters that might pertain to the administrative budget discussion. The determination letter for 20-21 contains no language pertaining to the administrative budget; however, the following is included in the determination letter for 19-20:

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 a few disbursements each 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 21-22 related to the Mall Bond covenants are on-Site improvements for the NCA development, landscaping issues, tenant issues related to a primary pad within the Mall, and misuse of the parking structures by the Mall owners. The most significant issues expected during FY 21-22 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 attached ROPS will be presented for approval by the Mission Viejo Successor Agency on January 12, 2021. The deadline to submit this agenda report to the County preceded the January 12 meeting so the Successor Agency resolution has been submitted in draft form. A final signed resolution will be submitted prior to January 19.

The Mission Viejo Successor Agency requests that the Orange Countywide Oversight Board adopt the attached Resolution approving the FY 21-22 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 2021-22 period in the amount of \$2,013,151 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)

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Attachments

1. Orange Countywide Oversight Board Resolution
2. Mission Viejo ROPS 21-22
3. Mission Viejo Administrative Budget 21-22
4. Mission Viejo Draft Resolution 21-xx
5. Mission Viejo Settlement Agreement
6. Mission Viejo ROPS 20-21
7. Mission Viejo ROPS 19-20
8. DOF Determination Letter 20-21
9. DOF Determination Letter 19-20
10. DOF Determination Letter 17-18
11. DOF Determination Letter 15-16A
12. DOF Determination Letter 15-16B
13. Supplemental Memo - Activities Reclassed to the Administrative Budget by the Department of Finance

Resolution No. 21-xxx

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD WITH OVERSIGHT OF THE SUCCESSOR AGENCY TO THE MISSION VIEJO REDEVELOPMENT AGENCY APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE 21-22 FISCAL PERIOD OF JULY 1, 2021 TO JUNE 30, 2022, 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 newly established 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 21-22 fiscal period of July 1, 2021 to June 30, 2022 (“ROPS 21-22”) shall be submitted to the DOF by the Successor Agency, after approval by the Oversight Board, no later than February 1, 2021; and

WHEREAS, the Oversight Board has reviewed the ROPS 21-22 presented by the Successor Agency and desires to approve the ROPS 21-22, including the FY 21-22 Administrative Budget included therewith, and to authorize the Successor Agency, to cause posting of ROPS 21-22 on the City’s website: (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 THAT THE ORANGE COUNTYWIDE OVERSIGHT BOARD 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 Oversight Board hereby approves the ROPS 21-22, along with the Administrative Budget for FY 21-22 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 21-22 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 21-22, on the City’s website (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 21-22) - Summary
Filed for the July 1, 2021 through June 30, 2022 Period**

Successor Agency: Mission Viejo

County: Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	21-22A Total (July - December)	21-22B Total (January - June)	ROPS 21-22 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)	\$ 1,004,128	\$ 1,009,023	\$ 2,013,151
F RPTTF	879,128	884,023	1,763,151
G Administrative RPTTF	125,000	125,000	250,000
H Current Period Enforceable Obligations (A+E)	\$ 1,004,128	\$ 1,009,023	\$ 2,013,151

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 21-22) - ROPS Detail
July 1, 2021 through June 30, 2022

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 21-22 Total	ROPS 21-22A (Jul - Dec)					21-22A Total	ROPS 21-22B (Jan - Jun)					21-22B Total
											Fund Sources						Fund Sources					
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
								\$13,377,789		\$2,013,151	\$-	\$-	\$-	\$879,128	\$125,000	\$1,004,128	\$-	\$-	\$-	\$884,023	\$125,000	\$1,009,023
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	12,913,389	N	\$1,722,651	-	-	-	854,378	-	\$854,378	-	-	-	868,273	-	\$868,273
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	132,000	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	-	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
8	Camino Capistrano Bridge Improvements	OPA/DDA/ Construction	09/04/2002	06/30/2033	Davis Company	Economic Planning	1	-	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	-	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
37	1999 Variable	Bonds Issued	07/01/	06/30/2028	Arbitrage	Arbitrage	1	5,900	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 21-22 Total	ROPS 21-22A (Jul - Dec)					21-22A Total	ROPS 21-22B (Jan - Jun)					21-22B Total	
											Fund Sources						Fund Sources						
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		
	Rate Demand Revenue Bonds (Mission Viejo Mall Improvement Project)	On or Before 12/31/10	2014		Compliance Specialists, Inc.	rebate calculation																	
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	60,000	N	\$7,500	-	-	-	-	-	\$-	-	-	-	7,500	-	\$7,500	
68	Settlement Agreement-dated August 2018	Litigation	08/18/2018	09/01/2028	Mission Viejo Successor Agency	Reimbursement for costs paid to HdI for ROPS line item 4 during the 17/18 ROPS period.	1	16,500	N	\$16,500	-	-	-	16,500	-	\$16,500	-	-	-	-	-	-	\$-

Mission Viejo
Recognized Obligation Payment Schedule (ROPS 21-22) - Report of Cash Balances
July 1, 2018 through June 30, 2019
(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
		Fund Sources					
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF	
	ROPS 18-19 Cash Balances (07/01/18 - 06/30/19)	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	Comments
1	Beginning Available Cash Balance (Actual 07/01/18) RPTTF amount should exclude "A" period distribution amount.			730,639	7,100		
2	Revenue/Income (Actual 06/30/19) RPTTF amount should tie to the ROPS 18-19 total distribution from the County Auditor-Controller			13,095		1,651,328	Cell E2. Amount is receipt by the Successor Agency from the City for DOF disallowed costs in 16/17.
3	Expenditures for ROPS 18-19 Enforceable Obligations (Actual 06/30/19)			119,022	7,100	1,278,995	
4	Retention of Available Cash Balance (Actual 06/30/19) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)			641,212			\$367,636 is RPTTF from 16-17 distributed to ROPS 19-20 by DOF; and \$273,576 is RPTTF from 17-18 distributed to ROPS 20-21 by DOF
5	ROPS 18-19 RPTTF Prior Period Adjustment RPTTF amount should tie to the Agency's ROPS 18-19 PPA form submitted to the CAC			No entry required			
6	Ending Actual Available Cash Balance (06/30/19) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$-	\$-	\$(16,500)	\$-	\$372,333	

Mission Viejo
Recognized Obligation Payment Schedule (ROPS 21-22) - Notes
July 1, 2021 through June 30, 2022

Item #	Notes/Comments
1	
2	
4	
7	
8	
27	
33	
37	
58	
68	DOF reclassified item 4 on the 17/18 ROPs to admin. The settlement agreement (section 1.b.) specifically states that DOF agrees to reverse classification and fund as a separate enforceable obligation. City tried to amend the 18/19 ROPS to receive these funds but were denied. City tried to report the amount as an enforceable obligation on the 17/18 PPA, but DOF clawed it back and applied the amount to ROPS period 20/21. City is now requesting the amount as a separate line so DOF will approve funding and honor the settlement agreement.

City of Mission Viejo
FY 21/22
Administrative Allowance Estimated Expenditures

		<u>Fiscal Year</u>			<u>Successor</u>	<u>SA</u>	<u>% of Est.</u>
		<u>2021/2022</u>			<u>Agency Hours</u>	<u>Administration</u>	<u>Time Spent</u>
<u>Direct Personnel Costs</u>	<u>Department</u>	<u>Est. Costs</u>	<u>Hourly Rate</u>				<u>on SA</u>
							<u>Issues</u>
City Manager	City Manager	\$ 363,860	\$ 182.53	24	\$ 4,381		1.15%
Assistant City Manager/Director of Public Services	City Manager	310,135	155.95	12	1,871		0.58%
Senior Executive Assistant	City Manager	121,623	60.91	12	731		0.58%
City Council	City Council	126,640	61.44	4	246		0.19%
City Clerk	City Clerk	250,708	62.67	3	188		0.14%
Director of Administrative Services	Administrative Services	254,947	128.38	125	16,048		6.01%
AS Manager-Treasury	Administrative Services	137,728	69.16	20	1,383		0.96%
Treasury Analyst	Administrative Services	109,799	54.92	91	4,970		4.35%
Administrative Assistant	Administrative Services	68,802	34.47	22	767		1.07%
Total Direct Personnel Costs					313	<u>30,585</u>	
Other Direct Costs							
Attorneys							
Stradling Yocca Carlson & Rauth	SA Attorney				15,000		
Lozano Smith	City Attorney				1,500		
Audit Fees						2,400	
Bank Fees/Delivery/Postage/Office Supplies/Meeting costs						<u>200</u>	
Total Other Direct Cost						<u>19,100</u>	
Indirect Costs (applied at 2.4% of total cost) 2.4%							
Central Service Departments (per 6/2019 cost study)							
Interdepartmental		1,132,198				27,169	
City Council Administration (non-payroll)		60,453				1,451	
Commissions		84,618				2,031	
City Manager Administration (non-payroll)		282,315				6,776	
City Clerk Administration (non-payroll)		11,386				273	
Council Support (non-payroll)		3,600				86	
Elections		73,200				1,757	
Administrative Services Admin (non-payroll)		13,984				336	
Accounting and Payroll		555,521				13,333	
Financial Planning and Budget		70,897				1,702	
Purchasing		114,374				2,745	
Treasury (non-payroll)		86,500				2,076	
Risk Management		291,034				6,985	
Human Resources		334,145				8,019	
Information Technology		3,195,267				76,686	
Fleet Maintenance		169,165				4,060	
Facilities Maintenance		559,467				13,427	
Cable Television		279,467				6,707	
Community Development Admin		212,767				5,106	
Community Development-Current Planning		466,972				11,207	
Community Development-Code Enforcement		349,297				<u>8,383</u>	
Total Indirect Cost						<u>200,315</u>	
Total Estimated Cost						<u>\$ 250,000</u>	

**City of Mission Viejo
FY 21/22
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. Attends SA, OB and Meet and Confer meetings as well as numerous staff meetings regarding SA. Hours include 2 hours per month for non-reported hours.	2	12	<u>24</u>
Total City Manager					24
Assistant City Manager/Director of Public Services	City Manager	Support to City Manager and attendance at SA and OB related meetings. Estimate is equal to 1 hours per month.	1	12	<u>12</u>
Total Assistant City Manager					12
Senior Executive Assistant	City Manager	Direct assistant to the City Manager and Asst City Manager in SA and OB related meetings, transaction processing (i.e. meet and confer related travel requests) and document prep. Estimate is equal to 1 hours per month.	1	12	<u>12</u>
Total Senior Executive Assistant					12
City Council	City Council	Attendance at Successor Agency Meetings for 5 members	1.25	2	2.5
		Attendance at Successor Agency agenda planning mtgs for 2 members	0.5	2	1
		Execution of SA resolutions by Mayor	0.25	2	<u>0.5</u>
Total City Council					4
City Clerk	City Clerk	Preparation of Successor Agency Board meetings, including review of agenda	0.5	2	1
		Attendance at Successor Agency Board meetings	0.25	2	0.5
		Attendance at Successor Agency agenda planning meetings	0.25	2	0.5
		Preparation of minutes of Successor Agency Board meetings	0.25	2	0.5
		Review and execution of SA resolutions	0.25	2	<u>0.5</u>
Total City Clerk					3

City of Mission Viejo
 FY 21/22
 Administrative Allowance
 Personnel Justification

<i>Position</i>	<i>Department</i>	<i>Summary of Job Duties Pertaining to Successor Agency</i>	<i>Hours</i>	<i>Frequency</i>	<i>Total</i>
Director of Administrative Services	Administrative Services	Direct hours reported on timesheet for ROPS preparation, Mall Bond issues, preparation of SA and OB staff reports, attendance at meetings, etc. Based on actual hours on timesheet	125	1	<u>125</u>
Total Director of Admin Services					125
AS Manager-Treasury	Administrative Services	Direct hours reported on timesheet for ROPS preparation, Mall Bond issues, preparation of SA and OB staff reports, attendance at meetings, etc. Based on actual hours on timesheet.	20	1	<u>20</u>
Total Treasury Manager					20
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	260	65
		Prepare monthly Treasurer's Report	0.5	12	6
		Bank reconciliation	0.5	12	6
		Quarterly transaction and file maintenance	0.5	4	2
		Processing check requests for a/p invoices	0.25	6	1.5
		Update Mall Bond spreadsheets	1	4	4
		Review update Mall Bond speradsheet quarterly	1.25	4	5
		Set up SA cash and investment accounts/close RDA accounts	0	2	0
		Prepare wire transfer requests and process transactions	0.5	2	<u>1</u>
Total Treasury Analyst		(Total agrees w/ actual hours reported on timesheet)			90.5
Administrative Assistant	Administrative Services	General support to the Director of Administrative Services	1	12	12
		Preparation of Successor Agency staff reports	1	2	2
		Preparation of Oversight Board staff reports	0	6	0
		Preparation of Oversight Board agenda, including delivery	0	0	0
		Preparation/Cleanup of Oversight Board meetings	0	0	0
		Attendance of Oversight Board meetings	0	0	0
		Preparation of minutes of OB meetings	0	0	0
		Processing and execution of OB resolutions	0	6	0
		Posting of OB resolutions, ROPS and other docs on website	0.5	4	2
		Submittal of OB docs to DOF	0.25	4	1
		Processing SA related public requests under the Brown Act	0	0	0
		Scan/attach/code accounts payable invoices into accounting system	0.25	21	<u>5.25</u>
Total Administrative Assistant					22.25
					312.75

SUCCESSOR AGENCY RESOLUTION 21-01

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MISSION VIEJO APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 21-22 A-B FOR THE ANNUAL FISCAL PERIOD OF JULY 1, 2021 TO JUNE 30, 2022, 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 21-22 A-B fiscal period of July 1, 2021 to June 30, 2022 (“ROPS 21-22 A-B”) shall be submitted to the DOF by the Successor Agency, after approval by the Oversight Board, no later than February 1, 2021; and to submit a copy of the ROPS 21-22 A-B to 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 21-22 A-B, including the FY 21-22 administrative budget, and desires to approve the ROPS 21-22 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 21-22 A-B on the Successor Agency website (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 21-22 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 21-22 A-B is approved subject to transmittal of ROPS 21-22 A-B to the Oversight Board for review and approval and a copy of the ROPS is sent concurrently to the 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 21-22 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 21-22 A-B, on the Successor Agency website (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 12th day of January 2021.



Trish Kelley, 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 12th day of January 2021, and that it was so adopted by the following vote:

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

ATTEST:



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

**Recognized Obligation Payment Schedule (ROPS 21-22) - Summary
Filed for the July 1, 2021 through June 30, 2022 Period**

Successor Agency: Mission Viejo
County: Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	21-22A Total (July - December)	21-22B Total (January - June)	ROPS 21-22 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)	\$ 1,004,128	\$ 1,009,023	\$ 2,013,151
F RPTTF	879,128	884,023	1,763,151
G Administrative RPTTF	125,000	125,000	250,000
H Current Period Enforceable Obligations (A+E)	\$ 1,004,128	\$ 1,009,023	\$ 2,013,151

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 21-22) - Report of Cash Balances
July 1, 2018 through June 30, 2019
 (Report Amounts in Whole Dollars)

A	B				C	D	E	F	G	H
	ROPS 18-19 Cash Balances (07/01/18 - 06/30/19)									
	Fund Sources									
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	Comments					
1	Beginning Available Cash Balance (Actual 07/01/18) RPTTF amount should exclude "A" period distribution amount.		730,639	7,100						
2	Revenue/Income (Actual 06/30/19) RPTTF amount should tie to the ROPS 18-19 total distribution from the County Auditor-Controller		13,095					1,651,328		Cell E2. Amount is receipt by the Successor Agency from the City for DOF disallowed costs in 16/17.
3	Expenditures for ROPS 18-19 Enforceable Obligations (Actual 06/30/19)		119,022	7,100				1,278,995		
4	Retention of Available Cash Balance (Actual 06/30/19) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)		641,212							\$367,636 is RPTTF from 16-17 distributed to ROPS 19-20 by DOF; and \$273,576 is RPTTF from 17-18 distributed to ROPS 20-21 by DOF
5	ROPS 18-19 RPTTF Prior Period Adjustment RPTTF amount should tie to the Agency's ROPS 18-19 PPA form submitted to the CAC		No entry required							
6	Ending Actual Available Cash Balance (06/30/19) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$-	\$-	\$-	\$-	\$-	\$-	\$372,333		

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.

Mission Viejo
Recognized Obligation Payment Schedule (ROPS 21-22) - Notes
July 1, 2021 through June 30, 2022

Item #	Notes/Comments
1	
2	
4	
7	
8	
27	
33	
37	
58	
68	<p>DOF reclassified item 4 on the 17/18 ROPs to admin. The settlement agreement (section 1.b.) specifically states that DOF agrees to reverse classification and fund as a separate enforceable obligation. City tried to amend the 18/19 ROPS to receive these funds but were denied. City tried to report the amount as an enforceable obligation on the 17/18 PPA, but DOF clawed it back and applied the amount to ROPS period 20/21. City is now requesting the amount as a separate line so DOF will approve funding and honor the settlement agreement.</p>

**City of Mission Viejo
FY 21/22
Administrative Allowance Estimated Expenditures**

		<u>Fiscal Year</u>		<u>Successor</u>	<u>SA</u>	<u>% of Est.</u>
		<u>2021/2022</u>		<u>Agency Hours</u>	<u>Administration</u>	<u>Time Spent</u>
<i>Direct Personnel Costs</i>	<i>Department</i>	<u>Est. Costs</u>	<u>Hourly Rate</u>			<u>on SA</u>
						<u>Issues</u>
City Manager	City Manager	\$ 363,860	\$ 182.53	24	\$ 4,381	1.15%
Assistant City Manager/Director of Public Services	City Manager	310,135	155.95	12	1,871	0.58%
Senior Executive Assistant	City Manager	121,623	60.91	12	731	0.58%
City Council	City Council	126,640	61.44	4	246	0.19%
City Clerk	City Clerk	250,708	62.67	3	188	0.14%
Director of Administrative Services	Administrative Services	254,947	128.38	125	16,048	6.01%
AS Manager-Treasury	Administrative Services	137,728	69.16	20	1,383	0.96%
Treasury Analyst	Administrative Services	109,799	54.92	91	4,970	4.35%
Administrative Assistant	Administrative Services	68,802	34.47	22	767	1.07%
Total Direct Personnel Costs				313	30,585	
Other Direct Costs						
Attorneys						
Stradling Yocca Carlson & Rauth	SA Attorney				15,000	
Lozano Smith	City Attorney				1,500	
Audit Fees					2,400	
Bank Fees/Delivery/Postage/Office Supplies/Meeting costs					200	
Total Other Direct Cost					19,100	
Indirect Costs (applied at 2.4% of total cost) 2.4%						
Central Service Departments (per 6/2019 cost study)						
Interdepartmental		1,132,198			27,169	
City Council Administration (non-payroll)		60,453			1,451	
Commissions		84,618			2,031	
City Manager Administration (non-payroll)		282,315			6,776	
City Clerk Administration (non-payroll)		11,386			273	
Council Support (non-payroll)		3,600			86	
Elections		73,200			1,757	
Administrative Services Admin (non-payroll)		13,984			336	
Accounting and Payroll		555,521			13,333	
Financial Planning and Budget		70,897			1,702	
Purchasing		114,374			2,745	
Treasury (non-payroll)		86,500			2,076	
Risk Management		291,034			6,985	
Human Resources		334,145			8,019	
Information Technology		3,195,267			76,686	
Fleet Maintenance		169,165			4,060	
Facilities Maintenance		559,467			13,427	
Cable Television		279,467			6,707	
Community Development Admin		212,767			5,106	
Community Development-Current Planning		466,972			11,207	
Community Development-Code Enforcement		349,297			8,383	
Total Indirect Cost					200,315	
Total Estimated Cost					\$ 250,000	

**City of Mission Viejo
 FY 21/22
 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. Attends SA, OB and Meet and Confer meetings as well as numerous staff meetings regarding SA. Hours include 2 hours per month for non-reported hours.	2	12	<u>24</u> 24
Total City Manager					
Assistant City Manager/Director of Public Services	City Manager	Support to City Manager and attendance at SA and OB related meetings. Estimate is equal to 1 hours per month.	1	12	<u>12</u> 12
Total Assistant City Manager					
Senior Executive Assistant	City Manager	Direct assistant to the City Manager and Asst City Manager in SA and OB related meetings, transaction processing (i.e. meet and confer related travel requests) and document prep. Estimate is equal to 1 hours per month.	1	12	<u>12</u> 12
Total Senior Executive Assistant					
City Council	City Council	Attendance at Successor Agency Meetings for 5 members	1.25	2	2.5
		Attendance at Successor Agency agenda planning mtgs for 2 members	0.5	2	1
		Execution of SA resolutions by Mayor	0.25	2	<u>0.5</u> 4
Total City Council					
City Clerk	City Clerk	Preparation of Successor Agency Board meetings, including review of agenda	0.5	2	1
		Attendance at Successor Agency Board meetings	0.25	2	0.5
		Attendance at Successor Agency agenda planning meetings	0.25	2	0.5
		Preparation of minutes of Successor Agency Board meetings	0.25	2	0.5
		Review and execution of SA resolutions	0.25	2	<u>0.5</u> 3
Total City Clerk					

**City of Mission Viejo
 FY 21/22
 Administrative Allowance
 Personnel Justification**

<i>Position</i>	<i>Department</i>	<i>Summary of Job Duties Pertaining to Successor Agency</i>	<i>Hours</i>	<i>Frequency</i>	<i>Total</i>
Director of Administrative Services Total Director of Admin Services	Administrative Services	Direct hours reported on timesheet for ROPS preparation, Mail Bond issues, preparation of SA and OB staff reports, attendance at meetings, etc. Based on actual hours on timesheet	125	1	<u>125</u> <u>125</u>
AS Manager-Treasury Total Treasury Manager	Administrative Services	Direct hours reported on timesheet for ROPS preparation, Mail Bond issues, preparation of SA and OB staff reports, attendance at meetings, etc. Based on actual hours on timesheet.	20	1	<u>20</u> <u>20</u>
Treasury Analyst	Administrative Services	Review daily cash in bank account on a daily basis and prepare report for review by Treasury Manager and Director Prepare monthly Treasurer's Report Bank reconciliation Quarterly transaction and file maintenance Processing check requests for a/p invoices Update Mail Bond spreadsheets Review update Mail Bond spreadsheet quarterly Set up SA cash and investment accounts/close RDA accounts Prepare wire transfer requests and process transactions (Total agrees w/ actual hours reported on timesheet)	0.25 0.5 0.5 0.5 0.25 1 1.25 0 0.5	260 12 12 4 6 4 4 2 2 2	65 6 6 2 1.5 4 4 5 0 1 90.5
Administrative Assistant Total Administrative Assistant	Administrative Services	General support to the Director of Administrative Services Preparation of Successor Agency staff reports Preparation of Oversight Board staff reports Preparation of Oversight Board agenda, including delivery Preparation/Cleanup of Oversight Board meetings Attendance of Oversight Board meetings Preparation of minutes of OB meetings Posting and execution of OB resolutions Posting of OB resolutions, ROPS and other docs on website Submittal of OB docs to DOF Processing SA related public requests under the Brown Act Scan/attach/code accounts payable invoices into accounting system	1 1 0 0 0 0 0 0 0.25 0.25	12 2 6 0 0 0 6 4 4 0 21	12 2 0 0 0 0 0 2 1 <u>5.25</u> 22.25
					312.75

SETTLEMENT AGREEMENT

City of Mission Viejo, et al. v. State of California, et al.
Sacramento Superior Court, Case No. 34-2016-80002311

PARTIES

This Settlement Agreement (**Agreement**) is entered into by the following parties: (1) City of Mission Viejo (**City**); (2) Successor Agency to the Community Development Agency of the City of Mission Viejo (**Successor Agency**); (3) Michael Cohen, in his official capacity as California State Director of Finance (**Finance**); (4) California State Controller Betty T. Yee, in her official capacity (**Controller**); and (5) Eric H. Woolery, in his official capacity as the Auditor-Controller of the County of Orange (**Auditor-Controller**) (collectively, the **Parties**).

RECITALS

A. The litigation resolved by this Agreement relates to the wind down of the Redevelopment Agency for the City (**RDA**) pursuant to Assembly Bill 26 of the 2011-12 First Extraordinary Session of the California Legislature ("AB x1 26"), Assembly Bill 1484 of the 2011-12 Regular Session of the California Legislature ("AB 1484") and Senate Bill 107 of the 2015-2016 Regular Session of the California Legislature ("SB 107") (AB x1 26, AB 1484 and SB 107, collectively the Dissolution Law).

B. Following the dissolution of the RDA, on September 29, 2015, the Successor Agency submitted to Finance the Recognized Obligation Payment Schedules (**ROPS**) for the period of January 1 – June 30, 2016 (**ROPS 15-16B**). The Successor Agency submitted **ROPS 15-16B** as required by the Dissolution Law. Among the items listed on **ROPS 15-16B** was Item No. 45 for \$30,000 claimed to be an enforceable obligation owed to KNN Financial (**KNN**) for Letter of Credit renewal contract services relating to Mission Viejo Community Development Financing Authority Revenue Bonds, 1999 Series A and Mission Viejo Community Development Financing Authority Revenue Bonds, 1999 Series B for the Mission Viejo Mall Improvement Project (**Mall Bonds**).

C. Finance issued a letter, dated November 9, 2015, which included, among other things, a determination that only \$10,000 of Item No. 45 was payable from the Redevelopment Property Tax Trust Fund (**RPTTF**). Subsequently, a Meet and Confer session concerning Finance's November 9, 2015 determination letter has held. Finance issued a letter, dated December 17, 2015, after the Meet and Confer session, which constituted Finance's final determination for **ROPS 15-16B**. The final determination letter, among other things, denied \$5,000 of Item No. 45 as payable from RPTTF and reclassified the balance of \$25,000 as payable from the Successor's Administrative Cost Allowance (**ACA**).

D. The City and Successor Agency filed a Petition for Writ of Mandate and Complaint for Declaratory Relief and Injunctive Relief on or about March 18, 2016, entitled *City of Mission Viejo, et al. v. State of California, et al.*, Sacramento County Superior Court Case No. 34-2016-80002311 ("**Action**"). On or about July 6, 2016, the City and Successor Agency filed a First Amended and Supplemental Petition for Writ of Mandate and Complaint for

Declaratory Relief and Injunctive Relief in the **Action**.

E. On January 30, 2017, the Successor Agency submitted to Finance the **ROPS** for the period of July 1, 2017 – June 30, 2018 (**ROPS 17-18**). The Successor Agency submitted **ROPS 17-18** as required by the Dissolution Law. Among the items listed on **ROPS 17-18** was Item No. 4 for \$18,000 claimed as an enforceable obligation owed to HdL Coren & Cone (**HdL**) for financial consulting services performed in connection with the Mall Bonds. Finance denied the entire amount because the contract with **HdL** was to terminate on June 30, 2017 by Finance's April 14, 2017 determination letter for **ROPS 17-18**.

F. A meet and confer session was held on May 3, 2017 regarding Finance's April 14, 2017 determination letter for **ROPS 17-18**. Subsequently, Finance issued a superseding determination letter dated May 17, 2017 as a result of the May 3, 2017 meet and confer. Among other things, the May 17, 2017 letter revised its Item No. 4 **ROPS 17-18** determination by finding that payments owed to **HdL** were enforceable obligations up to an annual maximum amount of \$16,500. However, the amounts owed to **HdL** were reclassified as payable from the Successor Agency's **ACA**.

G. On January 29, 2018, the Successor Agency submitted to Finance the **ROPS** for the period of July 1, 2018 – June 30, 2019 (**ROPS 18-19**). The Successor Agency submitted **ROPS 18-19** as required by the Dissolution Law. Among the items listed on **ROPS 18-19** was Item No. 4 for \$16,500 claimed as an enforceable obligation owed to HdL Coren & Cone (**HdL**) for financial consulting services performed in connection with the Mall Bonds. Finance denied the entire amount because the item was subject to ongoing litigation by Finance's April 13, 2018 determination letter for **ROPS 18-19**.

H. Without admission of fault or wrongdoing, the Parties have agreed to completely resolve any and all disputes between the Parties pertaining to, or in any way relating to the **Action**, **ROPS 15-16B, Item No. 45, ROPS 17-18, Item No. 4, and ROPS 18-19, Item No. 4**, by entering into this Agreement.

AGREEMENT

Accordingly, in consideration of the mutual promises contained herein, the Parties agree as follows:

1. **Principal Terms:** The Parties agree to the following resolution of their disputes relating to the **Action, ROPS 15-16B, Item No. 45, ROPS 17-18, Item No. 4, and ROPS 18-19, Item No. 4 (Settled Matters)**:

(a) Finance shall reverse its reclassification of the annual maximum enforceable obligation amount of \$25,000 owed to KNN (**ROPS 15-16B, Item No. 45**) as set forth in Finance's May 17, 2017 letter. Finance shall continue to approve Item. 45 as an enforceable obligation so long as the payment requested is required by the Pledge Agreement dated May 1, 1999 to reimburse costs to maintain a letter of credit if required by the 1999 Variable Rate Demand Revenue Bonds so long as such bonds remain outstanding.

(b) Finance shall reverse its reclassification of the annual maximum enforceable obligation amount of \$16,500 owed to **HdL (ROPS 17-18, Item No. 4)** as set forth in Finance's May 17, 2017 letter. Finance shall continue to approve Item. 4 as an enforceable obligation so long as the payment requested is only for the Agency's property tax review required by Section 4.09 of the Pledge Agreement dated May 1, 1999.

(c) Finance shall reverse its reclassification of the annual maximum enforceable obligation amount of \$16,500 owed to **HdL (ROPS 18-19, Item No. 4)** as set forth in Finance's April 13, 2018 letter. Further, Finance shall treat **ROPS 18-19, Item No. 4**, as an approved enforceable obligation for purposes of the amendment process set forth in Health and Safety Code section 34177, subdivision (o)(1)(E). For future ROPS periods, Finance shall continue to approve Item. No. 4 as an enforceable obligation so long as the payment requested is only for the Agency's property tax review required by Section 4.09 of the Pledge Agreement dated May 1, 1999.

(d) The City and Successor Agency shall request dismissal of the entire Action with prejudice within 5 business days after the effective date of this Agreement.

2. Claims Disputed: The Agreement does not constitute, nor shall it be construed as, an admission or concession by any of the Parties for any purpose. This Agreement is a compromise settlement of the Action, and by executing this Agreement, none of the Parties admits wrongdoing, liability, or fault in connection with either the Action or the allegations asserted in the Action.

3. Mutual Release: The Parties specifically and mutually release and discharge each other, including their respective officers, directors, commission members, trustees, agents, employees, representatives, attorneys, insurers, departments, divisions, sections, successors and assigns from all obligations, damages, costs, expenses, liens, and attorneys' fees, of any nature whatsoever, whether known or unknown, suspected or not suspected to exist, claimed or not claimed, disputed or undisputed, pertaining to the Settled Matters.

4. Successors and Assigns: This Agreement shall be binding upon the Parties' respective officers, directors, commission members, trustees, agents, employees, representatives, attorneys, departments, divisions, sections, successors and assigns.

5. Assumption of Risk: The Parties each represent that they fully understand that if the facts pertaining in any way to the Action are later found to be different from the facts now believed to be true by any Party, each of them expressly accepts and assumes the risk of such possible differences in facts and agrees that this Agreement shall remain effective notwithstanding such differences in facts. The Parties also each represent that this Agreement was entered into under the laws current as of the effective date, and agree that this Agreement shall remain effective notwithstanding any future changes in the law.

6. Independent Advice of Counsel: The Parties each represent that they know and understand the contents of the Agreement and that this Agreement has been executed voluntarily. The Parties each further represent that they have had an opportunity to consult with an attorney

of their choosing and that they have been fully advised by the attorney with respect to their rights and obligations and with respect to the execution of this Agreement.

7. Entire Agreement: No promise, inducement, understanding, or agreement not expressed has been made by or on behalf of the Parties, and this Agreement contain the entire agreement between the Parties related to the Action.

8. Indemnity: Each Party represents that it has not assigned, transferred, or purported to assign or transfer to any person or entity any matter released herein. The petitioners in the Action also agree to indemnify and hold harmless the respondents in the Action and their successors and assigns against any claims, demands, causes of action, damages, debts, liabilities, costs or expenses, including, but not necessarily limited to, attorney fees, arising out of or in connection with the Action.

9. Amendments in Writing: This Agreement may not be altered, amended, modified, or otherwise changed in any respect except by a writing duly executed by the Parties. The Parties agree that they will make no claim at any time or place that this Agreement has been orally altered or modified or otherwise changed by oral communication of any kind or character.

10. Construction: The Parties agree that this Agreement is to be construed and interpreted without regard to the identity of the party drafting this Agreement.

11. Additional Acts: The Parties agree to take such actions and to execute such documents as are necessary to carry out the terms and purposes of this Agreement.

12. Attorney Fees: The Parties shall each bear their respective attorney fees and costs incurred in the litigation.

13. Enforcement: If any Party to this Agreement files a lawsuit to enforce or interpret this Agreement, the prevailing Party in any such suit shall be entitled to reimbursement for reasonable attorney fees and costs.

14. Choice of Law and Jurisdiction: This Agreement shall be governed by the laws of the State of California. If any Party to this Agreement brings a lawsuit to enforce or interpret this Agreement, the lawsuit shall be filed in the Superior Court for the County of Sacramento, California.

15. Counterparts: This Agreement may be executed by facsimile and in counterparts, each of which is deemed an original and all of which shall constitute this Agreement.

16. Effective Date: The date on which the last counterpart of this Agreement is executed shall be the effective date of this Agreement.

17. Authority to Execute: Each Party represents that they have the authority to enter into and perform the obligations necessary to provide the consideration described in this Agreement. Each person signing this Agreement represents and warrants that they have the authority to sign on behalf of the Party for which they sign.

18. Approval by City Council; Effective Date. This Agreement shall be executed by the Parties as indicated below, and is subject to the approval by the City Council for the City of Mission Viejo (acting both as the governing board of the City and as the governing board of the Successor Agency under the Dissolution Law). This Agreement shall become binding and effective upon (1) the approval of the City Council for the City of Mission Viejo, and (2) the execution of the Agreement by the Parties.

This Agreement consists of Recital Paragraphs A - H and Paragraphs 1 - 18.

DATED: 7/19/18

CITY OF MISSION VIEJO

By [Signature]

Its City Manager

DATED: 7/19/18

SUCCESSOR AGENCY TO THE COMMUNITY
DEVELOPMENT AGENCY OF THE CITY OF
MISSION VIEJO

By [Signature]

Its Executive Director

DATED: August 13, 2018

MICHAEL COHEN, IN HIS OFFICIAL
CAPACITY AS CALIFORNIA STATE
DIRECTOR OF FINANCE

By Kari Kroger
KARI KROGER
Its CHIEF COUNSEL

DATED: July 31, 2018

BETTY T. YEE, IN HER OFFICIAL CAPACITY
AS CALIFORNIA STATE CONTROLLER

By [Signature]
Its Richard J. Chivara, Chief Counsel

DATED: _____

ERIC H. WOOLERY, IN HIS OFFICIAL
CAPACITY AS THE AUDITOR-CONTROLLER
OF THE COUNTY OF ORANGE

By _____
Its _____

Approved as to Form:

CITY ATTORNEY, CITY OF MISSION VIEJO
LOZANO SMITH

By: _____
Attorneys for Petitioners and Plaintiffs
City of Mission Viejo and Successor Agency to the
Community Development Agency of the City of
Mission Viejo

DATED: _____

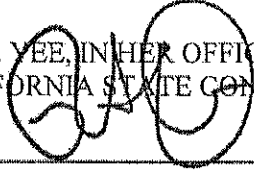
MICHAEL COHEN, IN HIS OFFICIAL
CAPACITY AS CALIFORNIA STATE
DIRECTOR OF FINANCE

By _____

Its _____

DATED: July 31, 2018

BETTY T. YEE, IN HER OFFICIAL CAPACITY
AS CALIFORNIA STATE CONTROLLER



By _____

Its Richard J. Chivaro, Chief Counsel

DATED: _____

ERIC H. WOOLERY, IN HIS OFFICIAL
CAPACITY AS THE AUDITOR-CONTROLLER
OF THE COUNTY OF ORANGE

By _____

Its _____

Approved as to Form:

CITY ATTORNEY, CITY OF MISSION VIEJO
LOZANO SMITH

By: _____
Attorneys for Petitioners and Plaintiffs
City of Mission Viejo and Successor Agency to the
Community Development Agency of the City of
Mission Viejo

DATED: _____

MICHAEL COHEN, IN HIS OFFICIAL
CAPACITY AS CALIFORNIA STATE
DIRECTOR OF FINANCE

By _____

Its _____

DATED: _____

BETTY T. YEE, IN HER OFFICIAL CAPACITY
AS CALIFORNIA STATE CONTROLLER

By _____

Its _____

DATED: 7-26-18

ERIC H. WOOLERY, IN HIS OFFICIAL
CAPACITY AS THE AUDITOR-CONTROLLER
OF THE COUNTY OF ORANGE

By E. H. Woolery

Its Auditor-Controller

Approved as to Form:

CITY ATTORNEY, CITY OF MISSION VIEJO
LOZANO SMITH

By: _____
Attorneys for Petitioners and Plaintiffs
City of Mission Viejo and Successor Agency to the
Community Development Agency of the City of
Mission Viejo

DATED: _____

MICHAEL COHEN, IN HIS OFFICIAL
CAPACITY AS CALIFORNIA STATE
DIRECTOR OF FINANCE

By _____

Its _____

DATED: _____

BETTY T. YEE, IN HER OFFICIAL CAPACITY
AS CALIFORNIA STATE CONTROLLER

By _____

Its _____

DATED: _____

ERIC H. WOOLERY, IN HIS OFFICIAL
CAPACITY AS THE AUDITOR-CONTROLLER
OF THE COUNTY OF ORANGE

By _____

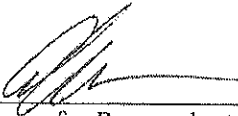
Its _____

Approved as to Form:

CITY ATTORNEY, CITY OF MISSION VIEJO
LOZANO SMITH

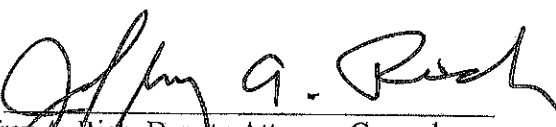
By: Mark Waterman
Attorneys for Petitioners and Plaintiffs
City of Mission Viejo and Successor Agency to the
Community Development Agency of the City of
Mission Viejo

LEON J. PAGE, COUNTY COUNSEL
COUNTY OF ORANGE

By: 

Attorneys for Respondent and Defendant
Auditor-Controller of the County of Orange
Carolyn M. Khouzam, Deputy County Counsel

XAVIER BECERRA
Attorney General of California

By: 

Jeffrey A. Rich, Deputy Attorney General
Attorneys for Respondents and Defendants
California Department of Finance and California
State Controller

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

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	20-21A Total (July - December)	20-21B Total (January - June)	ROPS 20-21 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)	\$ 994,672	\$ 1,011,317	\$ 2,005,989
F RPTTF	869,672	886,317	1,755,989
G Administrative RPTTF	125,000	125,000	250,000
H Current Period Enforceable Obligations (A+E)	\$ 994,672	\$ 1,011,317	\$ 2,005,989

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 Title

BSP 1-28-2020
 /s/ Signature Date

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)

A	B	C	D	E	F	G	H			
								Fund Sources		
								Bond Proceeds	Reserve Balance	Other Funds
	ROPS 17-18 Cash Balances (07/01/17 - 06/30/18)	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.	RPTTF	Comments			
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)	\$-	\$-	\$-	\$-	\$-				

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.

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>Hourly</u>	<u>Successor</u> <u>Agency</u>	<u>SA</u>	<u>% of Time</u> <u>Spent on SA</u>
		<u>Costs</u>	<u>Rate</u>	<u>Hours</u>	<u>Administration</u>	<u>Issues</u>
Direct Personnel Costs	Department					
City Manager	City Manager	\$ 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	
	Total Direct Personnel Costs				56,645	
Other Direct Costs						
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	
	Total Other Direct Cost				18,600	
Indirect Costs (applied at 2.0% of total cost)						
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	
	Total Indirect Cost				174,755	
	Total Successor Agency Admin Allowance Cost				\$ 250,000	

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 _____ Title _____
 /s/ *[Signature]* _____ Date *1/24/19*
 Signature _____ Date _____

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	19-20A (July - December)					19-20B (January - June)					W	
											Fund Sources					Fund Sources						
											L	M	N	O	P	Q	R	S	T	U		V
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	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20B Total
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	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	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	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	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	1		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	
		Fund Sources						
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF		
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	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	Comments	
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount							
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller					2,336,420		
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)					1,968,784		
4	Retention of Available Cash Balance (Actual 06/30/17) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)					0		
5	ROPS 16-17 RPTTF Prior Period Adjustment RPTTF amount should tie to the Agency's ROPS 16-17 PPA form submitted to the CAC	No entry required					367,636	
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)							
		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		

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

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



Transmitted via e-mail

April 10, 2020

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

2020-21 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, 2020 through June 30, 2021 (ROPS 20-21) to the California Department of Finance (Finance) on January 31, 2020. Finance has completed its review of the ROPS 20-21.

Based on a sample of line items reviewed and application of the law, Finance is approving all of the items listed on the ROPS 20-21 at this time.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the July 1, 2017 through June 30, 2018 (ROPS 17-18) period. Reported differences in Redevelopment Property Tax Trust Fund (RPTTF) are used to offset current RPTTF distributions. The amount of RPTTF authorized includes the prior period adjustment (PPA) resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,732,413, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2020 through December 31, 2020 period (ROPS A period), and one distribution for the January 1, 2021 through June 30, 2021 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 20-21 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 20-21. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be deemed denied until the matter is resolved.

Cheryl Dyas
April 10, 2020
Page 2

The ROPS 20-21 form submitted by the Agency and this determination letter will be posted on our website:

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

This determination is effective for the ROPS 20-21 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Anna Kyumba, Supervisor, or Satveer Ark, Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

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

Attachment

Approved RPTTF Distribution July 2020 through June 2021			
	ROPS A	ROPS B	ROPS 20-21 Total
RPTTF Requested	\$ 869,672	\$ 886,317	\$ 1,755,989
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	994,672	1,011,317	2,005,989
RPTTF Authorized	869,672	886,317	1,755,989
Administrative RPTTF Authorized	125,000	125,000	250,000
ROPS 17-18 prior period adjustment (PPA)	(273,576)	0	(273,576)
Total RPTTF Approved for Distribution	\$ 721,096	\$ 1,011,317	\$ 1,732,413



April 15, 2019

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

Dear Ms. Dyas:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

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

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

- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the Oversight Board (OB) has approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources necessary to successfully wind-down the Agency.
- Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in Redevelopment Property Tax Trust Fund (RPTTF) are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 3 includes the prior period adjustment resulting from the County Auditor-Controller's (CAC) review of the prior period adjustment form submitted by the Agency.

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

If the Agency disagrees with our determination with respect to any items on the ROPS 19-20, except items that are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available on our website:

[http://dof.ca.gov/Programs/Redevelopment/Meet And Confer/](http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/)

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

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

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 form submitted by the Agency and this determination letter will be posted on our website:

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

This determination is effective for the ROPS 19-20 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

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

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

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

Attachment

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



May 17, 2017

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

Dear Ms. Dyas:

Subject: 2017-18 Annual Recognized Obligation Payment Schedule

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

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

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

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

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

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

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

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

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

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,



JUSTYN HOWARD
Program Budget Manager

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

Attachment

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



REVISED

May 27, 2015

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

Dear Ms. Dyas:

Subject: Recognized Obligation Payment Schedule

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2015. This determination only applies to items where funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (j). Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

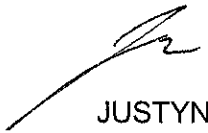
The amount available from the RPTTF is the same as the amount of property tax increment that was available prior to the enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the agency in the RPTTF.

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

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

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

Sincerely,



JUSTYN HOWARD
Program Budget Manager

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



December 17, 2015

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

Dear Ms. Dyas:

Subject: Recognized Obligation Payment Schedule

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

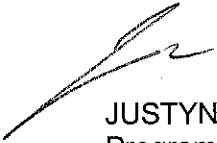
<http://www.dof.ca.gov/redevelopment/ROPS>

This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2016. This determination only applies to items when funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF.

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

Sincerely,



JUSTYN HOWARD
Program Budget Manager

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

Orange Countywide Oversight Board

Agenda Item 4e cont...

Date: 1/19/2021

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)

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.

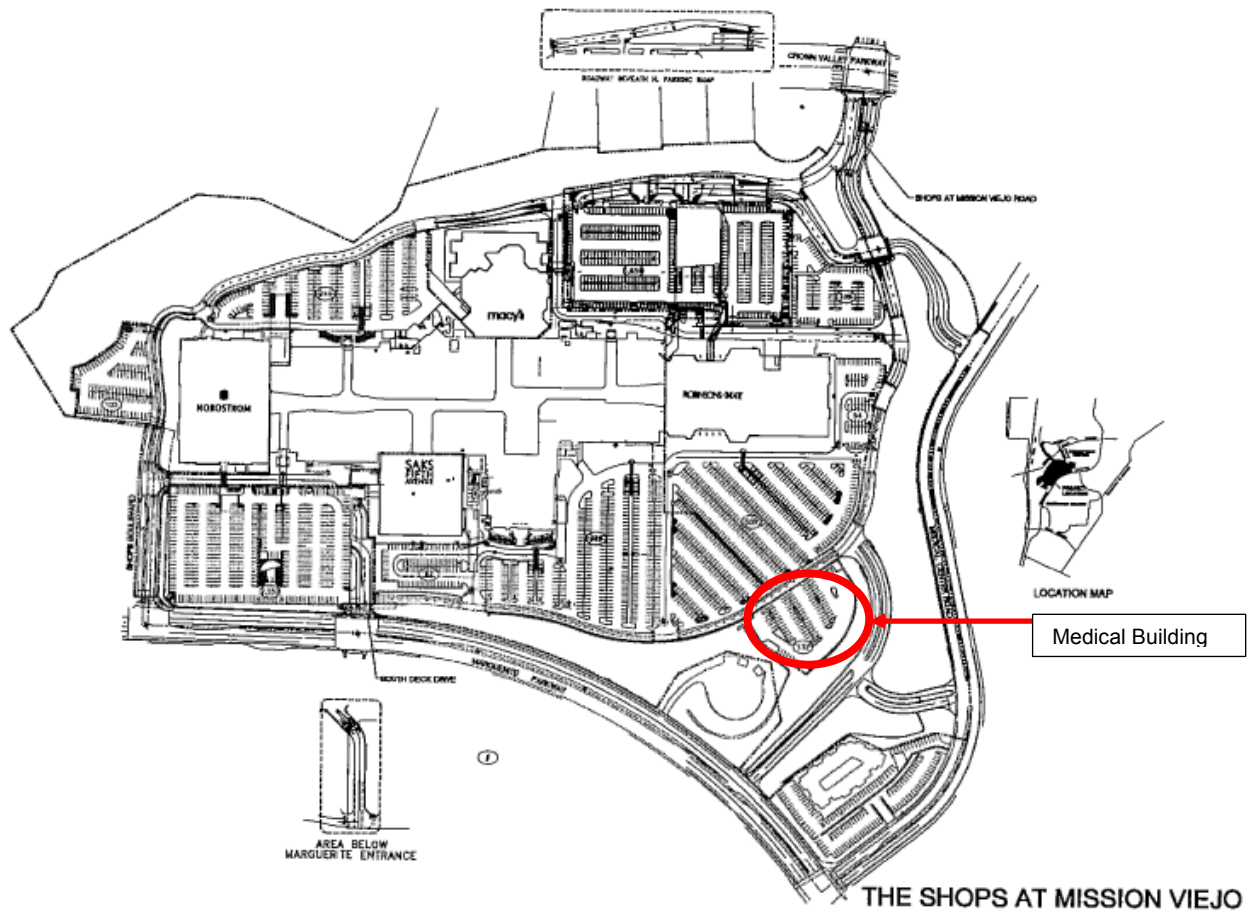
Enforcement of Mall Bond OPA and Covenants Compliance

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 21-22 related to the Mall Bond covenants is on-Site improvements for the NCA development, landscaping issues, tenant issues for a primary pad inside the Mall, 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 21-22 related to the Kaleidoscope OPA covenants is landscaping issues, tenant issues, and the on-going efforts to sell the property.