



REVISED

September 24, 2019

Mr. Jason Simpson, Director of Administrative Services
City of Lake Elsinore
130 South Main Street
Lake Elsinore, CA 92530

Dear Mr. Simpson:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated May 17, 2019. A revision is necessary to address the July 30, 2019 court order regarding *the City of Lake Elsinore and the City of Lake Elsinore Successor Agency (Agency) v. Finance, Case No. 34-2017-80002762*.

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Agency submitted an annual ROPS for the period July 1, 2019 through June 30, 2020 (ROPS 19-20) to Finance on February 1, 2019. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 29, 2019.

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 determination being disputed:

- The claimed administrative costs exceed the Administrative Cost Allowance (ACA) by \$43,080. Finance no longer objects to this amount. Finance previously denied this amount based on the Redevelopment Property Tax Trust Fund (RPTTF) Distribution report for the ROPS 18-19B period submitted by the Riverside County Auditor-Controller (CAC). The CAC has since submitted a revised report, which Finance used to recalculate the ACA. As a result, the Agency's requested administrative cost no longer exceeds the ACA. Finance approves the entire amount as requested on the ROPS, totaling \$293,080 in Administrative RPTTF.

Finance makes the following determination to address the July 30, 2019 court order:

- Item No. 20 – Housing Fund Loan Agreement in the outstanding amount of \$27,641,173. The item was under litigation at the time of the ROPS Meet and Confer determination on May 17, 2017, and therefore the requested funding of \$5,125,206 was not allowed. In compliance with the court order, Finance no longer denies this item; the Housing Fund Loan Agreement is now recognized as an enforceable obligation. Therefore, the Agency may request funding for this item on its next annual ROPS or on an amended ROPS for Finance review. The Agency should provide documentation to support the future requested funding.

In addition, per Finance letter dated April 15, 2019, we continue to make the following determinations not contested by the Agency during the Meet and Confer review:

- On the ROPS 19-20 form, the Agency reported cash balances and activity for the period July 1, 2016 through June 30, 2017 (ROPS 16-17). According to our review, the Agency has approximately \$160,409 from Reserve Balances and \$44,528 from Other Funds, totaling \$204,937, available to fund enforceable obligations on the ROPS 19-20. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF. Therefore, the funding source for the following item has been reclassified in the amounts specified below:
 - Item No. 49 – Stadium Interim Agreement RPTTF Shortfall in the amount of \$313,816 is partially reclassified. This item does not require payment from property tax revenues. Therefore, Finance is approving RPTTF in the amount of \$108,879 and the use of Reserve Balances in the amount of \$160,409 and Other Funds in the amount of \$44,528, totaling \$313,816.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 4 includes the prior period adjustment resulting from the CAC's review of the prior period adjustment form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$12,016,276 as summarized in the Approved RPTTF Distribution table on Page 4 (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.

This is Finance's 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:

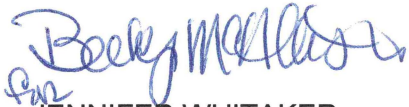
<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

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 review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from 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 RPTTF.

Please direct inquiries to Chikako Takagi-Galamba, Manager, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Mr. Grant Yates, Executive Director, City of Lake Elsinore
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside 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	\$ 8,429,850	\$ 8,816,638	\$ 17,246,488
Administrative RPTTF Requested	146,540	146,540	293,080
Total RPTTF Requested	8,576,390	8,963,178	17,539,568
RPTTF Requested	8,429,850	8,816,638	17,246,488
<u>Adjustments</u>			
Item No. 20	(2,972,015)	(2,153,191)	(5,125,206)
Item No. 49	(204,937)	0	(204,937)
	(3,176,952)	(2,153,191)	(5,330,143)
RPTTF Authorized	5,252,898	6,663,447	11,916,345
Administrative RPTTF Authorized	146,540	146,540	293,080
Total RPTTF Authorized for Obligations	5,399,438	6,809,987	12,209,425
Prior Period Adjustment	(193,149)	0	(193,149)
Total RPTTF Approved for Distribution	\$ 5,206,289	\$ 6,809,987	\$ 12,016,276