



REPORT TO SUCCESSOR AGENCY

To: Honorable Chair and Members of the Successor Agency

From: Jason Simpson, Executive Director

Prepared by: Barbara Leibold, Agency Counsel

Date: September 12, 2023

Subject: Amended Recognized Obligation Payment Schedule (ROPS 23-24B) for the Period January 1, 2024 Through June 30, 2024

Recommendation

Adopt A RESOLUTION OF THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF LAKE ELSINORE, CALIFORNIA, APPROVING THE AMENDED RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 23-24B) FOR JANUARY 1, 2024 THROUGH JUNE 30, 2024.

Background

The former Redevelopment Agency for Lake Elsinore ("Former Agency") was formed, existed and exercised its powers pursuant to the Community Redevelopment law (California Health and Safety Code section 33000 et seq.).

Pursuant to Assembly Bill No. 1X 26, as modified by Assembly Bill No. 1484 enacted on June 27, 2012, and as further modified by Senate Bill No. 107 enacted September 22, 2015, which added or amended Parts 1.8 and 1.85 to Division 24 of the Health and Safety Code ("Dissolution Act"), the Former Agency was dissolved on February 1, 2012 and the Successor Agency of the Redevelopment Agency of the City of Lake Elsinore ("Successor Agency") was vested with all authority, rights, powers, duties and obligations of the Former Agency.

Successor Agency staff has prepared the proposed Amended Recognized Obligation Payment Schedule (23-24B) for the period of January 1, 2024 through June 30, 2024 ("Amended ROPS FY 23-24B"), substantially in the form attached hereto and incorporated herein by this reference.

No new enforceable obligations are included in Amended ROPS FY 23-24B that were not included in the previously adopted ROPS.

Pursuant to Section 34177 and 34180(g) of the Health and Safety Code, the Amended ROPS FY 23-24B must be submitted to the Countywide Oversight Board for approval. The Amended ROPS FY 23-24B has been submitted to the Riverside Countywide Oversight Board ("RCOB") for consideration and approval at its September 21, 2023 meeting.

Discussion

The Amended ROPS FY 23-24B requests additional Redevelopment Property Tax Trust Fund ("RPTTF") monies for the following enforceable obligations:

A. ROPS ITEM 20 – HOUSING FUND LOAN

Pursuant to a Housing Fund Loan Agreement dated as of December 1, 1995, by and between the Former Agency and the Lake Elsinore Public Financing Authority, the Former Agency made a loan from the Housing Fund to the Project Areas to repay a portion of certain prior obligations and fund other redevelopment activities in the Project Areas (the "Interfund Loans"). The Interfund Loans remain outstanding and are reflected on the Agency's Recognized Obligation Payment Schedules on line 20 (referred to therein as the "Housing Fund Loan"). DOF approved allocations of RPTTF to pay down the Interfund Loans (aka "Housing Fund Loan") in the Agency's ROPS III, 13-14A, 13-14B and 14-15A. However, commencing with the Recognized Obligation Payments Schedule for the second half of Fiscal Year 2014-15 (ROPS 14-15B), DOF reversed its position and determined that the Interfund Loans (aka "Housing Fund Loan") were not enforceable obligations payable from RPTTF. Ultimately the dispute was litigated and the Successor Agency prevailed.

In the action entitled City of Lake Elsinore and Successor Agency of the Redevelopment Agency of the City of Lake Elsinore v. Michael J. Cohen, et al, Case Number 34-2017-80002762, the court upheld and confirmed the enforceability of the Interfund Loans (aka "Housing Fund Loan"). In accordance with the Judgment, the Oversight Board and DOF have again approved an allocation of RPTTF for Line Item 20 commencing ROPS 19-20B.

The Successor Agency is permitted to request RPTTF to make payments under the Interfund Loans (aka "Housing Fund Loan") to the City in its capacity as the successor to the Former Agency's housing functions and assets. Because payments on the Interfund Loans are expressly subordinate to all other enforceable obligations of the Successor Agency, the amount of the payment on the Interfund Loan requested in each ROPS period consists of the difference between the RPTTF expected to be available for payment of enforceable obligations for that period, and the amount of other enforceable obligations as listed on the ROPS. For the Amended ROPS FY 23-24B, an additional \$2,264,067 is requested for a total allocation of \$5,117,061 based on the RPTTF expected to be available after payment of all other enforceable obligations.

B. ROPS ITEM 45 – ARBITRAGE FEES

Pursuant to SEC requirements, the Successor Agency is required to perform arbitrage calculations on all tax-exempt bonds commencing on the fifth year after issuance and every five years thereafter.

The original estimate for these services for the ROPS 23-24 period was \$4,500. Based on updated estimates provided by the Successor Agency's financial advisor, the cost for these professional services will be \$9,000. Therefore, the Successor Agency is requesting an additional \$4,500 for Line 45 on the Amended ROPS FY 23-24B.

CEQA Exemption

Pursuant to the California Environmental Quality Act (CEQA), based upon a review of the evidence and information presented on the matter as it relates to the adoption of the Amended ROPS FY 23-24B, the Successor Agency has determined that such approval is categorically exempt from CEQA pursuant to Section 15061(b)(3) of the State CEQA Guidelines because there is no possibility that the activities in question will have a significant impact on the environment and the amendment is merely the adoption of annual budget; it will not require any construction activities and will not lead to any direct or reasonably foreseeable indirect physical environmental impacts.

Attachments

Attachment 1 - Resolution

Attachment 2 - Amended ROPS FY 23-24B