

INDIAN WELLS SUCCESSOR AGENCY

November 3, 2022



To: City Council
From: Finance Department
Prepared by: Kevin McCarthy, City Finance Director
Subject: **Annual Recognized Obligation Payment Schedule 2023-24**

RECOMMENDED ACTION:

Successor Agency **FINDS** that this action is exempt under the California Environmental Quality Act per Section 15061(e) (3) of the guidelines – Review for Exemption; and;

ADOPTS Resolution approving the Recognized Obligation Payment Schedule 23-24 for July 1, 2023, through June 30, 2024

DISCUSSION:

Summary:

The Successor Agency is required to prepare the “Recognized Obligation Payment Schedule” (“ROPS”) listing outstanding obligations of the Agency for the next year. Once the ROPS has been completed, the Successor Agency submits the ROPS to the Oversight Board for approval. Upon Oversight Board approval, the ROPS is submitted to the State Department of Finance for inspection and final review. The State Department of Finance requires submission of the new annual ROPS no later than February 1, prior to the reporting year.

The Successor Agency requests \$8,641,602 during the upcoming ROPS cycle as follows:

1. Debt service payments of \$5,814,376
2. Loan repayments of \$2,587,226 paid to the City (General Fund)
3. Successor Agency Administrative Costs of \$240,000

Background:

Pursuant to Assembly Bill No. 1X 26 and the California Supreme Court decision in the Matosantos case challenging the constitutionality of AB 26, all redevelopment agencies in

the State were dissolved as of February 1, 2012, including the Redevelopment Agency of the City of Indian Wells (the "Redevelopment Agency"). Successor agencies to the former redevelopment agencies were designated to wind down the affairs of the former redevelopment agencies.

The Bill provided that upon dissolution of a redevelopment agency, either the City or another local government unit will agree to serve as the "successor agency" to hold the assets until they are distributed to other state and local government units. On January 12, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency by the Bill as part of City resolution number 2012-03.

AB 26 provides that a successor agency is to be designated as the successor entity to the former Redevelopment Agency, vested with all authority, rights, powers, duties, and obligations previously awarded to the former Agency under the Community Redevelopment Law (Health & Safety Code, § 33000 et seq.), with certain exceptions. This successor agency is responsible for the wind-down of the Agency's affairs. The City elected to be the Agency's successor agency by Resolution Bill No. 2012-03 on January 12, 2012.

Recognized Obligation Payment Schedule ("ROPS")

The activities of the City, as a successor agency, are overseen by an Oversight Board ("Oversight Board") until all the debts of the Agency are paid off, all Agency assets liquidated, and all property taxes previously paid to the Agency are redirected to local taxing agencies.

Once the Oversight Board approves, the Successor Agency submits the ROPS to the State Department of Finance for final approval and payment. The State Department of Finance requires submission of the new annual ROPS no later than February 1 before the reporting year.

Outstanding Agency Debt

As of June 30, 2022, the Agency debt was \$84.0 million, as described below. The debt service listed below matures in different years and is scheduled to be repaid entirely by 2035. Annual principal retirements range between \$10.0 million and \$10.8 million.

Account Number	Description	Balance at 6/30/2021	Additions	Deletions	Balance at 6/30/2022
Balance Sheet					
Bonds Payable:					
453.00.00.02357.000	2014 A-T Tax Allocation Bonds	8,385,000	-	(4,110,000)	4,275,000
453.00.00.02358.000	2015 A Tax Allocation Bonds	14,375,000	-	(1,615,000)	12,760,000
453.00.00.02360.000	2016 A Tax Allocation Bonds	36,660,000	-	(110,000)	36,550,000
453.00.00.023XX.000	2020 A Tax Allocation Bonds	7,220,000	-	(450,000)	6,770,000
	Subtotal	66,640,000	-	(6,285,000)	60,355,000
Add (less) deferred amounts:					
453.00.00.02359.000	2015 A Premium	1,512,539		(245,276)	1,267,263
453.00.00.02361.000	2016 A Premium	5,548,954	-	(421,440)	5,127,514
	Subtotal	7,061,493	-	(666,716)	6,394,777
	Total bonds payable	73,701,493	-	(6,951,716)	66,749,777
Other liabilities:					
453.00.00.02225.000	Accrued Interest	1,015,960	874,626	(1,015,960)	874,626
453.00.00.02145.000	Consolidated Loan Payable	16,400,000			16,400,000
453.00.00.02145.001	RDA Operating Loan Payable	1,339,192		(1,339,192)	-
453.00.00.02145.008	Interfund Loan Payable-SERAF	1,473,000		(1,473,000)	-
	Subtotal	20,228,152	874,626	(3,828,152)	17,274,626
	Total long-term liabilities	93,929,645	874,626	(10,779,868)	84,024,403

Administrative Fees

During the next ROPS cycle, the City (General Fund) will collect \$240,000 to administer the Successor Agency. Administrative fees include administrative oversight, legal review and compliance, successor agency audits, bond and trustee costs, arbitrage and continuing disclosure, technology services, and office supplies.

California Environmental Quality Act (CEQA)

This action has been reviewed per the authority and criteria contained in the California Environmental Quality Act (CEQA), the State and local CEQA Guidelines, and the City's environmental regulations. The City, acting as the Lead Agency, determined that the ordinance is not subject to CEQA pursuant to Sections 15060(c)(2), 15060(c)(3), and 15061(b)(3) of the State CEQA Guidelines, because it will not result in a direct or reasonably foreseeable indirect physical change to the environment as there is no possibility that the action would result in a significant environmental impact, and because it does not constitute a "project" as defined in Section 15378 of the State CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3.

FISCAL IMPACT:

The Successor Agency requests \$8,641,602 during the upcoming ROPS cycle as follows:

4. Debt service payments of \$5,814,376
5. Loan repayments of \$2,587,226 paid to the City (General Fund)
6. Successor Agency Administrative Costs of \$240,000

ATTACHMENTS:

1. Resolution