

DEVELOPER/MASTER DEVELOPER LETTER  
REQUESTING ISSUANCE OF BONDS

October 5, 2017

Successor Agency of the  
Redevelopment Agency  
of the City of Lake Elsinore  
130 South Main Street  
Lake Elsinore, California 95965  
Attention: Executive Director

Dear Mr. Yates:

McMillin Summerly LLC and Civic Partners-Elsinore LLC as “Developer” and “Master Developer” respectively, under that certain Amended and Restated Disposition and Development Agreement by and among the Redevelopment Agency of the City of Lake Elsinore (the “Former Agency”), McMillin Summerly LLC, and Civic Partners-Elsinore LLC dated as of March 8, 2011 (the “Amended and Restated DDA”) hereby request the Successor Agency of the Redevelopment Agency of the City of Lake Elsinore (the “Successor Agency” or “Agency”), as Successor Agency of the Former Agency, to issue bonds in order to pay Developer and Master Developer, as applicable, the portions of the Project Area II and Project Area III Tax Revenues, owing to them as provided in Sections 602.2, 604.2, 605 and 607 of the Amended and Restated DDA (the “DDA Payment Obligation”), which payment obligation is secured by an express pledge of certain tax increment revenues from Project Areas II & III pursuant to Section 607 of the Amended and Restated DDA. All capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Amended and Restated DDA.

The DDA Payment Obligation was confirmed by the Successor Agency, the Developer and the Master Developer in that certain Second Implementation Agreement dated as of January 24, 2017, by and among the Successor Agency, the Developer and the Master Developer (the “Implementation Agreement”; and, together with the Amended and Restated DDA, the “Summerly DDA”). The Implementation Agreement also confirms the Successor Agency’s obligation to issue bonds to finance the DDA Payment Obligation and the Implementation Agreement was approved by the Oversight Board by Resolution No. OB-2017-002 on January 23, 2017 and by the Department of Finance by letter dated March 17, 2017. At the request of the Successor Agency, pursuant to Health and Safety Code Section 34177.5(i), the Department of Finance issued a Final and Conclusive Determination dated November 19, 2015 with respect to the DDA Payment Obligation. Copies of the DOF determination letters are attached.

McMillin Summerly LLC and Civic Partners-Elsinore LLC further request, under Section 607 of the Summerly DDA that Agency submit to them a reasonable proposal for the issuance of such bonds, including the timing, structuring, and marketing of the bonds for approval.

The Developer has completed Phase 1 and Phases A through C of the Project on the Developer Property and has received Release of Project Development Covenants for all such Phases. Developer expects to complete Phase D in the next 30 days and receive Release of Project Development Covenants with

respect thereto prior to the date of issuance of bonds. Completion and Release of Project Development Covenants by Agency entitles Developer to payment of the Unrestricted Portion of the Developer's Share of the Developer Property Tax Revenues relating to such completed and released Phases of the Project on the Developer Property.

Master Developer has commenced the first phase of the Project on the Master Developer Property and on September 21, 2017 submitted a Notice of Completion to the Successor Agency in accordance with the DDA. Master Developer expects to receive a Release of Project Development Covenants within the next 30 days. Completion and Release of Project Development Covenants by Agency and Executive Director's approval of the Statement of Master Developer's Costs pursuant to Section 601.2(b), entitles Master Developer to payment of the Unrestricted Portion of the Master Developer's Share of the Master Developer Property Tax Revenues up to the Master Developer Payment Cap, which entitlement is in excess of \$2,000,000. These remaining conditions are expected to be satisfied prior to the date of issuance of bonds.

Finally, Developer has incurred Extraordinary Infrastructure Costs as defined in the Summerly DDA with respect to certain off-site, public park improvements totaling in excess of \$4,500,000 for which it is entitled to reimbursement under Section 604.2 of the Summerly DDA, subject only to Executive Director's approval of the Statement of Developer's Extraordinary Infrastructure Costs under Section 604.1(b) of the Summerly DDA, which condition is expected to be satisfied prior to the date of issuance of bonds.

Developer and Master Developer have, or will have prior to the issuance of bonds, satisfied all conditions to their respective entitlement to payments by Agency required by Sections 602.2, 604.2 and 605 of the Amended and Restated DDA. Developer and Master Developer request Agency issue bonds in the full amount of their respective entitlement, provided that bond proceeds for any incomplete Phase shall be placed in escrow and released to Developer or Master Developer, as applicable, upon Completion of a Phase or incurrence Master Developer Costs, respectively as provided in Section 607 of the Amended and Restated DDA.

Respectfully,

**MCMILLIN SUMMERLY LLC**, A Delaware limited liability company ("Developer")

By: PV Development Management LLC, a Delaware limited liability company, as property manager

By: Pacific Ventures Management LLC, a Delaware limited liability company, its Manager

By:  \_\_\_\_\_

Title:  \_\_\_\_\_

**CIVIC-ELSINORE, LLC**, a California limited liability company ("Master Developer"),

By: \_\_\_\_\_

Name: Shelly La Ruffa

Title: Authorized Representative

respect thereto prior to the date of issuance of bonds. Completion and Release of Project Development Covenants by Agency entitles Developer to payment of the Unrestricted Portion of the Developer's Share of the Developer Property Tax Revenues relating to such completed and released Phases of the Project on the Developer Property.

Master Developer has commenced the first phase of the Project on the Master Developer Property and on September 21, 2017 submitted a Notice of Completion to the Successor Agency in accordance with the DDA. Master Developer expects to receive a Release of Project Development Covenants within the next 30 days. Completion and Release of Project Development Covenants by Agency and Executive Director's approval of the Statement of Master Developer's Costs pursuant to Section 601.2(b), entitles Master Developer to payment of the Unrestricted Portion of the Master Developer's Share of the Master Developer Property Tax Revenues up to the Master Developer Payment Cap, which entitlement is in excess of \$2,000,000. These remaining conditions are expected to be satisfied prior to the date of issuance of bonds.

Finally, Developer has incurred Extraordinary Infrastructure Costs as defined in the Summerly DDA with respect to certain off-site, public park improvements totaling in excess of \$4,500,000 for which it is entitled to reimbursement under Section 604.2 of the Summerly DDA, subject only to Executive Director's approval of the Statement of Developer's Extraordinary Infrastructure Costs under Section 604.1(b) of the Summerly DDA, which condition is expected to be satisfied prior to the date of issuance of bonds.

Developer and Master Developer have, or will have prior to the issuance of bonds, satisfied all conditions to their respective entitlement to payments by Agency required by Sections 602.2, 604.2 and 605 of the Amended and Restated DDA. Developer and Master Developer request Agency issue bonds in the full amount of their respective entitlement, provided that bond proceeds for any incomplete Phase shall be placed in escrow and released to Developer or Master Developer, as applicable, upon Completion of a Phase or incurrence Master Developer Costs, respectively as provided in Section 607 of the Amended and Restated DDA.

Respectfully,

**MC MILLIN SUMMERLY LLC**, A Delaware limited liability company ("Developer")

By: PV Development Management LLC, a Delaware limited liability company, as property manager

By: Pacific Ventures Management LLC, a Delaware limited liability company, its Manager

By: \_\_\_\_\_

Title: \_\_\_\_\_

**CIVIC-ELSINORE, LLC**, a California limited liability company ("Master Developer"),

By: \_\_\_\_\_

Name: \_\_\_\_\_

Shelly La Ruffa

Title: \_\_\_\_\_

Authorized Representative





DEPARTMENT OF  
**FINANCE**

EDMUND G. BROWN JR. ■ GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

November 19, 2015

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

Dear Mr. Simpson:

Subject: Request for Final and Conclusive Determination

On June 30, 2015, the California Department of Finance (Finance) received the Lake Elsinore Successor Agency's request for a final and conclusive determination on Item Nos. 12 and 13 as listed on the July through December 2015 Recognized Obligation Payment Schedule (ROPS 15-16A).

Finance has completed its review of your request, which may have included obtaining clarification on items provided or additional supporting documentation of the following items:

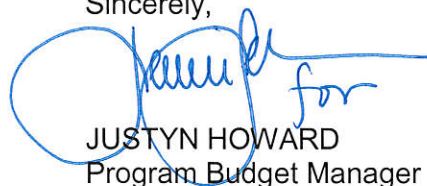
- Item No 12 – Summerly Disposition and Development Agreement (DDA)
- Item No 13 – Summerly DDA Extraordinary Infrastructure Fund

Pursuant to Health and Safety Code section 34177.5 (i), we are pleased to inform you:

- (i) Finance's approval of the items listed above as enforceable obligations is final and conclusive; and
- (ii) Finance's review of the items listed above in future ROPS will be limited to confirming the scheduled payments are required by the obligation.

Please direct inquiries to Cindie Lor, Supervisor, or Satveer Ark, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Mr. Grant Yates, Executive Director, City of Lake Elsinore  
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County



March 17, 2017

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

Dear Mr. Simpson:

Subject: Approval of Oversight Board Action

The City of Lake Elsinore Successor Agency (Agency) notified the California Department of Finance (Finance) of its January 23, 2017 Oversight Board (OB) resolution on January 31, 2017. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, OB Resolution OB-2017-002, approving the Second Implementation Agreement (Agreement) pursuant to the Amended and Restated Disposition and Development Agreement (DDA), is approved.

The original DDA was entered into on December 26, 2002 by and among the former Redevelopment Agency of the City of Lake Elsinore, Civic Partners-Elsinore, LLC, and Laing-CP Lake Elsinore, LLC relating to the acquisition and development of certain property located within the East Lake Specific Plan (Summerly Project). The DDA authorizes the Executive Director to approve clarifications that do not materially change the Agency's rights or obligations under the DDA. On March 8, 2011, an Amended and Restated DDA was entered into between the Agency, McMilling Summerly, LLC, and Civic Partners-Elsinore, LLC (Parties). It is our understanding that the Parties to the DDA desire to enter into this Agreement in order to implement the changes in the Summerly Project into the DDA so that the timing and phasing of development are clearly defined in the DDA consistent with the Summerly Project entitlements; and to recognize the Agency's obligation to issue bonds secured by the pledge of property tax increment pursuant the DDA.

Finance approved a Final and Conclusive determination on November 19, 2015 regarding the DDA finding both Recognized Obligation Payment Schedule (ROPS) Item Nos. 12 and 13 Summerly DDA and Summerly DDA Extraordinary Infrastructure Fund, respectively to be enforceable obligations. The Agency confirmed that there will be no impact on ROPS Item Nos. 13 and 14 as a result of the approval of the Agreement.

This is our determination with respect to the OB action taken.

Mr. Jason Simpson  
March 17, 2017  
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Please direct inquiries to Cindie Lor, Supervisor, or Medy Lamorena, Lead Analyst, at (916) 322-2985.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Justyn Howard', with a large circular flourish on the left side.

JUSTYN HOWARD  
Program Budget Manager

cc: Mr. Grant Yates, Executive Director, City of Lake Elsinore  
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County