



February 5, 2015

Mr. Jim DellaLonga, Senior Project Manager  
City of Garden Grove  
11222 Acacia Parkway  
Garden Grove, CA 92840

Dear Mr. DellaLonga:

Subject: Request for Final and Conclusive Determination

On August 6, 2014 the California Department of Finance (Finance) received the City of Garden Grove Successor Agency's (Agency) request for a Final and Conclusive determination on Item Nos. 15 and 20 as listed on the January through June 2015 Recognized Obligation Payment Schedule (ROPS).

Finance has completed its review of your request, which may have included obtaining clarification on items provided or additional supporting documentation. Based on our review, a Final and Conclusive determination for Item Nos. 15 and 20 are not applicable pursuant to Health and Safety Code (HSC) section 34177.5 (i).

HSC section 34177.5 (i) states the Agency can petition Finance to make a Final and Conclusive determination if the enforceable obligation provides for an irrevocable commitment of property tax revenue and where such revenues are expected to occur over time.

Specifically, a Final and Conclusive determination for these obligations is not applicable for the following reasons:

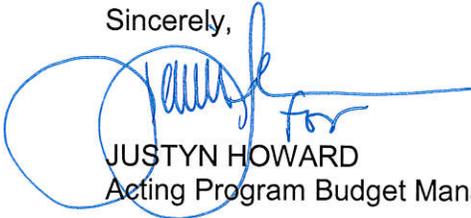
- Item No. 15 – Section 402.5 of the Development and Disposition Agreement (DDA) states the Operating Covenant Purchase Price shall be paid annually. Further, the annual payment shall be equal to the following percentage of the sum of the following revenues generated by the operation of the New Tower: (i) the Transient Occupancy Tax received by the City of Garden Grove (City) from the operation of the New Tower, (ii) the Tax Increment received by the Agency from the New Tower Site and the Expansion Site, and (iii) the Sales Tax received by the City arising from the New Tower...(collectively, the "Tax Revenues").

However, this section also states that in no event shall the Operating Covenant Purchase Price be considered or interpreted to be an express pledge of tax revenues by the Agency within the meaning of HSC sections 33671 or 33671.5, or any other authority. Therefore, while this obligation is enforceable, it does not require an irrevocable commitment of property tax revenue, and is not eligible for a Final and Conclusive determination.

- Item No. 20 – Section 311.7 of the DDA states the Agency Assistance Payments shall be paid annually, in an amount equal to the lesser of an amount equal to the Generated Revenues for such annual period, less any Agency note payments during such annual period. Therefore, while this obligation is enforceable, it does not require an irrevocable commitment of property tax revenue, and is not eligible for a Final and Conclusive determination.

Please direct inquiries to Nichelle Thomas, Supervisor or Alex Watt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Acting Program Budget Manager

cc: Mr. Matthew J. Fertal, City Manager, City of Garden Grove  
Mr. Frank Davies, Property Tax Manager, Orange County  
California State Controller's Office