

December 17, 2014

Ms. Mette Richardson, Finance Director
City of Grass Valley
125 East Main Street
Grass Valley, CA 95945

Dear Ms. Richardson:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 17, 2014. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Grass Valley Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15B) to Finance on October 3, 2014, for the period of January through June 2015. Finance issued a ROPS determination letter on November 17, 2014. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on November 25, 2014.

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 items being disputed.

- Claimed administrative costs initially exceeded the allowance by \$30,000. During the Meet and Confer process, the Agency clarified that Item No. 21 was incorrectly classified as an administrative cost. This item is related to litigation costs, which is specifically excluded from the administrative cap as defined by HSC section 34171 (b). Additionally, the Agency provided an estimate to support the request. Therefore, the administrative cost cap has not been exceeded and Item No. 21 has been reclassified as a separate enforceable obligation eligible for \$30,000 from the Redevelopment Property Tax Trust Fund (RPTTF).

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2014 period. The amount of RPTTF approved in the table below reflects the prior period adjustment self-reported by the Agency. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by CAC and the State Controller. Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table below only reflects the prior period adjustment self-reported by the Agency and adjusted by Finance as follows:

- During Finance’s review of the prior period adjustments Finance adjusted the Agency’s Available Admin RPTTF from \$73,424 to \$208,813. Based on our review of the county auditor-controller (CAC) distribution reports, the Agency received full Admin RPTTF during the January through June 2014 period. After increasing the amount to \$208,813 the Agency’s prior period adjustment increased by \$120,266 from \$123,954 to \$244,220.

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 14-15B. The Agency’s maximum approved RPTTF distribution for the reporting period is \$349,740 as summarized in the Approved RPTTF Distribution Table below:

Approved RPTTF Distribution	
For the period of January through June 2015	
Total RPTTF requested for non-administrative obligations	438,960
Total RPTTF requested for administrative obligations	155,000
Total RPTTF requested for obligations on ROPS	\$ 593,960
Total RPTTF requested for non-administrative obligations	438,960
<u>Reclassified Item</u>	
Item No. 21	30,000
	30,000
Total RPTTF authorized for non-administrative obligations	\$ 468,960
Total RPTTF requested for administrative obligations	155,000
<u>Reclassified Item</u>	
Item No. 21	(30,000)
	(30,000)
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 593,960
Self-reported ROPS 13-14B prior period adjustment (PPA)	(123,954)
Finance adjustment to ROPS 13-14B PPA	(120,266)
Total ROPS 13-14B PPA	(244,220)
Total RPTTF approved for distribution	\$ 349,740

Please refer to the ROPS 14-15B schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

This is Finance’s final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2015. This determination only applies to items where funding was requested for the six-month period. Finance’s determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance’s review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment that was available prior to the enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if for whatever reason the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c) (2) (B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Acting Program Budget Manager

cc: Ms. Anastasia Efstathiou, Consultant, City of Grass Valley
Ms. Marcia L. Salter, Auditor-Controller, Nevada County
California State Controller's Office