



April 4, 2016

Mr. Matt Michaelis, Finance Director  
City of Gridley  
685 Kentucky Street  
Gridley, CA 95948

Dear Mr. Michaelis:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Gridley Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on January 29, 2016. Finance has completed its review of the ROPS 16-17.

Based on a sample of line items reviewed and application of the law, Finance made the following determination:

- Item No. 4 – City loan of Community Development Block Grant funds with a total outstanding balance of \$250,000. The Agency requested \$125,000 in Redevelopment Property Tax Trust Fund (RPTTF) funding for the July 1, 2016 through December 31, 2016 period (ROPS A period). According to previous ROPS Prior Period Adjustment Forms submitted by the Agency, actual expenditures reported for Item No. 4 totaled \$107,244. The Agency contends funding was used to fund payments for Item No. 1; however, Finance did not authorize funding for Item No. 1 for the previous ROPS periods. Funding was authorized for Item No. 4. Therefore, the total outstanding balance for Item No. 4 has been reduced to \$142,756 (\$250,000 - \$107,244).

Additionally, Section 2 of the Reimbursement Agreement states that Agency reimbursement payments were to be funded from the pro-rata share of sale proceeds derived from the Gridley Industrial Park parcels. These parcels were approved for sale and transfer to the City of Gridley for future development in the Agency's approved Long-Range Property Management Plan. Therefore, this item is not eligible for RPTTF funding and the requested \$125,000 has been reclassified to Other Funds funding for the ROPS A period.

- Item No. 8 – Property Disposition costs are partially allowed. The Agency requested \$25,000 for costs associated with modifications of the parcel map. The Agency submitted supporting documents, which estimates the costs to modify parcel maps to be approximately \$18,000. Finance is approving \$18,000 in RPTTF funding, and the excess of \$7,000 (\$25,000 - \$18,000) is not eligible for RPTTF funding during the January 1, 2017 through June 30, 2016 (ROPS B period).

Except for the item denied in part, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, except for those items which are the subject of litigation disputing Finance's previous or related determinations, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

[http://www.dof.ca.gov/redevelopment/meet\\_and\\_confer/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. Be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved enforceable obligations, HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is \$736,702 as summarized in the Approved RPTTF Distribution Table on Page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the January 1, 2017 through June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

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

Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items 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 available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a

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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.

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

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Ishrat Aziz-Khan , Finance, City of Gridley  
Ms. Maria Solis, Auditor - Accountant, Butte County

**Attachment**

<b>Approved RPTTF Distribution</b>			
<b>For the period of July 2016 through June 2017</b>			
	<b>ROPS A Period</b>	<b>ROPS B Period</b>	<b>Total</b>
Requested RPTTF (excluding administrative obligations)	\$ 578,427	\$ 230,275	\$ 808,702
Requested Administrative RPTTF	30,000	30,000	60,000
<b>Total RPTTF requested for obligations on ROPS 16-17</b>	<b>608,427</b>	<b>260,275</b>	<b>\$ 868,702</b>
<b>Total RPTTF requested</b>	<b>578,427</b>	<b>230,275</b>	<b>808,702</b>
<u>Denied Item</u>			
Item No. 8	0	(7,000)	(7,000)
<u>Reclassified Item</u>			
Item No. 4	(125,000)	0	(125,000)
<b>Total RPTTF authorized</b>	<b>453,427</b>	<b>223,275</b>	<b>\$ 676,702</b>
<b>Total Administrative RPTTF authorized</b>	<b>30,000</b>	<b>30,000</b>	<b>\$ 60,000</b>
<b>Total RPTTF approved for distribution</b>	<b>483,427</b>	<b>253,275</b>	<b>\$ 736,702</b>