



April 7, 2016

Ms. Laurie Grundy, Accountant II  
City of Scotts Valley  
1 Civic Center Drive  
Scotts Valley, CA 95066

Dear Ms. Grundy:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Scotts Valley 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 determinations:

- Item No. 3 – 2009 Lease Revenue Bonds Series B in the amount of \$262,458 is approved for funding from Other Funds. The Agency originally requested \$262,458 from Redevelopment Property Tax Trust Fund (RPTTF); however, the indenture and lease agreement indicate funding should come from Other Funds for this obligation. As a result, Finance is reclassifying this item from RPTTF to Other Funds in the amount of \$262,458.
- Item No. 7 – Reimbursement Agreement in the amount of \$562,486 is approved. The Agency originally requested \$300,028 from RPTTF; however, due to the adjustment for Item No. 3, \$562,486 is needed for this obligation. Therefore, Finance is increasing the RPTTF request from \$300,028 to \$562,486, an increase of \$262,458.
- Item Nos. 12 and 13 – Low and Moderate Income Housing Fund (LMIHF) loan repayment for purposes of the Supplemental Educational Revenue Augmentation Fund (SERAF) in the amount of \$82,925 is partially approved for \$44,170.

HSC section 34176 (e) (6) (B) limits repayment to the Low and Moderate Income Housing Asset Fund to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in 2015-16 fiscal year and the ROPS residual pass-through distributed to the taxing entities in the 2012-13 base year.

Pursuant to the repayment formula, the Agency's maximum repayment allowed for the ROPS 16-17 period is \$44,170. Therefore, the Agency's maximum repayment is

limited to \$44,170. As such, the excess request of \$38,755 (\$82,925 - \$44,170) is not approved.

Except for the items denied in whole or in part and the items that have been adjusted, 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. Please 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 \$2,779,837 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. As 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 ROPS 18-19 RPTTF distribution. Therefore, the Agency should retain any 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>

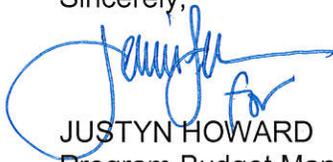
Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for 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 (j). Finance review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

Ms. Laurie Grundy  
April 7, 2016  
Page 3

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 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 Wendy Griffe, Supervisor, or Erika Santiago, Lead Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Mr. Kirsten Powell, Agency Counsel, City of Scotts Valley  
Ms. Edith Driscoll, Auditor-Controller Treasurer-Tax Collector, Santa Cruz County, Santa Cruz 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)	\$ 1,117,112	\$ 1,471,480	\$ 2,588,592
Requested Administrative RPTTF	115,000	115,000	\$ 230,000
<b>Total RPTTF requested for obligations on ROPS 16-17</b>	<b>\$ 1,232,112</b>	<b>\$ 1,586,480</b>	<b>\$ 2,818,592</b>
Total RPTTF requested	1,117,112	1,471,480	2,588,592
<u>Denied Items</u>			
Item No. 12	(27,031)	0	(27,031)
Item No. 13	(11,724)	0	(11,724)
	(38,755)	0	(38,755)
<u>Reclassified Item</u>			
Item No. 3	(131,229)	(131,229)	(262,458)
Item No. 7	131,229	131,229	262,458
	0	0	0
<b>Total RPTTF authorized</b>	<b>1,078,357</b>	<b>1,471,480</b>	<b>\$ 2,549,837</b>
<b>Total Administrative RPTTF authorized</b>	<b>115,000</b>	<b>115,000</b>	<b>\$ 230,000</b>
<b>Total RPTTF approved for distribution</b>	<b>1,193,357</b>	<b>1,586,480</b>	<b>\$ 2,779,837</b>