



April 11, 2018

Mr. Andy Heath, Interim Finance Director  
City of Grass Valley  
125 East Main Street  
Grass Valley, CA 95945

Dear Mr. Heath:

Subject: 2018-19 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Grass Valley Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2018 through June 30, 2019 (ROPS 18-19) to the California Department of Finance (Finance) on February 1, 2018. Finance has completed its review of the ROPS 18-19.

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

- Item Nos. 25 and 26 – Dorsey Drive State Highway Interchange Project (Project) and Interest on the Project in the amounts of \$695,000 and \$28,295, respectively. Finance continues to deny these items. These items are currently under litigation. Therefore, until litigation has been resolved, the total requested amounts of \$695,000 and \$28,295, respectively, in Redevelopment Property Tax Trust Fund (RPTTF) funding is not allowed at this time.
- On the ROPS 18-19 form, the Agency reported cash balances and activity for the period July 1, 2015 through June 30, 2016 (ROPS 15-16). According to our review, the Agency has approximately \$10,747 in RPTTF unexpended from the ROPS 15-16 period, available to fund enforceable obligations on the ROPS 18-19. The unexpended RPTTF funds are considered Reserve Balances. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF. Therefore, the funding source for the following item has been reclassified in the amount specified below:
  - Item No. 6 – 2002 Lease Revenue Bond Debt Service Payment in the amount of \$102,250 is partially reclassified. This item does not require payment from property tax revenues. Therefore, Finance is approving RPTTF in the amount of \$91,503 and the use of \$10,747 in Reserve Balances, totaling \$102,250.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 18-19. If the Agency disagrees with our determination with respect to any items on the ROPS 18-19, except items which are the subject of litigation disputing our previous or related determinations, the Agency 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 on our website:

[http://dof.ca.gov/Programs/Redevelopment/Meet And Confer/](http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$852,729 as summarized in the Approved RPTTF Distribution table on Page 3 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2018 through December 31, 2018 period (ROPS A period) and one distribution for the January 1, 2019 through June 30, 2019 period (ROPS B period) based on Finance's approved amounts. Since this determination is for the entire ROPS 18-19 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Pursuant to HSC section 34186 (c), beginning October 1, 2018, the Agency will be required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2016 through June 30, 2017 period (ROPS 16-17) to the County Auditor-Controller for review. The Agency will report actual payments for ROPS 16-17 on ROPS 19-20. A prior period adjustment may be applied to the Agency's ROPS 19-20 RPTTF distribution. Therefore, the Agency should retain any unexpended RPTTF from the ROPS 16-17 period.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 18-19. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be deemed denied until the matter is resolved.

The ROPS 18-19 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 18-19 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 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 redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Cindie Lor, Supervisor, or Sarah Krtil, Lead Analyst, at (916) 322-2985.

Sincerely,



ERIKA L.  
Program Budget Manager

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

**Attachment**

<b>Approved RPTTF Distribution</b>			
<b>For the period of July 2018 through June 2019</b>			
	<b>ROPS A Period</b>	<b>ROPS B Period</b>	<b>ROPS 18-19 Total</b>
RPTTF Requested	\$ 634,689	\$ 832,082	\$ 1,466,771
Administrative RPTTF Requested	60,000	60,000	120,000
<b>Total RPTTF Requested</b>	<b>694,689</b>	<b>892,082</b>	<b>1,586,771</b>
<b>RPTTF Requested</b>	<b>634,689</b>	<b>832,082</b>	<b>1,466,771</b>
<u>Adjustments</u>			
Item No. 6	(10,747)	0	(10,747)
Item No. 25	(300,000)	(395,000)	(695,000)
Item No. 26	(28,295)	0	(28,295)
	<u>(339,042)</u>	<u>(395,000)</u>	<u>(734,042)</u>
<b>RPTTF Authorized</b>	<b>295,647</b>	<b>437,082</b>	<b>732,729</b>
<b>Administrative RPTTF Authorized</b>	<b>60,000</b>	<b>60,000</b>	<b>120,000</b>
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 355,647</b>	<b>\$ 497,082</b>	<b>\$ 852,729</b>



May 17, 2018

Mr. Andy Heath, Interim Finance Director  
City of Grass Valley  
125 East Main Street  
Grass Valley, CA 95945

Dear Mr. Heath:

Subject: 2018-19 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 11, 2018. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Grass Valley Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule ROPS for the period of July 1, 2017 through June 30, 2018 (ROPS 17-18) to the Finance on February 1, 2018. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 25, 2018.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer, Finance has completed its review of the specific determinations being disputed.

- Item No. 25 – Dorsey Drive State Highway Interchange Project Cooperative Agreement (Agreement) dated January 17, 2011 in the amount of \$695,000. Finance initially denied this item due to pending litigation.

During the Meet and Confer, and in consideration of the litigation, the Agency provided additional documentation in the form of resolutions and agreements. These documents support the determination of the Agreement as an enforceable obligation under HSC section 34171 (d) (2), which allows written agreements between the city, county, or city and county that created the Redevelopment Agency (RDA) and the former RDA, entered into prior to June 28, 2011, in which the agreement relates to state highway infrastructure improvements to which the RDA committed funds.

As a result, the \$695,000 requested is eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on the ROPS as an enforceable obligation under HSC section 34171 (d) (2) and consistent with the opinion issued by the Court of Appeal in the matter of *Grass Valley et al v. Cohen* (C078981).

- Item No. 26 – Interest on Dorsey Drive Project in the amount of \$28,295. Finance continues to deny this item. The Agency is ineligible for interest on items disallowed during the Other Funds and Accounts Due Diligence Review. Therefore, this item is not an enforceable obligation and is ineligible for \$28,295 in RPTTF funding.

In addition, per Finance's letter dated April 11, 2018, we continue to make the following determination not contested by the Agency during the Meet and Confer:

- On the ROPS 18-19 form, the Agency reported cash balances and activity for the period July 1, 2015 through June 30, 2016 (ROPS 15-16). According to our review, the Agency has approximately \$10,747 in RPTTF unexpended from the ROPS 15-16 period, available to fund enforceable obligations on the ROPS 18-19. The unexpended RPTTF funds are considered Reserve Balances. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF. Therefore, the funding source for the following item has been reclassified in the amount specified below:
  - Item No. 6 – 2002 Lease Revenue Bond Debt Service Payment in the amount of \$102,250 is partially reclassified. This item does not require payment from property tax revenues. Therefore, Finance is approving RPTTF in the amount of \$91,503 and the use of \$10,747 in Reserve Balances, totaling \$102,250.

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,547,729 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2018 through December 31, 2018 period (ROPS A period) and one distribution for the January 1, 2019 through June 30, 2019 period (ROPS B period) based on Finance's approved amounts. Since this determination is for the entire ROPS 18-19 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Pursuant to HSC section 34186 (c), beginning October 1, 2018, the Agency will be required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2016 through June 30, 2017 period (ROPS 16-17) to the County Auditor-Controller for review. The Agency will report actual payments for ROPS 16-17 on ROPS 19-20. A prior period adjustment may be applied to the Agency's ROPS 19-20 RPTTF distribution. Therefore, the Agency should retain any unexpended RPTTF from the ROPS 16-17 period.

This is our final determination regarding the obligations listed on the ROPS 18-19. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be deemed denied until the matter is resolved.

The ROPS 18-19 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 18-19 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 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.

Mr. Andy Heath  
May 17, 2018  
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The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Nichelle Jackson, Supervisor, or Michael Barr, Lead Analyst, at (916) 322-2985.

Sincerely,



ERIKA LI  
Program Budget Manager

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

**Attachment**

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<b>For the period of July 2018 through June 2019</b>			
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<b>Total RPTTF Requested</b>	<b>694,689</b>	<b>892,082</b>	<b>1,586,771</b>
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<u>Adjustments</u>			
Item No. 6	(10,747)	0	(10,747)
Item No. 26	(28,295)	0	(28,295)
	(39,042)	0	(39,042)
<b>RPTTF Authorized</b>	<b>595,647</b>	<b>832,082</b>	<b>1,427,729</b>
<b>Administrative RPTTF Authorized</b>	<b>60,000</b>	<b>60,000</b>	<b>120,000</b>
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 655,647</b>	<b>\$ 892,082</b>	<b>\$ 1,547,729</b>