

GRASS VALLEY REDEVELOPMENT AGENCY

ASSET TRANSFER REVIEW

Review Report

January 1, 2011, through January 31, 2012



JOHN CHIANG
California State Controller

May 2013



JOHN CHIANG
California State Controller

May 28, 2013

Roberta Raper, Director of Finance/
Administrative Services
Grass Valley Redevelopment/Successor Agency
125 E. Main Street
Grass Valley, CA 95945

Dear Ms. Raper:

Pursuant to Health and Safety Code section 34167.5, the State Controller's Office reviewed all asset transfers made by the Grass Valley Redevelopment Agency to the City of Grass Valley or any other public agency after January 1, 2011. This statutory provision states, "The Legislature hereby finds that a transfer of assets by a redevelopment agency during the period covered in this section is deemed not to be in furtherance of the Community Redevelopment Law and is thereby unauthorized." Therefore, our review included an assessment of whether each asset transfer was allowable and whether it should be turned over to the Successor Agency.

Our review applied to all assets including, but not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and rights to payment of any kind. We also reviewed and determined whether any unallowable transfers of assets to the City of Grass Valley or any other public agencies have been reversed.

Our review found that the Grass Valley Redevelopment Agency transferred \$4,351,365 in assets. These assets included unallowable transfers totaling \$1,823,913, or 41.9%, that must be turned over to the Successor Agency.

If you have any questions, please contact Steven Mar, Bureau Chief, Local Government Audits Bureau, at (916) 324-7226.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/vb

Attachment

cc: Jan Arbuckle, Chair, Oversight Board

Successor Agency to the Redevelopment Agency of the City of Grass Valley

Marcia Salter, Auditor-Controller

County of Nevada

Steven Szalay, Local Government Consultant

Department of Finance

Richard J. Chivaro, Chief Legal Counsel

State Controller's Office

Scott Freesmeier, Audit Manager

Division of Audits, State Controller's Office

John Mellas, Auditor-in-Charge

Division of Audits, State Controller's Office

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Asset Transfer Review Report

Summary

The State Controller's Office (SCO) reviewed the asset transfers made by the Grass Valley Redevelopment Agency after January 1, 2011. Our review included, but was not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and rights to payments of any kind from any source.

Our review found that the Grass Valley Redevelopment Agency transferred \$4,351,365 in assets. These assets included unallowable transfers totaling \$1,823,913, or 41.9%, that must be turned over to the Successor Agency.

Background

In January of 2011, the Governor of the State of California proposed statewide elimination of redevelopment agencies (RDAs) beginning with the fiscal year (FY) 2011-12 State budget. The Governor's proposal was incorporated into Assembly Bill 26 (ABX1 26, Chapter 5, Statutes of 2011, First Extraordinary Session), which was passed by the Legislature, and signed into law by the Governor on June 28, 2011.

ABX1 26 prohibited RDAs from engaging in new business, established mechanisms and timelines for dissolution of the RDAs, and created RDA Successor Agencies to oversee dissolution of the RDAs and redistribution of RDA assets.

A California Supreme Court decision on December 28, 2011 (*California Redevelopment Association et al. v. Matosantos*), upheld ABX1 26 and the Legislature's constitutional authority to dissolve the RDAs.

ABX1 26 was codified in the Health and Safety Code (H&S Code) beginning with section 34161.

In accordance with the requirements of H&S Code section 34167.5, the State Controller is required to review the activities of RDAs, "to determine whether an asset transfer has occurred after January 1, 2011, between the city or county, or city and county that created a redevelopment agency, or any other public agency, and the redevelopment agency," and the date on which the RDA ceases to operate, or January 31, 2012, whichever is earlier.

The SCO has identified transfers of assets that occurred after January 1, 2011, between the Grass Valley Redevelopment Agency, the City of Grass Valley, and/or other public agencies. By law, the SCO is required to order that such assets, except those that already had been committed to a third party prior to June 28, 2011, the effective date of ABX1 26, be turned over to the Successor Agency. In addition, the SCO may file a legal order to ensure compliance with this order.

Objectives, Scope, and Methodology

Our review objective was to determine whether asset transfers that occurred after January 1, 2011, and the date upon which the RDA ceased to operate, or January 31, 2012, whichever was earlier, between the city or county, or city and county that created an RDA, or any other public agency, and the RDA, were appropriate.

We performed the following procedures:

- Interviewed Successor Agency personnel to gain an understanding of the Successor Agency operations and procedures.
- Reviewed meeting minutes, resolutions, and ordinances of the Grass Valley Redevelopment Agency.
- Reviewed accounting records relating to the recording of assets.
- Verified the accuracy of the Asset Transfer Assessment Form. This form was sent to all former RDAs to provide a list of all assets transferred between January 1, 2011, and January 31, 2012.
- Reviewed applicable financial reports to verify assets (capital, cash, property, etc.).

Conclusion

Our review found that the Grass Valley Redevelopment Agency transferred \$4,351,365 in assets. These assets included unallowable transfers totaling \$1,823,913, or 41.9%, that must be turned over to the Successor Agency.

Details of our findings are in the Findings and Orders of the Controller section of this report. We also have included a detailed schedule of assets to be turned over to, or transferred to, the Successor Agency.

Views of Responsible Official

We issued a draft report on March 28, 2013. Roberta Raper, Director of Finance/Administrative Services responded by letter dated April 12, 2013, disagreeing with some of the results. The City's response is included in this final review report as an attachment.

Restricted Use

This report is solely for the information and use of the City of Grass Valley, the Successor Agency, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record when issued final.

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

May 28, 2013

Findings and Orders of the Controller

FINDING 1— Forgiveness of city loan obligation

In September 2008 the Grass Valley Redevelopment Agency (RDA) loaned the City of Grass Valley (City) \$1.2 million under a contract with terms to repay the loan over ten years. In March 2011, the RDA and City Board restructured the loan obligation to release the City of its payment terms on the balance due of \$494,901. The loan was restructured as a grant, having no repayment requirement, and written off as a receivable in the accounts of the RDA for year ended June 30, 2011. As a result, the accounts receivable asset was not available to the Successor Agency. The action to eliminate an account receivable asset is unallowable under Health and Safety (H&S) Code section 34167.5.

Order of the Controller

Based on H&S Code section 34167.5, the City of Grass Valley is ordered to reinstate the loan receivable balance of \$494,901 in the Successor Agency's fund accounting records.

The Successor Agency is directed to properly dispose of the assets in accordance with H&S Code section 34177(d) and (f).

City of Grass Valley's Response

The City disagrees with the SCO finding. See Attachment 1 for the complete City response.

SCO's Response

The SCO disagrees with the City's response. The City borrowed money from the RDA to pay for construction costs of the East Main/Idaho-Maryland intersection project, which is one of several Capital Improvement projects funded by the Nevada County Transportation Commission's (NCTC) Regional Traffic Mitigation Fee Program (RTMF). NCTC allocates funds annually to the City to pay for this project. A copy of the Promissory Note, as obtained by the SCO, is located in Attachment 2.

The SCO reviewed City accounting records showing that some portion of the loan was repaid, as required by its terms. Contrary to the City's response that no loan was required, the City's repayments substantiate the loan's validity and its intent to honor the obligation through designated RTMF revenues, not RDA resources.

An excerpt from the City's Agenda Action Sheet, dated March 4, 2011, prepared by the City Administrator, describes the City's project, loan, and management effort to circumvent the obligation:

On September 23, 2008 the City Council and Agency Board entered into a loan agreement to facilitate the funding and construction of the street improvements (Roundabout) at the East Main/Idaho-Maryland Intersection. To facilitate the funding of this project a loan was

authorized in the amount of \$1.2 million. Ultimately, \$605,557.15 was advanced for the project from the Agency under the loan. The work was completed as an approved project under the Regional Traffic Mitigation Fee (RTMF) program, with a portion of the project subject to funding from impact fees. The loan is being repaid from impact fees and two payments have been received. The current outstanding balance of principle and interest is \$494,901.47. The loan may be considered as an asset of the Agency. Under proposed legislation all assets of the Agency are subject to disposition to be used for the purposes of reducing Agency debt and may not be used for other Agency projects. The conversion of the loan to a grant will allow the RTMF program revenues to be used for other purposes and projects with the program. Resolutions adopted by both the Agency and the City are required.

This record shows that City management averted further loan payments, thereby depriving the Successor Agency of resources needed to meet obligations of winding down RDA affairs. A copy of the Agenda Action Sheet, as obtained by the SCO, is located in Attachment 3.

It should be noted that the letter issued by the DOF to the City of Grass Valley, dated April 1, 2013 regarding the DOF's review of the Due Diligence Report, states:

Pursuant to HSC section 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter do not in any way eliminate the Controller's authority.

Absent an explicit determination for this item by the DOF in its letter, of which there was none, the DOF did not concur, as suggested by the City.

The finding and Order of the Controller stands as written.

**FINDING 2—
Disallowed real
property transfers
to city**

The City transferred from the RDA to the City three properties with a combined total value of \$1,137,492. The properties were carried as RDA assets in the City's capital assets accounts group until March 8, 2011, when the titles were revised to shift ownership to the City.

The properties are:

- 161 ½ S. Auburn Street, apn 08-373-07, valued at \$429,338
- 114-116 Neal Street, apn 08-372-08, valued at \$456,343
- 168 S. Auburn Street, apn 08-372-07, valued at \$251,811

The properties were included in the descriptions of two public parking projects in the RDA's approved Projects Improvements Plan; however, the transfers did not involve a contractually committed third-party, reliant on the transfer as payment for City expenditure or encumbrance. As such, the transfers are not allowable under H&S Code section 34167.5.

However, the City believes that some of those assets may be subject to the provisions of H&S Code section 34181(a), which states:

The oversight board shall direct the successor agency to do all of the following:

- (a) Dispose of all assets and properties of the former redevelopment agency; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of those assets that were constructed and used for a governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset. Any compensation to be provided to the successor agency for the transfer of the asset shall be governed by the agreements relating to the construction or use of that asset. Disposal shall be done expeditiously and in a manner aimed at maximizing value. Asset disposition may be accomplished by a distribution of income to taxing entities proportionate to their property tax share from one or more properties that may be transferred to a public or private agency for management pursuant to the direction of the oversight board.

Order of the Controller

Based on H&S Code section 34167.5, the City of Grass Valley is ordered to re-deed the properties to the Successor Agency fund, reinstating an asset value of \$1,137,492 in the accounting records for the Successor Agency.

The Successor Agency is directed to properly dispose of the assets in accordance with H&S Code section 34177(d) and 34181(a).

City of Grass Valley's Response

The City disagrees with the SCO finding with regard to the following two properties listed below:

- 161 ½ South Auburn Street, APN 08-373-07, valued at \$429,338, and;
- 168 South Auburn Street, APN 08-372-07, valued at \$251,811.

See Attachment 1 for the complete City response.

SCO's Response

The SCO understands the City's position in making use of these vacant properties as alternative parking options. However, the decision for how best to either dispose of, or develop, the properties is appropriately left to the Successor Agency's Oversight Board.

The finding and Order of the Controller stands as written.

**FINDING 3—
Disallowed cash
transfer for
Elizabeth Daniels
Park Project**

The City contracted with the County of Nevada in August 2011 to share in the costs of a County library fencing project, known by the City as the Elizabeth Daniels Park, Library Fencing and ADA Ramp Access Project. The Project is included in the RDA's approved Project Improvements (Redevelopment) Plan and is a joint effort between the City and Nevada County to improve the existing City Park and Grass Valley Library on Mill Street. Funding would be used to repair and/or replace deteriorated perimeter fencing and ADA ramp access into the library.

On June 14, 2011, the City transferred \$75,000 in RDA cash (fund 500) to the City's Special Project Fund (fund 182) to pay for anticipated costs of the fencing project.

In reviewing the project's background and transactions, the City was unable to provide any information showing that these funds were committed to a third-party prior to June 28, 2011. Therefore, the transfer is unallowable under H&S Code section 34167.5.

Order of the Controller

Based on H&S Code section 34167.5, the City of Grass Valley is ordered to return \$75,000 to the Successor Agency.

The Successor Agency is directed to properly dispose of the assets in accordance with H&S Code section 34177(d).

City of Grass Valley's Response

The City made no comment with regard to the draft report's finding; therefore, the finding and order of the Controller stands as written.

**FINDING 4—
Disallowed cash
transfer for Neal
Street Project**

On June 14, 2011, the City transferred cash of \$116,520 from RDA non-housing funds to the City's Special Projects Fund to pay for costs associated with the Neal Street / S. Auburn Street Parking and Entryway Improvements Project. The project is included in the RDA's approved Project Improvements (Redevelopment) Plan and includes the removal of a vacant, blighted building and to fund reconstruction of this parcel (APN 08-372-08), and an adjoining parcel (APN 08-372-07), into public parking and other entryway improvements. This finding also relates to the redevelopment of three other disallowed property transfers to the City, presented in Finding 2 above.

In reviewing the project's background and transactions, the City was unable to provide any information showing that these funds were committed to a third-party prior to June 28, 2011. Therefore, the transfer is unallowable under H&S Code section 34167.5.

Order of the Controller

Based on H&S Code section 34167.5, the City of Grass Valley is ordered to return \$116,520 to the Successor Agency.

The Successor Agency is directed to properly dispose of the assets in accordance with H&S Code section 34177(d).

City of Grass Valley's Response

The City made no comment with regard to the draft report's finding; therefore, the finding and order of the Controller stands as written.

**Schedule 1—
RDA Assets Transferred to
the City of Grass Valley
January 1, 2011, through January 31, 2012**

Redevelopment Agency Projects Fund (#500):

Loan receivable	\$ 494,901
Cash	<u>191,520</u>

Subtotal	686,421
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Land	<u>1,137,492</u>
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Total assets transferred to the City of Grass Valley	<u><u>\$ 1,823,913</u></u>
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**Attachment 1—
City's Response to
Draft Review Report**

City of Grass Valley

ADMINISTRATIVE
SERVICES DEPARTMENT

April 12, 2013

Steven Mar, Chief
Local Government Audits Bureau
State Controller's Office
Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

RE: DRAFT State Controller Asset Transfer Review – Grass Valley Redevelopment Agency

Dear Mr. Mar:

We received the DRAFT State Controller Asset Transfer Review Report on Thursday, April 4, 2013. We have reviewed the report and would like to provide additional information in dispute of \$1,176,050 of the \$1,823,913 of transfers deemed by the State Controller's Office to be unallowable and required to be returned to the Successor Agency.

FINDING #1 – Forgiveness of City loan obligation

The State Controller Draft Asset Transfer Review Report dated March 28, 2013 states that the action to eliminate an account receivable asset is unallowable under H&S Code Section 34167.5, and that the City is ordered to reinstate the loan receivable balance of \$494,901 in the Successor Agency's fund accounting records.

The forgiveness of the loan receivable was not a "transfer of assets," but a correction in records regarding the funding source for a long-standing redevelopment project: infrastructure and street improvements for certain streets specified as priority projects in the former RDA's Five-Year Implementation Plan for 2004/05 through 2008/09. Copies of the relevant pages of the RDA Five-Year Implementation Plan are attached. The infrastructure and improvements made for the South Auburn Street, Richardson Street, Main Street, Church Street and Idaho-Maryland Road ("the Project") were located wholly within the Redevelopment Plan Area, were identified in the Five-Year Implementation Plan as RDA priority projects necessary to correct blight within the Project Area and were listed for tax increment bond financing in the bonding documentation (see 2000 and 2008 TAB documents, attached). The Project was intended to be funded with **RDA funding** and was, in fact, so funded. Building and upgrading of roads and infrastructure was an authorized use of RDA funding at the time that this funding was provided. Therefore, no "loan" to the City general fund was ever required in order to spend RDA funding on what was identified and approved as a redevelopment project. Accordingly, the balance on the "loan" to the City of RDA funds to pay for what was an RDA project was necessarily zeroed out to

125 East Main Street ♦ Grass Valley, California 95945 ♦ (530) 274-4300 ♦ Fax (530) 274-4399
E-Mail: finance@cityofgrassvalley.com

correct the permissible funding-source. The Project was included as a completed RDA project in the 2010-2014 Implementation Plan. The former RDA Board had full authority to authorize "forgiveness" of the "loan" of RDA funds for this Project, where the Project was appropriately built with RDA funds.

The Department of Finance reviewed the same information in the Non-Housing Funds Due Diligence Review and concurred with the independent auditor finding that this was Project for which the RDA funds were spent was an appropriate use of Redevelopment Agency funds and no transfer was ordered to be returned.

Attachments:

- 2000 TAB OS Excerpts
- 2008 TAB OS Excerpts
- 2005-2009 RDA Implementation Plan Excerpts
- 2010-2014 RDA Implementation Plan Excerpts

FINDING #2 – Disallowed real property transfers to City

The following properties were transferred from the RDA to the City in March 2011:

- 161 ½ S. Auburn Street, APN 08-373-07, valued at \$429,338
- 114-116 Neal Street, APN 08-372-08, valued at \$456,343
- 168 S. Auburn Street, APN 08-372-07, valued at \$251,811

The State Controller's Report dated March 28, 2013 states that while the properties were included in the descriptions of two public parking projects in the RDA's approved Projects Improvement Plan, "the transfers did not involve a contractually committed third-party, reliant on the transfer as payment for City expenditure or encumbrance; and **were not intended for a governmental purpose**" and therefore were not allowable transfers

The City disputes the SCO finding for the following two properties:

- 161 ½ S. Auburn Street, APN 08-373-07, valued at \$429,338
- 168 S. Auburn Street, APN 08-372-07, valued at \$251,811

The two Auburn Street parcels listed above are City parking lots, utilized by City employees, and are being used for a legitimate governmental purpose. As such, these are allowable transfers under H&S Code Section 34181(a). More specifically, the property at 168 S. Auburn Street was a parking lot (owned by the City) at the time of its purchase by the RDA to continue these parking purposes. (See attached Resolution RDA 2009-58). Similarly, one of the purposes of the purchase of 161 ½ S. Auburn Street was for enhanced public parking, and the property has been consistently used for public parking since its acquisition. (See attached Resolution)

Attachments:

- Resolution RDA 2009-58
- Resolution RDA 2007-74

We respectfully request that the State Controller's Office review additional facts outlined above and the enclosed supporting documentation and revisit the determinations made in Findings #1 and #2 of the State Controller's Office Draft Asset Transfer Review of the Grass Valley Redevelopment Agency dated March 28, 2013.

Please don't hesitate to contact me should you have any questions or require additional documentation.

Respectfully,

A handwritten signature in cursive script that reads "Roberta Raper". The signature is written in black ink and is positioned above the printed name and title.

Roberta Raper
Director of Finance/Administrative Services

**NEW ISSUE—BANK QUALIFIED
FULL BOOK ENTRY**

Rating: S&P—BBB
(See "Miscellaneous—Ratings" (page 56) herein)

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings, and the Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "Tax Matters" (page 54) herein.

**\$3,185,000
REDEVELOPMENT AGENCY OF THE CITY OF GRASS VALLEY
Grass Valley Redevelopment Project
2000 Tax Allocation Bonds**

Dated: April 1, 2000

Due: December 1, as shown within

The Bonds are issued by the Redevelopment Agency of the City of Grass Valley (the "Agency"), pursuant to an Indenture of Trust, dated as of April 1, 2000 (the "Indenture"). Proceeds of the Bonds will be used to: (i) pay Project costs; (ii) fund the Reserve Account; and (iii) pay costs of issuance. The Trustee is Union Bank of California, San Francisco, California.

The Bonds are issued as fully registered bonds, initially in book-entry only form (without physical delivery), and are registered solely in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC acts as securities depository for the Bonds. Purchases of beneficial ownership interests in the Bonds are made in book-entry form, in principal amounts of \$5,000 and integral multiples thereof, through DTC Participants. Interest on the Bonds is payable on each June 1 and December 1, commencing December 1, 2000.

The Bonds are subject to optional and mandatory redemption as described beginning at page 9 herein. For the Maturity Schedule, see the inside cover page.

The Bonds are special obligations of the Agency and are payable exclusively from Tax Revenues (as defined herein) to be derived from the Project Area and allocated to the Agency and from amounts on deposit in certain funds and accounts established pursuant to the Indenture. The receipt of Tax Revenues is subject to certain risks and limitations. See "Risk Factors" (page 41) and "Limitations on Tax Revenues and Possible Spending Limitations" (page 49) herein.

The Bonds are not a debt of the State of California, the City of Grass Valley, or any political subdivision of the State, other than the Agency. Neither the State, Grass Valley, nor any political subdivision of the State, other than the Agency, is liable thereon. The Agency has no taxing power. The Bonds are revenue bonds, payable with respect to principal, interest and premium exclusively from certain incremental tax revenues allocated to the Agency from the Project Area and amounts in certain funds and accounts held under the Indenture. Neither the Members of the Agency or the City Council of Grass Valley, nor any persons executing the Bonds, are liable personally on the Bonds by reason of their issuance.

This cover page contains certain information for quick reference only. It is not intended to be a summary of all factors relating to an investment in the Bonds. Investors should review the entire Official Statement before making any investment decision.

The Bonds are offered, subject to prior sale, when, as and if issued and accepted by the Underwriter, subject to the approval of legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed on for the Agency by Claude Biddle, General Counsel to the Agency and City Attorney of the City of Grass Valley. American Governmental Financial Services Company, Sacramento, served as Financial Advisor to the Agency in connection with the issuance of the Bonds. It is anticipated that the Bonds, in book entry form, will be available for delivery through the facilities of DTC in New York, New York, on or about April 12, 2000.

Dated March 31, 2000

SUTRO & CO. INCORPORATED

\$3,185,000
REDEVELOPMENT AGENCY OF THE CITY OF GRASS VALLEY
Grass Valley Redevelopment Project
2000 Tax Allocation Bonds

INTRODUCTION

This Introduction is furnished solely to provide brief and limited introductory information. It is not comprehensive. This Introduction is subject in all respects to more complete descriptions contained in this Official Statement.

This Official Statement provides information regarding the offering and sale of the \$3,185,000 Grass Valley Redevelopment Project 2000 Tax Allocation Bonds dated April 1, 2000, issued by the Redevelopment Agency of the City of Grass Valley, California (the "*Bonds*").

The Bonds are being issued for sale to the Grass Valley Capital Improvements Authority (the "*Authority*") pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6584) of the California Government Code. The Bonds purchased by the Authority will be resold concurrently to Sutro & Co., Incorporated (the "*Underwriter*"). See "*Authority*" (page 27) herein.

The offering of the Bonds is made solely by means of the entire Official Statement. This Official Statement includes, without limitation, the cover page, other preceding pages, and the appendices hereto. In making an investment decision, you must review carefully the entire Official Statement and the documents described or summarized herein. See "*Document Availability*" (page 59) herein

Legal Authority

The Agency is a redevelopment agency existing under the Community Redevelopment Law of the State of California (the "*State*"), constituting Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code, as amended (the "*Redevelopment Law*").

The Agency was actuated by the City of Grass Valley, California ("*Grass Valley*") by Ordinance No. 371, approved February 11, 1986. The City Council adopted the Redevelopment Plan with respect to the Project Area on November 8, 1988, pursuant to Grass Valley's Ordinance No. 401. The City Council adopted amendments to the Redevelopment Plan in 1994 and 1999, establishing and extending the period of effectiveness of the Plan and the period within which payments can be made on indebtedness and property taxes received under the Plan. See "*Project Area and Redevelopment Plan—Redevelopment Plan*" (page 29) herein. The City Council has declared itself to be the governing board of the Agency.

The Bonds are issued under the Redevelopment Law and pursuant to the terms of, and are secured by, an Indenture of Trust (the "*Indenture*"), dated as of April 1, 2000, by

and between the Agency and Union Bank of California, N.A., San Francisco, California, as trustee (the "Trustee").

The Bonds are payable from and secured by Tax Revenues (as defined herein). See "Financing Plan" (page 5), "Security for Bonds—Tax Revenues" (page 18), and "Appendix A—Summary of Certain Provisions of Indenture" (page A-1) herein.

Financing Purpose

The Bonds are issued to:

- Provide funds to the Agency for the Project
- Fund the Reserve Account
- Pay costs of issuance

See "Financing Plan" (page 5) herein.

Tax Allocation Financing

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a redevelopment project area. The taxable valuation of a redevelopment project area last equalized prior to adoption of the redevelopment plan, or base roll, is first established. The Base Year for the Redevelopment Plan is the 1988-89 tax year. Except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive taxes produced by the levy of the then current tax rate upon the base roll.

Taxes collected upon any increase in taxable valuation over the base roll are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Redevelopment agencies themselves have no authority to levy property taxes and must look specifically to the allocation of taxes produced as indicated above.

The Bonds are secured by a pledge of Tax Revenues. The term "Tax Revenues" includes generally the taxes (including all payments, reimbursements and subventions, if any, specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Agency pursuant to the Redevelopment Law in connection with the Project Area. Tax Revenues are described more fully under the caption "Security for Bonds—Tax Revenues" (page 18) herein.

Tax Revenues also secure the Agency's outstanding 1995 Tax Allocation Bonds (Redevelopment Project No. 1) dated as of June 1, 1995 (the "1995 Agency Bonds"). The 1995 Agency Bonds were issued originally in the principal amount of \$1,440,000, and are currently outstanding in the principal amount of \$1,360,000. The 1995 Agency Bonds mature in 2025. See "The Bonds—Debt Service Schedule" (page 15) herein.

The 1995 Agency Bonds were issued as a part of a pooled financing by the Association of Bay Area Governments ("ABAG"), in which ABAG issued its \$21,725,000 1995 Tax Allocation Revenue Bonds, Series A4 and \$8,275,000 1995 Subordinated Tax

Allocation Revenue Bonds, Series B4. The 1995 Agency Bonds were issued pursuant to an Indenture of Trust dated as of June 1, 1995, between the Agency and the Trustee. The Trustee is also the Trustee for the 1995 Agency Bonds. The Bonds and the 1995 Agency Bonds are payable on a parity from Tax Revenues.

In addition, Tax Revenues are used (i) to make tax-sharing payments, on a senior basis, to Nevada County and, on a subordinate basis, to two school districts, and (ii) to reimburse administrative costs to Grass Valley. See “*Project Area and Redevelopment Plan—Tax-Sharing Agreements*” (page 31) and “*Redevelopment Agency—Agency Administration*” (page 26) herein.

Any future decrease in the taxable valuation in the Project Area or in the applicable tax rates could reduce the Tax Revenues allocated to the Agency. In that event, the reduction correspondingly could have an adverse impact on the ability of the Agency to pay debt service on the Bonds and the 1995 Agency Bonds. See “*Risk Factors—Reduction in Taxable Value*” (page 42) herein.

Project Area

The Project Area includes low density and medium density residential, commercial and public land uses. The assessed value of all property value in the Project Area in the Base Year, was \$92,746,258, according to the Tax-Assessor of Nevada County, compared to its 1999-2000 assessed value of \$158,133,078. The Project Area is the Agency’s sole project area.

See “*Project Area and Redevelopment Plan—General*” (page 27) and “*Ten Major Property Tax Assesseees*” (page 37) herein for additional information on land use and property ownership within the Project Area.

City and Agency

Grass Valley is located in the southwestern portion of Nevada County (the “*County*”). Grass Valley was incorporated in 1889, and operates as a charter city. It maintains a council-manager form of government, with the Mayor and Council Members elected at-large for four-year terms.

For certain information regarding Grass Valley, see “*Appendix B—City of Grass Valley*” (page B-1) herein.

Continuing Disclosure

In the Indenture, in order to confirm the application to the Agency of the partial exemption from continuing disclosure contained in Securities and Exchange Commission Rule 15c2-12(d)(2) (the “(d)(2) exemption”), the Agency represents to the Underwriter and to any holder or beneficial owner of the Bonds, among other things, that:

- The Agency is the sole “obligated person” on the Bonds within the meaning of the (d)(2) exemption; and

- The Agency has no more than \$10,000,000 in aggregate amount of outstanding municipal securities for purposes of the (d)(2) exemption.

In order to implement the application to the Agency of the (d)(2) exemption with respect to continuing disclosure contained in Securities and Exchange Commission Rule 15c2-12(d)(2), the Agency covenants and agrees in the Indenture that the Agency will comply with and carry out all of the provisions of the Agency's Continuing Disclosure Certificate, including without limitation, provision of certain annual information and notices of material events, as defined in the Continuing Disclosure Certificate. See "*Appendix E—Form of Continuing Disclosure Certificate*" (page E-1) herein.

The information to be provided under the Continuing Disclosure Certificate may be obtained upon request to the following:

Mr. Wes Peters
Director of Finance
City of Grass Valley
125 East Main Street
Grass Valley, CA 95945
Telephone: (530) 274-4303

Notwithstanding any other provision of the Indenture, failure of the Agency to comply with the Continuing Disclosure Certificate will not be an Event of Default under the Indenture. However, the Underwriter or any holder or beneficial owner of the Bonds may take actions necessary and appropriate, including seeking specific performance by court order, to cause the Agency to comply with its continuing disclosure obligations under the Indenture and the Continuing Disclosure Certificate.

The Agency made its continuing disclosure covenants in the Indenture and the Continuing Disclosure Certificate to assist the Underwriter in complying with the (d)(2) exemption from the continuing disclosure requirements of Securities and Exchange Commission Rule 15c2-12(b)(5). The Agency has not been subject to a previous undertaking with regard to the Rule to provide annual reports or notices of material events.

General

All descriptions of the Bonds and the summaries herein of certain provisions of the Indenture, Tax-Sharing Agreements, the Redevelopment Plan, projections, forecasts, and other documents are qualified in their entirety by reference to the respective entire documents. See "*Document Availability*" (page 59) herein.

The descriptions and summaries are qualified by reference to bankruptcy, insolvency and other laws, and equitable principles, affecting, and by the potential exercise of judicial discretion that may affect, remedies for the enforcement of the obligations, rights and security indicated in the descriptions and the effects of the exercise of the police power by an entity having jurisdiction.

The cover page, preceding pages, and appendices hereto are integral parts of this Official Statement. The complete Official Statement (including without limitation, the

cover page, preceding pages, and appendices) and the documents should be read in their entirety.

The information in this Official Statement is subject to change without notice. You should not infer from the delivery of this Official Statement or from the sale of the Bonds that there has been no change in the affairs of the Agency from the date hereof. Agreements of the Agency with the holders of the Bonds are set forth in the Indenture.

This Official Statement does not constitute, and you should not construe it as, a contract with holders of the Bonds. Unless specified otherwise, the statements herein are not and are not to be construed as statements by any member, director, officer, employee or advisor of or consultant to the Agency. Any statements in this Official Statement involving matters of opinion, estimates, projections or forecasts, regardless of whether expressly so stated, are intended as such and not as representations of fact.

This Official Statement contains "forward-looking statements" within the meaning of the Federal securities laws. Those forward-looking statements include, among others, statements concerning expectations, beliefs, opinions, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by those statements.

Capitalized terms not defined otherwise herein have the meanings assigned to those terms in the Indenture. See "Appendix A—Summary of Certain Provisions of Indenture" (page A-1) herein.

FINANCING PLAN

General

The Bonds are being issued to:

- Provide funds to the Agency for redevelopment activities of benefit to the Project Area, as described immediately below under "—The Project."
- Fund the Reserve Account for the Bonds.
- Pay costs of issuance of the Bonds.

The Project. The Project to be funded with proceeds of sale of the Bonds is directed at relieving traffic circulation issues in Grass Valley's downtown area, particularly at, but not limited to, peak hours. The Project consists of the following:

Project Component	Estimated Cost
Realignment of Washington Street (including property acquisition, and construction of infrastructure within the new roadway relative to a signal system, water and sewer mains, sidewalks, storm drains and other incidental facilities, and parking facilities on property becoming available on abandoned right-of-way and portions of acquired property)	\$ 1,500,000
Improvement of Main Street ¹	300,000
Other (potentially allocated to Mill Street or East Main Street improvements—street, curb, gutter, drainage, water/sewer lines, sidewalks, beautification; possibly Downtown parking or other redevelopment facilities, as projects are prioritized from remaining funds)	909,063
TOTAL	\$ 2,709,063

¹ Reimbursement to Grass Valley for amounts previously expended on behalf of the Agency.

Estimated Sources and Uses of Funds

Table 1 shows the anticipated sources and uses of proceeds of sale of the Bonds (net of accrued interest):

TABLE 1
Estimated Sources and Uses

Sources	
Par Amount of the Bonds	\$ 3,185,000
Original Issue Discount	(57,615)
<i>Total Sources</i>	<u>\$ 3,127,385</u>
Uses	
Project Costs	\$ 2,709,063
Reserve Account ¹	304,446
Underwriter Discount	34,876
Costs of Issuance ²	79,000
<i>Total Uses</i>	<u>\$ 3,127,385</u>

¹ See "Security for Bonds—Reserve Account" (page 21) herein

² Includes Bond Counsel, Financial Advisor, Redevelopment Consultant, and Trustee fees and expenses, printing costs, and other related costs.

THE BONDS

Description

The Bonds are issued in the principal amounts, mature on the dates, and bear interest at the rates as set forth on the inside front cover hereof. The Bonds are dated April 1, 2000, and bear interest payable on each June 1 and December 1 (each an "*Interest Payment Date*"), commencing December 1, 2000. Union Bank of California, N.A., San Francisco, California, is Trustee under the Indenture. Interest on the Bonds is calculated on the basis of a 360-day year of twelve 30-day months. All Bonds of like maturity are identical in all respects.

The Bonds are issued as fully registered bonds, without coupons, initially in book-entry only form, in the denomination of \$5,000 or any integral multiple thereof. The Bonds are registered initially solely in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("*DTC*"). DTC acts as securities depository for the Bonds. Purchases of beneficial ownership interests in the Bonds are made in book-entry

NEW ISSUE—BOOK-ENTRY ONLY
BANK QUALIFIED

RATING
S&P: "A"
See "RATING" herein

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject to the Agency's compliance with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and, under section 55 of the Code, is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure by the Agency to comply with one or more of such covenants could cause interest on the Bonds to not be excludable from gross income under section 103 of the Code for federal income tax purposes retroactively to the date of issuance of the Bonds. In addition, in the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" under section 265(b)(3) of the Code of 1986. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS" herein.



\$5,980,000
REDEVELOPMENT AGENCY OF THE CITY OF GRASS VALLEY
(Nevada County, California)
(Grass Valley Redevelopment Project)
Tax Allocation Bonds, 2008 Series A

Dated: Date of Delivery

Due: December 1, as shown below

Proceeds from the sale of the \$5,980,000 Redevelopment Agency of the City of Grass Valley (Grass Valley Redevelopment Project) Tax Allocation Bonds, 2008 Series A (the "Bonds"), will be used to (a) finance redevelopment activities within and for the benefit of the Grass Valley Redevelopment Project (the "Redevelopment Project") in the City of Grass Valley (the "City"); (b) fund capitalized interest on Bonds through June 1, 2009, (c) fund a reserve account for the Bonds, and (d) provide for the costs of issuing the Bonds. See "FINANCING PLAN" herein.

Interest on the Bonds will be payable semi-annually on each June 1 and December 1, commencing June 1, 2009 (each, an "Interest Payment Date"). The Bonds will be issued in fully registered form without coupons and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form only in denominations of \$5,000 or any integral multiple thereof. Purchasers of such beneficial interests will not receive physical certificates representing their interests in the Bonds. Payment of principal of, interest and premium, if any, on the Bonds will be made directly to DTC or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursement of such payments to the DTC Participants (as defined herein) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners (as defined herein) is the responsibility of the DTC Participants, as more fully described herein. See "THE BONDS—Book-Entry System" herein.

The Bonds will be issued under and pursuant to an Indenture of Trust, dated as of April 1, 2000 (the "Original Indenture"), by and between the Redevelopment Agency of the City of Grass Valley (the "Agency") and Union Bank of California, N.A., as trustee (the "Trustee"), as amended and supplemented by a First Supplement to Indenture of Trust, dated as of December 1, 2008, by and between the Agency and the Trustee (the "First Supplemental Indenture" and, with the Original Indenture, the "Indenture"). The Bonds are special obligations of the Agency and are payable solely from and secured by a pledge of the Tax Revenues (as defined herein), subject to the provisions of the Indenture permitting the application thereof for other purposes, and by a pledge of amounts in certain funds and accounts established under the Indenture, as further discussed herein. The Bonds will be secured by Tax Revenues on a parity as to payment and security with the Agency's outstanding Redevelopment Agency of the City of Grass Valley, Grass Valley Redevelopment Project, Tax Allocation Bonds, 2000 Series A.

The Bonds will be sold by the Agency to the Grass Valley Capital Improvements Authority (the "Authority") for concurrent resale to the Underwriter named below.

The Bonds are subject to optional and mandatory sinking account redemption prior to maturity. See "THE BONDS—Redemption" herein.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AGENCY PAYABLE SOLELY FROM THE TAX REVENUES, AS DESCRIBED HEREIN, AND AMOUNTS IN CERTAIN FUNDS AND ACCOUNTS MAINTAINED UNDER THE INDENTURE AND ARE NOT A DEBT OF THE AUTHORITY, THE CITY OR THE STATE OF CALIFORNIA (THE "STATE") OR ANY POLITICAL SUBDIVISIONS THEREOF (OTHER THAN THE AGENCY), TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE, AND NONE OF THE AUTHORITY, THE CITY OR THE STATE OR ANY POLITICAL SUBDIVISIONS THEREOF (OTHER THAN THE AGENCY), IS LIABLE THEREFOR. THE BONDS ARE NOT PAYABLE FROM, AND ARE NOT SECURED BY, ANY FUNDS OF THE AGENCY, OTHER THAN THE TAX REVENUES PLEDGED PURSUANT TO THE INDENTURE. THE BONDS DO NOT CONSTITUTE AN UNDEBT WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE AGENCY NOR ANY PERSONS RESPONSIBLE FOR THE EXECUTION OF THE BONDS IS LIABLE PERSONALLY FOR PAYMENT OF THE BONDS BY REASON OF THEIR ISSUANCE.

The following firm, serving as financial advisor to the Agency, has structured this issue:



MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES OR YIELDS AND CUSIPS

\$1,785,000 Serial Bonds

CUSIP Prefix: 388780†

Maturity (December 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix†	Maturity (December 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix†
2010	\$ 55,000	4.00%	4.10%	BM9	2017	\$130,000	5.50%	5.85%	BU1
2011	105,000	4.00	4.30	BN7	2018	140,000	5.75	6.10	BV9
2012	100,000	4.25	4.60	BP2	2019	145,000	5.875	6.20	BW7
2013	100,000	4.60	4.85	BQ0	2020	155,000	6.125	6.50	BX5
2014	95,000	4.75	5.00	BR8	2021	165,000	6.25	6.60	BY3
2015	110,000	5.00	5.35	BS6	2022	175,000	6.375	6.70	BZ0
2016	125,000	5.25	5.60	BT4	2023	185,000	6.50	6.80	CA4

\$1,605,000 7.00% Term Bonds due December 1, 2033, Price: 96.239%, to Yield 7.33%; CUSIP: 388780 CB2†

\$2,590,000 7.125% Term Bonds due December 1, 2038, Price: 96.583%, to Yield 7.41%; CUSIP: 388780 CC0†

This cover page is not intended to be a summary of the Bonds or the security therefor. Investors are advised to read the Official Statement in its entirety to obtain information essential to the making of an informed investment decision with respect to the Bonds.

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval as to their legality by Quint & Thimmig LLP, San Francisco, California, Bond Counsel. Certain other legal matters related to this offering will be passed upon for the Authority and the Agency by Meyers Nave Riback Silver & Wilson, Sacramento, California, Agency Counsel, and by Quint & Thimmig LLP, San Francisco, California, as Disclosure Counsel. It is expected that the Bonds in definitive form will be available for delivery to DTC in New York, New York on or about December 18, 2008.

Piper Jaffray

December 3, 2008

† Copyright 2008, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, operated by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the Agency and are included solely for the convenience of the registered owners of the Bonds. The Agency is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

OFFICIAL STATEMENT

\$5,980,000
GRASS VALLEY REDEVELOPMENT AGENCY
(Grass Valley Redevelopment Project)
Tax Allocation Bonds, 2008 Series A

INTRODUCTION

General

This Official Statement of the Grass Valley Redevelopment Agency (the "Agency") provides information regarding the sale by the Agency of \$5,980,000 aggregate principal amount of its Grass Valley Redevelopment Agency (Grass Valley Redevelopment Project) Tax Allocation Bonds, 2008 Series A (the "Bonds").

Definitions of certain capitalized terms used in this Official Statement are set forth in APPENDIX A—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE." This Official Statement contains brief descriptions of the Bonds, the Indenture, the Agency and the Agency's Grass Valley Redevelopment Project (the "Redevelopment Project"). Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to specific documents are qualified in their entirety by reference to such documents and references to the Bonds are qualified in their entirety by reference to the form of the Bonds included in the Indenture. Copies of the Indenture and other documents described in this Official Statement may be obtained from the Agency as described under the subheading "Other Information" below.

The Bonds will be sold by the Agency to the Grass Valley Capital Improvements Authority (the "Authority") for concurrent resale to the underwriter named on the cover of this Official Statement.

Purpose of Issuance

Proceeds from the sale of the Bonds will be used to (a) finance redevelopment activities within and for the benefit of the Redevelopment Project, (b) fund capitalized interest on the Bonds through June 1, 2009, (c) fund a reserve account for the Bonds, and (d) provide for the costs of issuing the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "FINANCING PLAN."

The City

The City of Grass Valley (the "City"), with an approximate population of 12,929, is located in the southwestern portion of Nevada County (the "County") in the foothills of the Sierra Mountains. The City is about 60 miles northeast of Sacramento. The County seat is the city of Nevada City, which is three miles from the City. The City operates as a charter city. It maintains a council-administrator form of government, with the Mayor and Council Members elected at-large for four-year terms. The City grew from the California mining activities of the mid-1850s, and was incorporated in 1893. See "THE CITY" and APPENDIX B—"GENERAL INFORMATION REGARDING THE CITY."

The Agency

The Agency was established pursuant to the Redevelopment Law and was activated by the City Council by Ordinance No. 371, approved on February 11, 1986. The Agency has the authority, and is charged generally with the responsibility, to redevelop and upgrade blighted areas of the City. The members of the City Council serve as the governing body of the Agency and exercise all rights, powers, duties and privileges of the Agency. See "THE AGENCY."

The Redevelopment Project

The City Council of the City adopted the Redevelopment Plan with respect to the Redevelopment Project on November 8, 1988, pursuant to the City's Ordinance No. 401. The Redevelopment Project is an irregularly-shaped area consisting of approximately 488 contiguous acres covering approximately 19% of the land within the City's boundaries. The Redevelopment Project includes single- and multi-family residential housing and commercial industrial and governmental properties. It encompasses the City's downtown area, located near the center of the City, as well as areas extending out toward portions of the City limits. The total assessed valuation of taxable property in the Redevelopment Project in Fiscal Year 2008-09 is approximately \$314,543,926, \$221,797,668 greater than the adjusted assessed valuation in the base year (1988-89). Assessed valuations in the Redevelopment Project are subject to numerous risks which could result in decreases from those reported for Fiscal Year 2008-09. See "BONDOWNERS' RISKS." Also see "THE REDEVELOPMENT PROJECT" and APPENDIX D—"FISCAL CONSULTANT'S REPORT."

Tax Allocation Financing

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a project area. The taxable valuation of a project area last equalized prior to adoption of the redevelopment plan, or "base roll," is established and, except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in taxable valuation over the base roll (the tax increment revenues) are allocated to the applicable redevelopment agency and may be pledged by the redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Redevelopment agencies themselves have no authority to levy property taxes and must look specifically to the allocation of taxes produced as above indicated.

The Bonds

The Bonds are being issued pursuant to the Redevelopment Law, a resolution adopted by the Agency on November 13, 2008, and an Indenture of Trust, dated as of April 1, 2000 (the "Original Indenture"), by and between the Agency and Union Bank of California, N.A., as trustee (the "Trustee"), as amended and supplemented by a First Supplement to Indenture of Trust, dated as of December 1, 2008, by and between the Agency and the Trustee (the "First Supplemental Indenture" and, with the Original Indenture, the "Indenture"). See "THE BONDS" and APPENDIX A—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

The Bonds will be issued in denominations of \$5,000 each or integral multiples thereof. Interest on the Bonds will be payable on each June 1 and December 1, commencing June 1, 2009. Principal of and interest on the Bonds will be payable by the Trustee to The Depository Trust Company ("DTC") which will be responsible for remitting such principal and interest to the DTC participants which will in turn be responsible for remitting such principal and interest to

Authority, the Agency or the City. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

Other Information

This Official Statement speaks only as of its date and the information contained herein is subject to change without notice. Copies of the Indenture are available from the Agency upon written request to the Agency, 125 East Main Street, Grass Valley, CA 95945, Attention: City Administrator. The Agency may impose a charge for copying, mailing and handling expenses related to any request for documents.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth a summary of the estimated sources and uses of funds associated with the issuance and sale of the Bonds.

<u>Sources of Funds</u>	
Par Amount of Bonds	\$5,980,000.00
Less: Original Issue Discount	<u>(188,919.25)</u>
Total Sources	<u>\$5,791,080.75</u>
<u>Uses of Funds</u>	
Deposit to Redevelopment Fund	\$5,000,000.00
Deposit to Interest Account (1)	179,036.82
Deposit to Reserve Account (2)	411,922.66
Costs of Issuance (3)	<u>200,121.27</u>
Total Uses	<u>\$5,791,080.75</u>

(1) Represents capitalized interest on the Bonds through June 1, 2009.

(2) Represents an amount equal to the initial Reserve Account Requirement for the Bonds.

(3) Includes Underwriter's discount, fees and expenses of the Trustee, Bond Counsel and Disclosure Counsel, printing expenses and other costs of issuance.

FINANCING PLAN

Proceeds from the sale of the Bonds will be used to (a) finance redevelopment activities within and for the benefit of the Redevelopment Project, (b) fund capitalized interest on the Bonds through June 1, 2009, (c) fund a reserve account for the Bonds, and (d) provide for the costs of issuing the Bonds.

The Agency expects to use the Bond proceeds to further the Redevelopment Plan. This includes construction of public infrastructure in conjunction with public and private investment (streets, water, sewer, drainage, etc.) (\$2 - \$2.5 million). Targeted areas include East Main Street, the general area around the East Main/Idaho Maryland Road intersection, South Auburn and Colfax Ave. Handicapped access improvements throughout the Redevelopment Project are planned (primarily curb and sidewalk improvements at key intersections) (\$5 to \$.75 million). The purchase of property for public parking in the downtown area (\$1.5 to \$2.0 million) is under review and may include additional funding for a parking garage. Beautification of public spaces and streetscape enhancements throughout the Redevelopment Project, with a focus on the downtown area are also identified (\$.5 to \$.75 million). Bond proceeds will be leveraged with existing tax increment and other City funding and private sector funding on a number of the planned projects.

ATTACHMENT "NO.1"

IMPLEMENTATION PLAN

(2004-2005 through 2008-2009)

for the

Redevelopment Plan

for

Grass Valley Redevelopment Project Area

Redevelopment Agency of the City of Grass Valley

Grass Valley, California

Implementation Plan
Adopted July 15, 2006
Resolution 06-03B

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APPENDIX

Appendix A - Article 16.5 of the California Community Redevelopment Law

INTRODUCTION

This document is the Implementation Plan (Implementation Plan or Plan) for the Redevelopment Plan (Redevelopment Plan) for the Grass Valley Redevelopment Project Area (Project Area) covering the period from 2004 through 2009. This Implementation Plan was prepared by the Redevelopment Agency of the City of Grass Valley (Agency) in compliance with Article 16.5 of the California Community Redevelopment Law (CRL). Article 16.5 is included as Appendix A to this Plan.

The Agency adopted its first Implementation Plan in December 1994 that covered the five-year period from January 1, 1994 through December 31, 1999. A second Implementation Plan was adopted in March 2000 and covered the five-year period from January 1, 2000 through December 31, 2004. This third Plan covers the five-year period commencing in January 1, 2005 and ending December 31, 2009. Since this Plan falls midway between fiscal years, we have included the 2004-05 through 2008-09 fiscal years.

This Implementation Plan contains a Redevelopment Component and a Housing Component. The Redevelopment Component: 1) revisits the goals and objectives of the original Redevelopment Plan; 2) defines the Agency's strategy to achieve these goals and objectives; 3) presents the projects, programs and expenditures that have been developed as a means to attain the goals and objectives; and 4) describes how the goals and objectives, projects, programs and expenditures will eliminate blight within the Project Area.

Article 16.5 also requires that an implementation plan explain how the components of the plan will implement various CRL requirements regarding low- and moderate-income housing. These activities are contained in the Housing Component. The Housing Component shows how the Redevelopment Plan goals and objectives for housing preservation and production will be implemented and how the statutory requirements for the expenditure of tax increment set-aside funds for housing purposes will be met.

This Implementation Plan is a policy statement and has been prepared to update the status of projects and revise, as necessary, Agency priorities for redevelopment activities within the Project Area for the remaining five-year period covered by this Plan. New issues and opportunities may be encountered during the course of administering the Implementation Plan during the next five-year period. Therefore, this Implementation Plan may be amended if necessary to effectuate changes in Agency priorities.

This Implementation Plan updates the Agency's activities and establishes a nexus between Agency goals and objectives and program activities, the elimination of blight and the development and rehabilitation of affordable housing. The intent of this Plan is to guide Agency activities based on stated goals and objectives, and outlined projects, programs, and expenditures.

Table 1
Redevelopment Agency of the City of Grass Valley
Grass Valley Project Area

EXISTING DEBT OBLIGATIONS

Name	Obligation	Description / Reason
1. Bond Debt Service Payments	The 2000 Tax Allocation and 2002 Association of Bay Area Lease Revenue Bonds are "secured by Tax Revenues" from the Project Area, as defined in the bond indenture. The Agency also intends to issue new bonds to fund redevelopment activities.	The Bond Proceeds have been and will be utilized to implement redevelopment activities.
2. Low - and Moderate - Income Housing	California Redevelopment Law requires all redevelopment agencies to set aside 20 percent of all tax increment revenue which is allocated to the agency to facilitate housing for persons and families of low and moderate incomes.	To increase, improve and preserve the community's supply of low- and moderate-income housing.
3. Section 33676 Allocations and Pass Through Agreement	The County allocates a portion of the tax increment pursuant to former Section 33676 to several taxing entities. Pursuant to an agreement with Nevada County, the Nevada Joint Union High School District and the Grass Valley School District, the Agency passes through a portion of the each entities share of tax increment	The Pass Through Agreement with the County and the school districts was entered into per section 33401 of the CRL.
4. ERAF	The Agency was required to pay funds to the Educational Revenue Augmentation Fund for 2004-05 and 2005-06.	The obligation is required per SB 1096
5. Agency Operating Cost	Ongoing expenses to fund the operations of the Agency.	To administer the Agency's redevelopment program aimed at blight elimination and housing preservation.

E. REDEVELOPMENT COMPONENT GOALS AND OBJECTIVES, PROGRAMS, PROJECTS AND EXPENDITURES, AND BLIGHT ELIMINATION

1. Implementation Plan Goals and Objectives

The Implementation Plan Goals and Objectives reflect the current direction of the redevelopment program and include the following:

- A. The implementation of a targeted development assistance program to remove blight in the Project Area and entice new private investment.
- B. Expand the economic base of the community by seeking new commercial development in conjunction with the development assistance program.
- C. Establish more parking for the downtown area.
- D. Continue to beautify the Project Area through the development of a cohesive streetscape system
- E. Rehabilitate and preserve historic and other structures.
- F. Upgrade existing public improvements and facilities within the Project Area, specifically drainage.

Not all of the goals and objective can be expected to be attained over the Implementation Plan period, given the limitations on Agency financial resources for the Project Area. However, the Agency is focusing its available resources on accomplishing the most important goals and objectives.

2. Blighting Conditions

Though there have been considerable Agency and community accomplishments, the Project Area continues to exhibit blighting characteristics. The following is a discussion of the various blighting conditions that were found when the Project Area was originally adopted.

- Deterioration and Dilapidation: This blighting condition included functionally obsolete structures that were fire prone; vacant buildings and abandoned structures; and buildings that were seismically unsafe and subject to earthquake damage.
- Age and Obsolescence: Many of the structures in Grass Valley date back to the mid 1800's and suffer from functional obsolescence. Internal deficiencies that were noted included sub-standard plumbing and or wiring to accommodate modern appliance or fixtures, antiquated or non-existent central heating systems, and inadequate floor space in both residential and non-residential building types.
- Mixed Character of the Buildings: Buildings are generally characterized by the uses for which they were originally designed; commercial buildings have a commercial character and residential buildings have a residential character. When buildings containing markedly different uses exist in close

assistance with rehabilitation. New projects and programs may be added to this Implementation Plan in the future in response to private sector needs if the Agency determines that a more direct role will be needed to alleviate blighting conditions.

Table 2 illustrates the relationship between the projects, programs and expenditures of the Redevelopment Component, and the blight that will be eliminated as a result of the expenditures. As stated above, private sector activities will additionally contribute to the removal of blight within the Project Area and the revitalization of the area.

3. Five-Year Programs, Projects and Expenditures

Outlined below are the programs, projects, and expenditures of the Agency. Estimated expenditures are shown for informational purposes only, and may vary without the need to amend this Implementation Plan. Exact funding will be included in the Agency's budget, which is adopted annually.

- Development Assistance Program: This program is designed to eliminate blighted properties and promote new development in the Project Area. Specific Agency activities under this program may include land acquisition; site preparation; relocation assistance; on- and off-site public improvements; and other types of required assistance. The Agency could also assist with the removal of toxics from various sites in order to allow development to move forward. Agency assistance under this program can be accomplished by entering into owner participation agreements (OPA) or disposition and development agreements (DDA) with property owners. A major focus of this program could be to attract new commercial or mixed uses to the downtown area and key commercial corridors such as Colfax Avenue, S. Auburn Street, E. Main Street and Idaho-Maryland Road. This program would address a variety of physical blighted conditions, including buildings or structures that are deteriorated and obsolete and have outlived their useful life. The program would also assist in the alleviation of economic blighting conditions, and strengthen the retail sales tax base. While the Agency does not have any specific projects underway, opportunities may arise over the term of this Implementation Plan to partner with the private sector. Given this, the Agency has estimated expenditures for the Development Assistance program over the next five years at between \$100,000 to \$750,000.
- Infrastructure and Public Improvements Program: This program would involve the installation of public improvements in the Project Area. Of primary importance will be improvements to the circulation system, drainage system, and the expansion of parking facilities.

During the next five years the Agency intends to assist with the following circulation improvement projects over the remaining term of the Plan:

as the Downtown Strategic Plan, South Auburn Master Plan and Colfax Avenue Infill Study. The project will result in the elimination of public improvement deficiencies and will improve the visual characteristics of the Project Area. The Agency intends to implement a beautification program, for the following streets and/or commercial corridors over the remaining term of the Plan:

- ◆ Certain streets and intersections downtown such as South Auburn Street, Richardson Street, Main Street and Church Street;
- ◆ Colfax Avenue per the provisions of the Colfax Avenue Infill Study;
- ◆ Idaho-Maryland Road from Centennial Drive to E. Main Street; and
- ◆ Main Street from School Street to Hughes Road.

Given these priorities, the Agency has estimated expenditures for the Infrastructure and Street Beautification Program over the next five years at between \$500,000 to \$1,700,000.

- Facade & Rehabilitation Program: The Agency is in the process of evaluating this existing program to determine how it should be restructured to focus funding into the properties most in need. The program may be restructured to assist owners with replacing, restoring, or remodeling commercial buildings, in addition to helping with facade improvements. It is intended to eliminate blighting conditions resulting from inadequate building size; age; obsolescence; and to reverse economic blighting conditions. Expenditures are estimated in the range of \$100,000 to \$300,000.
- Project Planning: The Agency is considering certain amendments to the Redevelopment Plan. These could include the addition of territory and other technical amendments, including removal of the last date to incur debt. The Agency is also evaluating various approaches to ensure that funds that are owed to the Agency by NCTC will be repaid. Expenditures for project planning are estimated to be in the range of \$50,000 to \$250,000.

F. SUMMARY OF REDEVELOPMENT COMPONENT

The Redevelopment Component provides the framework for Agency activities during the remaining term of the Implementation Plan. Efforts have been made to demonstrate that the Agency's near-term goals and objectives are related to the elimination of blight. The continuing and proposed Agency activities and how these activities will be financed are represented by the projects, programs and expenditures included in this Implementation Plan.



FIVE YEAR IMPLEMENTATION PLAN

(Prepared Pursuant Article 16.5 of the Community Redevelopment Law
for fiscal years 2009-10 through 2013-14)

**for the Redevelopment Plan
for
Grass Valley Redevelopment Project Area
Redevelopment Agency of the City of Grass Valley
Grass Valley, California**

Implementation Plan
Adopted October 26, 2010
Resolution Number 2010 – 72/RDA

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APPENDIX

Appendix - Article 16.5 of the California Community Redevelopment Law

INTRODUCTION

This document is the Implementation Plan (Implementation Plan or Plan) for the Redevelopment Plan (Redevelopment Plan) for the Grass Valley Redevelopment Project Area (Project Area) covering the period from 2009/10 through 2013/14. This Implementation Plan was prepared by the Redevelopment Agency of the City of Grass Valley (Agency) in compliance with Article 16.5 of the California Community Redevelopment Law (CRL). Article 16.5 is included as Appendix A to this Plan.

The Agency's first Implementation covered the five-year period from January 1, 1994 through December 31, 1999. The second and third Implementation Plans covered the five-year period from January 1, 2000 through December 31, 2004, and January 1, 2005 and ending December 31, 2009. This is the fourth Implementation Plan for the Agency.

This Implementation Plan contains a **Redevelopment Component** and a **Housing Component** and is a policy statement that has been prepared to update the status of projects and revise, as necessary, Agency priorities for redevelopment activities within the Project Area for the five-year period covered by this Plan. New issues and opportunities may be encountered during the remaining course of administering the Implementation Plan during the five-year period. Therefore, this Implementation Plan may be amended if necessary to effectuate changes in Agency priorities. The elements of each component of the Plan are further described below.

THE REDEVELOPMENT COMPONENT

- Revisits the goals and objectives of the original Redevelopment Plan;
- Defines the Agency's strategy to achieve these goals and objectives;
- Presents the projects, programs and expenditures that have been developed as a means to attain the goals and objectives;
- Describes how the goals and objectives, projects, programs and expenditures will eliminate blight within the Project Area.

THE HOUSING COMPONENT

- Shows how the Redevelopment Plan goals and objectives for housing preservation and production will be implemented;
- Illustrates how the statutory requirements for the expenditure of tax increment set-aside funds for housing purposes will be met.
- Explains how the components of the plan will implement various CRL requirements regarding low- and moderate-income housing.

This Implementation Plan updates the Agency's activities and establishes a nexus between Agency goals and objectives and program activities, the elimination of blight and the development and rehabilitation of affordable housing. The intent of this Plan is to guide Agency activities based on stated goals and objectives, and outlined projects, programs, and expenditures.

1. Reasons for Adopting the Redevelopment Plan

The Project Area was placed into a redevelopment project area in 1988 in order to revitalize the historic area of the City and to provide for the continued availability of needed goods, services and employment opportunities. The Agency intended to facilitate modern commercial and residential growth through provision of public improvements in the Project Area. A number of conditions of blight, which are discussed later in this plan, were noted at the time of the adoption of the Plan. The conditions of blight were preventing development of land to its full market potential despite the location. Redevelopment of the Project Area was also seen as a means to assist residential property owners in rehabilitating their properties and to increase the supply of affordable housing in the City.

B. DESCRIPTION OF THE REDEVELOPMENT PLAN

1. PURPOSE



Figure 2: Mt. Flag Day - Downtown Grass Valley

The Redevelopment Plan provides the Agency with powers, duties and obligations to implement and continue its program for the redevelopment, rehabilitation, and revitalization of the Project Area. Because of the long-term nature of the Redevelopment Plan and the need to retain flexibility to respond to market and economic conditions, property owners and developer interests and opportunities as they arise, the Redevelopment Plan does not present a precise plan for the redevelopment, rehabilitation and revitalization of the Project Area. Rather, the Redevelopment Plan represents a process and a basic framework within which specific projects have been established to achieve solutions that will eliminate blight. This Implementation Plan identifies current and proposed Agency projects given the tools available to the Agency under the Redevelopment Plan.

2. GENERAL GOALS

The Redevelopment Plan includes the following goals:

- A. The elimination of blighting influences and the correction of environmental deficiencies in the Project Area, including small and irregular lots; deteriorated, obsolete and aged building types; mixed character of buildings; vacancies; defective design of buildings; faulty exterior spacing;

- shifting uses and incompatible and uneconomic land uses; impaired investments, and inadequate or deteriorated public improvements.
- B. The assembly of land into parcels suitable for modern and integrated development with improved pedestrian and vehicular circulation in the Project Area.
 - C. The preplanning, redesign and development of undeveloped areas which are stagnant or improperly utilized.
 - D. The providing of opportunities for participation by owners and tenants in the revitalization of their properties.
 - E. The strengthening of retail and other commercial functions in the downtown area.
 - F. The strengthening of the economic base of the Project Area and the community by the installation of needed site improvements to stimulate new commercial/light industrial expansion, employment and economic growth.
 - G. The provision of adequate land for parking and open spaces.
 - H. The establishment and implementation of performance criteria to assure high site design standards and environmental quality and other design elements which provide unity and integrity to the entire Project.
 - I. The expansion and improvement of the community's supply of low- and moderate-income housing.
 - J. The preservation of historical attributes within the Project Area.

The above goals were adopted in the Redevelopment Plan adopted in 1988 and continue to guide redevelopment activities in the Project Area.



Figure 3: Sculpture by Kurt Steger - Bears symbols of the area's history, including Maidu Indians, Cornish and Chinese people and the mining and logging industries. (Located in the Idaho-Maryland Roundabout.)

C. AGENCY ACCOMPLISHMENTS SINCE PROJECT ADOPTION

As stated above, the City Council established the Project Area in 1988 to address blight that prevailed in the area and to assist in the production of affordable housing. Blighted conditions that prevailed included deteriorated and dilapidated and unsightly structures, underutilized parcels and structures, vacant or abandoned structures and other conditions not conducive to a healthy business climate. Many of the Project Area's residential and non residential structures were constructed almost 50 years ago, and some date back to the late

1800's. The majority of the commercial and industrial structures in the project area were functionally obsolete, vacant or abandoned. In addition to the physical blight, there were also significant infrastructure deficiencies including inadequate storm drainage and water facilities, inadequate traffic circulation, inadequate parking and pedestrian facilities. The City Council became the Redevelopment Agency Board of Directors and appointed a Citizens Advisory Committee to provide citizen input into redevelopment.

Economic and Redevelopment Development Efforts

Over the years the Agency's redevelopment activities have been focused on addressing the goals and objectives of the Project Area including the elimination of blight, economic development efforts and providing affordable housing. The Agency has consistently planned public improvements that would eliminate blight, improve public amenities and provide economic opportunities for the Project Area and has successfully completed the following projects.

Infrastructure and Public Improvements

- **Idaho-Maryland Road and E. Main Street Roundabout** A traffic roundabout was installed to improve traffic circulation and add landscaping improvements that included a sculpture in the middle of the roundabout.
- **Mill Street Improvement Project** Involved a street realignment and included improvements for drainage, sewer/water lines, utility under grounding, curb, gutter and sidewalk, and pavement for SR 20 to Main Street.
- **Main Street, Bank Street, East Main Street Improvements** Included a continuous turn lane and various intersection improvements.
- **Bennett, Richardson and Washington Project** Realigned two existing offset intersections into one signalized intersection to improve traffic safety and circulation in the downtown area.
- **Local School Improvements** Agency assisted with the Sierra Mountain High School Rehabilitation Project and with the Hennessey School Portable Classrooms.

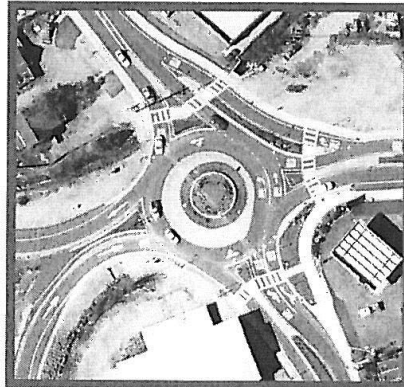


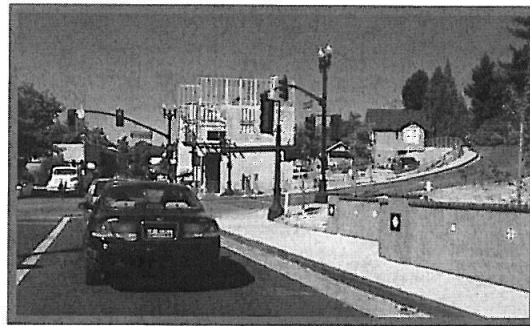
Figure 4: Idaho-Maryland Road – East Main Roundabout.

- **City Park Improvements** Agency provided funds to rehabilitate the restrooms at E. Daniels Park.

Street Beautification Projects

- **Public Art Project** Consisted of a sculpture located in the middle median of the Idaho-Maryland Road and E. Main Street roundabout. (See Figure 3 on page.)

Figure 5: Bennett, Richardson and Washington Road Improvements



Affordable Housing Efforts

The Agency has also implemented a variety of housing programs to achieve its goal of providing affordable housing in the Project Area. The programs currently being implemented include a Housing Rehabilitation Program, First Time Homebuyer Program and New Construction Program.

Through its work force housing programs, which is discussed in the Housing Component of this report, the Agency has provided assistance to several housing projects.

- **Cedar Park Apartments** In November 2002 the Agency approved a grant to assist with obtaining financing for the Cedar Park Apartment Affordable Housing Project.
- **Springhill Garden Apartments** In 2008 the Agency assisted with the rehabilitation of a 121 unit low income housing project.
- **Habit for Humanity** The Agency has provided grants to assist Habitat for Humanity in providing housing for low and very low income families.

TABLE 1
CITY OF GRASS VALLEY REDEVELOPMENT AGENCY
GRASS VALLEY PROJECT AREA

EXISTING DEBT OBLIGATIONS

NAME	OBLIGATION	DESCRIPTION/REASON
1. BOND DEBT SERVICE PAYMENTS	The 2000, 2002 and 2008 Bonds are "secured by Tax Revenues" from the Project Area, as defined in the bond indenture.	The bond proceeds have and will be utilized to implement redevelopment activities.
2. LOW- AND MODERATE-INCOME HOUSING	California Redevelopment Law requires all redevelopment agencies to set aside 20 percent of all tax increment revenue which is allocated to the agency to facilitate housing for persons and families of low and moderate incomes.	To increase, improve and preserve the community's supply of low- and moderate-income housing.
3. SECTION 33676 ALLOCATION AND PASS THROUGH AGREEMENT	The County allocates a portion of the tax increment pursuant to former Section 33676 to several taxing entities. Pursuant to an agreement with Nevada County, the Nevada Joint Union High School District and the Grass Valley School District, the Agency passes through a portion of the each entities share of tax increment.	The Pass Through Agreement with the County and the School Districts was entered into per section 33401 of the CRL.
4. SERAF	The Agency is required to pay funds to the Supplemental Educational Revenue Augmentation Fund.	The obligation is required per ABX4.
5. AGENCY OPERATING COSTS	Ongoing expenses to fund the operations of the Agency.	To administer the Agency's redevelopment program aimed at blight elimination and housing preservation.

E. REDEVELOPMENT COMPONENT GOALS AND OBJECTIVES, PROGRAMS AND EXPENDITURES AND BLIGHT ELIMINATION

This section of the Implementation Plan includes the goals and objectives ("Goals and Objectives") and identifies projects, programs and expenditures to be used in the realization of the Goals and Objectives. Housing goals and objectives are included in the Housing Component of this Implementation Plan.

The elements of this Redevelopment Component of the Implementation Plan are interrelated to accomplish the elimination of blight in the Project Area. The Goals and Objectives of this Implementation Plan reflect the priorities for addressing existing conditions and needs. They are based on available and potential resources. The means for achieving the Goals and Objectives of the Redevelopment Component are the projects, programs and expenditures that will be undertaken by the Agency over the five-year term covered by this Implementation Plan. By implementing these projects and programs, the Agency will continue the elimination of blight and blighting conditions in the Project Area.

1. IMPLEMENTATION PLAN GOALS AND OBJECTIVES

The Implementation Plan Goals and Objectives reflect the current direction of the redevelopment program and include the following:

- A. The implementation of a targeted development assistance program to remove blight in the Project Area and entice new private investment.
- B. Expand the economic base of the community by seeking new commercial development in conjunction with the development assistance program.
- C. Establish more parking for the Downtown Area.
- D. Continue to beautify the Project Area through the development of a cohesive streetscape system.
- E. Rehabilitate and preserve historic and other structures.
- F. Upgrade existing public improvements and facilities within the Project Area, specifically drainage.
- G. Identify and resolve any outstanding contamination issues with key infill parcels and prepare them for redevelopment opportunities.



Figure 6: Thursday Night Market – Downtown Grass Valley

In order to better address the above goals and objectives throughout the project area, the Agency has further defined four business districts and identified specific priorities within each district.

- **Downtown Business District**

1. Undertake entry statements including signage and improvements to City parcels.
2. Undertake street beautification and accessibility (ADA) upgrades.
3. Enhance entertainment / theatrical opportunities.
4. Expand parking opportunities with emphasis on at-grade.
5. Work with Nevada County on Tinloy Street Transit Center.
6. Event support.
7. Define specific retail/commercial opportunities.
8. Building, remodel and façade upgrades.
9. Tourism and Marketing Implementation Plan.

- **South Auburn Street Master Plan**

1. Work with property owners to further development opportunities and add additional parking.
2. Evaluate options for redesigning South Auburn /Neal Streets intersection and establishing an entry statement.

- **Idaho-Maryland Road / E. Main Street**

1. Implement recommendations of Idaho-Maryland Road / E. Main Street Redevelopment Plan.
2. Provide funding for development assistance.

- **Colfax Avenue Corridor**

1. Enhance entrance to City via Highway 174.
2. Create streetscape theme and implement proposed improvements.
3. Create opportunities for mixed use/business expansion.
4. Transportation improvements on Neal / South Auburn to improve traffic flow.

While not all of the goals and objective can be expected to be attained over the Implementation Plan period, given the limitations on Agency financial resources for the Project Area. However, the Agency is focusing its available resources on accomplishing the most important goals and objectives.

2. BLIGHTING CONDITIONS

Though there have been considerable Agency and community accomplishments, the Project Area continue to exhibit blighting characteristics. The following is a discussion of the various blighting conditions that were found when the Project Area was originally adopted.

are deteriorated and obsolete and have outlived their useful life. The program would also assist in the alleviation of economic blighting conditions, and strengthen the retail sales tax base. While the Agency does not have any specific projects underway, opportunities may arise over the term of this Implementation Plan to partner with the private sector. Given this, the Agency has estimated expenditures for the Development Assistance program over the next five years at between \$500,000 to \$1,500,000.

- **Infrastructure and Public Improvements Program:** This program would involve the installation of public improvements in the Project Area. Of primary importance will be improvements to the circulation system, drainage system, and the expansion of parking facilities. During the next five years the Agency intends to assist with the following projects over the remaining term of the Plan:
 - Prepare Agency owned properties at South Auburn and Neal Street for public parking and improve streetscape furniture, lighting, landscaping, and signage.
 - Assist with various sidewalk and public right of way improvements as needed throughout the Project Area.
 - Complete upper Slide Ravine sewer and drainage improvements.

Given these priorities, the Agency has estimated expenditures for the circulation improvement projects and infrastructure projects over the next five years of between \$500,000 to \$3,500,000.



Figure 7: Historic Del Oro Theatre built in 1940 – the newly re-illuminated 70 foot tower give patrons a sense of going back in time to the Golden Days of movies. (Located on Mill Street in Downtown Grass Valley).

- **Street Beautification Program** The Agency intends to focus part of its resources and effort on the development of a cohesive streetscape system. Additionally, the Project Area suffers from a lack of curbs, gutters and sidewalks. The Project Area contains commercial corridors that have been identified for potential redevelopment opportunities through such documents as the Downtown Strategic Plan, South Auburn Master Plan and Colfax Avenue Infill Study. The project will result in the elimination of public improvement deficiencies and will improve the visual characteristics of the Project Area. Over the term of this Plan the Agency will address the following programs and projects with an anticipated expenditures of between \$250,000 to \$1,500,000
 - Downtown Streetscape Improvement Program (utilizing Downtown Streetscape Standard Manual for all streets in downtown)
 - Idaho Maryland Road / East Main Street
 - Richardson Street / RDA Parcel Landscape Plan
- **Project Planning:** The Agency, in order to comprehensively improve and enhance the commercial districts in the Project Area and to create economic opportunity for private investment intended to stimulate return, will undertake and implement the following studies and programs. The estimate to complete the following is estimated between \$300,000 to \$600,000.
 - Plan amendment to increase tax increment limit for Original Area and add territory shown on the map on page 11.
 - Business Expansion / Recruitment Program / Tourism Outreach / Market Analysis & Site Preparation Program
 - Glenbrook Basin Infill Study
 - 1872 Townsite Historical Preservation Program
 - Colfax Avenue / S. Auburn Plan Updates

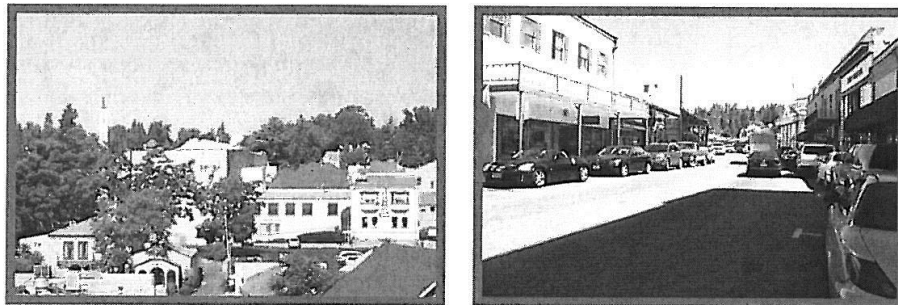


Figure 8 & 9: Downtown Grass Valley

RESOLUTION NO. RDA 2009-58

**A RESOLUTION OF THE CITY OF GRASS VALLEY REDEVELOPMENT
AGENCY AUTHORIZING THE NEGOTIATION AND PURCHASE OF PROPERTY
AT 168 S. AUBURN STREET FROM OWNER CITY OF GRASS VALLEY**

WHEREAS, the City of Grass Valley Redevelopment Agency ("Agency") is charged with implementing the Redevelopment Plan ("Redevelopment Plan") as adopted for the Redevelopment Project Area within the City of Grass Valley ("City"); and

WHEREAS, the Agency has adopted an Implementation Plan setting forth programs and activities to improve or alleviate blighting conditions within the Redevelopment Project Area ("Implementation Plan"); and

WHEREAS, the City of Grass Valley owns a 0.31 acre property located at 168 S. Auburn Street (APN 08-372-07) which contains a public parking lot; and

WHEREAS, the Agency desires to purchase fee title to this property currently owned by the City of Grass Valley (the "Seller") for the purpose of furthering the goals and objectives of the City Redevelopment Agency, the South Auburn Master Plan and the Downtown Strategic Plan; and

WHEREAS, in order to carry out and implement the Redevelopment Plan for the Agency's redevelopment projects, the Agency proposes to negotiate and potentially purchase this parcel from the Seller for the purpose of enhancing or creating circulation, public parking and redevelopment opportunities in the South Auburn Street and Neal Street corridors; and

WHEREAS, the Property is located within the Project Area of the Redevelopment Plan (the "Project Area"), the acquisition, improvement and redevelopment of the Project pursuant to a negotiated purchase price and under certain conditions will benefit the Project Area by providing opportunities for new or improved parking and circulation, thereby promoting quality development, construction jobs, permanent employment and enhancing the environment of the Project Area; and

WHEREAS, the retention of this property will further the goals of the Agency set forth in the Implementation Plan as it will facilitate the development of commercial uses and significantly enhance an undeveloped sites in the downtown; and

WHEREAS, a recently issued appraisal listed the value of the property at \$250,000 in which the Agency will further review and negotiate a sales price which would be subject to certain terms and conditions; and

WHEREAS, the Agency finds that this property is unique in its location and configuration and its re-use or redevelopment will play a key role in stimulating future redevelopment and enhancement of the South Auburn Street and Neal Street corridors, an important entrance to the downtown business district and the City of Grass Valley; and

WHEREAS, the Agency has previously determined, in its adoption of the ordinance approving the Redevelopment Plan, that the Property is a portion of a blighted area, and is underutilized, as further set forth in the Implementation Plan as previously adopted and amended by the Agency; and

WHEREAS, the Agreement would assist in the alleviation or removal of blighting conditions and would further the goals of the Implementation Plan by providing for the provision of improvements and the operation of certain uses as provided in the Agreement; and

WHEREAS, the Agency believes that the redevelopment of the Property pursuant to the Agreement is in the best interests of the City of Grass Valley and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements.

NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE CITY OF GRASS VALLEY DOES RESOLVE AS FOLLOWS:

Section 1. The Agency hereby finds and determines that the purchase of the Property at 168 S. Auburn Street by the Agency will eliminate blight within the Project Area by providing for the proper reuse and redevelopment of a portion of the Project Area which was declared blighted.

Section 2. The Agency hereby finds and determines that the purchase of the Property is necessary to effectuate the purposes of the Redevelopment Plan.

Section 3. The Agency hereby authorizes Agency Staff to complete the terms of sale for this property, up to the appraised value plus costs, unless certain unknown issues are discovered and documented during the escrow process.

Section 4. The Agency further authorizes the Chairman and/or Executive Director and/or his designee to sign and execute all necessary documents, to make all approvals and take all actions necessary or appropriate to carry out and to administer the Agency's obligations.


APPROVED AND ADOPTED this 9th day of June, 2009

AYES: MEMBERS: *Vice Chair Arbuckle, Board Members Cookson + Poston*

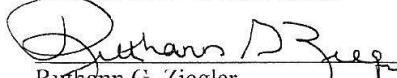
NOES: MEMBERS:

ABSENT: MEMBERS:


ABSTAIN: MEMBERS: *Miller and Chairman Swarthout*


Jan Arbuckle
Vice Chair

APPROVED AS TO FORM:


Ruthann G. Ziegler,
Agency Legal Counsel

ATTEST:


Kristi K. Bashor, CMC
Agency Clerk

RESOLUTION NO. R07-74

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GRASS VALLEY
CONSENTING TO THE APPROVAL BY THE CITY OF GRASS VALLEY
REDEVELOPMENT AGENCY OF A PURCHASE AND SALE AGREEMENT BY AND
BETWEEN THE AGENCY AND JANICE CLAIRE GELLER TRUST**

WHEREAS, the City of Grass Valley Redevelopment Agency ("Agency") is charged with implementing the Redevelopment Plan ("Redevelopment Plan") as adopted for the Redevelopment Project Area within the City of Grass Valley ("City"); and

WHEREAS, the Agency has adopted an Implementation Plan setting forth programs and activities to improve or alleviate blighting conditions within the Redevelopment Project Area ("Implementation Plan"); and

WHEREAS, the Jan Geller, as trustee for the Janice Claire Geller Trust, owns a 0.2 acre property located adjacent to South Auburn Street at 161½ S. Auburn Street (APN 08-373-07) which contains a vacant multi-family residential building; and

WHEREAS, the Agency desires to enter into a Purchase and Sale Agreement (the "Agreement") by and between the Agency and Jan Geller, trustee for the Janice Claire Geller Trust (the "Seller") upon which the Agency would obtain fee title to this property for purpose of furthering the goals and objectives of the City Redevelopment Agency and the South Auburn Master Plan; and

WHEREAS, in order to carry out and implement the Redevelopment Plan for the Agency's redevelopment projects, the Agency proposes to enter into the Agreement with the Seller pursuant to which the Agency will purchase the Property from the Seller for the purpose of enhancing or creating circulation, public parking and redevelopment opportunities in the South Auburn Street corridor; and

WHEREAS, the Property is located within the Project Area of the Redevelopment Plan (the "Project Area"), the acquisition, improvement and redevelopment of the Project pursuant to the Agreement will benefit the Project Area by providing opportunities for new or improved parking and circulation, thereby promoting quality development, construction jobs, permanent employment and enhancing the environment of the Project Area; and

WHEREAS, the Agreement furthers the goals of the Agency set forth in the Implementation Plan as it will facilitate the development of commercial uses and significantly enhance an undeveloped site; and

WHEREAS, under the Agreement, the Seller will receive \$395,000 for the sale of this property, which is below the asking or listed sale price of the property, and be subject to terms and conditions; and

WHEREAS, under the Agreement, the Agency finds that this property is unique in its location and configuration and its re-use or redevelopment will play a key role in stimulating future redevelopment and enhancement of the South Auburn Street corridor, an important entrance to the downtown business district and the City of Grass Valley; and

WHEREAS, the Agency has previously determined, in its adoption of the ordinance approving the Redevelopment Plan, that the Property is a portion of a blighted area, and is underutilized, as further set forth in the Implementation Plan as previously adopted and amended by the Agency; and

WHEREAS, the Agreement would assist in the alleviation or removal of blighting conditions and would further the goals of the Implementation Plan by providing for the provision of improvements and the operation of certain uses as provided in the Agreement; and

WHEREAS, the Agency has duly considered all of the terms and conditions of the proposed Agreement and believes that the redevelopment of the Property pursuant to the Agreement is in the best interests of the City of Grass Valley and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GRASS VALLEY DOES RESOLVE AS FOLLOWS:

Section 1. The Agency hereby finds and determines that the purchase of the Property by the Agency pursuant to the Agreement will eliminate blight within the Project Area by providing for the proper reuse and redevelopment of a portion of the Project Area which was declared blighted.

Section 2. The Agency hereby finds and determines that the purchase of the Property, as provided under the Agreement, is necessary to effectuate the purposes of the Redevelopment Plan.

Section 3. The Agency hereby finds and determines that the Agreement is consistent with the provisions and goals of the Implementation Plan.

Section 4. The Agency consents to the approval and execution of the Agreement by the Agency.

Section 5. The Executive Director of the Agency is hereby authorized to approve revisions to the Agreement which do not materially or substantially increase the Agency's obligations there under or materially or substantially change the uses of development permitted on the Property, to sign all documents, to make all approvals and take all actions necessary or appropriate to carry out and implement the Agreement and to administer the Agency's obligations, responsibilities and duties to be performed under the Agreement and related documents.


APPROVED AND ADOPTED this 27th day of November , 2007

AYES: MEMBERS: Swarthout, Miller, Arbuckle, Poston, Johnson

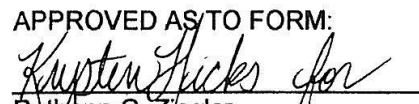
NOES: MEMBERS: none

ABSENT: MEMBERS: none


ABSTAIN: MEMBERS: none



Mark Johnson
Mayor

APPROVED AS TO FORM:


Ruthann G. Ziegler,
City Attorney

ATTEST:


Kristi K. Bashor, CMC
City Clerk

Attachment 2— Promissory Note

PROMISSORY NOTE

(Loan from Grass Valley Redevelopment Agency to City of Grass Valley)

Borrower: City of Grass Valley

Principal Amount: Not to Exceed \$1,200,000.

Note Commencement Date: _____

Note Maturity Date: _____

FOR VALUE RECEIVED, the CITY OF GRASS VALLEY, (hereinafter referred to as "Borrower"), hereby promises to pay to the order of the GRASS VALLEY REDEVELOPMENT AGENCY, a public body corporate and politic organized and existing under the California Community Redevelopment Law (Health and Safety Code 33000 et seq.) (hereinafter referred to as "Lender"), the principal amount of not to exceed \$1.2 million, plus interest until paid in the manner hereinafter set forth.

This Promissory Note ("Note") is delivered by Borrower as a condition precedent of, and is intended to document the loan of funds by Lender to Borrower authorized in, City of Grass Valley Redevelopment Agency Resolution No. R08-74 ("Resolution").

INDEBTEDNESS OF CITY OF GRASS VALLEY

1. Term.

- 1.1 The term of the Note ("Term") will commence upon the first disbursement of loan funds by the Lender to Borrower as authorized by the Resolution ("Commencement Date"). The term will continue for a period of thirty six (36) months from and after the disbursement of funds to Borrower from Lender ("Maturity Date"), or until the proceeds from regional mitigation funds or other funds are received on behalf of CIP Project No. 02-30 and remitted to the lender, or whichever occurs first.
- 1.2 The Term may be continued and the Maturity Date may be extended by the mutual agreement of the parties, memorialized in a written amendment of the Note, duly executed by the authorized representatives of the parties.

2. Interest, Payments and Late Charges.

- 2.1. **Interest.** In no event shall the amount of interest paid or agreed to be paid to Lender, or the holder of this Note, exceed the maximum amount permissible under applicable laws. From and after the Commencement Date until the outstanding principal balance on the Note has been repaid in full, this Note shall bear simple interest at a variable rate equal to the Local Agency Investment Fund ("LAIF") quarterly interest rate. The Borrower understands that the interest rate specified herein will fluctuate over the term of the Note and that changes in such rate will not occur more often than once per quarter.

2.2. Payment. The entire outstanding principal balance plus all interest accrued thereon shall be due and payable on the maturity Date of the Note, unless accelerated under Section 3 [Default and Acceleration] of this Note.

2.3. Late Charges. If Borrower fails to make any payment hereunder when due, and written notice of such failure has been given to Borrower by Lender, and such failure has continued unabated for a period of fifteen (15) calendar days after the date of giving such notice, Borrower shall pay to Lender a late charge equal to two percent (2%) of the amount of such payment.

3. Default and Acceleration.

Upon the occurrence of any of the following events of Default, Lender may, at its option, declare the entire outstanding balance of this Note, together with all accrued interest and other charges, to be immediately due and payable by Borrower, and Lender may proceed to exercise any or all of its rights and remedies under this Note, at law or in equity. The events of Default are:

- 3.1 **Default of Payment.** Borrower's failure to make full payment when due under this Note;
- 3.2 **Failure to Complete Project.** Borrower's failure to complete the Project.
- 3.3 **Assignments.** The making of any assignment for the benefit of creditors by Borrower, or the voluntary appointment (at the request of Borrower or with the consent of Borrower) of a receiver, custodian, liquidator or trustee in bankruptcy of any of Borrower's or any such guarantor's property or the filing by Borrower or any such guarantor of a petition in bankruptcy or other similar proceeding under law for relief of debtors; or
- 3.4 **Bankruptcy.** The filing against Borrower or any guarantor of this Note of a petition in bankruptcy or other similar proceeding under law for relief of debtors or the involuntary appointment of a receiver, custodian, liquidator or trustee in bankruptcy of the property of Borrower or any guarantor of this Note, where such petition or appointment is not vacated or discharged within sixty (60) calendar days after the filing or making thereof.

4. Waiver by Borrower.

Borrower agrees that it will still be liable for repayment of this Note, even if Lender does not follow all otherwise required procedures, which requirements are hereby waived. To the extent permitted by applicable law, the defense of the statute of limitations is hereby waived by Borrower.

5. Governing Law.

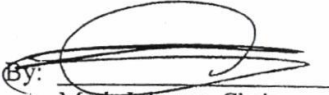
This Note will be governed by, construed and enforced in accordance with the laws of the State of California, applicable to instruments executed and to be performed in the State of California. Borrower hereby submits to the jurisdiction of any state or federal court located in the State of California, sitting in the County of Nevada, for the enforcement of Borrower's obligation hereunder. To the fullest extent permissible, Borrower waives any defense to such jurisdiction including, within limitation, any defense based on venue or inconvenient forum.

6. Amendments.

Amendments to this Note may only be made by mutual agreement in writing.

IN WITNESS WHEREOF, the Parties have caused this instrument to be executed this 23rd day of September 2008.


REDVELOPMENT AGENCY
OF THE CITY OF GRASS VALLEY


By: 
Mark Johnson, Chair

CITY OF GRASS VALLEY

By: 
Mark Johnson, Mayor

ATTEST:


Kristi K. Bashor, Secretary


Kristi K. Bashor, City Clerk

**Attachment 3—
Agenda Action Sheet**



**City of Grass Valley
City Council and Redevelopment Agency
Agenda Action Sheet**

Council Meeting Date: March 8, 2011

Date Prepared: March 4, 2011

Prepared by: Daniel C. Holler, City Administrator

Title: Conversion of Agency Loan to a Grant

Agenda: Administrative

Recommended Motion: To Adopt the following Resolutions:

A. Resolution No. 2011-RDA-22 authorizing an agreement between the Redevelopment Agency of the City of Grass Valley and the City of Grass Valley to convert a loan to a grant. (Redevelopment Agency Item)

B. Resolution No. 2011-23 authorizing an agreement between the City of Grass Valley and the Redevelopment Agency of the City of Grass Valley to convert a loan to a grant. (City Council Item)

Background Information: On September 23, 2008 the City Council and Agency Board entered into a loan agreement to facilitate the funding and construction of the street improvements (Roundabout) at the East Main/Idaho-Maryland Intersection. To facilitate the funding of this project a loan was authorized in the amount of \$1.2 million. Ultimately, \$605,557.15 was advanced for the project from the Agency under the loan. The work was completed as an approved project under the Regional Traffic Mitigation Fee (RTMF) program, with a portion of the project subject to funding from impact fees. The loan is being repaid from impact fees and two payments have been received. The current outstanding balance of principle and interest is \$494,901.47. The loan may be considered as an asset of the Agency. Under proposed legislation all assets of the Agency are subject to disposition to be used for the purposes of reducing Agency debt and may not be used for other Agency projects. The conversion of the loan to a grant will allow the RTMF program revenues to be used for other purposes and projects with the program. Resolutions adopted by both the Agency and the City are required.

Funds Available: N/A

Account #:

Reviewed by:

City Administrator/Executive Director

Agenda Item # _____

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874**

<http://www.sco.ca.gov>