



April 12, 2013

Jone Hayes, Administrative Services Director  
City of Healdsburg Successor Agency  
401 Grove Street  
Healdsburg, CA 95448

Dear Ms. Hayes:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Healdsburg Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (Finance) on February 27, 2013 for the period of July through December 2013. Finance has completed its review of your ROPS 13-14A, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations:

- Item No. 2 – 2002 Tax Allocation Bond Series B in the amount of \$2.2 million. Pursuant to HSC section 34177 (l) (1) (E), the Agency should request Redevelopment Property Tax Trust Fund (RPTTF) only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. The Agency receives rent in the amount of the debt service for the Series B Bonds. The Lease Agreement specifies that these rental revenues be used to make payments for principal and interest on the bonds. Further, the Agency was unable to provide documentation to support the requirement for payment of principal and interest from tax revenues. Therefore, Item No. 2 is not eligible for RPTTF funding. Instead Finance is approving funding for this item from rents received.
- Item No. 10 – Property Tax Administration Fee in the amount of \$2.1 million. HSC section 34182 (e) states that counties are allowed to deduct their administrative costs prior to disbursing funds to the Agency. Further, HSC 34183 (a) (1) states that the auditor-controller shall deduct administrative costs allowed under Section 34182 prior to allocating moneys to each RPTTF. Therefore, these items are not eligible for funding on the ROPS.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14A. This determination applies only to items where funding was requested for the six month period. If you disagree with the determination with respect to any items on your ROPS 13-14A, you may request a Meet and Confer within five

business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website listed on next page:

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

The Agency's maximum approved RPTTF distribution for the reporting period is: \$2,567,580 as summarized below:

<b>Approved RPTTF Distribution Amount</b>	
<b>For the period of July through December 2013</b>	
Total RPTTF funding requested for obligations	\$ 2,656,786
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 2	84,913
Item 10	100,000
Total approved RPTTF for enforceable obligations	\$ 2,471,873
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	125,000
Minus: ROPS II prior period adjustment	(29,293)
<b>Total RPTTF approved for distribution:</b>	<b>\$ 2,567,580</b>

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the above table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%2013-14A%20Forms%20by%20Successor%20Agency/).

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

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

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to 34171 (d), HSC section 34191.4 (c)(2)(B)

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requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Wendy Griffe, Supervisor or Derk Symons, Lead Analyst at (916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Szalay', with a long horizontal stroke extending to the left.

STEVE SZALAY  
Local Government Consultant

cc: Mr. David Mickaelian, Assistant City Manager  
Mr. Erick Roeser, Property Tax Manager, County of Sonoma  
California State Controller's Office