

December 17, 2013

Ms. Sarah Haddox, Sr. Redevelopment Project Coordinator  
City of Redding  
777 Cypress Avenue  
Redding, CA 96001

Dear Ms. Haddox:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 8, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Redding Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to Finance on September 25, 2013, for the period of January through June 2014. Finance issued a ROPS determination letter on November 8, 2013. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on November 20, 2013.

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

- Item No. 57 – Loan for Clover Creek Drainage Preserve in the total amount of \$1,039,751. Finance no longer denies this item. The Repayment Agreement (Agreement) pertaining to this obligation is between the City of Redding (City), the former City of Redding Redevelopment Agency (RDA), the former Shasta County RDA, and the former Anderson RDA. The Agreement states that the City will loan up to a maximum principal amount of \$2,000,000 towards the SHASTEC project area. During the Meet and Confer, the Agency provided additional documentation and discussed the repayment of the Agreement. Our Review indicates that the principal amount of the loan did not to exceed \$2,000,000. Therefore, Item No. 57 is an enforceable obligation and is eligible for RPTTF funding in the amount of \$226,800 this period.
- Item No. 55 – Clover Creek Drainage Preserve (Project Management Costs) in the total amount of \$65,407. Finance no longer denies this item. This item was previously denied because Project management costs are enforceable obligations to the extent they are associated with an enforceable obligation and attributable to specific project implementation activities. Item No. 57 is an enforceable obligation and the project management costs related to this project are enforceable. Because the project manager is a Agency/City employee, these costs are specifically excluded from the administrative

cap as defined by HSC section 34171 (b). Therefore, Item No. 55 is eligible for RPTTF funding in the amount of \$9,180 this period.

Pursuant to HSC Section 34186 (a), successor agencies were required to report the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2013 period. The amount of RPTTF approved in the table below includes the prior period adjustment that was self-reported by the Agency. 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. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the table below includes only the prior period adjustment that was self-reported by the Agency.

Except for the items denied in whole as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14B. The Agency's maximum approved RPTTF distribution for the reporting period is \$1,631,648 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2014</b>	
Total RPTTF requested for non-administrative obligations	1,515,444
Total RPTTF requested for administrative obligations	206,187
<b>Total RPTTF Requested for obligations</b>	<b>\$ 1,721,631</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>1,515,444</b>
<u>Denied Items</u>	
<b>Total RPTTF approved for non-administrative obligations</b>	<b>1,515,444</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>206,187</b>
<b>Total RPTTF approved for administrative obligations</b>	<b>206,187</b>
<b>Total RPTTF approved for obligations</b>	<b>\$ 1,721,631</b>
ROPS III prior period adjustment	(89,983)
<b>Total RPTTF approved for distribution</b>	<b>\$ 1,631,648</b>

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

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14B Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS_13-14B_Forms_by_Successor_Agency/).

This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2014. This determination applies only to items where funding was requested for the six month period. 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 section 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 HSC section 34171 (d), HSC section 34191.4 (c)(2)(B) 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 Evelyn Suess, Dispute Resolution Supervisor, or Derk Symons, Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Cathy Bullock, Senior Accountant, City of Redding  
Ms. Sheri Jenkins, Managing Accountant Auditor, Shasta County  
California State Controller's Office