



September 26, 2012

Ms. Jennifer La Liberte, Economic Development Manager
City of Napa
1600 Clay Street
Napa, CA 94559

Dear Ms. La Liberte:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Napa Successor Agency (Agency) submitted a Recognized Obligation Payment Schedules (ROPS III) to the California Department of Finance (Finance) on August 15, 2013 for the period January through June 2013. Finance has completed its review of your ROPS III, 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 does not qualify as an enforceable obligation:

Item 12 – Loan from City's Water Fund in the amount of \$1,005,470 in Redevelopment Property Tax Trust Fund (RPTTF). HSC section 34171 (d) (2) states that loans between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable obligations unless the loan agreement was entered into within the first two years of the creation of the RDA. Because the RDA was created in 1969 and that the loan was issued in 2008, this item is not eligible for RPTTF funding.

Except for item denied as an enforceable obligation as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$2,284,754 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 2,260,258
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item No. 12	100,547
Total approved RPTTF for enforceable obligations	\$ 2,159,711
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	125,043
Total RPTTF approved:	\$ 2,284,754

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

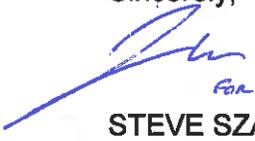
<http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/>.

All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

The amount available from the RPTTF is the same as the 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.

Please direct inquiries to Beliz Chappuie, Supervisor or Cindie Lor, Lead Analyst at (916) 445-1546.

Sincerely,


FOR
STEVE SZALAY
Local Government Consultant

cc: Mr. Bob Minahen, Assistant Auditor Controller, County of Napa