



December 18, 2012

Ms. Heather Ippoliti, Finance Director  
Town of Windsor  
P.O. Box 100  
Windsor, CA 95492

Dear Ms. Ippoliti:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 20, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the Town of Windsor Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on September 5, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 20, 2012. 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 30, 2012.

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. 3 – Fire Station Agreement in the amount of \$7.8 million. Finance is no longer objecting to this item. Finance originally denied the item because it appeared that this was a loan agreement between the former redevelopment agency (RDA) and the Town of Windsor (Town), which is not an enforceable obligation unless entered into within the first two years of the RDA's creation. However, upon review of additional documentation provided by the Agency, the reimbursement agreement is linked to a MOU agreement entered into between the former RDA, the Town, and a special district. The MOU agreement clearly describes the Financing of the Fire Station using Lease Revenue Bonds. The Official Statement of the Bonds clearly indicates that the payments for the bonds shall be solely made from all "Base Rental Payments," which the loan agreement memorialized. Therefore, we believe that the agreement was entered into at the time of issuance and solely for the purpose of securing or repaying the indebtedness obligations. Therefore, the item is an enforceable obligation.
- Items Nos. 7 through 10 – Public Infrastructure projects totaling \$18 million. Finance continues to deny the items. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the former RDA are not enforceable. Additionally, HSC section 34163 (b) prohibits a RDA from entering into a contract with any entity after June 27, 2011, and the items did not have valid contracts executed prior to June 28, 2011. Therefore, these items are not enforceable obligations and not eligible for payment.

In addition, per Finance's determination letter dated October 15, 2012, the following item is not being disputed by the Agency and continues to be denied:

- Item No. 13 – Approved Budget Capital Improvements in the amount of \$151,600. No documents were provided to support the planned expenditure as an enforceable obligation. Therefore, this item is not eligible for payment on this ROPS.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$365,041 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	773,041
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item No. 8	344,000
Item No. 10	141,000
Item No. 13	48,000
Total approved RPTTF for enforceable obligations	240,041
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	125,000
<b>Total RPTTF approved:</b>	<b>365,041</b>

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.

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.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS III. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 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 questioned on this ROPS or a preceding ROPS.

Ms. Ippoliti  
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Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,



*Szalay*

**STEVE SZALAY**  
Local Government Consultant

cc: Mr. David Kelley, Assistant Town Manager, Town of Windsor  
Mr. David E. Sundstrom, Auditor-Controller, Sonoma County  
California State Controller's Office