

December 18, 2012

Ms. Shelly Gunby, Financial Management Director  
City of Winters  
318 First St.  
Winters, CA 95694

Dear Ms. Gunby:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 15, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Winters Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 31, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 15, 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 Wednesday, November 7, 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 those specific items being disputed.

- Item No. 5 – Loan due to the City of Winters (City) in the amount of \$629,167. Finance continues to deny this loan between the City and the former redevelopment agency (RDA). The Agency states this loan was from City reserves and required in HSC section 33691 (d) (2) which states if a redevelopment agency did not have sufficient funds to make the Supplemental Educational Revenue Augmentation Fund (SERAF) payments, it could enter into an agreement with a legislative body to make those payments. However, HCS section 34171 (d) (2) states that agreements between the City and the Agency are not enforceable obligations. Upon receiving a Finding of Completion from Finance, HSC section 34191.4 (b) may cause these items to be enforceable in future ROPS periods.

In addition, per Finance's ROPS letter dated October 15, 2012, the items below not disputed by the Agency continue to be denied:

- Item No. 7 – Winters Opera House Lease in the amount of \$23,000. The term for this lease was July 1, 2009 through January 31, 2011. Since the contract has expired and cannot be renewed or extended pursuant to HSC section 34163 (c), the item is not an

enforceable obligation and is not eligible for Redevelopment Property Tax Trust Funds (RPTTF) on this ROPS.

- Item No. 8 – Winters Visitor Center Operations Funding in the amount of \$69,600. It is our understanding there is no current contract for this item. HSC 34163 (b) prohibits a RDA from entering into new contracts; therefore, the item is not an enforceable obligation and not eligible for RPTTF funding.
- Item No. 15 – Miscalculated pass-through in the amount of \$177,531. Pass-through payments or miscalculated pass through payments are not allowed. The auditor controller is responsible for these payments per HSC Section 34183 (a) (1). Therefore, this item is not an enforceable obligation and not eligible for RPTTF funding.

The Agency's maximum approved RPTTF distribution for the reporting period is: \$1,015,549 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 1,252,794
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item No. 5	163,314
Item No. 7	6,000
Item No. 8	14,400
Item No. 15	177,531
Total approved RPTTF for enforceable obligations	\$ 891,549
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	124,000
<b>Total RPTTF approved:</b>	<b>\$ 1,015,549</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. Shelly Gunby  
December 18, 2012  
Page 3

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

Sincerely,



**STEVE SZALAY**  
Local Government Consultant

cc: Mr. Howard Newens, Auditor-Controller, Yolo County  
California State Controller's Office