



March 2, 2013

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

Dear Ms. Gunby:

Subject: Housing Assets Transfer Form

This letter supersedes California Department of Finance's (Finance) Housing Asset Transfer Form letter dated August 29, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Winters as Housing Successor Agency (Agency) submitted a Housing Assets Transfer Form (Form) to Finance on July 31, 2012, for the period February 1, 2012 through July 31, 2012. Finance issued its determination related to those transferred assets on August 29, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more items that was objected to by Finance. The Meet and Confer session was held on February 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 those specific items being disputed.

Exhibit C, Item 1 – Indenture of Trust for \$1,144,000. Finance continues to object to the transfer of this item. HSC section 34176 (e) (2) states funds that are encumbered by an enforceable obligation to build or acquire low and moderate income housing are considered to be housing assets. However, there were no contracts in place prior to June 27, 2011 to build or acquire property. Therefore, the encumbrance does not exist and the Item does not meet the definition of a housing asset per HSC section 34176 (e) (2).

Finance notes that pursuant to HSC section 34191.4 (c), successor agencies of former redevelopment agencies that have been issued a Finding of Completion by Finance will be allowed to use excess proceeds from bonds issued prior to December 31, 2010 for the purposes for which the bonds were issued.

The second process, which can be utilized by the Agency, is set forth in HSC section 34176 (g), which authorizes the Agency to designate the use of and commit bond proceeds that remain after the satisfaction of enforceable obligations that have been approved in a ROPS and that are consistent with the bond covenants. The proceeds must have been derived from bonds that were issued for the purposes of affordable housing and issued prior to January 1, 2011. To initiate this process, the Agency is required to provide notice to the successor agency of any designations of use or commitments of funds that it wishes to make at least 20 days before the deadline for submission of the ROPS to the Oversight Board. These commitments and

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designations will not be considered valid or binding until they are included in and approved and valid ROPS.

This is Finance's final determination related to the assets reported on your Form. Except for items disallowed as noted above, Finance is not objecting to the remaining items listed on your Form. Assets transferred deemed not to be a housing asset shall be returned to the successor agency.

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. Dan Maguire, Housing and Economic Development Manager, City of Winters
Mr. Howard Newens, Auditor-Controller, Yolo County
California State Controller's Office