



May 17, 2013

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

Dear Ms. Haddox:

Subject: Recognized Obligation Payment Schedule

This letter supersedes California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS 13-14A) letter dated April 12, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Redding Successor Agency (Agency) submitted a ROPS 13-14A to Finance on February 27, 2013 for the period of July through December 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 April 23, 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 item being disputed.

- Agency wishes to change the funding source from Redevelopment Property Tax Trust Fund (RPTTF) to Other for the items listed below. The Agency stated the purpose for these line items were for interest disbursement and has been advised by Finance to use Other as the funding source going forward. Finance agrees with this change.
 - Item No. 19 – Contract-H&S Code Sec 33401 payable to Shasta High School in the amount of \$1,048.
 - Item No. 20 – Contract-H&S Code Sec 33401 payable to County Schools in the amount of \$136.
 - Item No. 22 – Contract-H&S Code Sec 33401 payable to Enterprise Elementary School in the amount of \$1,388.
 - Item No. 43 – Contract-H&S Code Sec 33401 payable to County Schools in the amount of \$534.
- Item No. 53 – Contract-Clover Creek Drainage in the amount of \$9,300. This item was denied in ROPS 13-14A because the contract is with the City of Redding (City) and the redevelopment agency (RDA) is not a party to the contract. Although the Clover Creek Drainage project is a collaborative project including both the City and the RDA, the Agency was unable to provide support to show the Agency's obligation for the Helm

contract. Finance continues to deny this item, and therefore this item is not eligible for RPTTF funding.

In addition, per Finance's ROPS letter dated April 12, 2013, the following items continue to be denied and were not contested by the Agency:

- Item No. 9 – City loan in the amount of \$45,800. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable. This shall remain the case until and unless a finding of completion is issued by the Department of Finance and the oversight board makes a finding that the loan was for legitimate redevelopment purposes (HSC section 34191.4 (b)). Therefore, this item is not an enforceable obligation and not eligible for RPTTF funding on this ROPS.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14A. 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 July through December 2013. Finance's determination is effective for this time period only and should not be conclusively relied on 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 Agency's maximum approved RPTTF distribution for the reporting period is \$3,342,959 as summarized below:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 3,278,182
Minus: Funding source change from RPTTF to Other	
Item 19	1,048
Item 20	136
Item 22	1,388
Item 43	\$ 534
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 9	45,800
Item 53	9,300
Total approved RPTTF for enforceable obligations	<u>\$ 3,219,976</u>
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	125,000
Minus: ROPS II prior period adjustment	(2,017)
Total RPTTF approved for distribution:	\$ 3,342,959

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. 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. The amount of RPTTF approved in the above table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

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

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

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 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 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 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 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 Chikako Takagi-Galamba, Manager or Mindy Patterson, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

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