



May 15, 2015

Ms. Jennifer LaLiberte, Redevelopment/Economic Development Manager
City of Napa
1600 First Street
Napa, CA 94559

Dear Ms. LaLiberte:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated March 20, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Napa Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to Finance on February 04, 2015, for the period of July through December 2015. Finance issued a ROPS determination letter on March 20, 2015. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on April 06, 2015.

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 determinations being disputed.

- Item No. 31 – New Downtown Parking Structure in the amount of \$215,239 of Other Funds. Finance continues to deny this item. Based on our previous review, the Agency is seeking to transfer the revenues collected under Parking Structure License Agreement (License Agreement) that is between the former redevelopment agency and Napa Sierra Associate, L.P (Developer) to the City of Napa (City). The Agency contends the revenue collected from the license fee are required to be applied toward future replacement parking in the vicinity of the parking structure; however, the License Agreement does not specify a restricted use of the revenues collected from the Developer. Therefore, the revenue collected by the Agency is not encumbered by an enforceable obligation and should be used to fund enforceable obligations of the Agency on subsequent ROPS prior to requesting Redevelopment Property Tax Trust Fund (RPTTF).

The transfer of the parking structure to the City was approved on the Agency's Long-Range Property Management Plan (LRPMP). However, the License Agreement associated with the parking structure was not authorized to transfer to the City by means of approving the Agency's LRPMP, as only real property assets were subject of a LRPMP review. The Agency and the City entered into an Assignment of Parking Structure License Agreement (Assignment Agreement) on November 4, 2014 to assign rights, title, and interest in the License Agreement. The Agency submitted the Oversight

Board (OB) Resolution for this item on April 29, 2015 and Finance approved the OB Resolution on May 14, 2015. However, Finance's approval of OB Resolution 2015-21 was limited to the assignment effective as of the date of the OB Resolution, or April 29, 2015. The OB Resolution approval did not authorize the transfer of any previously collected parking revenues generated from the Agreement to the City. Therefore, this item is not approved for funding on this ROPS.

In addition, per Finance's letter dated March 20, 2015, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

Review of ROPS 15-16A incorporated action taken by the Agency's OB Resolution OB2015-19, which approved the transfer of license agreement funds from the Agency to the City. Finance objects to the OB action and the transfer of funds to the City, as listed for Item No. 31 on ROPS 15-16A.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 15-16A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2014 period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table below only reflects the prior period adjustment self-reported by the Agency.

Except for the item denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 15-16A.

The Agency's maximum approved RPTTF distribution for the reporting period is \$41,691 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of July through December 2015	
Total RPTTF requested for non-administrative obligations	0
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS	\$ 125,000
Total RPTTF authorized for non-administrative obligations	0
Total RPTTF authorized for administrative obligations	125,000
Total RPTTF authorized for obligations	\$ 125,000
ROPS 14-15A prior period adjustment	(83,309)
Total RPTTF approved for distribution	\$ 41,691

Please refer to the ROPS 15-16A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2015. This determination only applies to items where funding was requested for the six-month period. 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 section 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.

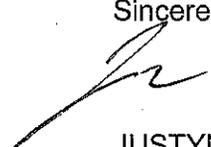
The amount available from the RPTTF is the same as the amount of property tax increment that was available prior to the enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 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 Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-3274.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Roberta Raper, Finance Director, City of Napa
Mr. Bob Minahen, Assistant Auditor Controller, Napa County
California State Controller's Office