



May 25, 2012

Joanne Cavallari, Finance Director/City Treasurer
City of Willits
111 E. Commercial Street
Willits, CA 95490

Dear Ms. Cavallari:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Willits (City) Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on May 21, 2012 for the periods January through June 2012 and July through December 2012. Finance is assuming oversight board approval. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

January through June 2012 ROPS

- Item No. 2 – City Loan for \$797,481. HSC Section 34167 (d) (2) requires loans or advances from the City or County to the redevelopment agency (RDA) to be repaid pursuant to a binding repayment schedule or other mandatory loan terms. Although the loan was originated within the first two year of the RDA's existence, a binding repayment schedule had not been established for the city loan. Therefore, this item is not payable until a payment schedule is approved by the oversight board and Finance does not object.
- Item No. 6 – County Auditor Administration Fee for \$15,486. HSC section 34182 (e) states that county auditor-controller may charge the Redevelopment Property Tax Trust Fund for the cost of administering the provisions of this part. Therefore, the debt obligation is not an EO.

Except for items disallowed in whole or in part as EOs noted above, Finance is approving the remaining items listed in your ROPS for both periods. This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of RPTTF that was approved by Finance based on the schedule submitted.