



April 27, 2012

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

Dear Ms. Gunby:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Winters Community Development Agency Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 17, 2012 for the period January through June 2012. Finance staff recently contacted you for further clarification of items listed in the ROPS.

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

- Form A, Item Nos. 6 and 20 – Loans with the City totaling \$2.7 million. HSC section 34171 (d) (2) states that loans between the entity that created the redevelopment agency (RDA) and the former RDA are only enforceable if made within the first two years of the RDA's existence. The City of Winters RDA was established in 1990. The items below were issued subsequent to the first two-year period and are therefore not EOs.
 - Form A, Item No. 6 – Promissory Note issued on September 3, 2002 in the amount of \$1.2 million.
 - Form A, Item No. 20 – Agreement entered on May 16, 1995 for funds related to the water improvement project in the amount of \$1.5 million.
- Form A, Item No. 17 – Low and Moderate Income Housing Fund set aside in the amount of \$11.9 million. The requirement to set aside 20 percent of RDA tax increment for low and moderate income housing purposes ended. HSC section 34177 (d) requires that all unencumbered balances in the Low and Moderate Income Housing Fund be remitted to the county auditor-controller for distribution to the taxing entities.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for reconsideration. This action will cause the ROPS to be ineffective until Finance approval and may cause payment delays for valid obligations. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO.

Ms. Gunby
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Please direct any inquiries to Chikako Takagi-Galamba, Supervisor or Wendy Griffe, Lead Analyst at (916) 322-2985.

Sincerely,

A handwritten signature in black ink that reads "Mark Hill". The signature is written in a cursive, slightly slanted style.

MARK HILL
Program Budget Manager

cc: Mr. Howard Newens, Yolo County Auditor-Controller