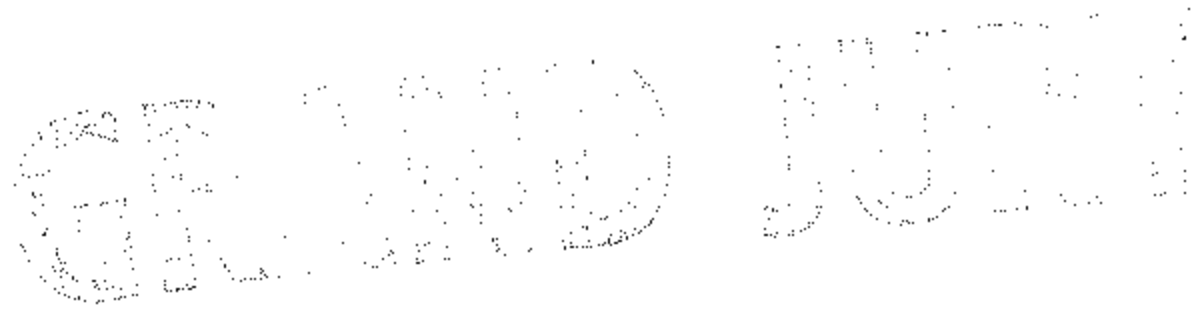




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SEP 22 2003

September 5, 2003

MT 9/10/03

The Honorable Allan Hardcastle  
Presiding Judge, Sonoma County Superior Court  
600 Administration Drive, Dept. 3  
Santa Rosa, CA 95403

Dear Judge Hardcastle:

As requested, the Palm Drive Health Care District responds to the Grand Jury's Recommendations in its Final Report of 2002-2003 as follows:

R1: *The District should create and implement a legal exemption and refund process.*

The District has a legal process that provides for exemptions and refunds, which was properly adopted by the District Board as described below.

With advice of counsel, the District implemented a claims procedure to correct incidents of erroneous taxation. Taxpayers who can submit satisfactory proof that the number of parcels attributed to them is inaccurate; that the tax was levied as a result of a clerical error; or that his or her parcel is in fact exempt under state or local law may be relieved from the erroneous taxation. Also, taxpayers who can prove that they are indigent may be immediately relieved from the obligation to pay the parcel tax pursuant to the California State Controller Property Tax Postponement Program. None of these were required to be stated as exemptions in the original ballot measure.

Our claims process was properly adopted and complies with California Government Code section 900 et seq. The relevant sections do not require that the local public entity adopt a claims process by resolution.

In conformance with the District's bylaws, the claims process was approved by motion at a regularly held and public meeting on March 6, 2002. Approval of the process by motion is completely permissible: "[T]he minute order or motion is appropriate when the action is not of a penal nature or intended to be a local law, an ordinance or resolution is not specifically required, or a formal document reflecting the body's actions is not necessary." (League of California Cities, *The California Law Municipal Handbook* (2000 ed.) page II-26.)

The Honorable Allan Hardcastle

September 5, 2003

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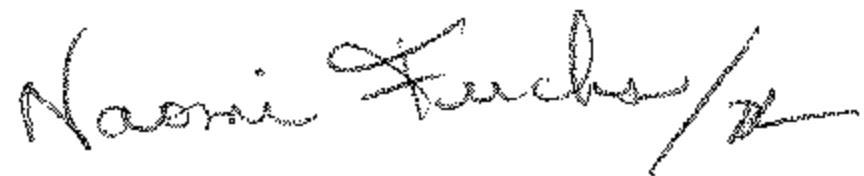
Since receiving the Grand Jury's report we have asked our attorneys to review our claims exemption process with the Grand Jury's findings in mind. They have advised us that the process complies fully with the claims statutes found in the Government Code and was properly adopted by the District.

R2: *The District should include exemption criteria in future tax measures.*

The District will of course take the Grand Jury's recommendation under advisement and will consider including exemptions in future tax measures.

We wish to express our thanks to the Grand Jury for its considered analysis of the situation and thoughtful recommendations on how we can better serve our community.

Respectfully submitted,

A handwritten signature in cursive script that reads "Naomi Fuchs" followed by a stylized flourish.

Naomi Fuchs, President  
Board of Directors  
Palm Drive Health Care District