

April 13, 2016

Ms. Gina Will, Finance Director
Town of Paradise
5555 Skyway
Paradise, CA 95969

Dear Ms. Will:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Town of Paradise Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on February 2, 2016. Finance has completed its review of the ROPS 16-17.

Based on a sample of line items reviewed and application of the law, Finance made the following determination:

Item No. 1 – 2006 Tax Allocation Bonds (2006 Bonds) in the amount of \$31,838. The requested Redevelopment Property Tax Trust Fund (RPTTF) funding for the July 1, 2016 through December 31, 2016 period (ROPS A period) was increased to include the December 1, 2016 debt service payment of \$1,331,838. It is our understanding the Agency is in the process of refunding the 2006 Bonds and hopes to complete the refunding prior to the debt service payment due on December 1, 2016; and therefore, the Agency has also requested funding for the anticipated refunding bond under the Item No. 10 (2016 Tax Allocation Bond or Note). However, the Agency's Oversight Board (OB) has not approved the proposed refunding at the time of our ROPS review. Additionally, the Agency is uncertain when the refunding bonds will be issued. Therefore, Finance increased the RPTTF for Item No. 1 to ensure the Agency has sufficient authorization to satisfy the December 1, 2016, in case it is unable to complete the bond refunding by the payment date. Should the Agency not receive sufficient RPTTF to satisfy the December 1, 2016 payment, it may consider obtaining a sponsoring entity loan pursuant to HSC section 34173 (h) (1).

Furthermore, since Finance increased funding for Item No. 1, Finance decreased the RPTTF funding requested for Item No. 10 from \$114,045 to zero for ROPS 16-17. If the OB approves the refunding and the Agency is successful in refunding the 2006 Bonds, it will have the ability to submit an amended ROPS and request an increase in funding for Item No. 10 pursuant to HSC section 34179.7 (o) (1) (E). As required by HSC Section 34186 (a), the Agency is required to report estimated obligations and actual payments. Any unspent funds should be reported as prior period adjustments.

Except for the items that have been adjusted, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, except for those items which are the subject of litigation disputing Finance's previous or related determinations, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. Be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved enforceable obligations, HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,757,961 as summarized in the Approved RPTTF Distribution Table on Page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the January 1, 2017 through June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

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

Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

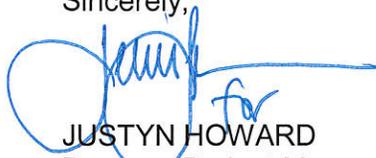
The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a

Ms. Gina Will
April 13, 2016
Page 3

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.

Please direct inquiries to Cindie Lor, Supervisor, or Satveer Ark, Lead Analyst at (916) 445-1546.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Justyn Howard', with a long horizontal flourish extending to the right.

JUSTYN HOWARD
Program Budget Manager

cc: Ms. Lauren Gill, Assistant Town Manager, Town of Paradise
Ms. Maria Solis, Auditor - Accountant, Butte County

Attachment

Approved RPTTF Distribution			
For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	\$ 235,404	\$ 278,564	\$ 513,968
Requested Administrative RPTTF	15,100	11,100	26,200
Total RPTTF requested for obligations on ROPS 16-17	250,504	289,664	\$ 540,168
Adjustment to Agency Requested RPTTF			
Item No. 1	1,331,838	0	1,331,838
Item No.10	(57,023)	(57,022)	(114,045)
Total RPTTF adjustments	1,274,815	(57,022)	\$ 1,217,793
Total RPTTF authorized	1,510,219	221,542	\$ 1,731,761
Total Administrative RPTTF authorized	15,100	11,100	\$ 26,200
Total RPTTF approved for distribution	1,525,319	232,642	\$ 1,757,961