



May 16, 2012

Jennifer Hennessy, Finance Director  
City of Chico  
PO Box 3420  
Chico, CA 95927

Dear Ms. Hennessy:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Chico Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on May 2, 2012 for the period July through December 2012. 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:

- Item 1, 2, and 3 for debt service payments totaling \$5.8 million. The amounts input for these obligations are incorrect. Please provide correct amounts.
- Item 14, 15, 16, and 17 totaling \$2.5 million. Documents provided identify the City, not the former RDA, as obligated to a third party. Therefore, these items are not EOs.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for reconsideration. This action will cause the ROPS items noted above to be ineffective until Finance approval. 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 evidence the items above meet the definition of an EO and submit to [Redevelopment\\_Administration@dof.ca.gov](mailto:Redevelopment_Administration@dof.ca.gov).

Finance may continue to review items on the ROPS in addition to those mentioned above and identify additional issues. We will provide separate notice if we are requesting further modifications to the ROPS. It is our intent to provide an approval notice with regard to each ROPS prior to the June 1 property tax distribution date.

Please direct inquiries to Robert Scott, Supervisor or Kylie Le, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL  
Program Budget Manager

cc: Mr. Shawn Tillman, AICP, City Planning, City of Chico  
Ms. Maria Solis, Auditor-Accountant, County of Butte  
Ms. Veda Musler, Manager of Property Tax, County of Butte