



October 20, 2012

Ms. Jennifer Hennessy, Treasurer
City of Chico
411 Main Street
P.O. Box 3420
Chico, CA 95927

Dear Ms. Hennessy:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Chico Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on September 5, 2012 for the period of January through June 2013. Finance has completed its review of your ROPS III, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations:

- Item Nos. 24 through 27 – Airport Improvement Program and EDA Awards in the amount of \$2.5 million. These projects represent contracts that the redevelopment agency is not a party to; therefore, these items are not enforceable obligations.
- Item No. 28 – Loan/Reimbursement in the amount of \$961,207. This item represents a partial denial of the \$3,990,736 amount listed on the ROPS III. Per HSC section 34177.5, a successor agency is allowed to enter into a loan to repay bond indebtedness. However, pursuant to HSC section 34183.5, the July true-up process was to distribute the amount of residual property tax revenue to affecting taxing entities based on the amount approved by Finance on the January through June 2012 ROPS. A portion of the loan from the City to the Agency is to make the July true-up payment to the county auditor-controller. Since \$961,207 of the \$3.9 million loan is for the July true-up payment, this amount is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

Except for items denied in whole or in part as enforceable obligations as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, 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/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$9,785,650 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 9,541,615
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 24	5,263
Item 25	16,200
Item 26*	0
Item 27	20,750
Total approved RPTTF for enforceable obligations	\$ 9,499,402
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	286,248
Total RPTTF approved:	\$ 9,785,650

*No RPTTF funding requested for the reporting period

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%20III%20Forms%20by%20Successor%20Agency/).

All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

Please direct inquiries to Beliz Chappuie Supervisor or Mindy Patterson, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Shawn Tillman, Senior Planner, City of Chico
Ms. Maria Solis, Auditor-Accountant, Butte County Auditor-Controller