



December 18, 2012

Mr. Mikah Salsi, Program Specialist
City of Oroville
1735 Montgomery Street
Oroville, CA 95965

Dear Mr. Salsi:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 14, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Oroville Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 30, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 14, 2012. Subsequently, the Agency requested a Meet and Confer session on one of the items denied by Finance. The Meet and Confer session was held on October 30, 2012.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific item being disputed.

Finance is approving all items to be funded from Reserve Balances. Based on information from the county auditor-controller, the Agency has sufficient reserve balances to cover the enforceable obligations; therefore, additional Redevelopment Property Tax Trust Fund (RPTTF) is not needed. Finance initially questioned all items listed on the ROPS since Finance requested that the Agency provide information related to the Agency's reserve balance, which was not provided. Pursuant to 34177 (I) (1) the Agency is required to use all other available funding sources prior to requesting RPTTF for its enforceable obligations. The Agency did not provide additional information indicating that they have insufficient Reserve Balances to cover the enforceable obligations and would need RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is \$125,000 as summarized in the following table:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 919,145
Less: Six-month total for item(s) denied or reclassified as administrative cost	
All Items*	919,145
Total approved RPTTF for enforceable obligations	\$ -
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	125,000
Total RPTTF approved:	\$ 125,000

* The funding source for all items has been changed to Reserve Balances.

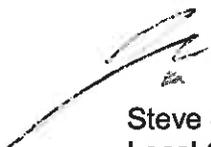
Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account 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.

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.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS III. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not questioned on this ROPS or a preceding ROPS.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst at (916) 445-1546.

Sincerely,



Steve Szalay
Local Government Consultant

cc: Ms. Pat Clark, Interim City Administrator, City of Oroville
Ms. Maria Solis, Auditor – Accountant, County of Butte, Auditor Controller
California State Controller's Office