



December 18, 2012

Mr. Sean Powers, Director of Administration
Yuba County
915 8th Street, Suite 123
Marysville, CA 95901

Dear Mr. Powers:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 20, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the County of Yuba Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on September 6, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 20, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on November 16, 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 items being disputed.

- Item No. 2 – Olivehurst Ave Loan payable to the Yuba County CDBG Program in the amount of \$226,659. Finance continues to deny this item as an enforceable obligation at this time. The Agency contends this is a loan from the Community Development Block Grant Program administered on the local level by Yuba County thereby making it a loan between the former RDA and the State of California. However, Finance maintains its position. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable.

Chapter 26, Statutes of 2012 (AB 1484) allows the Successor Agency to repay valid County loans for the former Redevelopment Agency (RDA). This requires the Agency to receive a Finding of Completion from Finance. To receive a Finding of Completion the Successor Agency must successfully complete the following requirements:

- Complete two Due Diligence Reviews and remit the unencumbered balances identified during those reviews to the county auditor-controller for distribution to the local taxing entities.
- Pay the full amount of the July True-Up demand as calculated by the county auditor-controller for distribution to the local taxing entities.

Or

- Pay the full amount upon a final judicial determination of the amounts due for these processes and confirmation that those amounts have been paid to the county auditor-controller for distribution to the local taxing entities.

Once these requirements have been met, Finance will issue a Finding of Completion to a Successor Agency, which will, pursuant to Health and Safety Code (HSC) Section 34191.4 (c), allow a Successor Agency to repay valid city loans made for redevelopment purposes.

In addition, per Finance's ROPS letter dated October 20, 2012, the item below not disputed by the Agency continues to be denied:

- Item No. 4 – Administrative Services totaling \$13,000. This is considered an administrative expense and has been reclassified as administrative costs limited to the administrative cap of three percent of property tax allocated to the successor agency or \$250,000, whichever is greater.

The Agency's maximum approved RPTTF distribution for the reporting period is: \$102,850 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 282,751
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 2	179,901
Item 4*	13,000
Total approved RPTTF for enforceable obligations	\$ 89,850
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	13,000
Total RPTTF approved:	\$ 102,850

* Reclassified as administrative cost

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 Danielle Brandon, Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. C. Richard Eberle, Auditor-Controller, Yuba County
California State Controller's Office