



May 11, 2012

Gina S. Will, Finance Director
Town of Paradise
5555 Skyway
Paradise, CA 95969-4931

Dear Ms. Will:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Town of Paradise Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on May 1, 2012 for the period January through June 2012. Finance staff recently contacted you for further clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligations characteristics. Based on our application of the law, we do not believe the following items qualify as Enforceable Obligations (EO):

- Items 5, 6 and 7 – Town of Paradise loans totaling \$1 million. HSC section 34171 (d) (2) states that loans between the entity that created the redevelopment agency (RDA) and the former RDA are only enforceable if made within the first two years of the RDA's existence.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the specific 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 further evidence that the items questioned above meet the definition of an EO and submit to the following email address:

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 Evelyn Suess, Supervisor or Douglas Evans, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Mr. Trevor Stewart, Director of Business Services, Butte College District
Ms. Maria Solis, Auditor-Accountant, Butte County