



December 14, 2012

Mr. John S. Raymond, Director of Community and Economic Development
City of Palm Springs
P.O. Box 2743
3200 E. Tahquitz Canyon Way
Palm Springs, CA 92262

Dear Mr. Raymond:

Subject: Housing Assets Transfer Form

This letter supersedes Finance's Housing Asset Transfer Form letter dated August 30, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the Palm Springs Redevelopment Successor Agency (Agency) submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on July 31, 2012 for the period February 1, 2012 through July 31, 2012. Finance issued its determination related to those transferred assets on August 30, 2012. Subsequently, the Agency requested a Meet and Confer session for one or more of the items denied by Finance. The Meet and Confer session was held on September 27, 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 those specific items being disputed.

Exhibit D, Item 49 – Loans Receivable totaling \$1.5 million. Finance objected to the transfer of the asset because the loan was issued on August 3, 2011 or after June 27, 2011 when redevelopment agencies were dissolved. The Agency states that the project (including the related loan, promissory note, deed of trust, regulatory agreement, and owner participation agreement) was approved on June 15, 2011 during a joint meeting of the City of Palm Springs Council and the former redevelopment agency. However, Finance maintains that the loans were executed after June 27, 2011 and continues to object to the transfer of the item as a housing asset. HSC section 34163 (b) prohibits an agency from entering into agreements, obligations, or contracts with any entity for any purpose after June 27, 2011.

This is Finance's final determination related to the assets reported on your Form. Except for items disallowed as noted above, Finance is not objecting to the remaining items on your Form. Assets transferred deemed not to be a housing asset shall be returned to the successor agency.

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Please direct inquiries to Evelyn Sues, Dispute Resolution Supervisor or Danielle Brandon, Analyst at (916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Szalay', with a long horizontal stroke extending to the left.

Steve Szalay
Local Government Consultant

- cc. Mr. Dale Cook, Community Development Administrator, City of Palm Springs
Ms. Diana Shay, Redevelopment Coordinator, City of Palm Springs
Ms. Pam Elias, Division Chief Accountant Property Tax Division, Riverside County Auditor-Controller Office
Ms. April Nash, Supervising Accountant, Riverside County Auditor -Controller Office
Ms. Jennifer Baechel, Business Process Analyst II, Riverside County Auditor-Controller California State Controller's Office