



May 18, 2012

Linda Kelly, Finance Manager  
City of Desert Hot Springs  
65950 Pierson Boulevard  
Desert Hot Springs, CA 92240

Dear Ms. Kelly:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Desert Hot Springs (City) Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on May 8, 2012 for the period of January through June and July through December 2012. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

January through June 2012 ROPS

- Item 10, page 1, in the amount of \$661,029. HSC section 34163 (b) identifies valid contracts, such as loan agreements, pass-through agreements, regulatory agreements, service contracts, leases, and disposition and development agreements. The redevelopment agency was not a party to the agreement provided.
- Item 7, page 3, in the amount of \$3,600. HSC section 34182 (e) allows the county auditor-controller to deduct from the Redevelopment Property Tax Trust Fund for their administration costs prior to distributing property tax increment funds.

In addition, the City has agreed to remove item 27, on page 1.

July through December 2012 ROPS

- Item 10, page 1, in the amount of \$661,029. HSC section 34163 (b) identifies valid contracts, such as loan agreements, pass-through agreements, regulatory agreements, service contracts, leases, and disposition and development agreements. The redevelopment agency was not a party to the agreement provided.
- Item 7, page 3, in the amount of \$3,600. HSC section 34182 (e) allows the county auditor-controller to deduct from the Redevelopment Property Tax Trust Fund for their administration costs prior to distributing property tax increment funds.

In addition, the City has agreed to remove item 27, on page 1.

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.

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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.

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](mailto:Redevelopment_Administration@dof.ca.gov)

Please direct inquiries to Chikako Takagi-Galamba, Supervisor or Cindie Lor, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL  
Program Budget Manager

cc: Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County  
Ms. Jennifer Baechel, Business Process Analyst II, Riverside County  
Ms. April Nash, Supervising Accountant, Riverside County