



May 26, 2012

Veronica Tapia, Accountant
City of Palm Desert
73-510 Fred Waring Drive
Palm Desert, CA 92260

Dear Ms. Tapia:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Palm Desert Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on April 11, 2012 for the period January to June 2012 and April 17, 2012 for the period July to December 2012. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

In Finance's letter dated April 26, 2012, the following pass-thru trust account obligations from both ROPS periods were denied as enforceable obligations (EOs); however, after further review of documents, they have been accepted as EOs:

- Project Area 1, page 1, item 25
- Project Area 2, page 5, item 45
- Project Area 3, page 8, item 25
- Project Area 4, page 12, item 27

Additionally, after recalculating administrative cost allowance, we are no longer questioning the January to June 2012 administrative expenses as they are within the allowable amount. For the July to December 2012 administrative expenses, we recalculated and reduced the questioned amount to \$239,969 from \$613,182 (as stated in the April 26, 2012 letter).

Except for items disallowed in whole or in part as enforceable obligations noted in Finance's letter dated April 26, 2012, Finance is approving the remaining items listed in your ROPS for both periods. This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of Redevelopment Property Tax Trust Fund (RPTTF) that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. 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 in the RPTTF.

Please direct inquiries to Evelyn Suess, Supervisor or Mindy Patterson, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

cc: Ms. Janet Moore, Director of Housing, City of Palm Desert
Ms. Pam Elias, Chief Accounting Property Tax Division, County of Riverside
Ms. April Nash, Supervising Accountant, County of Riverside
Ms. Jennifer Baechel, Business Process Analyst II, County of Riverside