



May 18, 2012

Curtis Yakimow, Director of Administrative Services
Town of Yucca Valley
57090 29 Palms Hwy
Yucca Valley, CA 92284

Dear Mr. Yakimow:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Town of Yucca Valley Successor Agency submitted Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on May 8, 2012, for the periods January through June 2012 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

- HSC section 34163(b) prohibits a redevelopment agency (RDA) from entering into a contract with any entity after June 28, 2011. The following items had contracts that were executed after June 27, 2011 and the RDA was not a party to the contract:
 - Page 1, items 2 and 4 in the amount of \$465,000
 - Page 2, item 1 in the amount of \$250,000
 - Page 2, item 8 in the amount of \$100,000 for the January through June 2012 period
- Page 2, items 2 and 5 in the amount of \$4.7 million. No valid contracts have been executed for anticipated projects.
- Page 2, item 7 in the amount of \$3.2 million. An Exclusive Negotiation Agreement (ENA) and a Disposition and Development Agreement (DDA) were provided. The ENA, executed on January 10, 2011, is considered an intent to initiate a project and is not a valid agreement. The DDA, executed March 20, 2012, was between the Town of Yucca Valley and the developer, not the RDA. Therefore, this item is not an EO.

July through December 2012 ROPS

- HSC section 34163(b) prohibits a redevelopment agency (RDA) from entering into a contract with any entity after June 27, 2011. The following items had contracts that were executed after June 28, 2011 and the RDA was not a party to the contract:
 - Page 1, items 2 and 4 in the amount of \$465,000
 - Page 2, item 1 in the amount of \$250,000

- Page 2, item 8 in the amount of \$100,000 for the January through June 2012 period
- Page 2, items 2 and 5 in the amount of \$4.7 million. No valid contracts have been executed for anticipated projects.
- Page 2, item 7 in the amount of \$3.2 million. An Exclusive Negotiation Agreement (ENA) and a Disposition and Development Agreement (DDA) were provided. The ENA, executed on January 10, 2011, is considered an intent to initiate a project and is not a valid agreement. The DDA, executed March 20, 2012, was between the Town of Yucca Valley and the developer, not the RDA. Therefore, this item is not an EO.

In addition, HSC Section 34171(b) limits administrative expenses for fiscal year 2011-12 to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater. The following items were considered administrative expenses:

- Page 1, items 3, 5, and 6
- Page 3, items 1 and 2

The Successor Agency should ensure that administrative expenses stay within the administrative allowance cap.

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.

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

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

Sincerely,



MARK HILL
Program Budget Manager

cc: Mr. Mark Nuaimi, Town Manager, Town of Yucca Valley
Ms. Franz Zyss, Accountant III, San Bernardino County Auditor Controller
Ms. Vanessa Doyle, Property Tax Manager, San Bernardino County Auditor Controller
Ms. Linda Santiliano, Supervising Accountant, San Bernardino County Auditor Controller