



May 7, 2012

Bonnie Luttrell, Director of Finance  
City of Needles  
817 Third Street  
Needles, CA 92363

Dear Ms. Luttrell:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Needles Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 26, 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:

- Items 2 and 3 – Advances from the City for ROPS periods January through June 2012 and July through December 2012 totaling \$2.1 million. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the former RDA are not enforceable unless the loan agreements were entered into within the first two years of the date of the creation of the RDA.

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 send to the following email address:

[Redevelopment\\_Administration@dof.ca.gov](mailto: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.

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

Sincerely,

A handwritten signature in black ink that reads "Mark Hill". The signature is written in a cursive style with a large, stylized "M" and "H".

MARK HILL  
Program Budget Manager

cc: Mr. Larry Walker, Auditor Controller, San Bernardino Auditor Controller  
Ms. Vanessa Doyle, Property Tax Manager, San Bernardino Auditor Controller  
Ms. Linda Santillano, Supervising Accountant, San Bernardino Auditor Controller  
Ms. Franciliza Zyss, Accountant III, San Bernardino Auditor Controller