



April 20, 2012

Mike Miller, Housing Manager
City of Palmdale
38250 Sierra Highway
Palmdale, CA 93550

Dear Mr. Miller:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Palmdale Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 13, 2011 for the period of January through June 2012. Finance staff contacted you for clarification of items listed in the ROPS.

The ROPS submitted to Finance is incomplete, and therefore, not approved for making obligation payments. The HSC section 34177 (l) (3) specifically states that the first ROPS shall be for the period of January 1, 2012 to June 30, 2012, inclusive. See the example provided in Exhibit 6 of http://www.dof.ca.gov/assembly_bills_26-27/view.php. Please resubmit a revised oversight board-approved ROPS for the same period. Please submit the revised ROPS to Redevelopment_Administration@dof.ca.gov.

In addition, Finance has determined line items included on the ROPS are not enforceable obligations (EO). HSC section 34171 (d) lists enforceable obligations characteristics. Based on our application of the law, the following items do not qualify as an EO:

Item Nos. 6 and 14, page 3, for Cooperation Agreement and Consulting Services, totaling \$1.196 billion. A Cooperation Agreement or portions of a Cooperation Agreement are only enforceable to the extent third party contracts existed prior to June 28, 2011. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding that no third party contracts were entered into prior to June 28, 2011.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the ROPS to be ineffective until Finance approval.

Please direct inquiries to Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 322-2985.

Sincerely,

A handwritten signature in cursive script that reads "Mark Hill".

MARK HILL
Program Budget Manager

cc: Ms. Jill Ward, Manager, Housing Division, City of Palmdale
Ms. Sophia Reyes, Housing Coordinator, Housing Division, City of Palmdale
Ms. Kristina Burns, Program Specialist III, County of Los Angeles