



December 18, 2012

Mr. Curtis Yakimow, Director of Administrative Services
Town of Yucca Valley
57090 29 Palma Hwy
Yucca Valley, CA 92284

Dear Mr. Yakimow:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 15, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the Town of Yucca Valley Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 31, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 15, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on November 13, 2012.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific item being disputed.

- Item No. 2 – Southside Phase IA contract in the amount of \$250,000 funded by bond proceeds. Finance continues to deny the Item at this time. As the former Yucca Valley Redevelopment Agency (RDA) is neither a party to the contract nor responsible for payment of the contract, this item is not an enforceable obligation. Assuming the excess bond proceeds requested for use were issued prior to January 1, 2011, upon receiving a Finding of Completion from Finance, HSC section 34191.4 (b) may cause this item to be enforceable in future ROPS periods.
- Item Nos. 6 and 7– General Plan Update RDA Portion in the amount of \$500,000 funded by bond proceeds and Low and Moderate Income Housing Fund (LMIHF). Finance continues to deny the Items at this time. HSC section 34163 (b) prohibits a RDA from entering into a contract with any entity after June 27, 2011. Because the contract with Planning Center/DC&E was signed on September 15, 2011 and that the former RDA was not a party to the contract, these line items are not enforceable obligations and are not eligible for LMIHF funding. However, assuming the excess bond proceeds requested for use were issued prior to January 1, 2011, upon receiving a Finding of Completion from Finance, HSC section 34191.4 (b) may cause these items to be enforceable in future ROPS periods.

- Item No. 8 – Regional Wastewater Funding contract in the amount of \$4.15 million funded by bond proceeds. Finance continues to deny the Item at this time. It is our understanding that a contract does not exist for this item. Therefore this item does not qualify as an enforceable obligation. Upon receiving a Finding of Completion from Finance, HSC section 34191.4 (c) may cause the item to be enforceable in future ROPS periods. The Agency indicated during the Meet and Confer session that they concur with the position stated.
- Item No. 10 – National CORE Low/Mod Housing Project in the amount of \$500,000 funded by LMIHF. Finance continues to deny the Item. The Exclusive Negotiation Agreement (ENA) was executed on December, 21, 2010 and stated the parties had 365 days to enter into a Development and Disposition Agreements (DDA). The DDA provided was not executed until March 20, 2012, thereby voiding the ENA. While the ENA authorized an extension beyond the 365 day negotiation period, no information was provided that demonstrated that a “written agreement with the Developer” was entered into to extend the timeframes, as required by the ENA. Furthermore, The DDA is also between the Town of Yucca Valley and a third party; the former RDA is not a party to the agreement.
- Item No. 13 – National CORE Low/Mod Project Legal Cost in the amount of \$40,000 funded by LMIHF. This Item continues to be denied. Because the National CORE Low/Mod Project is not an enforceable obligation (see Item No. 10 above), the associated legal cost is also not an enforceable obligation.

Furthermore, Item Nos. 5 and 12 were reclassified as administrative cost. Although this reclassification increased administrative costs to \$137,500, the administrative cost allowance has not been exceeded.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$631,572 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 506,572
Less: Six-month total for items reclassified as administrative cost	
Item 5	10,000
Item 12	2,500
Total approved RPTTF for enforceable obligations	<u>\$ 494,072</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	<u>137,500</u>
Total RPTTF approved:	\$ 631,572

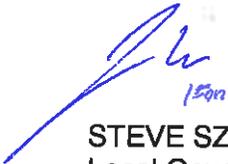
Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. 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 to the successor agency in the RPTTF.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS III. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not questioned on this ROPS or a preceding ROPS.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Mark Nuaimi, Town Manager, Town of Yucca Valley
Ms. Vanessa Doyle, Property Tax Manager, San Bernardino County Auditor Controller
California State Controller's Office