



May 11, 2012

Bernie Simon, Finance Director
City of Grand Terrace
22795 Barton Road
Grand Terrace, CA 92313

Dear Mr. Simon:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Grand Terrace Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on May 1, 2012 for the period 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:

- Page 2, item 23 – Grand Terrace Project Area in the amount of \$3.6 million. 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 contracts for this bond-funded project have not been awarded.

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 submit to the following email address:

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.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Hill". The signature is fluid and cursive, with the first name "Mark" and last name "Hill" clearly distinguishable.

MARK HILL
Program Budget Manager

cc: Ms. Joyce Powers, Community and Economic Development Director,
City of Grand Terrace
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