



March 2, 2012

Nada Repajic, M.P.A.
Management Analyst
City of Chino
13220 Central Ave
Chino, CA 91710

Dear Ms. Repajic:

On January 19, 2012, pursuant to Health and Safety Code section (HSC) 34169 (g) (1), the City of Chino Redevelopment Agency, for which you are now the Successor, submitted an adopted Enforceable Obligation Payment Schedule (EOPS) to the California Department of Finance (Finance). Finance recently contacted you to get further clarification for items listed in the EOPS.

HSC section 34171 (d) lists characteristics of obligations considered enforceable. Based on our interpretation of the law, the following do not qualify as Enforceable Obligations.

- Line items 1 through 16 on page 2 (shown on attached worksheet) for city loans totaling \$16 million. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (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.
- Line items 6 through 11 on page 4 (shown on attached worksheet) for contracts totaling \$33.8 million. HSC section 34163 (b) prohibits a RDA from entering into contracts with any entity after June 29, 2011. It is our understanding that binding construction contracts for these projects have not yet been awarded.

Finance recognizes our timeframe to review the EOPS has lapsed. However, should these items be on the Recognized Obligation Payment Schedule (ROPS) that is adopted by your Oversight Board, we will return the ROPS for reconsideration. This action will cause the ROPS to be ineffective until Finance approval and may cause payment delays for valid obligations.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an Enforceable Obligation.

Sincerely,

Mark Hill
Program Budget Manager

City of Chino RDA

Questionable Items

Number	Project Name or Section	Item #	Page	Project Name/Debt Obligation	Payee	Description	Fund Source (Tax Increment, Low-Mod, Bond Revenues, etc.)	Amount	Reason for Questioning
1	n/a	1	2	PROMISSORY NOTE 89-1	CITY OF CHINO	Improvements to Project Area paid by the City	Red. Prop Tax Fund	\$ 1,810,775	Loan was not made in the first 2 years of RDA's exist to an issued security.
2	n/a	2	2	PROMISSORY NOTE 89-3	CITY OF CHINO	Improvements to Project Area paid by the City	Red. Prop Tax Fund	\$ 1,292,337	Loan was not made in the first 2 years of RDA's exist to an issued security.
3	n/a	3	2	PROMISSORY NOTE 90-1	CITY OF CHINO	Improvements to Project Area paid by the City	Red. Prop Tax Fund	\$ 348,917	Loan was not made in the first 2 years of RDA's exist to an issued security.
4	n/a	4	2	PROMISSORY NOTE 92-1	CITY OF CHINO	Improvements to Project Area paid by the City	Red. Prop Tax Fund	\$ 87,023	Loan was not made in the first 2 years of RDA's exist to an issued security.
5	n/a	5	2	PROMISSORY NOTE 93-1	CITY OF CHINO	Improvements to Project Area paid by the City	Red. Prop Tax Fund	\$ 508,406	Loan was not made in the first 2 years of RDA's exist to an issued security.
6	n/a	6	2	PROMISSORY NOTE 94-1	CITY OF CHINO	Improvements to Project Area paid by the City	Red. Prop Tax Fund	\$ 294,305	Loan was not made in the first 2 years of RDA's exist to an issued security.
7	n/a	7	2	PROMISSORY NOTE 94-4	CITY OF CHINO	Improvements to Project Area paid by the City	Red. Prop Tax Fund	\$ 2,773	Loan was not made in the first 2 years of RDA's exist to an issued security.
8	n/a	8	2	PROMISSORY NOTE 89-2	CITY OF CHINO	Improvements to Project Area paid by the City	Red. Prop Tax Fund	\$ 6,130,865	Loan was not made in the first 2 years of RDA's exist to an issued security.
9	n/a	9	2	PROMISSORY NOTE 90-2	CITY OF CHINO	Improvements to Project Area paid by the City	Red. Prop Tax Fund	\$ 2,119,521	Loan was not made in the first 2 years of RDA's exist to an issued security.
10	n/a	10	2	PROMISSORY NOTE 93-2	CITY OF CHINO	Improvements to Project Area paid by the City	Red. Prop Tax Fund	\$ 534,602	Loan was not made in the first 2 years of RDA's exist to an issued security.
11	n/a	11	2	PROMISSORY NOTE 94-2	CITY OF CHINO	Improvements to Project Area paid by the City	Red. Prop Tax Fund	\$ 425,324	Loan was not made in the first 2 years of RDA's exist to an issued security.
12	n/a	12	2	PROMISSORY NOTE 94-3	CITY OF CHINO	Improvements to Project Area paid by the City	Red. Prop Tax Fund	\$ 1,011,657	Loan was not made in the first 2 years of RDA's exist to an issued security.
13	n/a	13	2	PROMISSORY NOTE 94-5	CITY OF CHINO	Improvements to Project Area paid by the City	Red. Prop Tax Fund	\$ 197,009	Loan was not made in the first 2 years of RDA's exist to an issued security.
14	n/a	14	2	COOPERATION AGR 93-1-1	CITY OF CHINO	Improvements to Project Area paid by the City	Red. Prop Tax Fund	\$ 486,267	Loan was not made in the first 2 years of RDA's exist to an issued security.
15	n/a	15	2	COOPERATION AGR 95-96	CITY OF CHINO	Improvements to Project Area paid by the City	Red. Prop Tax Fund	\$ 410,029	Loan was not made in the first 2 years of RDA's exist to an issued security.
16	n/a	16	2	COOPERATION AGR 95-96-2	CITY OF CHINO	Improvements to Project Area paid by the City	Red. Prop Tax Fund	\$ 310,000	Loan was not made in the first 2 years of RDA's exist to an issued security.
17	n/a	6	4	2009 Funding Agreement	TBD	Cultural Arts Facility	Red. Prop Tax Fund	\$ 15,000,000	No contract in place prior to June 29, 2011.
18	n/a	7	4	2009 Funding Agreement	TBD	Chino Transit Center PH 2	Red. Prop Tax Fund	\$ 5,000,000	No contract in place prior to June 29, 2011.
19	n/a	8	4	2009 Funding Agreement	TBD	Civic Center Modifications	Red. Prop Tax Fund	\$ 9,000,000	No contract in place prior to June 29, 2011.
20	n/a	9	4	2009 Funding Agreement	TBD	Freeway 60 Overpass Upgrade	Red. Prop Tax Fund	\$ 300,000	No contract in place prior to June 29, 2011.
21	n/a	10	4	2009 Funding Agreement	TBD	Schaeffer Ave & Carter street impr.	Red. Prop Tax Fund	\$ 1,500,000	No contract in place prior to June 29, 2011.
22	n/a	11	4	2009 Funding Agreement	TBD	Riverside Drive Improvements	Red. Prop Tax Fund	\$ 3,000,000	No contract in place prior to June 29, 2011.

Total: \$ 49,769,808