April 27, 2012

Armando Compean, Principal Planner
City of Chino
13220 Central Ave
Chino, CA 91710

Dear Mr. Compean:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Chino
Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the
California Department of Finance (Finance) on April 12, 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 does not qualify as EOs:

- Page 2, items 1 through 16 – Promissory notes totaling $15.9 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.

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.

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

Sincerely,

Mark Hill

MARK HILL
Program Budget Manager

cc: Mr. Rob Burns, Finance Director, City of Chino
       Ms. Nada Repajic, Management Analyst, City of Chino
       Mr. Larry Walker, Auditor Controller, San Bernardino County Auditor-Controller
       Ms. Vanessa Doyle, Property Tax Manager, San Bernardino County Auditor-Controller
       Ms. Linda Santillano, Supervising Accountant, San Bernardino County Auditor-Controller
       Mr. Franz Zyss, Accountant III, San Bernardino County Auditor-Controller