

March 10, 2015

Mr. John Dutrey, Housing Program Manager  
City of Rialto  
150 South Palm Avenue  
Rialto, CA 92376

Dear Mr. Dutrey:

Subject: Long-Range Property Management Plan

Pursuant to Health and Safety Code (HSC) section 34191.5 (b), the City of Rialto Successor Agency (Agency) submitted a Long-Range Property Management Plan (LRPMP) to the California Department of Finance (Finance) on September 30, 2013. The Agency subsequently submitted revised LRPMPs to Finance on June 30, 2014 and December 8, 2014, respectively. Finance has completed its review of the LRPMP, which may have included obtaining clarification for various items.

The Agency received a Finding of Completion on May 9, 2013. Further, based on our review and application of the law, we are approving the Agency's use or disposition of all the properties listed on the LRPMP. Our approval of the LRPMP took into account Resolution Nos. OB 14-11 and OB 14-16.

Finance notes the following with respect to the Property Disposition Procedures, Strategies, and Priorities, incorporated into the LRPMP as Attachment A:

I. Agency Disposition Properties

- Section 5.c – Sales Price/Reimbursement of Agency and/or City of Rialto (City) Costs. It is stated that costs incurred by the City or Agency to hold, convey, improve, and/or subsidize development of properties shall be considered enforceable obligations. Although HSC section 34171 (d) (1) (F) allows agencies to maintain assets prior to disposition, any other costs, including costs incurred to improve or subsidize the development of properties, will not be considered enforceable obligations. Finally, costs to hold and maintain properties are subject to Finance review and approval on a Recognized Obligation Payment Schedule.
- Section 7 – City Acquisition of Agency Disposition Properties. The City's election to acquire any Agency Disposition Property would require the Agency to remit the proceeds to the San Bernardino County Auditor-Controller for distribution to the taxing entities pursuant to HSC section 34180 (f).

## II. City Disposition Properties

- Section 2.a – Compensation to Taxing Entities/Compensation Agreements. Upon the City's election to acquire City Disposition properties, the City will enter into a compensation agreement with the taxing entities. Transfer of properties to the City for future development is allowable upon Finance's approval of the Agency's LRPMP. Therefore, compensation agreements may occur at that time, and not necessarily upon the sale of the property to a third party for development.

## III. Enforceable Obligations

Section D – Project 14 - 210 Freeway Frontage Net Proceeds. It is our understanding the Agency has identified multiple disposition options for these parcels; to be sold by the Agency or transferred to the City for future development. In the event the Agency fails to sell the parcels, and the City accepts the parcels for future development, the City will be required to enter into a compensation agreement with the taxing entities. The law does not allow the City to retain proceeds from the sale of Agency properties.

Finance approved OB Resolution 2013-14, which transferred Project 7 – Airport Hanger, for governmental purpose through Finance's revised determination letter dated May 8, 2014. It is our understanding the Agency is entitled to twenty percent of the net proceeds from the final disposition of this property. Finance reminds the Agency to remit the net proceeds from this transaction to the San Bernardino County Auditor-Controller for distribution to the taxing entities.

Finance encourages the Agency to obtain appraisals to maximize property values prior to disposition.

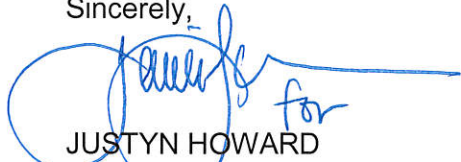
In accordance with HSC section 34191.4, upon receiving a Finding of Completion from Finance and approval of a LRPMP, all real property and interests in real property shall be transferred to the Community Redevelopment Property Trust Fund of the Agency, unless that property is subject to the requirements of an existing enforceable obligation. Pursuant to HSC section 34191.3, the approved LRPMP shall govern and supersede all other provisions relating to the disposition and use of all real property assets of the former redevelopment agency.

Agency actions taken pursuant to a Finance approved LRPMP which requires the Agency to enter into a new agreement are subject to oversight board (OB) approval pursuant HSC section 34181 (f). Any OB action approving a new agreement in connection with the LRPMP should be submitted to Finance for approval.

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Please direct inquiries to Nichelle Thomas, Supervisor, or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Mr. Robb Steel, Assistant to the City Administrator/Development Services  
Director, City of Rialto  
Mr. Greg Lantz, Economic Development Manager, City of Rialto  
Ms. Linda Santillano, Property Tax Manager, San Bernardino County  
Ms. Elizabeth Gonzalez, Bureau Chief, Local Government Audit Bureau, California State  
Controller's Office  
California State Controller's Office