



May 31, 2012

Ms. Lisa Strong, Deputy City Treasurer
City of Fontana
8353 Sierra Avenue
Fontana, CA 92335

Dear Ms. Strong:

Subject: Revised Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Fontana Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on April 16, 2012 for period of the January to June 2012 and on May 10, 2012 for the period of July to December 2012. Finance is assuming appropriate oversight board approval. Finance has completed its second review of your ROPS, which included obtaining clarification for various items.

Finance received your e-mail dated May 30, 2011 and reviewed your response to our letter dated May 26, 2012. As a result, Finance reconsidered the line item previously deemed not enforceable. Finance now concludes that item 8 of page 2 on the July to December ROPS for a city loan is enforceable because it is solely for the purpose of securing an indebtedness obligation.

Based on our review, we are approving all of the items listed on your ROPS at this time.

This letter supersedes all prior letters issued by our office and is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of RPTTF that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. 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 in the RPTTF.

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Please direct inquiries to Robert Scott, Supervisor at (916) 322-2985.

Sincerely,

A handwritten signature in black ink that reads "Mark Hill". The signature is written in a cursive style with a large, prominent "M" and "H".

MARK HILL
Program Budget Manager

cc: Ms. Vanessa Doyle, Property Tax Manager, County of San Bernardino
Ms. Linda Santillano, Supervising Accountant, County of San Bernardino
Ms. Franz Zyss, Accountant, County of San Bernardino