



December 29, 2008

To: Grantees with Active Contracts

If you are receiving this letter it means that you have an active contract with State Parks' Office of Grants and Local Services (OGALS). As you may have recently heard, the Pooled Money Investment Board voted on December 17 to freeze all bond-related payments, including those funded out of Propositions 12 and 40. Another Board meeting will convene in early January 2009 to further address the issue.

The Department of Finance has advised us to request that you immediately:

1. Suspend all bond-funded projects unless you can continue the project with non-state funding sources, such as private, local or federal funds.
2. Cease entering into any new construction, grants, loans or other agreements that commit the expenditure of bond funds
3. Notify your Project Officer regarding any project, which you cannot continue with non-state funding sources, and which if suspended, will subject you to unacceptable legal liability, fines or penalties. Such projects will be reviewed on a case-by-case basis by the Department of Finance to determine if continued funding is appropriate or feasible.

The severity of this action reflects the enormity of the current budget crisis and until the issue is resolved, we unfortunately are unable to indicate when or if disbursements will resume. We regret the hardship this places on our grantees and hope for a quick solution to ensure the successful completion of your projects.

During this period OGALS will continue to process your payment requests and submit them to State Parks' Accounting Office, where they will be held until we receive notice that the freeze on payments has been lifted. Once that occurs, the Accounting Office will forward pending payment requests to the State Controller's Office. If you have questions about the status of any payment currently pending with our office, please contact your Project Officer.

I recognize that this raises issues regarding Proposition 12 contracts scheduled to liquidate on June 30, 2009. At this time we don't know how these issues will be resolved, though we will make every effort to ensure the successful completion of these projects. I also understand that this message brings with it many unanswered questions, please know that we will provide additional information as soon as it becomes available.

Please note that the restrictions described above do not apply to projects funded by the Recreational Trails Program, the Habitat Conservation Fund or the Land and Water Conservation Fund.

Sincerely,

Sedrick Mitchell
Deputy Director