

**OFFICE OF HISTORIC PRESERVATION
DEPARTMENT OF PARKS AND RECREATION**

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January 6, 2009

Re: The Pooled Money Investment Board Freeze of All Bond- Related Payments and the California Heritage Fund Grant Program

Dear Grant Recipient:

You are receiving this letter because you have an active California Heritage Fund Grant Contract with California Department of Parks and Recreation's Office of Historic Preservation (OHP). You should have received an email December 24, 2008 similar to this correspondence.

As you have recently learned, the Pooled Money Investment Board voted on December 17th to freeze all bond-related payments, including those funded out of Proposition 12, such as the California Heritage Fund Grant Program. 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. Cease from entering into any new construction or other agreements or contracts that would be funded from bond funds.
4. Immediately notify Steade Craigo (scraigo@parks.ca.gov) or John Thomas (jthomas@parks.ca.gov) of our office immediately 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 state budget crisis. Until the matter is resolved, we unfortunately are unable to indicate when or if disbursements will resume. We very much 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, OHP will continue to process your payment requests and submit them to State Parks' Accounting Office, where they will be held until further notice regarding this decision to freeze payments. Once the freeze is lifted, 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 the above staff people.

I recognize that this raises issues regarding California Heritage Fund Proposition 12 Grant Contracts scheduled to liquidate on June 30, 2009. At this time we do not know how these issues will be resolved, although we will make every effort to ensure the successful completion of grant 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.

Sincerely,

**Milford Wayne Donaldson, FAIA
State Historic Preservation Officer
Office of Historic Preservation**

**cc: S. Mikesell, DSHPO
Project File**