



January 31, 2013

Mr. Kerry Breen, Assistant Finance Director
City of Brentwood
150 City Park Way
Brentwood, CA 94513

Dear Mr. Breen:

Subject: Housing Assets Transfer Form

This letter supersedes Finance's Housing Asset Transfer Form letter dated September 18, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Brentwood as Housing Successor Agency (Agency) submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on August 28, 2012, for the period February 1, 2012 through August 28, 2012. Finance issued its determination related to those transferred asset on September 18, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more items that was objected to by Finance.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of those specific items being disputed.

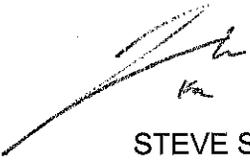
- Exhibit C, Item 7 – Low-Mod Encumbrances; Low Income Housing Apartments. Finance originally objected to Item 7 because HSC section 34163 (b) prohibits the former redevelopment agency from entering into new contracts with any entity after June 27, 2011. Finance continues to object to the transfer of this item. The Agency contends the former redevelopment agency (RDA) and the City Council, in a joint meeting, approved a resolution to encumber these fund. The Agency also provided the project fund commitment letter dated June 29, 2011 and loan agreement entered into on January 31, 2012. Finance reviewed the resolution and determined the resolution authorizes the reservation of funds and allows staff to "commence preparation of the necessary documents to support The Grove at Sunset Court Project". Based on our review, the resolution and loan commitment do not include all of the necessary terms and conditions of the loan documents and they require the loan documents to be negotiated and prepared at a later date or after June 27, 2011 – beyond the date the former RDA would have been allowed to enter into contracts with or make commitments to any entity. As such, the commitment letter and loan agreement do not establish an enforceable obligation and an encumbrance out of the Low to Moderate Income Housing Fund prior to June 27, 2011. Therefore, this item is not eligible for transfer as a housing asset pursuant to HSC section 34176 (e) (2).

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This is Finance's final determination related to the assets reported on your Form. Except for items disallowed as noted above, Finance is not objecting to the remaining items listed on your Form. Assets transferred deemed not to be a housing asset shall be returned to the successor agency.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Szalay', is written over a horizontal line.

STEVE SZALAY
Local Government Consultant

cc: Ms. Michelle Hamblin, Accounting Manager, City of Brentwood
Mr. Bob Campbell, Auditor-Controller, Contra Costa County
California State Controller's Office