



February 15, 2013

Mr. Vilko Domic, Director of Finance
City of Commerce
2535 Commerce Way
Commerce, CA 90040

Dear Mr. Domic:

Subject: Housing Asset Transfer Form

This letter supersedes Finance's Housing Asset Transfer Form letter dated August 30, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Commerce Housing Successor Agency (Agency) submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on July 31, 2012 for the period February 1, 2012 through July 31, 2012. Finance issued its determination related to those transferred assets on August 30, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more items that was objected to by Finance. The Meet and Confer session was held on January 23, 2013.

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.

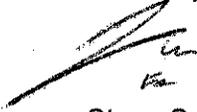
- Exhibit A, Item 3 – Real Property. Finance no longer objects to the transfer. Finance originally objected to the transfer because documentation provided by the Agency did not demonstrate that the asset is for low and moderate-income housing purposes. The Agency contends the item is a housing asset because the property was purchased with Housing Set-Aside Funds with the full intention of developing new affordable units. The Agency provided additional documents showing the property was purchased with Housing Set-Aside Funds. Therefore, the item is a housing asset eligible for transfer to the housing successor agency.
- Exhibit D, Item 3 – Loan/Grant Receivable. Finance objected to the transfer because documentation provided by the Agency did not support the use of the item for low and moderate-income housing purposes. The Agency did not object to the determination. Therefore, Finance maintains its previous determination that the item is not a housing asset eligible for transfer to the housing successor agency.

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.

Mr. Vilko Domic
February 15, 2013
Page 2

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Szalay', with a stylized flourish at the end.

Steve Szalay
Local Government Consultant

cc: Mr. Eduardo Olivo, City Attorney, City of Commerce
Ms. Kristina Burns, Manager, Los Angeles County Auditor Controller
California State Controller's Office