



August 1, 2013

Ms. Kristin Petersen, Assistant City Manager
City of Duarte
1600 Huntington Drive
Duarte, CA 91010

Dear Ms. Petersen:

Subject: Housing Assets Transfer Form

This letter supersedes the California Department of Finance's (Finance) Housing Asset Transfer Form letter dated August 31, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Duarte as Housing Successor Agency (Agency) submitted a Housing Assets Transfer Form (Form) to Finance on August 1, 2012, for the period February 1, 2012 through August 1, 2012. Finance issued its determination related to those transferred asset on August 31, 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 February 6, 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 5 – Land totaling \$6,065. Finance no longer objects to the transfer of this item. The Agency provided accounting records showing this land was purchased using funding from the Low and Moderate Income Housing Fund (LMIHF). Therefore, this item is a housing asset pursuant to HSC section 34176 (e) (1).
- Exhibit A, Item 10 – Land totaling \$1.39 million. Finance continues to object to the transfer of this item. The Agency contends the property was purchased in accordance with a Loan and Exclusive Negotiating Agreement (ENA) executed on November 23, 2010. Per the Agency, the property purchase was not fully completed until October 2011. Section 2.8 "Termination Provisions" of the ENA states that in the event the developer does not close escrow and acquire the property on or before February 14, 2011, the agreement shall terminate as to the property. The Agency also provided the fourth ENA amendment dated July 21, 2011 wherein the closing date of the property purchase was extended to August 25, 2011. However, the former redevelopment agency (RDA) was not a party to the fourth ENA amendment. The amendment was executed by the Duarte Housing Authority (Authority), not the RDA. Even if the amendment to extend the purchase date to August 25, 2011 was allowable, the property was purchased after this date based on an ENA that expired on its own

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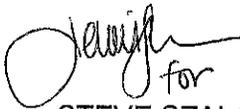
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terms. Additionally, per HSC section 34163 (c), the former RDA was not allowed to amend or modify existing agreements with any entity as of June 28, 2011. Therefore, for these reasons, Finance has determined this item is not a housing asset as defined in HSC 34176 (e) (1) and is not eligible to be transferred to the housing successor.

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", with the word "for" written below it.

STEVE SZALAY

Local Government Consultant

cc: Ms. Kristina Burns, Manager, County of Los Angeles Auditor Controller
California State Controller's Office