



February 15, 2013

Ms. Karin Helvey, Finance Director
City of Gridley
685 Kentucky Street
Gridley, CA 95948

Dear Ms. Helvey:

Subject: Housing Assets Transfer Form

This letter supersedes Finance's Housing Asset Transfer Form letter dated September 6, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Gridley as Housing Successor Agency (Agency) submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on August 7, 2012, for the period February 1, 2012 through August 7, 2012. Finance issued its determination related to those transferred asset on September 6, 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 D, Item 1 – Finance no longer objects to the transfer. Finance objected to the transfer because documentation provided was not sufficient to determine whether this loan was entered into prior to June 28, 2011. HSC section 34163 (a) prohibits an agency from entering into agreements with any entity after June 27, 2011. The Agency contends the item is a housing asset because the resolution authorizing the loan was adopted in March 7, 2011. The Agency provided a copy of the Owner Participation Agreement (OPA) dated March 1, 2011 with the Promissory Note for \$678,000 as an attachment to the OPA. The loan was funded through the Low and Moderate Income Housing Fund and is a housing asset pursuant to HSC section 34176 (e) (3).

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 Mary Halterman, Analyst, at (916) 445-1546.

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Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Maria Solis, Auditor - Accountant, Office of the Auditor-Controller, Butte County
Ms. Veda Musler, Manager of Property Tax, Office of the Auditor-Controller, Butte
County
California State Controller's Office