



February 25, 2013

Mr. Gregory Wade, Deputy Director
City of Imperial Beach
825 Imperial Beach Boulevard
Imperial Beach, CA 91932

Dear Mr. Wade:

Subject: Housing Assets Transfer Form

This letter supersedes the California Department of Finance's (Finance) Housing Asset Transfer Form letter dated August 30, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Imperial Beach as Housing Successor Agency (Agency) submitted a Housing Assets Transfer Form (Form) to 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 February 11, 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 C, Items 1 and 2 for the Tax Exempt Bonds – The items being transferred are unspent bond proceeds. Finance continues to object to the transfer of these items in accordance with HSC Section 34176 (e) (2) which allows for funds that are encumbered by an enforceable obligation to build or acquire low and moderate income housing. These items were not enforceable obligations prior to June 27, 2011 and are therefore, not encumbered. However, Finance notes that the Agency has met the requirements of HSC 34176 (g) and has been approved to expend housing bond proceeds through the Recognized Obligation Payment Schedule (ROPS) process. Finance's determination related to the use of housing bonds is referenced in our ROPS letter dated December 18, 2012.

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. Wade
February 25, 2013
Page 2

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

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Gary Brown, Executive Director, City of Imperial Beach
Ms. Jacqueline Hald, City Clerk, City of Imperial Beach
Mr. Juan Perez, Senior Auditor and Controller Manager, County of San Diego
Ms. Nenita DeJesus, Senior Auditor and Controller Accountant, County of San Diego
California State Controller's Office