



December 14, 2012

Mr. John Duckett, Assistant City Manager
City of Shasta Lake
1650 Stanton Drive
Shasta Lake, CA 96019

Dear Mr. Duckett:

Subject: Housing Asset Transfer Form

This letter supersedes Finance's Housing Asset Transfer Form letter dated August 17, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Shasta Lake submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on July 20, 2012 for the period February 1, 2012 through July 31, 2012. Finance issued its determination related to those transferred assets on August 17, 2012. Subsequently, the City of Shasta Lake 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 October 3, 2012.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific item being disputed. Notwithstanding the merit of the project, the Authority only provided documentation to establish \$200,000 is encumbered by an enforceable obligation for low and moderate income housing purposes pursuant to HSC 34176 (e)(2). Therefore, Finance continues to object to \$1.8 million out of the \$2 million reported as Exhibit C, Item 1 – Low Income Senior Housing.

This is Finance's final determination related to the assets reported on your Form. Except for item 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,

Steve Szalay
Local Government Consultant

cc: Ms. Connie Regnell, Auditor/Controller, Shasta County
Ms. Sherri Jenkins, Managing Accountant, Shasta County
California State Controller's Office