



January 11, 2013

Mr. David Woo, Finance Director
City of Cupertino
10300 Torre Avenue
Cupertino, CA 95014

Dear Mr. Woo:

Subject: Low and Moderate Income Housing Fund Due Diligence Review

This letter supersedes Finance's original LMIHF DDR determination letter dated January 4, 2013. Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of Cupertino Successor Agency (Agency) submitted an oversight board approved Low and Moderate Income Housing Fund (LMIHF) Due Diligence Review (DDR) to the California Department of Finance (Finance) on December 11, 2012. Finance issued a LMIHF DDR determination letter on January 4, 2013. This letter intends to correct an erroneous adjustment made by Finance in the January 4, 2013 letter.

The Santa Clara County Auditor Controller's Office has brought to Finance's attention that Finance's adjustment to the DDR was actually used as a final payment for the final obligation of the Agency. The amounts were not listed on the Recognized Obligation Payment Schedule (ROPS) for the period January through June 2012; however the necessary approvals were obtained from the Agency's Oversight Board, which effectively dissolved the Agency.

In addition, Finance's ROPS determination letter dated October 20, 2012 acknowledged the Agency's official dissolution. Therefore, we are rescinding our previously issued LMIHF DDR determination letter dated January 4, 2013. The Agency's LMIHF balance available for distribution to the affected taxing entities has been revised to zero.

Pursuant to HSC section 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter and Finance's Housing Assets Transfer letter dated September 7, 2012 do not in any way eliminate the Controller's authority.

Please direct inquiries to Wendy Griffe, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY

Local Government Consultant

cc: Ms. Irene Lui, Controller Treasurer, County of Santa Clara
Kim-Anh Le, County of Santa Clara
California State Controller's Office