



REVISED

April 18, 2013

Ms. Lori Trevino, Economic Development Manager
City of El Cerrito
10890 San Pablo Avenue
El Cerrito, CA 94530

Dear Ms. Trevino:

Subject: Low and Moderate Income Housing Fund Due Diligence Review

This letter supersedes California Department of Finance's (Finance) original Low and Moderate Income Housing Fund (LMIHF) Due Diligence Review (DDR) determination letter dated December 17, 2012. Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of El Cerrito Successor Agency (Agency) submitted an oversight board approved LMIHF DDR to the (Finance) on November 21, 2012. Finance issued a LMIHF DDR determination letter on December 17, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more items adjusted by Finance. The Meet and Confer Session was held on January 14, 2013.

Based on a review of additional or clarifying information provided to Finance during the Meet and Confer process, Finance is revising some of the adjustments made in our previous DDR determination letter. Specifically, we are revising the following adjustment:

The request to retain balances for the Ohlone and Eden Housing loan agreements totaling \$176,141 was originally denied because these obligations were approved for Redevelopment Property Tax Trust Fund funding, and not LMIHF.

During the Meet and Confer session, the Agency indicated that they deposited funds into the LMIHF in error in December 2011. Subsequent to the Meet and Confer session, the Agency provided additional documents to support that the \$176,161 was used to pay approved items listed on the January through June 2012 Recognized Obligation Payment Schedule (ROPS I) during the ROPS I period. Therefore, there are no unencumbered LMIHF balances available for distribution.

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 5, 2012 do not in any way eliminate the Controller's authority.

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Please direct inquiries to Chikako Takagi-Galamba, Manager at (916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Szalay', with a small mark below the name.

STEVE SZALAY
Local Government Consultant

cc: Ms. Hilde Myall, Housing Program Manager, City of El Cerrito
Mr. Scott Hanin, City Manager, City of El Cerrito
Ms. Mary Dodge, Administrative Services Director, City of El Cerrito
Mr. Bob Campbell, Auditor-Controller, Contra Costa County
California State Controller's Office