



November 7, 2012

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

Dear Mr. Wade:

**Subject: Low and Moderate Income Housing Fund Due Diligence Review**

Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of Imperial Beach Successor Agency (Agency) submitted an oversight board approved Low and Moderate Income Housing Fund Due Diligence Review (DDR) to the California Department of Finance (Finance) on October 11, 2012. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Pursuant to HSC section 34179.6 (d), Finance has completed its review of your DDR, which may have included obtaining clarification for various items.

Based on our review, Finance made no adjustments to the Low and Moderate Income Housing Fund (LMIHF) balance available for allocation to the affected taxing entities. As a result, 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 August 30, 2012 do not in any way eliminate the Controller's authority.

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

Sincerely,

STEVE SZALAY  
Local Government Consultant

cc: Mr. Gary Brown, Executive Director, 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