DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
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November 8, 2012

Mr. John Meyer, Director of Redevelopment and Housing
City of Vista
200 Civic Center Drive
Vista, CA 92084

Dear Mr. Meyer:

Subject: Low and Moderate Income Housing Fund Due Diligence Review

Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of Vista (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 September 13, 2012 do not in any way eliminate the Controller's authority.

Finally, we note that failure to return assets that were deemed an unallowable transfer, and which were ordered returned to the Agency by the Controller or by Finance, would be a violation of Penal Code section 424.

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

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: on following page

cc: Mr. Jeff Zinner, Redevelopment and Housing Manager, City of Vista
Mr. Juan Perez, Senior Auditor and Controller Manager, County of San Diego
California State Controller's Office