



February 15, 2013

Mr. Richard Loomis, Finance Director
City of Pinole
2131 Pear Street
Pinole, CA 94564

Dear Mr. Loomis:

Subject: Housing Assets Transfer Form

This letter supersedes Finance's Housing Asset Transfer Form letter dated August 30, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Pinole as Housing Successor Agency (Agency) submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on July 31, 2012, for the period February 1, 2012 through July 31, 2012. Finance issued its determination related to those transferred assets on August 30, 2012. Subsequently, the Agency 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 February 1, 2013.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of those specific items being disputed.

- Exhibit A, Item 3 – Land in the amount of \$411,879. Finance no longer objects to the transfer. Finance originally objected to the transfer because documentation could not be provided that stated the property was undevelopable. The Agency contends the item is a housing asset because the parcel is associated with a Development and Disposition Agreement that requires it to remain vacant. The Agency provided the former RDA Board Resolution and the Easement Grant Deed, which recorded the granting of an easement to the Bridge Housing Corporation for a permanent non-buildable area on the parcel owned by the former RDA as required by the Uniform Building Code. Since the vacant parcel is associated with a low and moderate income housing project and cannot be used for any other purpose, the item is a housing asset pursuant to HSC section 34176 (e) (1).
- Exhibit C, Item 1 – Settlement Agreement. Finance no longer objects to the transfer. Finance originally objected to the transfer because this item is not an enforceable obligation; it is a trust account resulting from litigation. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. The Agency contends the item is a housing asset because the funds were the result of a settlement agreement with building contractors for the repair of a low and moderate income senior housing building and the funds were being held in trust by the former RDA on behalf of the Pinole Assisted Living Community (PALC) through an

Assignment Agreement. Since the former RDA is no longer able to enter into contracts on behalf of PALC, the PALC Board of Directors rescinded the Assignment Agreement with the former RDA and assigned the City as the new trustee. The Agency provided documents showing the former RDA was the trustee for the settlement funds, which were deposited into a separate account maintained by the former RDA. Since the former RDA is no longer the trustee for the account, the funds need to be returned to PALC. As such, the reimbursement should be listed on the next Recognized Obligation Payment Schedule for payment to PALC for Finance's review and approval.

This is Finance's final determination related to the assets reported on your Form. Except for items 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 Mary Halterman Analyst, at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: On the following page

cc: Ms. Belinda Espinosa, City Manager, City of Pinole
Mr. Bob Campbell, Auditor-Controller, Contra Costa County Auditor-Controller's Office
Mr. Jay Wilverding, Chief Accountant, Contra Costa County Auditor-Controller's Office
California State Controller's Office