



AGENDA

SPECIAL MEETING OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION/REDEVELOPMENT AGENCY OF THE CITY OF SANTA FE SPRINGS

MAY 29, 2013
4:30 P.M.

Council Chambers
11710 Telegraph Road
Santa Fe Springs, CA 90670

Gerald M. Caton, Chair
Leighton Anderson, Vice Chair
Mike Foley, Board Member
Louie Gonzalez, Board Member
Cuong Nguyen, Board Member
Harry Stone, Board Member
Noorali Delawalla, Board Member

Public Comment: The public is encouraged to address the Oversight Board on any matter listed on the agenda or on any other matter within its jurisdiction. If you wish to address the Oversight Board, please complete the card that is provided at the rear entrance to the Council Chambers and hand the card to the City Clerk or a member of staff. The Oversight Board will hear public comment on items listed on the agenda during discussion of the matter and prior to a vote. The Oversight Board will hear public comment on matters not listed on the agenda during the Oral Communications period.

Pursuant to provisions of the Brown Act, no action may be taken on a matter unless it is listed on the agenda, or unless certain emergency or special circumstances exist. The Oversight Board may direct staff to investigate and/or schedule certain matters for consideration at a future meeting.

Americans with Disabilities Act: In compliance with the ADA, if you need special assistance to participate in a City meeting or other services offered by this City, please contact the City Clerk's Office. Notification of at least 48 hours prior to the meeting or time when services are needed will assist the City staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.

Please Note: Agendas are available for inspection at the office of the City Clerk, City Hall, 11710 E. Telegraph Road during regular business hours 7:30 a.m. – 5:30 p.m., Monday – Thursday and alternate Fridays. Telephone (562) 868-0511.

1. **CALL TO ORDER**

2. **ROLL CALL**

3. **PLEDGE OF ALLEGIANCE**

4. **CONSENT AGENDA**

Consent Agenda items are considered routine matters which may be enacted by one motion and roll call vote. Any item may be removed from the Consent Agenda and considered separately by the Oversight Board.

Approval of Minutes

A. Minutes of the February 27, 2013 Oversight Board Meeting

Recommendation: That the Oversight Board approve the minutes as submitted.

NEW BUSINESS

5. Resolution OB-2013-014 – Approving a Loan Agreement Between the City of Santa Fe Springs and the Successor Agency to the Community Development Commission/Redevelopment Agency of the City of Santa Fe Springs and the Agreement with Colantuono & Levin Which is the Subject of Such Loan Agreement

Recommendation: That the Oversight Board adopt Resolution OB-2013-014 approving a loan agreement between the City of Santa Fe Springs and the Successor Agency to the Community Development Commission/Redevelopment Agency of the City of Santa Fe Springs (CDC) and the Agreement with Colantuono & Levin which is the Subject of Such Loan Agreement.

6. Resolution OB-2013-015 – Approving the Satisfaction, Termination, and Release of Purchase and Sale Agreement Between the Successor Agency to the Community Development Commission of the City of Santa Fe Springs, Villages at Heritage Springs, LLC, and RCS – Villages Apartments, LLC

Recommendation: That the Oversight Board adopt Resolution OB-2013-015 satisfying, terminating, and releasing the Purchase and Sale Agreement between the Successor Agency to the Community Development Commission of the City of Santa Fe Springs, Villages at Heritage Springs, LLC, and RCS – Villages Apartments, LLC.

7. Resolution OB-2013-016 – Approving and Ratifying the Transfer of Housing Assets from the Former Community Development Commission/Redevelopment Agency to the Housing Successor

Recommendation: That the Oversight Board approve Resolution OB-2013-016 approving and ratifying the transfer of Housing Assets from the former Community Development Commission/Redevelopment Agency to the Housing Successor.

8. ORAL COMMUNICATIONS

This is the time when comments may be made by interested persons on matters not on the agenda having to do with Oversight Board business.

9. ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing agenda was posted at the following locations; Santa Fe Springs City Hall, 11710 Telegraph Road; Santa Fe Springs City Library, 11700 Telegraph Road; and the Town Center Plaza (Kiosk), 11740 Telegraph Road, not less than 24 hours prior to the meeting.

Anita Jimenez

Anita Jimenez, CMC
Santa Fe Springs
Oversight Board Clerk

May 23, 2013

Date

**MINUTES OF THE SPECIAL MEETING OF THE
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
COMMUNITY DEVELOPMENT COMMISSION/REDEVELOPMENT
AGENCY OF THE CITY OF SANTA FE SPRINGS**

FEBRUARY 27, 2013

1. CALL TO ORDER

The meeting was called to order at 4:34 p.m.

2. ROLL CALL

Present: Board Members Delawalla, Foley, and Stone, Chair Caton, and Board Clerk Anita Jimenez

Absent: Board Members González and Nguyen, and Vice Chair Anderson

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Board Member Foley.

4. CONSENT AGENDA

Approval of Minutes

A. Minutes of the January 9, 2013 Regular Oversight Board Meeting

Recommendation: That the Oversight Board approve the minutes as submitted.

Board Member Foley moved the approval of Item 4A; Board Member Stone seconded the motion which passed unanimously.

NEW BUSINESS

5. Resolution OB-2013-012 – Approving the Successor Agency's Recognized Obligation Payment Schedule (ROPS 13-14A) for July 1, 2013 – December 31, 2013

Recommendation: That the Oversight Board approve Resolution OB-2013-012.

Travis Hickey, Assistant Director of Finance & Administrative Services for the City of Santa Fe Springs, reviewed the schedule for the Board. Board Member Stone presented a copy of an email sent from the County to the Oversight Board. Mr. Hickey stated that the County's analysis of Items 8 & 9, relating to low-income housing, was inaccurate; that these are payments for 3rd party loans. Items 10-13 reflect the loans made from low-incoming housing funds. Mr. Hickey pointed out that the same issue had been addressed with the Department of Finance (DOF) in the previous meet-and-confer process and that the DOF reversed their position at that time. The City will bring this issue up with the DOF again.

Board Member Stone asked for an explanation of Item #29. Mr. Hickey stated that this is reflected as an obligation because the entity with which the City has

an agreement has not provided proof of completion of the project to the City therefore we have not made this payment. The City wants to clearly show that this obligation is still outstanding. Board Member Stone suggested that the City provide notation to this effect. Mr. Hickey stated that the notation had been made on the "Notes" page.

Board Member Stone moved the approval of Item 5; Board Member Delawalla seconded the motion which passed unanimously.

6. Resolution OB-2013-013 – Approving the Successor Agency's Administrative Budget for the Period July 1, 2013 to December 31, 2013

Recommendation: That the Oversight Board approve Resolution OB-2013-013.

Mr. Hickey stated the Resolution should be amended to reflect the time period of July 1, 2013 to June 30, 2014. The recommendation is to approve the annual budget which is the amount reflected in the attachment.

Board Member Stone moved the approval of Item 6 as amended; Board Member Foley seconded the motion which passed unanimously.

7. **ORAL COMMUNICATIONS**

Chair Caton opened Oral Communications at 4:50 p.m. There being no one wishing to speak, Oral Communications were closed.

Jose Gomez, Assistant City Manager/Director of Finance for the City of Santa Fe Springs, updated the Board on issues which the City was awaiting a response from the DOF: the City is cautiously optimistic about the result of the Housing Asset transfer, and the Non-Housing Due Diligence Review.

Mr. Gomez stated that the next regular meeting, scheduled for Wednesday, March 13, may not be necessary, but that the Clerk will keep the Board informed of the schedule.

8. **ADJOURNMENT**

At 4:52 p.m., Chair Caton adjourned the meeting.

Gerald M. Caton
Oversight Board Chair

ATTEST:

Anita Jimenez, Board Clerk

Date

NEW BUSINESS

**Oversight Board
May 29, 2013**

TO: Oversight Board Members

FROM: Successor Agency to the Santa Fe Springs CDC

ORIGINATED BY: Thaddeus McCormack, City Manager

SUBJECT: Resolution No. OB-2013-014 – Approving a Loan Agreement between the City of Santa Fe Springs and the Successor Agency to the Community Development Commission/Redevelopment Agency of the City of Santa Fe Springs and the Agreement with Colantuono & Levin Which is the Subject of Such Loan Agreement

RECOMMENDED ACTION

That the Oversight Board adopt Resolution OB-2013-014 approving a loan agreement between the City of Santa Fe Springs and the Successor Agency to the Community Development Commission/Redevelopment Agency of the City of Santa Fe Springs (CDC) and the Agreement with Colantuono & Levin which is the Subject of such Loan Agreement.

LEGAL ACTION

In its recent review of the Due Diligence Review (DDR), the Department of Finance (DOF) has invalidated a 2011 transaction in which the former CDC repaid to the City approximately \$9.3 million in funds advanced to the CDC in 2010. Staff strongly believes that this decision is incorrect and unlawful, with no choice but to commence litigation to avoid the loss of such funds. As the Successor Agency does not have these funds available, it results in the City's General Fund bearing the burden of such a demand. The only recourse available is to take legal action.

At a recent meeting, the Successor Agency engaged the law firm of Colantuono & Levin as its legal counsel for this litigation matter. In doing so, however, the Successor Agency does not have funds available to pay extraordinary expenses such as litigation. Therefore, it seeks a loan from the City for these purposes. State law provides authority for City loans to the Successor Agency as long as they are approved by the local Oversight Board and listed on future Recognized Obligation Payment Schedules (ROPS) submitted to the DOF every six months.

CITY – SUCCESSOR AGENCY LOAN

The loan agreement (see attached) between the City and Successor Agency provides for the City to make available funds necessary to pay all litigation expenses. In turn, the Successor Agency agrees to list the loan on future ROPS with repayment aligned with other enforceable obligations. The City funds will be specifically provided from the General Fund and only used to pay litigation expenses.

A handwritten signature in black ink, appearing to read 'Thaddeus McCormack', is positioned above the printed name and title.

Thaddeus McCormack
City Manager

Attachments:

Resolution No. OB-2013-014
City / Successor Agency Loan Agreement
DOF Letter – dated April 8, 2013
Colantuono & Levin Retainer Agreement

RESOLUTION NO. OB-2013-014

A RESOLUTION OF THE OVERSIGHT BOARD OF THE
SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT
COMMISSION/REDEVELOPMENT AGENCY OF THE CITY OF SANTA FE SPRINGS
APPROVING A LOAN AGREEMENT BETWEEN
THE CITY OF SANTA FE SPRINGS AND THE SUCCESSOR AGENCY
TO THE COMMUNITY DEVELOPMENT COMMISSION/REDEVELOPMENT
AGENCY OF THE CITY OF SANTA FE SPRINGS AND THE
AGREEMENT WITH COLANTUONO & LEVIN WHICH IS THE SUBJECT
OF SUCH LOAN AGREEMENT.

THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
COMMUNITY DEVELOPMENT COMMISSION/REDEVELOPMENT AGENCY OF THE
CITY OF SANTA FE SPRINGS HEREBY RESOLVES AS FOLLOWS:

SECTION 1. Pursuant to applicable law, the Oversight Board hereby approves that certain Loan Agreement Between the City of Santa Fe Springs and the Successor Agency to the Community Development Commission/Redevelopment Agency of the City of Santa Fe Springs, entered into as of May 9, 2013, contingent on the approval of the Oversight Board, a copy of which is attached hereto as Exhibit "A", and in so doing also approves agreement with Colantuono & Levin which is the subject thereof.

SECTION 2. If any section, subsection, subdivision, paragraph, sentence, clause or phrase in this Resolution, or any part hereof, is held invalid or unconstitutional, such decision shall not affect the validity of the remaining sections or portions of this Resolution. The Oversight Board hereby declares that it would have adopted each section, subsection, subdivision, paragraph, sentence, clause or phrase in this Resolution irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases may be declared invalid or unconstitutional.

SECTION 3. The Oversight Board's Clerk shall certify to the adoption of this Resolution.

SECTION 4. The Successor Agency's officials and staff are hereby authorized and directed to transmit this Resolution and take all other necessary and appropriate actions as required by law in order to effectuate its purposes.

PASSED AND ADOPTED, by the Oversight Board of the Successor Agency to the Community Development Commission/Redevelopment Agency of the City of Santa Fe Springs on May 29, 2013.

Oversight Board Chair

ATTEST:

Oversight Board Clerk

**LOAN AGREEMENT BETWEEN THE CITY OF SANTA FE
SPRINGS AND THE SUCCESSOR AGENCY
TO THE COMMUNITY DEVELOPMENT COMMISSION/REDEVELOPMENT
AGENCY OF THE CITY OF SANTA FE SPRINGS**

This Agreement is made and entered into as of May 9, 2013, by and between the City of Santa Fe Springs (the "City"), a municipal corporation, and the Successor Agency to the Community Development Commission/Redevelopment Agency of the City of Santa Fe Springs (the "Successor Agency"), a public entity.

Recitals

A. In its review of the Due Diligence Review of the Successor Agency's Other Funds and Accounts, the State of California Department of Finance (the "DOF") has invalidated a 2011 transaction in which the former Commission/Redevelopment Agency returned to the City approximately \$9.8 million in funds that the City had advanced to the Commission/Agency in late 2010. Such decision was memorialized in a letter dated April 8, 2013, a copy of which is attached hereto as Exhibit "A".

B. The DOF will seek to recover those funds from the Successor Agency and/or the City, which would have drastic consequences.

C. The Successor Agency, having exhausted its administrative remedies and believing strongly that the decision of the DOF is incorrect and unlawful, has no choice but to commence litigation to avoid the loss of such funds. Accordingly, the Successor Agency has engaged the firm of Colantuono & Levin as its legal counsel for such litigation, in an agreement attached hereto as Exhibit "B".

D. The Successor Agency does not have any funds with which to pay the extraordinary expenses of such litigation, and, accordingly, seeks a loan from the City for such purposes.

E. H&SC Section 34173(h) authorizes the City to loan funds to the Successor Agency for such purposes, at the City's discretion, and provides that such loan must be listed on the ROPS, which is subject to approval by the Oversight Board. H&SC Sections 34178 and 34180 also authorize the City and the Successor Agency to enter into certain types of contracts.

F. Relying on the aforesaid authority, the City is prepared to make a temporary loan (the "Loan") to the Successor Agency in the full amount necessary to pay the expenses of the litigation described above. The City shall advance funds to the Successor Agency periodically in order to pay the expenses of such litigation as such expenses are due.

G. The Successor Agency shall list the repayment of the Loan as an enforceable obligation on future ROPS.

Based on the Recitals set forth above and in consideration of the mutual covenants set forth below, the parties agree as follows:

1. The parties represent and warrant to each other that each of the Recitals set forth above is true and correct.

2. Subject to the approval of the Oversight Board as set forth below, the City shall use City general funds to provide the Successor Agency with the Loan as litigation expenses become due.

3. The Successor Agency shall use the proceeds of the Loan only to pay the expenses of such litigation.

4. This Agreement shall not be deemed effective, and the City shall not make the Loan, until this Agreement has been approved by the Oversight Board, pursuant to H&SC Section 34179(h) and 34180.

5. Except as provided in Section 6, below, the Loan shall be repaid on par with any enforceable obligations falling within H&SC Section 34183(a)(2)(C) (debts not qualifying as tax allocation bonds and certain revenue bonds).

6. The City hereby agrees to defer repayment of the Loan during any six-month period covered by a ROPS to the extent that repayment during that period would leave the Successor Agency with insufficient funds to satisfy other enforceable obligations covered by H&SC Section 34183(a)(2)(C) which: (a) Are due in that six-month period; and (b) were in existence as of the date of this Agreement.

7. Provided that this Agreement is approved by the Oversight Board, the Successor Agency shall list its obligation under this Agreement as an enforceable obligation on its next available ROPS. Such enforceable obligation shall be included on each successive ROPS until the Loan has been repaid to the City in full.

8. This Agreement shall be in full force and effect upon its approval by the Oversight Board, and shall remain in full force and effect until the Loan has been repaid to the City in full.

9. This Agreement constitutes the entire agreement by and between the parties with respect to the subject matter hereof, and may be amended only in writing.

10. In the event of a default, either party may avail itself of any and all remedies available at law or equity under California law for the purpose of enforcing the terms and conditions of this Agreement.

Intending to be legally bound, the parties' authorized representatives have executed this Agreement, below, as of May 9, 2013.

City of Santa Fe Springs

Mayor

Attest:

City Clerk

Approved as to form:

City Attorney

Successor Agency

Chairman

Attest:

Clerk



EDMUND G. BROWN JR. * GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

April 8, 2013

Mr. Travis C. Hickey, Director of Finance and Administrative Services
City of Santa Fe Springs
11710 East Telegraph Road
Santa Fe Springs, CA 90670

Dear Mr. Hickey:

Subject: Other Funds and Accounts Due Diligence Review

This letter supersedes the California Department of Finance's (Finance) original Other Funds and Accounts (OFA) Due Diligence Review (DDR) determination letter dated March 11, 2013. Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of Santa Fe Springs Successor Agency (Agency) submitted an oversight board approved OFA DDR to Finance on January 10, 2013. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Finance issued an OFA DDR determination letter on March 11, 2013. 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 March 25, 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. Specifically, the following adjustments were made:

- Cash transfers to the City of Santa Fe Springs (City) in the amount of \$18,704,841 were disallowed. The former redevelopment agency (RDA) transferred cash totaling \$18,704,841 to the City on March 10, 2011 and January 31, 2012 for principal and interest payments on operating loans executed through promissory notes dated September 23, 2010 and August 25, 2011, respectively.

For the September 2010 loan principal and interest repayment totaling \$9,337,498, HSC section 34179.5 states "enforceable obligation" includes any of the items listed in subdivision (d) of section 34171. HSC section 34171 (d) (2) states "enforceable obligation" does not include any agreements, contracts, or arrangements between the city that created the RDA and the former RDA. It is our understanding the RDA was created in 1961 and the loan was made in 2010, which is well after the first two years of creation. Therefore, the transfer was not made pursuant to an enforceable obligation and is not permitted. Consequently, Finance is increasing the available OFA balance by \$9,337,498.

The repayment of the loan may become an enforceable obligation after the Agency receives a Finding of Completion from Finance. If the oversight board makes a finding that the loan was for legitimate redevelopment purposes, the loan should be placed on

Mr. Hickey
 April 8, 2013
 Page 2

future Recognized Obligation Payment Schedules for repayment. Refer to HSC section 34191.4 (b) for more guidance.

For the August 2011 loan principal and interest repayment totaling \$9,367,343, the former RDA no longer had the authority to incur additional debt and the original loan of \$8,902,000 should not have occurred. As such, the \$8,902,000 is an allowable transfer to return the funds back to the City; however, no interest should have accrued; therefore, Finance is increasing the available balance by \$465,343.

The Agency's OFA balance available for distribution to the affected taxing entities is \$15,078,896 (see table below).

OFA Balances Available For Distribution To Taxing Entities	
Available Balance per DDR:	\$ 5,276,055
Finance Adjustments	
Add:	
Disallowed transfers:	\$ 9,802,841
Total OFA available to be distributed:	
	\$ 15,078,896

This is Finance's final determination of the OFA balances available for distribution to the taxing entities. HSC section 34179.6 (f) requires successor agencies to transmit to the county auditor-controller the amount of funds identified in the above table within five working days, plus any interest those sums accumulated while in the possession of the recipient. Upon submission of payment, it is requested you provide proof of payment to Finance within five business days.

If funds identified for transmission are in the possession of the successor agency, and if the successor agency is operated by the city or county that created the former redevelopment agency, then failure to transmit the identified funds may result in offsets to the city's or the county's sales and use tax allocation, as well as its property tax allocation. If funds identified for transmission are in the possession of another taxing entity, the successor agency is required to take diligent efforts to recover such funds. A failure to recover and remit those funds may result in offsets to the other taxing entity's sales and use tax allocation or to its property tax allocation. If funds identified for transmission are in the possession of a private entity, HSC 34179.6 (h) (1) (B) states that any remittance related to unallowable transfers to a private party may also be subject to a 10 percent penalty if not remitted within 60 days.

Failure to transmit the identified funds will also prevent the Agency from being able to receive a finding of completion from Finance. Without a finding of completion, the Agency will be unable to take advantage of the provisions detailed in HSC section 34191.4. Specifically, these provisions allow certain loan agreements between the former redevelopment agency (RDA) and the city, county, or city and county that created the RDA to be considered enforceable obligations. These provisions also allow certain bond proceeds to be used for the purposes in which they were sold and allows for the transfer of real property and interests into the Community Redevelopment Property Trust Fund once Finance approves the Agency's long-range property management plan.

In addition to the consequences above, willful failure to return assets that were deemed an unallowable transfer or failure to remit the funds identified above could expose certain individuals to criminal penalties under existing law.

Mr. Hickey
April 8, 2013
Page 3

Pursuant to HSC sections 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 do not in any way eliminate the Controller's authority.

Please direct inquiries to Evelyn Suess, Supervisor, or Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Jose Gomez, Assistant City Manager/Director of Finance, Santa Fe Springs
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller
California State Controller's Office

Holly O. Whatley
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Los Angeles, CA 90071-3137
Main: (213) 542-5700
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WWW.CLLAW.US
SANDRA J. LEVIN, OF COUNSEL

March 29, 2013

Steven Skolnik
City Attorney
City of Santa Fe Springs
11710 E. Telegraph Road
Santa Fe Springs, CA 90670

Re: Representation of Santa Fe Springs and Santa Fe Springs RDA
Successor Agency re Dispute with department of Finance Regarding
Clawback

Dear Steve:

As promised, I write to propose a form of letter retainer agreement by which our firm will advise the City of Santa Fe Springs and the Successor Agency to the Santa Fe Springs Redevelopment Agency ("you" or "the City") by filing suit to obtain judicial review of the State Department of Finance's rejection of the city's position in a meet and confer regarding a loan the Santa Fe Springs RDA repaid to the City. If we can assist with other matters, please let me know. Colantuono & Levin, PC ("the firm") and all of its professionals are very pleased to have the opportunity to assist the City in this way.

This letter sets forth the basis upon which we will provide you legal services and bill you for services and costs. If it is acceptable, please have it executed on behalf of the City and return it to me. If you have questions or concerns about this form of agreement, please call me at the direct-dial number listed above.

The firm maintains a conflict of interest index which lists all clients of our firm and matters in which we represent them. We will not represent any party with an interest that may be adverse to an indexed person without first determining if a

Steven Skolnik
City of Santa Fe Springs
March 29, 2013
Page 2

professional conflict of interest would arise. We propose to index the following names with respect to this matter:

Client-affiliated parties:

City of Santa Fe Springs
Santa Fe Springs RDA Successor Agency

Adverse parties:

Ana Matasantos, in her official capacity as California Director of Finance
California State Department of Finance
Wendy Watanabe, in her official capacity as Los Angeles County Auditor-Control
County of Los Angeles
Rio Hondo Community College District
Whittier Union High School District
Los Angeles County Flood Control District
Metropolitan Water District of Southern California

Please let me know if any of these names are incorrect or misspelled, or if there are other parties with an interest this issue that we should list such as, perhaps, any remaining tax agencies which benefit from the redistribution of tax increment that previously funded the Santa Fe Springs RDA. Unless we hear from you to the contrary, we will assume that the above listing is accurate and complete.

As we have discussed, the nature of the matter makes it impossible for us to guarantee the total fees that may be incurred on this matter, although we will make every effort to represent you as efficiently as possible. You will receive monthly statements informing you of the fees and costs incurred during the prior month.

I will have primary responsibility for your representation, and the firm will use other attorneys and legal assistants in the best exercise of our professional judgment. If you have questions, concerns or criticisms at any time, please let me know. Naturally,

Steven Skolnik
City of Santa Fe Springs
March 29, 2013
Page 3

we expect you to keep us reasonably informed of significant developments in matters relating to this representation.

We review all statements before they are issued to ensure that the amount charged is appropriate. The statement for fees is simply the product of the hours worked multiplied by the hourly rates for the attorneys and legal assistants who did the work.

Our hourly rates are based upon the experience, reputation and ability of the professional performing the services and for 2013 range between \$175 and \$450 per hour for attorneys' time, and between \$100 and \$145 for the time of paralegals and legal assistants. However, as a professional courtesy to you, we will agree to cap our rates at \$350 per hour. Our rate structure in general and the rates of particular lawyers may be increased from time to time, and are usually adjusted as of the beginning of each calendar year, although we will not raise the \$350 rate cap without your consent.

It may be necessary to bill you for items such as, but not limited to, authorized travel, long-distance telephone calls, mileage at the IRS rate, filing fees, photocopying, computerized legal research outside the scope of our Westlaw contract and the like. These items are separately itemized on our statement as "disbursements." These amounts will be billed in addition to our professional fees.

We will send you monthly statements, and expect payment within 30 days of the billing date. If payment is not received within 45 days of the billing date, we reserve the right to charge interest on the unpaid balance at the rate of one percent per month and to terminate our representation.

We rarely have disputes with clients over our fees. Nevertheless, you should be aware that you are entitled to require that any fee dispute be resolved by binding arbitration in Los Angeles pursuant to the arbitration rules for legal fee disputes of the County Bar Association. We agree that all disputes between us regarding the services rendered or fees charged not resolved via County Bar fee arbitration will be submitted to binding arbitration in the Cities of Los Angeles to be conducted by JAMS in accordance with its commercial arbitration rules. YOU SHOULD REVIEW THIS

Steven Skolnik
City of Santa Fe Springs
March 29, 2013
Page 4

PARAGRAPH CAREFULLY AND, IF YOU WISH, SEEK INDEPENDENT LEGAL COUNSEL REGARDING IT, AS YOU AND WE ARE AGREEING TO FOREGO SIGNIFICANT RIGHTS IN THE EVENT OF A DISPUTE BETWEEN US, INCLUDING THE RIGHT TO A JURY TRIAL.

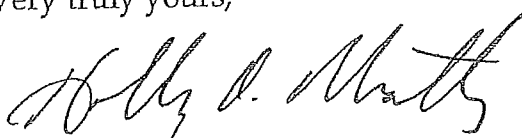
You have the right to terminate our representation at any time. We have the same right, subject to an obligation to give you reasonable notice to arrange alternative representation. In either case, you agree to secure new counsel to represent you as quickly as possible and to cooperate fully in the substitution of the new counsel as counsel of record in any litigation we may subsequently agree to undertake on your behalf. Notwithstanding the termination of our representation, you will remain obligated to pay to us all fees and costs incurred prior thereto.

I apologize for the formality of this letter, but we are required by California law to provide this information to you in writing. We are also required to inform you that we currently maintain professional liability insurance coverage.

Please review the foregoing and, if it meets with your approval, have a copy of this letter executed on behalf of the City and returned to me by fax and in the enclosed envelope. If you have any questions, please feel free to call me at the direct-dial number above.

We look forward to representing you. Thank you for the opportunity to do so!

Very truly yours,



Holly O. Whatley

HOW:mr

Steven Skolnik
City of Santa Fe Springs
March 29, 2013
Page 5

Enclosures (duplicate original and return envelope)

On behalf of the City of Santa Fe Springs and the Successor Agency to the Santa Fe Springs Redevelopment Agency, I hereby agree to retain Colantuono & Levin, PC to provide legal services on the terms described above.

By:

Printed Name:

Title:

NEW BUSINESS**Oversight Board
May 29, 2013**

TO: Oversight Board Members

FROM: Successor Agency to the Santa Fe Springs CDC

ORIGINATED BY: Thaddeus McCormack, City Manager

SUBJECT: Resolution No. OB-2013-015 – Approving the Satisfaction, Termination, and Release of Purchase and Sale Agreement Between the Successor Agency to the Community Development Commission of the City of Santa Fe Springs, Villages at Heritage Springs, LLC, and RCS – Villages Apartments, LLC

RECOMMENDED ACTION

That the Oversight Board adopt Resolution OB-2013-015 satisfying, terminating, and releasing the Purchase and Sale Agreement between the Successor Agency to the Community Development Commission of the City of Santa Fe Springs, Villages at Heritage Springs, LLC, and RCS – Villages Apartments, LLC.

BACKGROUND AND DISCUSSION

The Community Development Commission of the City of Santa Fe Springs (CDC) and Villages at Heritage Springs, LLC (Villages) entered into a Disposition and Development Agreement (DDA) in November 2005. Pursuant to the DDA, Villages was responsible for development of a master-planned residential community of over 500 dwelling units on approximately 55 acres of land.

The DDA has been amended several times over the years. In July 2009, Amendment No. 3 was executed and included a purchase and sale agreement (PSA) between the parties. It structured the CDC's purchase of 5.86 acres of land (known as Lots 68 and 69 of Tract 63136) by providing a \$1 million down payment. The PSA called for the total purchase price to be the fair value of the property, not to exceed the CDC's net tax increment generated from the project for a 15-year period. At the time, the amendment and PSA were agreed to as a means to finance the initial phases of construction due to the overall economic uncertainty and lack of available financing for new residential construction. The PSA also included an option that provided Villages the ability to repurchase the 5.86 acres of land from the CDC for the \$1 million the CDC had already provided as a down payment for the property.

The Villages and RCS-Villages Apartments, LLC (a new partner in the development and transaction) are now desirous of exercising and satisfying the option to repurchase pursuant to the terms included in the PSA. The sum of \$1,000,000 would be payment in full to the Successor Agency (as the CDC no longer exists), canceling the purchase of Lots 68 and 69.

The above described action is part and parcel to the PSA and in-and-of-itself would not require formal action. However, with the elimination of redevelopment, the Successor Agency is limited in its ability to take certain actions without the approval of the City Council, Successor Agency, Oversight Board, and Department of Finance (DOF), such as the acceptance of the \$1,000,000 payment associated with the canceling of the sale of the specified lots. Accordingly, the Oversight Board is being asked to approve the satisfaction, termination, and release of purchase and sale agreement.

Please note that, because of the elimination of redevelopment, the \$1 million in sale proceeds will not remain with the City/Successor Agency, but rather will go back to the DOF for distribution among the various taxing entities.

A handwritten signature in black ink, appearing to read 'Thaddeus McCormack', is positioned above the printed name and title.

Thaddeus McCormack
City Manager

Attachments:

Resolution OB-2013-015
DDA Amendment #3

RESOLUTION NO. OB-2013-015

A RESOLUTION OF THE OVERSIGHT BOARD OF THE
SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT
COMMISSION/REDEVELOPMENT AGENCY OF THE CITY OF SANTA FE SPRINGS
APPROVING AND RATIFYING A SATISFACTION, TERMINATION AND
RELEASE OF PURCHASE AND SALE AGREEMENT BETWEEN THE
SUCCESSOR AGENCY AND VILLAGES AT HERITAGE SPRINGS, LLC,
AND RCS – VILLAGES APARTMENTS, LLC

THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
COMMUNITY DEVELOPMENT COMMISSION/REDEVELOPMENT AGENCY OF THE
CITY OF SANTA FE SPRINGS HEREBY RESOLVES AS FOLLOWS:

SECTION 1. The Oversight Board hereby approves and ratifies the Satisfaction, Termination and Release of Purchase and Sale Agreement between the Successor Agency and Villages at Heritage Springs, LLC, and RCS – Villages Apartments, LLC, a copy of which is attached hereto as Exhibit “A”.

SECTION 2. If any section, subsection, subdivision, paragraph, sentence, clause or phrase in this Resolution, or any part hereof, is held invalid or unconstitutional, such decision shall not affect the validity of the remaining sections or portions of this Resolution. The Oversight Board hereby declares that it would have adopted each section, subsection, subdivision, paragraph, sentence, clause or phrase in this Resolution irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases may be declared invalid or unconstitutional.

SECTION 3. The Oversight Board’s Secretary shall certify to the adoption of this Resolution.

SECTION 4. The Successor Agency’s officials and staff are hereby authorized and directed to transmit this Resolution and take all other necessary and appropriate actions as required by law in order to effectuate its purposes.

PASSED AND ADOPTED, by the Oversight Board of the Successor Agency to the Community Development Commission/Redevelopment Agency of the City of Santa Fe Springs on May 29, 2013.

Oversight Board Chair

ATTEST:

Oversight Board Clerk

**SATISFACTION, TERMINATION AND RELEASE OF
PURCHASE AND SALE AGREEMENT**

THIS SATISFACTION, TERMINATION AND RELEASE OF PURCHASE AND SALE AGREEMENT (this "Agreement") is made as of this ____ day of May, 2013, by and among **the Successor Agency to the Community Development Commission of the City of Santa Fe Springs**, as Purchaser (the "Successor Agency"), **Villages at Heritage Springs, LLC**, a California limited liability company, as Seller ("Heritage") and **RCS – Villages Apartments, LLC**, a Colorado limited liability company, as successor in interest to Heritage ("RCS – Villages") and together with Heritage, the "Village Parties").

WHEREAS, the Successor Agency's predecessor and Heritage entered into that certain Purchase and Sale Agreement and Joint Escrow Instructions dated July 9, 2009, as such agreement may have been amended from time to time (the "PSA") regarding the purchase and sale of that certain real property legally described on Exhibit A attached hereto (the "Property").

WHEREAS, RCS – Villages is the successor in interest to Heritage as to certain portions of the Property.

WHEREAS, Section 1.04 of the PSA provides for an option to repurchase the Property on the terms and conditions therein set forth.

WHEREAS, the Village Parties are now desirous of exercising and satisfying the option to repurchase on the terms herein provided, and the parties shall thereafter mutually waive and release each other of all rights, obligations and claims thereunder on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises and agreements of the parties contained herein, the parties hereby agree as follows:

1. Consideration. Concurrently with the mutual execution hereof, RCS - Village has delivered to the Successor Agency a payment in the total sum of \$1,000,000, which payment is in full and final accord and satisfaction of all amounts due from the Village Parties to the Successor Agency under the PSA.
2. Termination. The Successor Agency hereby acknowledges receipt of payment in full as provided in Section 1 above and the parties agree that the PSA has been satisfied in full and is hereby terminated in all respects and none of the parties shall have any further rights or obligations thereunder or with respect thereto.
3. Mutual Waiver and Release. Each of the parties hereby waives and releases the other party from any and all claims, demands, causes of action, judgments, losses, liabilities, damages, costs or other expenses, whether or not now known, suspected or claimed, which either party ever had, now has, or may claim to have against the other arising out of, based on, relating to or resulting from the PSA.

4. Authority. Each person executing this Agreement on behalf of the parties hereto hereby represents and warrants that he/she has the requisite authority to so execute this Agreement on behalf of such party and each party has the authority to perform its covenants and actions set forth in this Agreement.

5. Release of Lien. To the extent that any lien has been or is created against the Property by virtue of the PSA, the Successor Agency expressly acknowledges and agrees that (a) any lien created by the PSA is hereby satisfied and released in all respects and (b) the Village Parties are hereby permitted and authorized to record this Agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first above written.

HERITAGE:

VILLAGES AT HERITAGE SPRINGS, LLC,
a California limited liability company

By: _____
Name: _____

RCS - VILLAGE:

RCS – VILLAGES APARTMENTS, LLC,
a Colorado limited liability company

By: _____
Sharon K. Eshima, Manager

SUCCESSOR AGENCY:

SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION
OF THE CITY OF SANTA FE SPRINGS

By: _____
Chairman

Attest:

Secretary

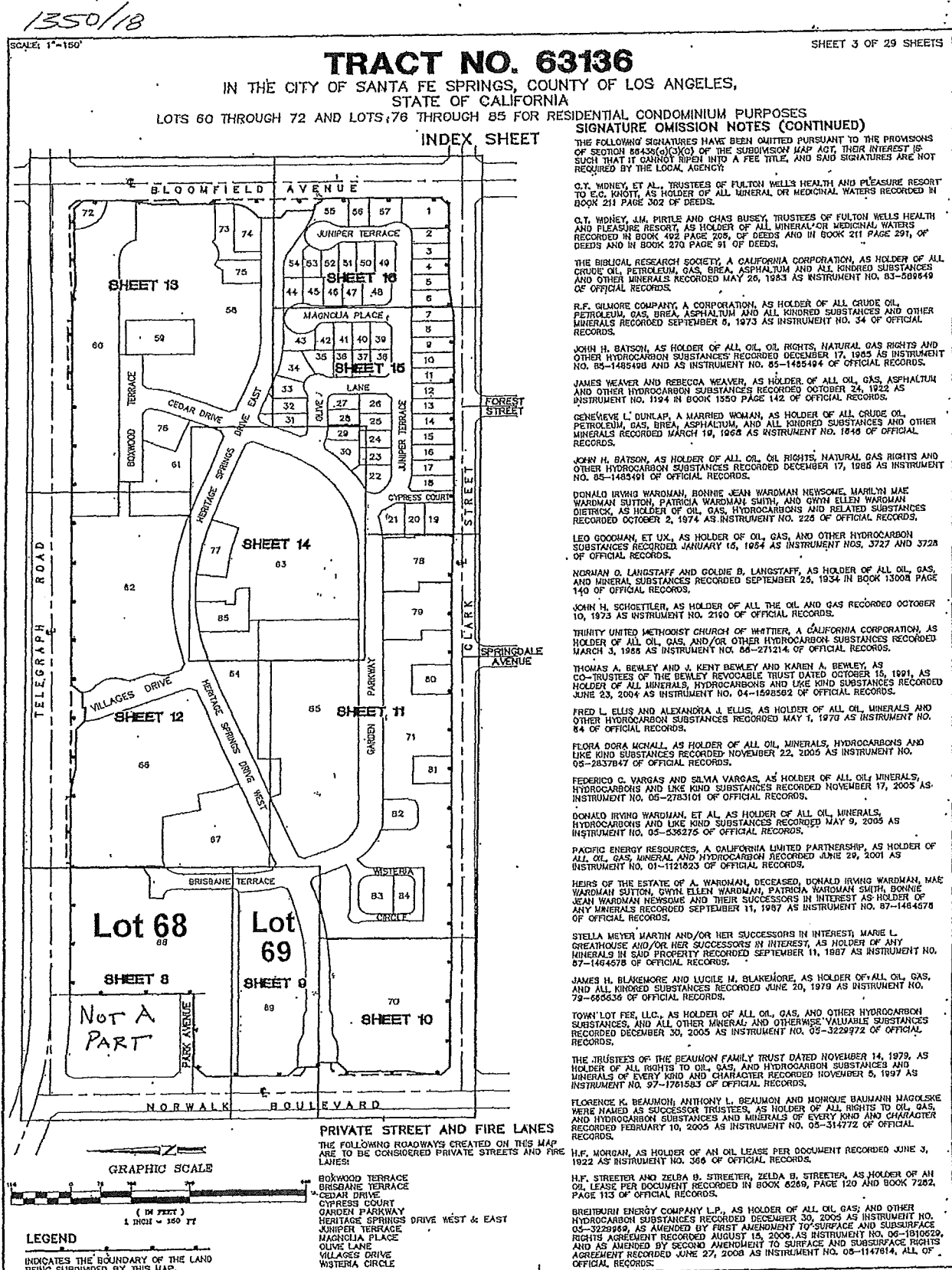
Approved as to form:

Successor Agency Counsel

EXHIBIT "A" TO EXHIBIT "A"

Legal Description of the Property

Lots 68 and 69 of Tract 63136



AMENDMENT NO. 3 TO PURCHASE AND SALE AGREEMENT

This Amendment, entered into and effective as of August 7, 2012, amends that certain Purchase and Sale Agreement entered into on July 9, 2009 (the "Agreement"), between Villages at Heritage Springs, LLC (as "Developer") and the Community Development Commission of the City of Santa Fe Springs (as "Purchaser"). In November, 2011, Purchaser consented to Developer's assignment of its interest in the Agreement, and such interest was assigned to RCS Villages Development, LLC ("RCS"). Effective on February 1, 2012, Purchaser's assets were transferred by operation of law to the Successor Agency to the Community Development Commission of the City of Santa Fe Springs (the "Successor Agency"), and/or the Housing Successor to the Community Development Commission of the City of Santa Fe Springs (the "Housing Successor").

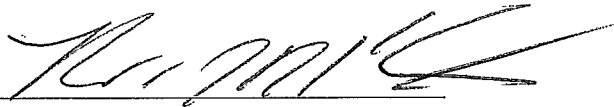
For value received, receipt of which is hereby acknowledged, the successors-in-interest to the original parties to the Agreement hereby agree to amend the text of Section 1.03 of the Agreement to read as follows:

"\$1,000,000.00 of the down payment has been paid by the CDC from the CDC's Low and Moderate Income Housing Funds, which payment shall be utilized to provide credits to the sales price for moderate income purchasers equal to the difference between the market rate price and the affordable price for that qualified buyer. This assistance shall be provided to qualified buyers for eligible homes of two and three bedrooms, within Residence 1 and 2 of Jasmine at the Villages. All such purchases shall close escrow no later than June 30, 2015. For the purpose of the calculation of the amount of credit to be utilized for each such purchase, the market rate shall be the lesser of the actual market rate or \$310,000.00 for any home within Residence 1, and the lesser of the actual market rate and \$320,000.00 for any home within Residence 2. The number of units shall be the maximum number that may be assisted with \$1,000,000.00, and in the event that there is an amount remaining which does not equal a sufficient amount for a unit then the Housing Successor at its option may elect to provide additional funds to create another affordable unit. All such affordable units shall require a loan agreement, note, deed of trust and regulatory agreement setting forth the terms of the credit between the home purchaser and the Housing Successor and the regulatory covenants, which shall be binding for a term of 45 years. All such purchase documents shall be approved as to form by the counsel for the Housing Successor. The Developer shall have the right to designate which units are to be affordable, subject to the Housing Successor's reasonable approval. The Housing Successor also will have the right to designate how many of such units will be sold in various product types, subject to the Developer's reasonable approval."

In all other respects, the Agreement, as previously amended, shall remain in full force and effect. In the event of any conflict between any provision of the Agreement as previously amended and any provision set forth herein, the provision set forth herein shall prevail.

Intending to be legally bound, the parties have executed this Amendment, below, as of the date first set forth above.

Successor Agency to the Community Development Commission
of the City of Santa Fe Springs



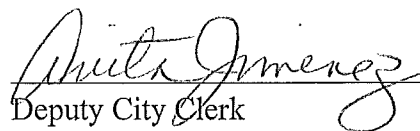
City Manager

Housing Successor to the Community Development Commission
of the City of Santa Fe Springs



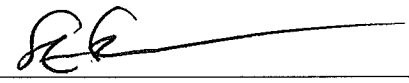
City Manager

Attest:



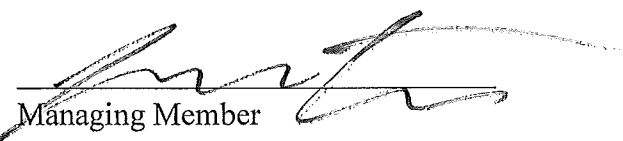
Deputy City Clerk

Approved as to form.



City Attorney

RCS Villages Development, LLC



Managing Member

PURCHASE AND SALE AGREEMENT

AND

JOINT ESCROW INSTRUCTIONS

This Purchase and Sale Agreement and Joint Escrow Instructions ("Agreement"), is entered into on July 9, 2009, between Villages at Heritage Springs, LLC, a California Limited Liability corporation ("Seller" or "Developer"), and the Community Development Commission of the City of Santa Fe Springs ("Purchaser"). Hereafter, Seller and Purchaser are sometimes individually referred to as "Party" and collectively as "Parties".

RECITALS

- A. This Agreement is made with reference to the following facts:
- B. Seller owns certain real property Lots 68 and 69 of Tract 63136, within the City's boundaries, ("Property"), which is described in Exhibit "A" attached hereto and by this reference made a part hereof.
- C. Seller desires to sell the Property to the Purchaser and Purchaser desires to purchase the Property on the terms and conditions provided in this Agreement.

ARTICLE I

Purchase Price

1.01 Purchase Price. The "Purchase Price" for the Property shall be determined based upon the appraisal for the Property, prepared by an appraiser mutually acceptable to Seller, Purchaser and the Seller's lender, assuming the land use density of 226 units on Lots 68 and 69. It is assumed by the parties that the appraisal will be approximately Seventeen Million Dollars.

1.02 Payment of Purchase Price. The Purchase Price shall be paid in cash and a promissory note. The first payment shall be a Two Million Dollar (\$2,000,000) cash down payment which shall be due upon the execution of this Agreement. The remaining payments shall be according to the terms of the Purchase Price Note attached hereto as Exhibit "3" and based upon Net Tax Increment after pass throughs and set aside payments received by the Purchaser from that portion of Tract 63136 excluding the Property. The Purchase Price Note payments shall be made each year until such time as the earlier of: (1) Purchase Price amount is reached; or (2) Seller decides to exercise its option to repurchase the Property pursuant to 1.04 below. Notwithstanding the foregoing, in no event shall the CDC be required to pay a greater amount than the Net Tax Increment during the term and any remaining amount still owed after 15 years shall be forgiven. Similarly, should the Developer ask for accelerated payment from a bond issuance, the net amount of bond proceeds available based on the Net Tax Increment flow shall constitute payment in full of the Note.

1.03 Affordable Housing Assistance. One Million dollars(\$1,000,000) of the down payment shall be derived from the CDC's Low/Mod Housing Set Aside funds and shall be

utilized to provide credits to the sales price for moderate income purchasers equal to the difference between the market rate price and the affordable price for that qualified buyer. This assistance shall be provided to qualified buyers for eligible homes sold after Phase 1 of detached homes (18 homes sold – 10 Cluster Homes and 8 Alley Homes) and Phases 1 and 2 of the attached homes (26 – 3 story townhomes and 29 – 2 story townhomes). In no event shall the close of escrow for the affordable housing purchasers exceed April 30, 2011. The number of units shall be the maximum number that may be assisted with the One Million dollars and in the event that there is an amount remaining which does not equal a sufficient amount for a unit then the CDC could at its option elect to provide additional set aside funds to create another affordable unit. All such affordable units shall require a loan agreement, note, deed of trust and regulatory agreement setting forth the terms of the credit between the purchaser and the CDC and the regulatory covenants which shall be for a term of 45 years. All said purchaser documents shall be approved as to form by the CDC counsel. The Developer shall have the right to designate which units are to be affordable subject to the CDC's reasonable approval. The CDC will also have the right to designate how many of such units will be sold in various product types, subject to Developer's reasonable approval. The CDC and Developer shall agree on the affordable unit mix and quantity prior to Developer's loan for such phase of homes which includes an affordable housing component.

1.04 Option to Repurchase. In the event Seller decides to exercise its option to repurchase at any time prior to the completion of the Project, or up to one (1) year after the completion of the Project, or as extended by approval of Director of Planning and Development to accommodate agreed upon and approved project changes, ("Option Period"), the Repurchase Purchase Price shall be the amount that the CDC has already paid for the property less the One Million Dollar payment for the affordable units. Seller shall give a sixty (60) day notice of its intent to exercise the option to repurchase prior to expiration of the Option Period. During the Option Period the Developer shall reasonably maintain the Property (performing weed control, dust control, sandbag replacement, etc. on an as-needed basis) – including maintaining fencing around the property and re-grading to allow Stormwater compliance. Any grading and/or dirt export from Lots 68 and 69 will be mutually agreed to between the Parties prior to commencement and it will be the responsibility of the Developer to return the Property to its original condition. Neither of the parties shall make an assignment, hypothecation or pledge the land or obligation without first obtaining the other party's approval. Developer may submit and have approved by the City a project with lesser density than the current Project. If the Developer retains the existing Project in conformance with existing entitlements no additional City submittals or approvals are necessary with the sole exception of review and approval of the building plans by the Director of Planning and Development.

1.05 Right of First Refusal. After the expiration of the Option period the Developer shall have a first right of refusal to purchase the property. Notice shall be provided in writing to Developer of a third party offer and Developer shall have ten (10) business days to give written notice of its intent to exercise its right of first refusal. In the event the third party purchase price exceeds the original purchase price on the Note, the Developer may exercise its right of first refusal for an amount which would be fifty (50) percent of the additional amount to the original purchase price.

1.06 Escrow. Closing of escrow and transfer of title to CDC shall not occur until the full purchase price has been paid pursuant to the Purchase Price Note terms. Escrow shall be opened sixty (60) days before the final Purchase Price Note payment is due.

ARTICLE II

Condition of the Property

2.01 Disclaimer of Warranties. Purchaser shall acquire the Property in its "AS IS" and "WITH ALL FAULTS" condition; however, until such time as the close of escrow Seller shall indemnify Buyer and shall be responsible for any and all claims related to defects in the Property, whether patent or latent, including, without limitation, the physical, environmental and geotechnical condition of the Property, and the existence of any contamination, hazardous materials, vaults, debris, pipelines, wells, or other structures located on, under or about the Property. Seller's representation and/or warranty concerning the physical, environmental, geotechnical or other condition of the Property is that all work shall have been completed according to the approved remedial action plan ("RAP"). Upon Close of Escrow, Purchaser releases any claim of liability of Seller for the environmental condition of the Property.

2.02 Review of Documents. Within ten (10) working days after the opening of escrow by both parties, Seller shall make available to Purchaser true, correct and complete copies of all contracts, including any settlement agreements relating to prior litigation (redacted as to consideration paid to Seller), which relate to the Property (together with any amendments or modifications thereto), and any other information in Seller's possession or control reasonably requested by Purchaser regarding the Property. Seller shall make a diligent good faith effort to identify all such contracts, reports and other information, inform Buyer of such information and then provide it to Buyer on request, but nothing herein shall require Seller to provide such information which is not obtainable through such diligent effort. Notwithstanding anything contained herein, Seller makes no other representation or warranty concerning the completeness of any report on the title, physical, environmental, geotechnical or other condition of the Property or that such contracts, reports or other information requested by Purchaser constitute all such contracts, reports and other information requested by Purchaser in Seller's possession or control.

ARTICLE III

Disapproval

3.01 Consequences of Disapproval. In the event of termination of this Agreement by Purchaser for any reason provided in this Section, pursuant to the provisions of Section 3.02, the down payment and all installment payments previously made pursuant to the Purchase Price Note shall be retained by Seller as consideration for holding the Property for sale solely to Purchaser. A termination by Seller shall require repayment of the installment payments unless it is terminated pursuant to exercise of its Option to Repurchase. Apart from those payments each Party shall bear its own costs and neither Party shall have any liability for damages or ongoing liability to the other under this Agreement.

(a) **Cause for Termination.** Cause for termination may include any of the following reasons:

(i) **Title.** Seller is unable to eliminate any disapproved title exceptions after using commercially reasonable efforts to do so.

(ii) **Environmental.** Purchaser determines that the environmental condition of the Property is unacceptable.

(iii) **Failure of Conditions to Close.** Should either Party fail to perform any of its conditions to close and the Party benefiting from the condition refuses to waive the obligation to perform the condition.

(iv) **Option to Repurchase.** Exercise of Seller's Option to Repurchase.

(b) **Options.** In the event any of the foregoing occurrences, the following options shall be available.

(i) The benefited party may waive the matter,

(ii) The benefited party may terminate this Agreement, or

(iii) The benefited party may extend the Closing Date for such reasonable time as may be appropriate to allow the performing party to satisfy the matter.

3.02 Termination. Failure or delay by either Party to timely perform any covenant of this Agreement constitutes a default under this Agreement, but only if the Party who so fails or delays does not commence to cure, correct or remedy such failure or delay within twenty (20) days after receipt of a written notice specifying such failure or delay, and does not thereafter prosecute such cure, correction or remedy with diligence to completion. The injured party shall give written notice of default to the Party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, the injured party may not institute proceedings against the party in default until twenty (20) days after giving such notice. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

ARTICLE IV

Closing

4.01 Closing. The purchase and sale of the Property, as provided in this Agreement, shall be consummated at a closing ("Closing") which shall be held at the offices of the Escrow Agent. The term "Closing" is used herein to mean the time Seller's Grant Deed is filed for recording by the Escrow Agent in the Office of the County Recorder of Los Angeles County, California.

4.02 Obligations of Seller at Closing. At Closing, Seller shall do the following:

(a) Execute, acknowledge and deliver the Grant Deed to Escrow Agent which shall grant and convey to Purchaser or Purchaser's assignee title to the Property.

(b) Deliver possession of the Property to Purchaser or Purchaser's assignee, in its present condition "AS IS" and "WITH ALL FAULTS".

4.03 Obligations of Purchaser at Closing. At the Closing, Purchaser shall do the following:

(c) Deliver the final installment payment to Escrow Agent.

4.04 Conditions to the Obligation of Seller at Closing. In addition to any other conditions provided in this Agreement for the benefit of Seller, the obligation of Seller to sell the Property to Purchaser shall be subject to the following conditions:

(a) Purchaser shall have performed and complied with all of the terms and conditions provided in this Agreement to be performed or complied with by Purchaser before or at the Closing, and

(b) Purchaser shall have deposited the final installment payment for the Purchase Price into Escrow.

4.05 Conditions to the Obligation of Purchaser at Closing. In addition to any other conditions provided in this Agreement for the benefit of Purchaser, the obligation of Purchaser to purchase the Property from Seller shall be subject to the fulfillment of all of the following conditions no later than the Closing:

(a) Seller shall have performed and complied with all of the terms and conditions provided in this Agreement to be performed or complied with by Seller before or at the Closing.

(b) Purchaser shall have approved any exceptions to title which are identified in the Preliminary Title Report and Unrecorded Exceptions but which are not Permitted Exceptions, as provided in Section 2.03 herein.

(c) Purchaser shall have accepted the environmental condition of the Property.

ARTICLE V

Closing Costs, Prorations

5.01 Closing Costs. Except as otherwise provided in this Agreement: (i) charges of the Escrow Agent, and other costs associated with the Escrow shall be divided equally between the Parties, (ii) costs of the Title Policy, documentary transfer taxes, and recording costs shall be paid by the Purchaser, and (iii) all other expenses incurred by Seller or Purchaser with respect to the transactions contemplated by this Agreement including, without limitation, attorneys' fees, shall be paid by the Party incurring the same.

5.02 Prorations of Taxes. Prior to or concurrent with Closing, Seller shall pay, cancel or terminate all current special taxes, assessments and improvement fees, charges or assessments levied against the Property. Secured property taxes assessed against the Property shall be

prorated at the Closing based upon the latest available tax bill. All prorations shall be based upon a thirty (30) day month.

ARTICLE VI

Miscellaneous.

6.01 Survival of Terms. The terms and provisions of this Agreement shall survive the Closing and shall remain in full force and effect thereafter.

6.02 Modifications. Any alternation, change or modification of or to this Agreement shall be in writing, signed by both Parties.

6.03 Assignment. Purchase Agreement and Note shall be fully assignable to Lender. Neither Party shall have the right to assign this Agreement or any interest or right hereunder or under Escrow to any other party (excluding Lender) without the prior written consent of the other Party. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of Purchaser and Seller and their respective heirs, personal representatives, successors and assigns.

6.04 Affidavit of Non-Foreign Status. Seller hereby certifies that it is not a foreign corporation, foreign partnership, foreign trust, foreign estate, or non-resident alien for purposes of the United States Income Taxation (as those terms are defined in the Internal Revenue Code and Income Tax Regulations). Seller shall deliver to Escrow Agent and Purchaser at or before the Closing, such documentation as may be reasonably requested by Purchaser to confirm that it is not a foreign person in compliance with Internal Revenue Code Section 1445.

6.05 Brokers or Finders. Each Party represents to the other Party that no broker has been involved in connection with this transaction. It is agreed that if any claims for brokerage commissions or finder fees are ever made against Seller or Purchaser in connection with the transactions contemplated by this Agreement, all such claims shall be paid by the Party whose actions or alleged commitments form the basis of such claims and the Party whose actions or commitments form the basis of such claims shall indemnify and hold the other Party harmless from and against any and all such claims and demands (including costs and attorneys' fees).

6.06 Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns.

6.07 Entire Agreement/Complete Compensation/Release. This Agreement contains the entire agreement between the Parties relative to the subject matter of this Agreement and there are no oral or parol agreements existing between them relative to the same which are not expressly provided in this Agreement. This Agreement may only be modified by a writing executed by both of the Parties.

6.08 Headings. The Section headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

6.09 Interpretation. Whenever the context so requires, the singular and the plural shall each be deemed to include the other, and each of the masculine, the feminine and the neuter

shall each be deemed to include the other. Should any provision of this Agreement require interpretation, it is agreed that the person or persons interpreting or construing the same shall not apply a presumption that the terms of this Agreement shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the party who itself or through its agent or counsel prepared the same or caused the same to be prepared. The language in all parts of this Agreement shall be in all cases construed reasonably, according to its plain meaning and not strictly for or against any of the parties.

6.10 Notices. Any notice, consent, approval or other communication required or permitted in connection with this Agreement shall be in writing and shall be personally served or sent by certified United States mail, postage prepaid, return receipt requested, addressed to Seller or Purchaser, as the case may be, at the addresses provided on the signature page hereof. Any such notice, consent, approval or other communication shall be deemed served when received.

6.11 Governing Law. This Agreement shall be construed according to the laws of the State of California.

6.12 Severability. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained in this Agreement. The parties hereto agree to negotiate in good faith to replace any illegal, invalid or unenforceable provision of this Agreement with a legal, valid and enforceable provision that, to the extent possible, will preserve the economic bargain of this Agreement, or otherwise to amend this Agreement to achieve such result.

6.13 Waiver. No waiver by either Party of any provision of this Agreement shall be deemed a waiver of any other provision of this Agreement or of any subsequent breach by the other Party of the same provision.

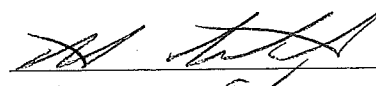
6.14 Time of Essence. Time is of the essence of this Agreement and each and every provision of the same.

6.15 Further Acts. Each party shall cooperate with the other party to accomplish the transaction described herein including the execution of such additional documents and the performance of such additional acts as may be reasonably required to accomplish the same.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

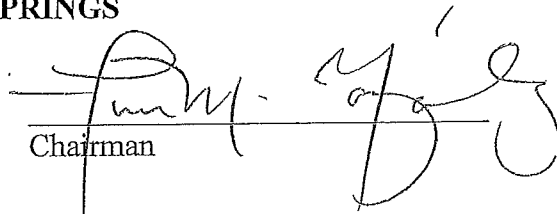
SELLER:

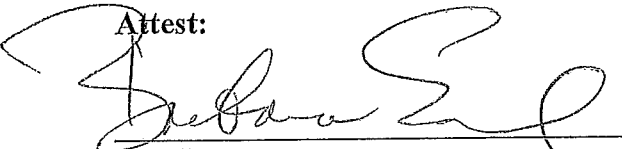
**VILLAGES AT HERITAGE SPRINGS,
LLC**

By: 
Its: Mary

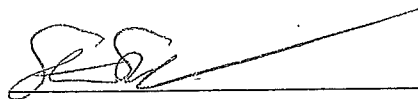
PURCHASER:

**COMMUNITY DEVELOPMENT
COMMISSION OF THE CITY OF SANTA
FE SPRINGS**

By: 
Chairman

Attest:

CDC Secretary

Approved as to form:


CDC Counsel

NEW BUSINESS

**Oversight Board
May 29, 2013**

TO: Oversight Board Members

FROM: Successor Agency to the Santa Fe Springs CDC

ORIGINATED BY: Thaddeus McCormack, City Manager

SUBJECT: Resolution OB-2013-016 – Approving and Ratifying the Transfer of Housing Assets from the Former Community Development Commission/Redevelopment Agency to the Housing Successor

RECOMMENDED ACTION

That the Oversight Board adopt Resolution OB-2013-016 approving and ratifying the transfer of Housing Assets from the former Community Development Commission/Redevelopment Agency to the Housing Successor.

BACKGROUND

The Oversight Board is being asked to adopt this Resolution as a formality to ratify the March 2013 housing asset transfer approval by the California Department of Finance (DOF). Under AB 1484 (part of the dissolution bills), successor agencies were required to submit a list of assets held in the former Low-moderate Income Housing Fund (LMIHF). Upon approval, the housing assets are transferred to and retained by the Housing Successor (City of Santa Fe Springs). Although Oversight Board approval of the transfer was not specified by AB 1484, the Successor Agency has received information that the State Controller's Office (SCO) may not recognize the transfers until formalized by an action of the Oversight Board.

DISCUSSION

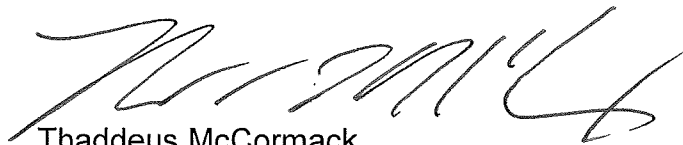
The Successor Agency submitted the original list of housing assets to DOF on August 1, 2012. The housing assets submitted included real property, loans receivable, vehicles, tools, and miscellaneous files. The housing assets did not include unencumbered cash, which was subsequently remitted to the Los Angeles County Auditor-Controller for distribution to taxing entities in accordance with the dissolution bills.

On August 30, 2012, the Successor Agency received notice from DOF that all of the assets selected for review by DOF personnel were not approved for transfer. This was primarily related to the dissolution bills not providing sufficient time for DOF review of supporting documentation. The Successor Agency requested a meet-and-confer session to review the disallowed assets. The meet-and-confer session was held on February 8, 2013, at which time the Successor Agency was able to provide documentation to substantiate that the assets were paid for with funds from the LMIHF.

During the meet-and-confer session the Successor Agency also requested the removal of the vehicles from the housing assets list. Although the vehicles were used in the LMIHF home repair program, they were purchased and owned by the City. Additionally, during the period that DOF was reviewing the documentation provided during the meet-and-confer session, Successor Agency staff requested the addition of a loan receivable asset to the original housing asset list related to an affordable housing agreement with Santa Fe Springs Housing Partner L.P.

On March 2, 2013, DOF issued a notice approving the transfer of all reported assets to the City as Housing Successor, along with the removal of the vehicles from the listing. On March 22, 2013, DOF amended the notice to also approve the transfer of the loan receivable agreement with Santa Fe Springs Housing Partners L.P.

With the final DOF approval obtained, the housing assets are transferred to the City as Housing Successor. Although not specifically required by the dissolution bills, Oversight Board approval and ratification of the transfer is sought to formalize the transfer from the Successor Agency to the City as Housing Successor.

A handwritten signature in black ink, appearing to read 'Thaddeus McCormack', is positioned above the printed name and title.

Thaddeus McCormack
City Manager

Attachments:

Resolution OB-2013-016

Exhibit A – Original housing assets list submitted to DOF

Exhibit B – DOF notice dated March 22, 2013

Exhibit C – DOF notice dated March 2, 2013

Exhibit D – DOF notice dated August 30, 2012

RESOLUTION NO. OB-2013-016

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE
SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT
COMMISSION/REDEVELOPMENT AGENCY OF THE CITY OF SANTA FE SPRINGS
APPROVING AND RATIFYING THE TRANSFER OF HOUSING ASSETS
FROM THE FORMER COMMUNITY DEVELOPMENT COMMISSION/
REDEVELOPMENT AGENCY TO THE HOUSING SUCCESSOR**

THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
COMMUNITY DEVELOPMENT COMMISSION/REDEVELOPMENT AGENCY OF THE
CITY OF SANTA FE SPRINGS HEREBY RESOLVES AS FOLLOWS:

SECTION 1. The Oversight Board hereby approves and ratifies the transfer of Housing Assets from the former Community Development Commission/Redevelopment Agency to the Housing Successor, as described and previously approved by the State Department of Finance, in the Housing Assets list and letters from the Department of Finance, copies of which are attached hereto as Exhibits "A" through "D", inclusive.

SECTION 2. If any section, subsection, subdivision, paragraph, sentence, clause or phrase in this Resolution, or any part hereof, is held invalid or unconstitutional, such decision shall not affect the validity of the remaining sections or portions of this Resolution. The Oversight Board hereby declares that it would have adopted each section, subsection, subdivision, paragraph, sentence, clause or phrase in this Resolution irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases may be declared invalid or unconstitutional.

SECTION 3. The Oversight Board's Secretary shall certify to the adoption of this Resolution.

SECTION 4. The Housing Successor's officials and staff are hereby authorized and directed to transmit this Resolution and take all other necessary and appropriate actions as required by law in order to effectuate its purposes.

PASSED AND ADOPTED, by the Oversight Board of the Successor Agency to the Community Development Commission/Redevelopment Agency of the City of Santa Fe Springs on May 29, 2013.

Oversight Board Chair

ATTEST:

Oversight Board Clerk

EXHIBIT "A"

1 of 4

DEPARTMENT OF FINANCE
HOUSING ASSETS LIST
ASSEMBLY BILL X1 26 AND ASSEMBLY BILL 1484
(Health and Safety Code Section 34176)

Former Redevelopment Agency:	<u>Community Development Commission of the City of Santa Fe Springs</u>				
Successor Agency to the Former Redevelopment Agency:	<u>City of Santa Fe Springs</u>				
Entity Assuming the Housing Functions of the former Redevelopment Agency:	<u>City of Santa Fe Springs</u>				
Entity Assuming the Housing Functions Contact Name:	<u>Travis Hickey</u>	<u>Title</u>	<u>Asst. Dir. Finance/Admin Svcs.</u>	<u>Phone (562) 409-7522</u>	<u>E-Mail Address travishickey@santafesprings.org</u>
Entity Assuming the Housing Functions Contact Name:	<u>Jose Gomez</u>	<u>Title</u>	<u>Director of Finance/Asst. City Mgr.</u>	<u>Phone (562) 868-0511</u>	<u>E-Mail Address josedomez@santafesprings.org</u>

All assets transferred to the entity assuming the housing functions between February 1, 2012 and the date the exhibits were created are included in this housing assets list.
The following Exhibits noted with an X in the box are included as part of this inventory of housing assets:

Exhibit A - Real Property	X
Exhibit B- Personal Property	X
Exhibit C - Low-Mod Encumbrances	
Exhibit D - Loans/Grants Receivables	X
Exhibit E - Rents/Operations	
Exhibit F- Rents	
Exhibit G - Deferrals	

Prepared By: Travis Hickey

Date Prepared: August 1, 2012

- Real Property

City of Santa Fe Springs
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Type of Asset, a/	Legal Title and Description	Carrying Value of Asset	Total square footage	Square footage reserved for low-mod housing	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant b/	Date of transfer to Housing Successor Agency	Construction or acquisition cost funded with Low-Mod Housing Fund monies	Construction or acquisition costs funded with other RDA funds	Construction or acquisition costs funded with non-RDA funds	Date of construction or acquisition by the former RDA	Interest in real property (option to purchase, easement, etc.)
1	Low/mod Housing	Lakeland/Laurel	\$7,113,649			Yes	CRL	2/1/12	Yes	No	No	6/30/08	
2	Low/mod Housing	Fulton Senior Housing	\$2,049,057			Yes	CRL	2/1/12	Yes	No	No	6/30/02	
3	Low/mod Housing	Fulton Wells Senior	\$517,860			Yes	CRL	2/1/12	Yes	No	No	7/1/04	
4	Low/mod Housing	9257 Millergrove, SFS	\$520,032			Yes	CRL	2/1/12	Yes	No	No	6/30/11	
5	Low/mod Housing	9735 Bartley, SFS	\$281,768			Yes	CRL	2/1/12	Yes	No	No	6/30/11	
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a/ Asset types may include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

b/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

- Personal Property

City of Santa Fe Springs
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Type of Asset a/	Description	Carrying Value of Asset	Date of transfer to Housing Successor Agency	Acquisition cost funded with Low-Mod Housing Fund monies	Acquisition costs funded with other RDA funds	Acquisition costs funded with non-RDA funds	Date of acquisition by the former RDA
1	Vehicles	Housing Repair Program		2/1/12	Yes	No	No	
2	Tools and Equipment	Housing Repair Program		2/1/12	Yes	No	No	
3	Files/Loan Documents	Housing Files		2/1/12	Yes	No	No	
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a/ Asset types any personal property provided in residences, including furniture and appliances, all housing-related files and loan documents, office supplies, software licenses, and mapping programs, that were acquired for low and moderate income housing purposes, either by purchase or through a loan, in whole or in part, with any source of funds.

City or Santa Fe Springs

[illegible]



EXHIBIT "B"

DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

REVISED

March 22, 2013

Mr. Travis C. Hickey, Assistant Director
Finance and Administrative Services
City of Santa Fe Springs
11710 E. Telegraph Road
Santa Fe Springs, CA 90670

Dear Mr. Hickey:

Subject: Housing Assets Transfer Form

This letter supersedes the California Department of Finance's (Finance) Housing Asset Transfer Form letter dated August 30, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Santa Fe Springs as Housing Successor Agency (Agency) submitted a Housing Assets Transfer Form (Form) to Finance on August 1, 2012, for the period February 1, 2012 through August 1, 2012. Finance issued its determination related to those transferred asset 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 8, 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, Items 1 through 5, Exhibit B, Item 1, and Exhibit D, Item 5. Finance no longer objects to the transfers for Exhibit A, Items 1 through 5 and Exhibit D, Item 5 and agrees to the removal of Exhibit B, Item 1 from the Form. Finance originally objected to the transfers because sufficient documentation was not provided to determine the assets listed are used for low and moderate housing purposes.

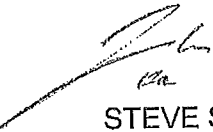
- For Exhibit A, Items 1 through 5, the Agency provided documents showing the properties were purchased using funds from the Low and Moderate Income Housing Fund (LMIHF) or housing bond proceeds. Therefore, the items are housing assets pursuant to HSC section 34176 (e) (1).
- For Exhibit B, Item 1, the Agency provided documents showing the vehicles were owned by the City, not the former Redevelopment Agency. Therefore, the item should be removed from the Form.
- For Exhibit D, Item 5, the Agency provided a copy of the agreement with the buyer dated June 23, 2011 and documents showing the loan was on a property purchased with LMIHF. Therefore, the item is a housing asset pursuant to HSC section 34176 (e) (3).

During the Meet and Confer process, the Agency requested to include an additional item to the Form on Exhibit D that was inadvertently omitted. The Agency provided documents showing that funds from the Low and Moderate Income Housing Fund were loaned to the Santa Fe Springs Housing Partners through an Affordable Housing Agreement dated March 28, 2002. Additionally, the loan was associated with the property listed as Exhibit A, Item 1, which was approved for transfer. Therefore, the loan receivable is a housing asset pursuant to HSC section 34176 (e) (3) and Finance approves the addition of the item to the Form and the transfer of the receivable.

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: Ms. Kristina Burns, Manager, Community Redevelopment Administration Section,
Property Tax Division, Los Angeles County Auditor Controller Office
California State Controller's Office



EXHIBIT "C"

DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. ■ GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

March 2, 2013

Mr. Travis C. Hickey, Assistant Director
Finance and Administrative Services
City of Santa Fe Springs
11710 E. Telegraph Road
Santa Fe Springs, CA 90670

Dear Mr. Hickey:

Subject: Housing Assets Transfer Form

This letter supersedes the California Department of Finance's (Finance) Housing Asset Transfer Form letter dated August 30, 2012. Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Santa Fe Springs as Housing Successor Agency (Agency) submitted a Housing Assets Transfer Form (Form) to Finance on August 1, 2012, for the period February 1, 2012 through August 1, 2012. Finance issued its determination related to those transferred asset 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 8, 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, Items 1 through 5, Exhibit B, Item 1, and Exhibit D, Item 5. Finance no longer objects to the transfers for Exhibit A, Items 1 through 5 and Exhibit D, Item 5 and agrees to the removal of Exhibit B, Item 1 from the Form. Finance originally objected to the transfers because sufficient documentation was not provided to determine the assets listed are used for low and moderate housing purposes.

- For Exhibit A, Items 1 through 5, the Agency provided documents showing the properties were purchased using funds from the Low and Moderate Income Housing Fund (LMIHF) or housing bond proceeds. Therefore, the items are housing assets pursuant to HSC section 34176 (e) (1).
- For Exhibit B, Item 1, the Agency provided documents showing the vehicles were owned by the City, not the former Redevelopment Agency. Therefore, the item should be removed from the Form.
- For Exhibit D, Item 5, the Agency provided a copy of the agreement with the buyer dated June 23, 2011 and documents showing the loan was on a property purchased with LMIHF. Therefore, the item is a housing asset pursuant to HSC section 34176 (e) (3).

Mr. Travis Hickey
March 2, 2013
Page 2

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: Ms. Kristina Burns, Manager, Community Redevelopment Administration Section,
Property Tax Division, Los Angeles County Auditor Controller Office
California State Controller's Office

**DEPARTMENT OF
FINANCE**

EDMUND G. BROWN JR. ■ GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

August 30, 2012

Mr. Travis C. Hickey, Assistant Director
Finance and Administrative Services
City of Santa Fe Springs
11710 E. Telegraph Road
Santa Fe Springs, CA 90670

Dear Mr. Hickey:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Santa Fe Springs submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on August 1, 2012 for the period February 1, 2012 through August 1, 2012.

HSC section 34176 (e) defines a housing asset. Assets transferred deemed not to be a housing asset shall be returned to the successor agency. Finance has completed its review of your Form, which may have included obtaining clarification for various items. Based on a sample of line items reviewed and the application of law, Finance is objecting to Exhibit A, Items 1 through 5, Exhibit B, Item 1, and Exhibit D, Item 5. Sufficient documentation was not provided to determine the assets listed are used for low and moderate housing purposes.

Except for the items disallowed as noted above, Finance is not objecting to the remaining items, if any, listed on your Form. If you disagree with our determination with respect to any items on the Form, you may request a Meet and Confer within five business days of receiving this letter.

Please direct inquiries to Kylie Le, Supervisor or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Ms. Kristina Burns, Manager, Community Redevelopment Administration Section,
Property Tax Division, Los Angeles County Auditor Controller Office
California State Controller's Office