



MEET AND CONFER REQUEST FORM

Instructions: Please fill out this form in its entirety to initiate a Meet and Confer session. Additional supporting documents may be included with the submittal of this form—as justification for the disputed item(s). Upon completion, email a PDF version of this document (including any attachments) to:

Redevelopment_Administration@dof.ca.gov

The subject line should state “[Agency Name] Request to Meet and Confer”. Upon receipt and determination that the request is valid and complete, the Department of Finance (Finance) will contact the requesting agency within ten business days to schedule a date and time for the Meet and Confer session.

To be valid, all Meet and Confer requests must be specifically related to a determination made by Finance and submitted within the required statutory time frame. The requirements are as follows:

- **Housing Asset Transfer** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter per HSC Section 34176 (a) (2).
- **Due Diligence Review** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter, and no later than **November 16, 2012** for the Low and Moderate Income Housing Fund due diligence review per HSC Section 34179.6 (e).
- **Recognized Obligation Payment Schedule (ROPS)** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter per HSC Section 34177 (m).

Agencies should become familiar with the Meet and Confer Guidelines located on Finance's website. Failure to follow these guidelines could result in termination of the Meet and Confer session. Questions related to the Meet and Confer process should be directed to Finance's Dispute Resolution Coordinator at (916) 445-1546 or by email to Redevelopment_Administration@dof.ca.gov.

AGENCY (SELECT ONE):

Successor Agency Housing Entity

AGENCY NAME: San Gabriel Successor Agency

TYPE OF MEET AND CONFER REQUESTED (SELECT ONE):

Housing Assets Transfers Due Diligence Reviews ROPS Period Third

DATE OF FINANCE'S DETERMINATION LETTER: October 15, 2012

REQUESTED FORMAT OF MEET AND CONFER SESSION (SELECT ONE):

Meeting at Finance Conference Call

DETAIL OF REQUEST

A. Summary of Disputed Issue(s) *(Must be specific.)*

The Successor Agency disagrees with the DOF determination that items No. 1, 17, 25, and 29 do not qualify as enforceable obligations. This summary points out areas of disagreement with DOF and provides justification for each of these items to be enforceable obligations.

Item No. 1: City Loan (City-Agency Cooperation Agreement) in the amount of \$4 million

The letter states that the loan documents and repayment schedules were not provided. This is incorrect. The City-Agency Cooperation Agreement dated June 15, 1993 was provided and it is the loan document. See Attachment No. 1 for the City Loan.

The letter refers to HSC section 34171(d)(2) as the basis for invalidation of loans made pursuant to the Cooperation Agreement. However, this same section under AB1x 26 provides that loan agreements entered into within two years of agency formation are enforceable obligations. This provision was not changed by AB 1484; therefore, loan agreements made between an RDA and its sponsoring agency within two years of the creation of the RDA are payable in accordance with their terms and repayment schedules rather than through the processes of HSC section 34191.4(b).

Even if AB 1484 did somehow subject such loans to repayment terms pursuant to HSC section 34191.4(b), the \$230,250 requested on the Third ROPS is for repayment to the City pursuant to HSC section 34173(h), which is an enforceable obligation because the Oversight Board approved the Third ROPS. As shown on the Third ROPS, the City advanced the Successor Agency \$2,985,862 to pay for enforceable obligations. This obligation is further clarified and indicated in the Notes page of the Third ROPS. See Attachment No. 2 for the Resolution No. OB 12-12 dated August 27, 2012.

The repayment schedule was submitted and is labelled "City of San Gabriel Schedule of RDA Successor Agency Payable as of 6/30/2012." We have revised this schedule to more clearly identify how the \$230,250 is to be applied as partial repayment of the City Loan pursuant to HSC 34173 (h) and it is provided as Attachment No. 3. Based on the Los Angeles County Auditor-Controller's estimate of RPTTF funds for San Gabriel's Third ROPS, the Successor Agency determined that the maximum amount available to be paid towards the City Loan was \$230,250.

Item No. 17: Agreement for the Provision of Affordable Housing between the Agency and CETT

The explanation provided in the letter is confusing. The letter states that the monitoring and administrative costs total \$1.7 million. This is inaccurate as this item consists of the agreement for the provision of affordable housing between the Agency and CETT Investment Corporation for financial assistance in the amount of \$1,668,900 and related project-specific monitoring and administrative costs in the amount of \$25,500. The affordable housing agreement for financial assistance is an enforceable obligation as it was executed prior to June 27, 2011. See Attachment No. 4 for a copy of this contract.

On February 21, 2012 the San Gabriel Successor Agency adopted Resolution No. 12-04 which designated the Housing Authority of the County of Los Angeles (HACoLA) to assume the Agency housing assets and functions. This resolution is provided in Attachment No. 5. On August 27, 2012, the Oversight Board approved Resolution No. OB 12-10 (Attachment No. 6) directing the Successor Agency to transfer housing assets to HACoLA. However, the transfer of housing functions has yet to occur.

HACoLA will need to undertake monitoring and administrative tasks to ensure that the developer's performance is consistent with the loan terms and conditions and that affordability restrictions are met as required by the Agreement. Such activities include monitoring construction, the approval of a marketing plan for the affordable housing units, approval of applications from eligible households, and review of sales prices of the affordable units to ensure they are reasonable given market conditions. HACoLA will also need to ensure that a property management plan is adequate to address all aspects of property management for the term of the affordability covenants. These tasks will involve project management staff, legal counsel, housing expertise, and escrow services. Since the project is currently under construction, monitoring and administrative tasks are required to be undertaken immediately. Therefore, HACoLA's proposed expenditures to

administer the implementation of this enforceable obligation must be preserved in the Third ROPS as there is no other mechanism in place to accomplish these cost allowances.

Finally, the letter only reports on approved redevelopment property tax trust fund distributions and does not include a chart for the distribution of low- and moderate-income housing funds. We believe the DOF approved \$5,000 for Item No. 15, Auditing Services for the Housing Due Diligence Review, in the LMIFH column and that this item should be specifically identified by DOF.

Item No. 25 San Gabriel Boulevard Streetscape Improvement Project in the amount of \$553,870

The Marina Landscaping Inc. construction contract was executed on July 19, 2011 and is included in Attachment No.7. The contract was entered into after June 28, 2011 in reliance on the City's election to continue redevelopment under AB x1 27 which was later invalidated by HSC 34177.3(d) which was added by AB 1484. However, DOF should apply HSC 34181(a) which was also added by AB 1484. This code section authorizes the Oversight Board to direct the Successor Agency to transfer ownership of those assets that were constructed and used for a government purpose. Pursuant to Resolution OB 12-06, the Oversight Board acted to approve Item 25 as an enforceable obligation (Attachment No. 8). Therefore, the City is authorized to retain these improvements. In this instance, DOF has incorrectly and narrowly applied HSC 34177.3(d) and should consider HSC 34181(a) in approving Item No. 25 as an enforceable obligation.

Item No. 29: San Gabriel Boulevard Gateway Corridor Improvements Project (Fairview to Grand) Metro Grant in the amount of \$458,558

DOF determined that since the grant agreement between the City and Metro was not signed prior to June 27, 2011 that this obligation is not an enforceable obligation. However, the City Council approved redevelopment funds as matching grant funds on January 18, 2011 as reflected in the San Gabriel City Council and Redevelopment Agency Minutes of said meeting (Attachment No. 9). Subsequently the grant was approved by Metro and a funding agreement will be executed in 2014. Attachment No. 10 is the Metro Board Report showing the allocation of funds to the City for this project. In this instance, DOF should consider HSC 34180(e), the provision which authorizes the Oversight Board to approve "continuing the acceptance of...grants where assistance is conditioned upon the provision of matching funds by the successor agency." Consideration of this matter was placed on the Oversight Board's agenda and the Board approved payment of the local share as an enforceable obligation by adoption of Resolution No. OB 12-04 (Attachment No. 11). Accordingly, the obligation has been duly authorized.

B. Background/History *(Provide relevant background/history, if applicable.)*

The relevant background/history is summarized in the Successor Agency's letter to DOF (Daisy Rose) dated October 1, 2012 in response to specific questions related to the Third ROPS which is provided as Attachment No. 12. Also included as Attachment No. 13 is the Successor Agency's appeal letter dated June 14, 2012 to Mark Hill of DOF regarding the First and Second ROPS.

All of the documents cited in this Meet and Confer Request are attached and are also available on the City of San Gabriel website at the Third ROPS Meet and Confer Supporting Documentation page at the following link: <http://www.sangabrielcity.com/index.aspx?NID=670>.

C. Justification *(Provide additional attachments to this form, as necessary.)*

We do not believe that DOF considered all the facts of each item or properly applied all of the appropriate provisions of ABx1 26 and AB 1484. The merits of this request are predominantly legal in nature and consequently require review by DOF legal counsel.

We specifically request that DOF legal counsel be present for the Meet and Confer session.

Attachments:

No.1: City-Agency Cooperation Agreement

No.2: Resolution No. OB 12-12

No.3: Revised City of San Gabriel Schedule of RDA Successor Agency Payable as of 6/30/2012

No.4: Agreement for the Provision of Affordable Housing dated January 6, 2011 between the Agency and CETT

Investments Corporation

No.5: Resolution No. 12-04

No.6: Resolution No. OB 12-11

No.7: Cash Contract No. 11-04 between the Agency and Marina Landscape Inc.

No.8: Resolution OB 12-06

No.9: City Council and Redevelopment Agency Minutes for January 18, 2011

No.10:September 14, 2011 Metro Board Report on 2011 Countywide Call for Projects

No.11:Resolution No. OB 12-10

No.12:Successor Agency Response to Daisy Rose of DOF Letter dated October 1, 2012 regarding request for supporting documentation and information related to the Third ROPS (cover letter only)

No.13: Successor Agency's appeal letter to Mark Hill of DOF dated June 15, 2012 to Mark Hill regarding the First and Second ROPS (cover letter only)

Agency Contact Information

Name: Tom Marston
Title: Finance Director
Phone: 626-308-2812
Email: tmarston@sgch.org
Date: October 18, 2012

Name: Robin Scherr
Title: Econ. Dev. Manager
Phone: 626-262-2161
Email: rscherr@sgch.org
Date: October 18, 2012

Department of Finance Local Government Unit Use Only

REQUEST TO MEET AND CONFER DATE: APPROVED DENIED

REQUEST APPROVED/DENIED BY: _____ DATE: _____

MEET AND CONFER DATE/TIME/LOCATION: _____

MEET AND CONFER SESSION CONFIRMED: YES DATE CONFIRMED: _____

DENIAL NOTICE PROVIDED: YES DATE AGENCY NOTIFIED: _____
