



Office of the City Attorney
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Marsha Jones Moutrie
City Attorney

October 22, 2013

Justyn Howard
Assistant Program Budget Manager
Department of Finance
915 L Street
Sacramento, CA 95814-3706

Re: *Response to your letter of October 9, 2013*

Dear Mr. Howard:

The City has received your letter, dated October 9, 2013, wherein you have advised that the Department of Finance ("DOF") intends to order the withholding of the City of Santa Monica's sales and use tax and/or the Successor Agency's Redevelopment Property Tax Trust Funds ("RPTTF"), unless the Successor Agency to the former Redevelopment Agency of the City Santa Monica remits the sum of **\$67,439,826** to the County Auditor-Controller no later than November 9, 2013.

As you know, the City and Successor Agency disagreed, among other things, with the DOF's determinations regarding the amounts owed by the Successor Agency to the County-Auditor Controller. Consequently, the City and Successor Agency filed a Petition of Writ of Mandate (Case No. 34-2013-80001382) to contest the DOF's due diligence determinations. The parties to this lawsuit, including the DOF, have agreed to settle their differences by filing a Stipulation to Entry of Judgment and [Proposed] Judgment ("**Stipulated Judgment**"), which provides, among other things for the Successor Agency's payment of four (4) equal installments of **\$14,196,057.25** to the County Auditor-Controller, for a total remittance of **\$56,784,229** instead of the **\$67,439,826** demanded by the DOF. The first settlement payment is due on **January 15, 2014** and the last payment is due on **July 14, 2015**. The Stipulated Judgment will be filed in Department 14 of the Sacramento Superior Court. The court will retain jurisdiction over the parties to enforce the terms of the Stipulated Judgment. A copy of the Stipulated Judgment is enclosed for your reference.

In light of the Stipulated Judgment, please ensure that the DOF does not inappropriately withhold the City's sales and use taxes and/or the Successor Agency's RPTTF, as threatened in your October 9 letter. Any improper withholding of these funds will be brought to the immediate attention of the court as a violation of the Stipulated Judgment. Also, please advise the DOF staff analysts assigned to Santa Monica of the terms of the Stipulated Judgment so that they can proceed accordingly when attempting any reconciliation of the Successor Agency's fund balance.

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If you have any questions about the Stipulated Judgment, feel free to contact Deputy City Attorney Susan Cola at susan.col@smgov.net.

Very truly yours,


MARSHA JONES MOUTRIE
City Attorney

MJM/bcm

Enclosure

cc: Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller
California State Controller's Office