



MAYOR ROBERT GARCIA
CITY OF LONG BEACH

May 27, 2015

The Honorable Richard Roth, Chair
Senate Budget & Fiscal Review Subcommittee #4
State Capitol Building, Room 5019
Sacramento, CA 95814

The Honorable Adrin Nazarian, Chair
Assembly Budget Subcommittee #4
State Capitol Building, Room 5019
Sacramento, CA 95814

RE: Opposition to DOF's Loan Agency Investment Fund (LAIF) Rate Proposal

Dear Chairmen Roth and Nazarian:

On behalf of the City of Long Beach, I write in opposition to the Loan Agency Investment Fund (LAIF) proposal in the DOF's budget trailer bill. Long Beach respectfully requests LAIF rate language be completely removed from the budget trailer bill. Existing law already speaks to the LAIF rate, and there is a current court ruling that already clarifies the issue as well.

In its final ruling on March 16, 2015, the Sacramento Superior Court made clear that the LAIF rate applies to the accumulated balance on a loan and is calculated based on the historical LAIF rate, or rates in effect over the life of the loan since origination. The DOF's trailer bill would inappropriately undo the final March 16, 2015 ruling in Glendale v. DOF.

Long Beach strongly prefers that loan repayments be made based on the historical LAIF rate. Should a rate of 1%, as proposed in the trailer bill, be adopted, Long Beach would lose approximately \$70 million in debt owed to the City from the former redevelopment agency. These funds are needed to pay for public safety, parks, and libraries amongst other vital public services. It is important to recognize that affordable housing funding would also suffer, as 20% of local repayments will be automatically set-aside for this purpose.

Given these reasons, the City of Long Beach strongly opposes the DOF's LAIF rate proposal, and urges the State Senate and Assembly Budget Subcommittee to remove LAIF rate language from the budget trailer bill.

Sincerely,

Mayor Robert Garcia
City of Long Beach

cc: The Honorable Ricardo Lara, State Senate, 33rd District
The Honorable Janet Nguyen, State Senate, 34th District
The Honorable Isadore Hall III, State Senate 35th District
The Honorable Anthony Rendon, State Assembly, 63rd District
The Honorable Mike Gipson, State Assembly, 64th District
The Honorable Patrick O'Donnell, State Assembly, 70th District