DEPARTMENT OF FINANCE

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January 17, 2013

Mr. Jeff Kay, Administrative Analyst
City of San Leandro
835 E. 14th Street
San Leandro, CA 94577

Dear Mr. Kay:

Subject: Objection to Oversight Board Action

The City of San Leandro Successor Agency (Agency) notified the California Department of Finance (Finance) of its October 10, 2012 Oversight Board (OB) resolution on October 10, 2012. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, the Agency's OB Resolution No. 2012-007 OB related to transfer of certain former Redevelopment Agency (RDA) real property assets to the City of San Leandro (City) is not permitted for the following reasons:

- HSC section 34181 (a) authorizes the Oversight Board to transfer ownership of assets that were constructed and used for a governmental purpose. However, Finance's review has concluded that the 13 properties of 15 properties listed on Resolution No. 2012-007 OB were not exclusively used for governmental purposes.

- Other two properties located at 2101 Marina Boulevard and 268 Parrott Street that are subject to agreements between the City and the RDA. The agreements between the City and the former redevelopment agency provide for payments to the City of all future sale proceeds derived from these properties. However, the Agency is not permitted to dispose the properties until a long-range property management plan is approved by Finance. HSC section 34191.5 (b) directs the successor agency to prepare a long-range property management plan (LRPMP) that addresses the disposition of real properties of the former redevelopment agency. The agency is further required to submit the LRPMP to the oversight board and Finance for approval no later than six months after receiving a finding of completion.

As authorized by HSC section 34179 (h), Finance is returning your OB action to the board for reconsideration.

Please direct inquiries to Beliz Chappuie, Supervisor, or Cindie Lor, Lead Analyst at (916) 445-1546

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Ms. Cynthia Battenberg, Business Development Manager, City of San Leandro
Ms. Carol S. Orth, Tax Analysis Division Chief, Alameda County
Ms. Paula Crow, Attorney
California State Controller's Office