



March 21, 2014

Mr. Kevin Riper, Administrative Services/Finance Director  
City of Morgan Hill  
17575 Peak Avenue  
Morgan Hill, CA 95037

Dear Mr. Riper:

Subject: Long-Range Property Management Plan

Pursuant to Health and Safety Code (HSC) section 34191.5 (b), the City of Morgan Hill Successor Agency (Agency) submitted a Long-Range Property Management Plan (LRPMP) to the California Department of Finance (Finance) on December 2, 2013. Finance has completed its review of the LRPMP, which may have included obtaining clarification for various items.

The Agency received a Finding of Completion on June 4, 2013. Further, based on our review and application of the law, we are approving the Agency's use or disposition of all the properties listed on the LRPMP.

Finance has noted that Property No. 11 located at 95 East Third Street is not currently owned by the Agency. In May 2010, the Agency invested \$1,705,000 in an option agreement to purchase the property, and therefore, has a real property interest. The Agency's LRPMP determined the best use for the property was to use bond proceeds to construct a parking structure. Finance approved \$10,100,000 in bond proceeds on ROPS 13-14B to construct a multi-level parking structure. However, it appears during our review of the LRPMP, the Agency may have plans to switch the location of the parking structure. Even though the LRPMP's intent to develop 95 East Third Street into a public parking structure may have changed, the plan's stated disposition for the City to retain this property for future development, provided a compensation agreement is reached with the other taxing entities, is an allowable disposition by law. In carrying out the disposition of the Agency's properties, Finance encourages the Agency to maximize value pursuant to HSC section 34181 (a).

In accordance with HSC section 34191.4, upon receiving a Finding of Completion from Finance and approval of a LRPMP, all real property and interests in real property shall be transferred to the Community Redevelopment Property Trust Fund of the Agency, unless that property is subject to the requirements of an existing enforceable obligation. Pursuant to HSC section 34191.3 the approved LRPMP shall govern, and supersede all other provisions relating to, the disposition and use of all the real property assets of the former redevelopment agency.

Agency actions taken pursuant to a Finance approved LRPMP are subject to oversight board (OB) approval per HSC section 34181 (f). Any subsequent OB actions addressing the Agency's implementation of the approved LRPMP should be submitted to Finance for approval.

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Please direct inquiries to Wendy Griffe, Supervisor, or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Monica C Delgado, Budget Manager, City of Morgan Hill  
Ms. Irene Lui, Controller Treasurer, Santa Clara County  
Ms. Elizabeth Gonzalez, Bureau Chief, Local Government Audit Bureau, California State  
Controller's Office  
California State Controller's Office