



DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. ■ GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

August 31, 2012

Mr. John Bramble, City Manager
City of Merced
678 West 18th Street
Merced, CA 95340

Dear Mr. Bramble:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Merced submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on August 1, 2012 for the period February 1, 2012 through August 1, 2012.

HSC section 34176 (e) defines a housing asset. Assets transferred deemed not to be a housing asset shall be returned to the successor agency. Finance has completed its review of your Form, which may have included obtaining clarification for various items.

Based on a sample of line items reviewed and the application of law, Finance is objecting to the following assets or transfer of assets identified on your Form:

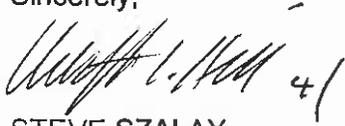
- Exhibit A — All properties listed were transferred prior to February 1, 2012. HSC section 34176 (a) (2) states the list shall include assets transferred between February 1, 2012 and the date upon which the list is created.
- Exhibit C, Item 2, Low-Mod Encumbrance — The encumbrance which existed to fund a \$3 million construction loan as stated in a Disposition and Development Agreement dated March 7, 2011 between the former Redevelopment Agency of the City of Merced (Agency) and the developer was retired by issuance of Deed Restriction Covenant and Loan Agreement dated September 8, 2011 between the developer and the City of Merced Public Financing and Economic Development Authority (Authority).
- Exhibit D, Items 3, 4, and 5, Loans Receivable —The Authority executed the Deed Restriction Covenant and Loan Agreement dated September 8, 2011 with the developer to retire the encumbrance noted above for the Woodbridge Apartments along with two participation notes. However, the Agency was not a party to these loan agreements.

Except for the items disallowed as noted above, Finance is not objecting to the remaining items, if any, listed on your Form. If you disagree with our determination with respect to any items on the Form, you may request a Meet and Confer within five business days of receiving this letter.

Mr. John Bramble
August 31, 2012
Page 2

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

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Szalay", with a stylized flourish at the end.

STEVE SZALAY
Local Government Consultant

cc: Ms. Elaine Post, Development Manager, City of Merced Housing Division
Ms. Lisa Cardella-Presto, Auditor-Controller, Merced County
California State Controller's Office