



June 6, 2014

Mr. William Fulton, Director, Planning and Neighborhood Restoration Department
City of San Diego
1222 First Avenue, MS 501
San Diego, CA 92101-4154

Dear Mr. Fulton:

Subject: Determination of Oversight Board Actions

The City of San Diego Successor Agency (Agency) notified the California Department of Finance (Finance) of its April 21, 2014 Oversight Board (OB) Resolutions on the dates noted below. 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, Finance has made the following determinations:

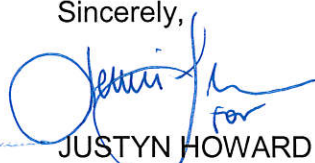
- OB Resolution No. OB-2014-32, received on April 21, 2014, approving the Rehabilitation Loan Agreement and Escrow Agreement for the Silverado Ballroom Project is approved. The Agency intends to use bond proceeds issued prior to January 1, 2011. Additionally, the OB determined the use of these proceeds is consistent with purposes for which the bonds were sold. These contracts were not entered into prior to June 28, 2011; therefore, only pre-2011 bond proceeds will be available to the Agency for this project.
- OB Resolution No. OB-2014-36, received on April 22, 2014, approving a Revolving Loan Agreement for Payments of Enforceable Obligations and Project-Related Expenses is approved. If the Agency does need to borrow funds, HSC section 34173 (h) requires that the receipt and use of funds borrowed from the City shall be recognized on a Recognized Obligation Payment Schedule (ROPS). The funds requested on the ROPS will require allocation by specific obligation and specific amount to facilitate Finance's review in determining enforceability. In addition, the receipt of the funds from the City should be recognized on the subsequent Cash Balance worksheet and the use of the funds shall be recognized on the applicable Prior Period Adjustment worksheet.
- OB Resolution No. OB-2014-37, received on April 22, 2014, approving four professional services agreements with O'Day Consultants for Various Agency Projects is approved. The Agency intends to use bond proceeds issued prior to January 1, 2011. Additionally, the OB determined the use of these proceeds is consistent with purposes for which the bonds were sold. These contracts were not entered into prior to June 28, 2011; therefore, only pre-2011 bond proceeds will be available to the Agency for these projects.

- OB Resolution No. OB-2014-57, received on April 22, 2014, approving certain contracts and expenditures related to the Park Boulevard Pedestrian, Streetscape, and Transit Access Improvements is approved. The Agency is required to complete this project pursuant to Grant Agreement No. 5001354 with the San Diego Association of Governments.
- OB Resolution No. OB-2014-58, received on April 22, 2014, approving a Stipulated Settlement with Healthcare Services, Inc. (HSI) is approved. HSI will make payments totaling \$50,000 to the Agency which will be applied toward future ROPS obligations as "Other Funds".
- OB Resolution No. OB-2014-59, received on April 22, 2014, approving a Loan Agreement for Payments of Outstanding Property Management Expenses and Authorizing Inclusion of the Loan Agreement in Future ROPS is not approved. Based upon Finance's determination letter on May 16, 2014, the Agency has received authority for funding of these obligations. Therefore, the Agency no longer has a need for a loan from the City of San Diego.

As authorized by HSC section 34179 (h), Finance is returning your OB Resolution No. OB-2014-59 to the board for reconsideration. This is our determination with respect to the OB actions taken.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Justyn Howard", with a large circular flourish on the left side. The signature is written over a horizontal line.

JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Andrew Phillips, CFO, COO & Interim President of Civic San Diego
Mr. Jon Baker, Senior Auditor and Controller Manager, County of San Diego
California State Controller's Office