



March 2, 2016

Mr. Reese A. Jarrett, President, Civic San Diego  
City of San Diego City  
401 B Street, Suite 400  
San Diego, CA 92101

Dear Mr. Jarrett:

Subject: Determination of Oversight Board Actions

The City of San Diego Successor Agency (Agency) notified the California Department of Finance (Finance) of its January 25, 2016 Oversight Board (OB) Resolutions on January 26, 2016. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB actions.

Based on our review and application of the law, Finance has made the following determinations:

OB Resolution No. 2016-3

OB Resolution No. 2016-3, approving a subordination agreement between the Agency, the Civic San Diego Economic Growth and Neighborhood Investment Fund, and Urban Corps of San Diego County, is not approved.

HSC section 34181 (e) allows amendments to agreements when the amendment increases net revenues, reduces liabilities and the OB finds the amendment is in the best interest of the taxing entities. The proposed agreement does not benefit the Agency nor does it increase net revenues or reduce liabilities of the Agency. Therefore, HSC section 34181 (e) has not been met.

OB Resolution No. 2016-4

OB Resolution No. 2016-4, approving the Termination Agreement between the Agency and First Commercial Real Estate Financing (FCREF), is approved. The Termination Agreement will permit FCREF to pay \$1,021,000 in exchange for the termination, reconveyance, and removal of a 1996 rehabilitation loan. It is our understanding the original principal balance of the 1996 rehabilitation loan was \$536,000.

The OB found that terminating the loan would be in the best interests of the taxing entities as outlined in HSC section 34181 (e).

OB Resolution No. 2016-5

OB Resolution No. 2016-5, approving the third amendment to the Construction Administrative Services Agreement with Westlake Reed Leskosky to provide construction administration services on the Lyceum Theater renovation project, is approved.

The amendment increases the cap by \$19,550, to a maximum of \$470,065, which will allow the project to proceed after unforeseen delays.

This is our determination with respect to the OB actions taken. In the event the OB desires to amend OB Resolution No. 2016-3 which is not approved by Finance, Finance is returning it to the board for reconsideration. However, the Agency can move forward with OB Resolution Nos. 2016-4 and 2016-5 approved by Finance.

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

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Mr. David Graham, Deputy Chief Operating Officer, City of Diego  
Ms. Wanda Nations, Principal Accountant, Civic San Diego  
Mr. Jon Baker, Senior Auditor and Controller Manager, County of San Diego