



November 10, 2015

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: Approval of Oversight Board Action

The City of San Diego Successor Agency (Agency) notified the California Department of Finance (Finance) of its October 19, 2015 Oversight Board (OB) Resolution on October 20, 2015. Pursuant to Health and Safety Code section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, OB Resolution No. OB-2015-16, approving actions pertaining to the reinstatement of a city loan, is approved.

The Agency received a Finding of Completion on December 2, 2013. As a result of the OB Resolution No. OB-2015-16 finding the city loan was for valid redevelopment purposes, the Agency may now place the loan on a Recognized Obligation Payment Schedule (ROPS). However, the repayment of the City loan is subject to the repayment formula outlined in HSC section 34191.4 (b) (1).

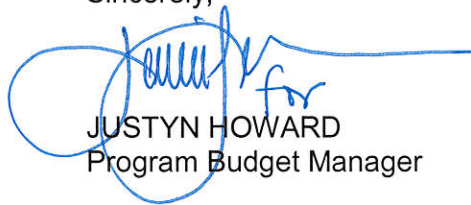
In addition, HSC section 34191.4 (b) (3) (A) requires any interest on the remaining principal amount of the loan that was previously unpaid after the original effective date of the loan shall be recalculated from the date of origination of the city loan as approved by the redevelopment agency on a quarterly basis, at a simple interest rate of three percent. Moneys repaid shall be applied first to the principal, and second to the interest. This will supersede any existing interest rates in the loan agreements. Therefore, the repayment amounts of the city loan are subject to Finance's review and approval on subsequent ROPS.

This is our determination with respect to the OB action taken.

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

Sincerely,

A handwritten signature in blue ink, appearing to be 'Justyn Howard', with a large circular flourish on the left side. The word 'for' is written in smaller blue ink above the name.

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