



December 20, 2016

Mr. Reese A. Jarrett, President, Civic San Diego
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 City Successor Agency (Agency) notified the California Department of Finance (Finance) of its October 17, 2016 Oversight Board (OB) Resolution on October 20, 2016. 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, OB Resolution No. 2016-15, approving the issuance of the 2017 Tax Allocation Refunding Bonds (Refunding Bonds), is approved. It is our understanding the Agency desires to refund the following 14 debt obligations:

Refunded Obligations	
1	Centre City 2006 Subordinate Tax Allocation Bonds (STABs), Series A
2	Centre City 2006 Tax Allocation Housing Bonds (TAHBs), Series B
3	Central Imperial Loan Agreement related to the 2007 Tax Allocation Bonds (TABs) issued by the San Diego Public Financing Authority
4	Mount Hope Loan Agreement related to the 2007 TABs issued by the San Diego Public Financing Authority
5	Southcrest Loan Agreement related to the 2007 TABs issued by the San Diego Public Financing Authority
6	Centre City 2008 TAHBs, Series A
7	North Park 2009 STABs, Series A
8	City Heights 2010 TABs, Series A
9	City Heights 2010 TABs, Series B
10	Crossroads 2010 TABs, Series A
11	Naval Training Center 2010 TABs, Series A
12	San Ysidro 2010 TABs, Series A
13	San Ysidro 2010 TABs, Series B
14	Housing Set-Aside 2010 TABs, Series A

The Agency anticipates achieving approximately \$104,262,937 in savings over the remaining life of the bonds. Finance's approval is based on our understanding that no refunding bonds will be issued unless such bonds meet the requirements outlined in HSC section 34177.5 (a).

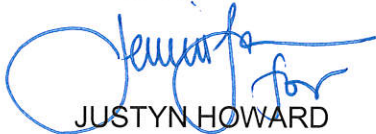
Following the issuance, the payments for the Refunding Bonds should be placed on a future Recognized Obligation Payment Schedule (ROPS) for Finance's review and approval. To the extent the indebtedness obligations approved for refunding per the OB Resolution are refunded in accordance with HSC section 34177.5 and prior to the next ROPs submission, the Agency may use Redevelopment Property Tax Trust Funds received for payment of the currently listed obligations being refunded. Any indebtedness whose refunding is finalized must be separately identified as a new item in a subsequent ROPS and will be subject to Finance's review and approval. Further, pursuant to HSC section 34186 (a), the Agency is required to report estimated obligations and actual payments. Any unspent funds should be reported as prior period adjustments.

In addition, the resolution states the Agency is authorized to recover its costs related to the issuance of the refunding bonds from the proceeds and is entitled to receive full administrative cost allowance under HSC section 34181 (a) (3). While Finance does not object to these actions, any associated costs not satisfied with the issuance and the request for administrative cost allowance must be placed on a subsequent ROPS for Finance's review and approval before they are considered enforceable obligations.

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

Please direct inquiries to Kylie Oltmann, Supervisor, or Anmol Mishra, Lead Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD

Program Budget Manager

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