



May 16, 2014

Ms. Colleen O'Donoghue, Assistant Finance Director
City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92626

Dear Ms. O'Donoghue:

Subject: Approval of Oversight Board Action

The City of Costa Mesa Successor Agency (Agency) notified the California Department of Finance (Finance) of its April 17, 2014 Oversight Board (OB) resolution on April 18, 2014. 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. 2014-04, affirming its prior finding that the City of Costa Mesa (City)/Agency loan between the City and former Agency was made for legitimate redevelopment purposes and approving that certain Amended and Restated Agreement to re-establish loan pursuant to HSC section 34191.4 between the City and Agency following the obtaining of a Finding of Completion, is approved.

Please note, however, pursuant to HSC section 34191.4 (b) (2), the accumulated interest on the remaining principal amount of the loan shall be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund (LAIF). The Agency must request loan repayments on Recognized Obligation Payments Schedules, subject to Finance review and approval.

Please direct inquiries to Nichelle Thomas, Supervisor or Alexander Watt, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Steve Dunivent, Finance Director, City of Costa Mesa
Mr. Frank Davies, Property Tax Manager, Orange County
California State Controller's Office