



November 26, 2012

Mr. William Workman, Executive Director  
City of Redondo Beach  
415 Diamond Street  
Redondo Beach, CA 90277

Dear Mr. Workman:

Subject: Final and Conclusive Enforceable Obligation

On September 5, 2012, the California Department of Finance (Finance) received the Oversight Board (OB) Resolution 1208-008 approving the credit agreement with Bank of America, in order to refinance the outstanding three-year letter of credit between the former redevelopment agency and Bank of the West. Based on a review of the OB action taken and in consideration of HSC section 34177.5 (h), Finance approved OB Resolution 1208-008 through e-mail correspondence dated September 12, 2012. Finance's approval of OB Resolution 1208-008 was more formally communicated in our Recognized Obligation Payment Schedule (ROPS) determination letter dated October 10, 2012.

On October 2, 2012, Finance received the City of Redondo Beach Successor Agency's (Agency) request for a final and conclusive determination on the credit agreement with Bank of America. It is our understanding that refinancing the outstanding three-year letter of credit with Bank of the West would reduce the interest rate from 10 percent to 5.75 percent. It is also our understanding the Bank of America credit agreement most closely resembles the maturity schedule of the existing Bank of the West agreement, and that the financing terms do not provide any bullets or spikes.

Finance has completed its review of your request, which may have included obtaining clarification on items provided or additional supporting documentation. Pursuant to Health and Safety Code section 34177.5 (i), we are pleased to inform you:

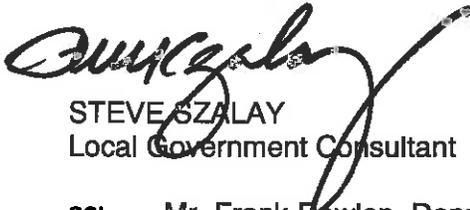
- (i) Finance's approval of the credit agreement with Bank of America for the 2001 bonds related to the Redondo Beach pier and refinancing project as an enforceable obligation is final and conclusive; and
- (ii) Finance's review of the credit agreement with Bank of America will be limited to confirming the scheduled payments are required by the obligation.

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This obligation was previously approved by Finance as Item No. 1 on the January through June 2013 ROPS and payable to Bank of the West. To the extent you have or plan to exercise your authority to enter into the Bank of America credit agreement, Finance authorizes an amendment to Item No. 1 pursuant to HSC section 34179 (h) in order to reflect the change in payee and reduced funding amount.

Please direct inquiries to Kylie Le, Supervisor or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Szalay', with a large, sweeping flourish extending from the end of the signature.

STEVE SZALAY  
Local Government Consultant

cc: Mr. Frank Rowlen, Deputy City Treasurer, City of Redondo Beach  
Ms. Kristina Burns, Manager, Los Angeles County Auditor-Controller's Office  
California State Controller's Office