Transmittal letter

To: Oversight Board
From: Natasha Jones, Interim Board Secretary
Date: November 6, 2013

Dear Oversight Board members,

Please find attached for your information a final determination letter dated November 1, 2013 from DOF regarding the Oversight Board Resolution 10-2013 Wells Fargo Settlement.

Thank you.

Natasha Jones

NATASHA A. JONES
Interim Board Secretary
City and County of San Francisco as Successor Agency to the San Francisco Redevelopment Agency
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November 1, 2013

Ms. Sally Oerth, Deputy Director
City and County of San Francisco
One South Van Ness Avenue, Fifth Floor
San Francisco, CA 94103

Dear Ms. Oerth:

Subject: Partial approval of Oversight Board Action

The City and County of San Francisco Successor Agency (Agency) notified the California Department of Finance (Finance) of its September 23, 2013 Oversight Board (OB) resolution on September 23, 2013. 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 10-2013 approving a settlement agreement in the amount of approximately $27,000 with Wells Fargo and setting aside the proposed settlement proceeds to offset future litigation expenses is partially approved. The Agency desires to execute a settlement agreement with Wells Fargo, and apply the proposed settlement to a litigation trust fund with the attorneys to offset expenses in continuing litigation. Agency's attorneys would waive any contingency fee claims for amounts expended from this trust fund, resulting in cost savings for the Agency.

The request to enter into a settlement agreement with Wells Fargo is in compliance with HSC section 34181 (e), as it reflects an increase of net revenues to the Agency. Therefore, Finance approves the execution of an appropriate settlement agreement with Wells Fargo for approximately $27,000.

Although the agreement to set aside the proposed settlement for future litigation costs would result in a cost savings to the Agency, HSC Section 34171 (d) (1) (D) states that proposed settlements are not enforceable obligations. In addition, the legislation does not allow for contingency costs. The request for approval of the use of the settlement proceeds by placing into a set-aside litigation trust fund is denied.

In the event the OB desires to amend the portion of the resolution not approved by Finance, Finance is returning it to the board for reconsideration. However, the Agency can move forward with the portion of the resolution approved by Finance. This is our determination with respect to the OB action taken.
Ms. Sally Oerth  
November 1, 2013  
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Please direct inquiries to Wendy Griffe, Supervisor, or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Tiffany Bohee, Executive Director, City and County of San Francisco  
Mr. James Whitaker, Property Tax Manager, San Francisco County  
California State Controller’s Office