

From: [Grimaldo, Andrew](#)
To: [Levi Verner](#)
Cc: [Modelo, Dianne](#)
Subject: RE: Updated Audit Findings for the Audit of Symphony Asset Pool XVI, LLC
Date: Friday, December 23, 2022 10:33:34 AM
Attachments: [image010.png](#)
[image014.png](#)
[Exhibit A.pdf](#)
[image005.png](#)

Hi Levi,

I wanted to let you know that the review of the audit has been completed. Attached please find a copy of the audit findings.

[REDACTED]

4.3 **Gross Revenue.** "Gross Revenue" shall mean all revenue derived from the Allowed Uses and Accessory Uses, whether earned directly or through sublessees or licensees. Possessory interest taxes or other property taxes shall not be deducted in computing Gross Revenue. Notwithstanding the foregoing, Gross Revenue shall not include: (a) federal, state or municipal taxes collected from consumers (regardless of whether such amount is stated to the consumer as a separate charge) and paid periodically by LESSEE to a governmental agency and accompanied by a tax return or statement as required by law; (b) refunds for goods returned for resale on the Premises or refunds of deposits; (c) common area maintenance ("CAM") charges collected from sublessees or licensees; and (d) gratuities. LESSEE shall clearly indicate the amount of all such excluded items on its books and records.

I will be sending the audit findings to Department of Real Estate and Airport Management. If you have any questions they will be able to assist you.

Thank you for your patience and assistance with this audit.

Thank you,

Andrew Grimaldo

Accountant IV
City of San Diego
Office of the City Treasurer
T (619) 236-6841



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From: Modelo, Dianne

Sent: Wednesday, October 19, 2022 6:58 AM

To: Levi Verner

Cc: Grimaldo, Andrew

Subject: RE: Updated Audit Findings for the Audit of Symphony Asset Pool XVI, LLC

Hello Levi,

The audit is currently in review.

Thanks for reaching out. We'll contact you if we have any questions or need any additional information.

Dianne

Dianne Modelo

Revenue Compliance Manager
City of San Diego
Office of the City Treasurer
T (619) 236-7790
sandiego.gov

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From: Levi Verner <lverner@pemginc.com>

Sent: Tuesday, October 18, 2022 4:12 PM

To: Grimaldo, Andrew <AGrimaldo@sandiego.gov>

Cc: Modelo, Dianne <DModelo@sandiego.gov>

Subject: [EXTERNAL] Re: Updated Audit Findings for the Audit of Symphony Asset Pool XVI, LLC

****This email came from an external source. Be cautious about clicking on any links in this email or opening attachments.****

Hi Andrew & Dianne,

I wanted to follow up on the below email as I don't believe I saw a correspondence come through yet.

Please let me know if you need anything from my side.

Thank you,



Levi Verner
Finance Manager
PE Management Group
BRE #: 02035105
p/ 858.779.9317

From: Levi Verner

Sent: Thursday, September 29, 2022 6:06:09 PM

To: Grimaldo, Andrew <AGrimaldo@sandiego.gov>

Cc: Modelo, Dianne <DModelo@sandiego.gov>

Subject: RE: Updated Audit Findings for the Audit of Symphony Asset Pool XVI, LLC

Hi Dianne & Andrew,

It seems like we are getting very close on this! [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Thank you!



Levi Verner
Finance Manager
PE Management Group
BRE #: 02035105
p/ 858.779.9317

From: Grimaldo, Andrew <AGrimaldo@sandiego.gov>

Sent: Wednesday, September 21, 2022 6:43 PM

To: Levi Verner <lverner@pemginc.com>

Cc: Modelo, Dianne <DModelo@sandiego.gov>

Subject: Updated Audit Findings for the Audit of Symphony Asset Pool XVI, LLC

Hi Levi,

[REDACTED]

[REDACTED]

Per §4.21.2 of the Agreement, any rent deficiency determined by the audit shall be delinquent rent and subject to all

penalties established under §4.22. Per §4.22, if Lessee fails to pay rent when due, Lessee must pay, in addition to the unpaid rent, 5% of the unpaid amount. If rent remains unpaid after 15 days past the due date, an additional 5% of the unpaid amount is due, for a total of 10%. [REDACTED]

4.21.2 Rent Deficiency and Overpayment. Any rent deficiency determined by the audit shall be delinquent rent, subject to all penalties and remedies provided to CITY for delinquent rent under this Lease. CITY shall credit any overpayment determined by the audit, without interest, against future rents due under this Lease. If no future rents are then due under this Lease, CITY shall refund to LESSEE any overpayment determined by the audit, without interest, within sixty (60) days after CITY's certification of the audit

4.22 Delinquent Payments. If LESSEE fails to make any payment under this Lease when due, LESSEE shall pay to CITY, in addition to the unpaid amount, five percent (5%) of the unpaid amount, which shall be additional rent. If any amount of such payment remains unpaid after fifteen (15) days past due, LESSEE shall pay to CITY an additional five percent (5%) of the unpaid amount [being a total of ten percent (10%)], which shall be additional rent. Notwithstanding the foregoing, in no event shall the charge for late payment of rent be less than Twenty-Five Dollars (\$25). After thirty (30) days past due, unpaid amounts due CITY under this Lease may be referred to the San Diego City Treasurer for collection, and shall be subject to San Diego Municipal Code section 22.1707, as may be amended from time to time. LESSEE shall pay to CITY any collection-referral fee and all other fees and charges plus interest as may then be charged by the San Diego City Treasurer under authority of the San Diego Municipal Code. Acceptance of late charges and any portion of the late payment by CITY shall neither constitute a waiver of LESSEE's breach or default with respect to the late payment nor prevent CITY from exercising any other rights and remedies available at law or in equity.

[REDACTED] also wanted to let you know that the cost of audit clause was triggered. Per §4.21.1 of the Agreement, Symphony is responsible for the cost of audit if any lease year reveals an underpayment of rent of more than 5% between the rent reported as payable by Symphony and the rent payable as determined by the audit. [REDACTED]

4.21.1 Audit Cost. The full cost of each CITY audit shall be borne by CITY, unless one or both of the following conditions exists, in which case LESSEE shall reimburse CITY for all costs of the audit:

- (a) For any given Lease Year, if an audit reveals an underpayment of rent of more than five percent (5%), calculated as the difference between the rent reported as payable by LESSEE and the rent payable as determined by the audit; or
- (b) LESSEE failed to maintain true, accurate and complete books, records, accounts and supporting source documents as required by this Lease.

Please note that these are preliminary findings and are subject to additional review and changes. Please confirm these findings or send over any additional documents you would like to be considered by the end of the business day on Monday, September 26, 2022. Please let me know if you have any questions or if you would like to schedule a meeting to discuss the audit findings.

Thank you,

Andrew Grimaldo

Accountant IV
City of San Diego
Office of the City Treasurer
T (619) 236-6841

The City of



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Thank you.