



Transmitted via e-mail

April 15, 2020

Bree Mawhorter, Deputy Director of Finance and Administration
City and County of San Francisco
One South Van Ness Avenue, Fifth Floor
San Francisco, CA 94103

2020-21 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City and County of San Francisco Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2020 through June 30, 2021 (ROPS 20-21) to the California Department of Finance (Finance) on January 27, 2020. Finance has completed its review of the ROPS 20-21.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 7 – Agency Administrative Operations in the amount of \$4,317,818 is partially allowed. The California Public Employee's Retirement System's actuary report states the Agency is obligated to pay \$1,992,600 for the projected amount of employer payment of unfunded liability for the fiscal year 2020-21. It is our understanding the Agency is requesting an additional \$2,325,218 for the California Employee Pension Prefunding Trust (CEPPT); however, no documentation was provided to support the amount requested for the CEPPT obligation. In addition, HSC section 34171 (h) defines the ROPS as the document setting forth the minimum amount due. Therefore, of the requested \$4,317,818, the excess \$2,325,218 is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 85 - Mission Bay North CFD #4 in the amount of \$19,500,000. This item is an enforceable obligation and the Agency is requesting \$6,139,655 in Bond Proceeds, \$6,094,295 in Reserve Balances, and \$7,266,050 in RPTTF, totaling \$19,500,000 for the ROPS 20-21 period. On the ROPS 20-21 form, the Agency reported cash balances and activity for the period July 1, 2017 through June 30, 2018 (ROPS 17-18). The Agency reported \$16,876,472 in Reserve Balances as of June 30, 2018 from the non-housing portion of the Mission Bay North project area. HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF funds. Therefore, Finance is reclassifying the \$7,266,050 in RPTTF requested to Reserve Balances.

- Item No. 88 - Tax Increment Allocation Pledge Agreement for the Mission Bay South project area in the amount of \$36,560,808. This item is an enforceable obligation and the Agency is requesting \$36,560,808 in RPTTF for the ROPS 20-21 period. On the ROPS 20-21 form, the Agency reported cash balances and activity for the ROPS 17-18 period. The Agency reported \$16,590,236 in Reserve Balances as of June 30, 2018 from the non-housing portion of the Mission Bay South project area. HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF funds. Therefore, Finance is reclassifying \$16,590,236 of the \$36,560,808 RPTTF requested to Reserve Balances.
- Item No. 89 – Mission Bay Agency Costs Reimbursements in the amount of \$825,000. The Agency requested \$825,000; however, it wishes to adjust the requested amount to \$550,000. As a result, Finance is reducing the amount of RPTTF requested by \$275,000.
- Item No. 373 – Asset Management and Disposition Costs in the amount of \$503,553 is partially allowed. Based on our review, estimated costs totaling \$400,288, associated with properties approved for transfer to the City and County of San Francisco (City and County) for continued governmental use in the Agency's Long-Range Property Management Plan (LRPMP), were not adequately supported, or were not enforceable obligations. The costs include staffing, appraisal, surveying, title/closing, legal and clear title actions, property management, and loan administration and collection services.

Pursuant to HSC section 34191.3 (a), a LRPMP approved by Finance shall govern and supersede all other provisions relating to the disposition and use of the real property assets of the Agency. Further, pursuant to HSC sections 34177 (e) and 34177 (h), the Agency is required to expeditiously wind down its affairs, including the expeditious disposal of properties.

The Agency's LRPMP was approved by Finance on December 7, 2015. Properties approved for transfer to the City and County in the Agency's LRPMP should be transferred and any associated costs are no longer Agency obligations. Therefore, estimated costs in the amount of \$400,288 are not allowed.

- On the ROPS 20-21 form, the Agency reported cash balances and activity for the ROPS 17-18 period. According to our review, the Agency has approximately \$6,079,251 from Reserve Balances and \$2,365,963 Other Funds, totaling \$8,445,214, available to fund enforceable obligations on the ROPS 20-21. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF funds. These items do not require payment from property tax revenues; therefore, with the Agency's concurrence, the funding source for the following items have been reclassified in the amounts specified on the following page:

Item No.	Item Name	RPTTF Requested	RPTTF Adjustment	RPTTF Authorized
9	Agency Admin Operations	\$2,179,167	\$(409,840)	\$1,769,327
297	Tax Allocation Bond Series 2006A	5,830,000	(492,076)	5,337,924
397	Tax Allocation Bond Series 2014C	10,581,750	(6,079,251)	4,502,499
408	Tax Allocation Bond Series 2017A Affordable Housing Bonds	19,073,771	(551,047)	18,522,724
410	Tax Allocation Bond Series 2017C Mission Bay New Money and Refunding Housing Bonds	3,154,545	(913,000)	2,241,545
	Total	\$40,819,233	\$(8,445,214)	\$32,374,019

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the ROPS 17-18 period. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF authorized includes the prior period adjustment (PPA) resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$153,971,086, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2020 through December 31, 2020 period (ROPS A period), and one distribution for the January 1, 2021 through June 30, 2021 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 20-21 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 20-21. If the Agency disagrees with our determination with respect to any items on the ROPS 20-21, except items which are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

The Agency must use the RAD App to complete and submit its Meet and Confer request form.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 20-21. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be deemed denied until the matter is resolved.

The ROPS 20-21 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 20-21 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to me at (916) 445-3274.

Sincerely,

Original Signed by:

JENNIFER WHITAKER
Program Budget Manager

cc: Nadia Sesay, Executive Director, City and County of San Francisco
James Whitaker, Property Tax Manager, San Francisco County

Approved RPTTF Distribution July 2020 through June 2021			
	ROPS A	ROPS B	ROPS 20-21 Total
RPTTF Requested	\$ 47,265,155	\$ 138,686,840	\$ 185,951,995
Administrative RPTTF Requested	4,464,005	0	4,464,005
Total RPTTF Requested	51,729,160	138,686,840	190,416,000
RPTTF Requested	47,265,155	138,686,840	185,951,995
<u>Adjustment(s)</u>			
Item No. 7	(2,325,218)	0	(2,325,218)
Item No. 9	(409,840)	0	(409,840)
Item No. 85	(3,633,025)	(3,633,025)	(7,266,050)
Item No. 88	(16,590,236)	0	(16,590,236)
Item No. 89	0	(275,000)	(275,000)
Item No. 297	0	(492,076)	(492,076)
Item No. 373	(200,144)	(200,144)	(400,288)
Item No. 397	0	(6,079,251)	(6,079,251)
Item No. 408	0	(551,047)	(551,047)
Item No. 410	0	(913,000)	(913,000)
	(23,158,463)	(12,143,543)	(35,302,006)
RPTTF Authorized	24,106,692	126,543,297	150,649,989
Administrative RPTTF Authorized	4,464,005	0	4,464,005
ROPS 17-18 prior period adjustment (PPA)	(1,142,908)	0	(1,142,908)
Total RPTTF Approved for Distribution	\$ 27,427,789	\$ 126,543,297	\$ 153,971,086