



November 14, 2014

Ms. Sally Oerth, Deputy Director
City and County of San Francisco
One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

Dear Ms. Oerth:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City and County of San Francisco Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15B) to the California Department of Finance (Finance) on September 30, 2014 for the period of January 1 through June 30, 2015. Finance has completed its review of your ROPS 14-15B, which may have included obtaining clarification for various items.

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

- Item No. 107 – Streetscape and Open Space Improvements is partially denied for Bond Proceeds in the amount of \$8,100,000. The Agency requests Bond Proceeds funding in the amount of \$11,100,000. However, as clarified by the Agency, this item no longer requires the total requested amount and only \$3,000,000 in Bond Proceeds is needed. As such, the Agency's excess request of \$8,100,000 (\$11,100,000 - \$3,000,000) is not eligible for funding at this time. Therefore, only \$3,000,000 in Bond Proceeds is approved for this item.
- Item No. 363 – Transbay Block 9 Construction Funding with a total outstanding obligation of \$45,000,000 is denied funding for this period. During the review process the Agency requested to have this item removed from the ROPS 14-15B as another financing structure is being considered for the project. Therefore, Other Funds in the amount of \$45,000,000 is not allowed this period.
- Multiple Item Nos. where reserves are requested for debt service payments due in the second half of the calendar year. Finance notes that pursuant to HSC section 34183 (a) (2) (A), debt service payments have first priority for payment from distributed RPTTF funding. As such, the amounts requested to be held in reserve along with the amounts required for the current ROPS period should be transferred upon approval and receipt to the bond trustee(s). The amounts approved for debt service payments on this ROPS are restricted for that purpose and are not authorized to be used for other ROPS items. Any requests to fund these debt service items again in the

ROPS 15-16A period will be denied unless insufficient RPTTF was received to satisfy the approved annual debt service payments.

- Item Nos. 333, 336, and 339 – Tax Allocation Bonds RPTTF requested amounts were input by the Agency incorrectly. Therefore, with the Agency's concurrence, Finance will adjust the RPTTF request for the following items:

Item No.	ROPS 14-15B Request for RPTTF	Adjustment to Original Requested Amount	Total Request for ROPS 14-15B
333	\$ 2,018,932	\$ (982,013)	\$ 1,036,919
336	2,819,082	(800,150)	2,018,932
339	1,036,919	1,782,163	2,819,082
Total	\$ 5,874,933	\$ 0	\$ 5,874,933

- On the ROPS 13-14B Prior Period Adjustment (PPA) worksheet, the Agency's expenditures exceeded Finance's authorization for the following items:
 - Item No. 137 – Museum of the African Diaspora from Other Funds in the amount of \$250,000
 - Item No. 139 – Jessie Square Garage from Other Funds in the amount of \$13,108
 - Item No. 151 – The Mexican Museum from Other Funds in the amount of \$500,000

Per HSC section 34177 (a) (3), only those payments listed on ROPS may be made by the Agency from the funds specified on the ROPS. However, these items were determined to be enforceable obligations for the ROPS 14-15A period. Therefore, Finance is increasing the Agency's authorization for the ROPS 14-15b period to ensure that authorization is consistent with expenditures for the approved enforceable obligations. As these Other Funds were previously expended, the increase in authorization is for informational purposes only and does not affect your ROPS 14-15B expenditure ability.

HSC sections 34177 (a) (4) and 34173 (h) provide mechanisms when Agency payments must exceed the amounts authorized by Finance. Please ensure the proper expenditure authority is received from your Oversight Board and Finance prior to making payments on enforceable obligations.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15B form the estimated obligations and actual payments (PPAs) associated with the January through June 2014 period. The amount of RPTTF approved in the table below reflects the PPA self-reported by the Agency. HSC section 34186 (a) also specifies PPAs self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table below only reflects the PPA self-reported by the Agency.

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 14-15B. If you disagree with the determination with respect to any items on your ROPS 14-15B, you 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 at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved RPTTF distribution for the reporting period is \$106,103,982 as summarized in the Approved RPTTF Distribution Table below:

Approved RPTTF Distribution For the period of January through June 2015	
Total RPTTF requested for non-administrative obligations	107,817,190
Total RPTTF requested for administrative obligations	1,455,000
Total RPTTF requested for obligations on ROPS	\$ 109,272,190
Total RPTTF requested for non-administrative obligations	107,817,190
Total RPTTF authorized for non-administrative obligations	\$ 107,817,190
Total RPTTF requested for administrative obligations	1,455,000
Total RPTTF authorized for administrative obligations	\$ 1,455,000
Total RPTTF authorized for obligations	\$ 109,272,190
ROPS 13-14B PPA	(3,168,208)
Total RPTTF approved for distribution	\$ 106,103,982

Please refer to the ROPS 14-15B schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2015. This determination only applies to items where funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination 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 that was available prior to the enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the agency in the RPTTF.

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Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if for whatever reason the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c) (2) (B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Wendy Griffe, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Acting Program Budget Manager

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