

April 15, 2015

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 15-16A) to the California Department of Finance (Finance) on March 2, 2015 for the period of July 1, 2015 through December 31, 2015. Finance has completed its review of your ROPS 15-16A, which may have included obtaining clarification for various items.

Based on our review, we are approving all of the items listed on your ROPS 15-16A at this time.

During our review Finance determined that the Agency possesses funds for which the Agency holds Reserve Balances retained from the Due Diligence Review. These restricted funds should be used when applicable; therefore, with the Agency's concurrence, the funding source for the following items has been reclassified to Reserve Balances and in the amounts specified below:

- Item No. 91 – Mission Bay Art Program in the amount of \$377,106. The Agency requests \$1,228,106 of Other Funds; however, Finance is reclassifying \$377,106 to Reserve Balances. Therefore, Finance is approving Other Funds in the amount of \$851,000 and the use of Reserve Balances in the amount of \$377,106, totaling \$1,228,106.
- Item No. 140 – Yerba Buena Gardens Capital Improvement in the amount of \$3,180,000. The Agency requests \$3,180,000 of Other Funds; however, Finance is reclassifying \$3,180,000 to Reserve Balances. Therefore, Finance is approving the use of Reserve Balances in the amount of \$3,180,000.
- Item No. 372 – Deferred Maintenance and Capital Improvements for Shoreview Park in the amount of \$1,450,000. The Agency requests \$1,450,000 of Other Funds; however, Finance is reclassifying \$1,450,000 to Reserve Balances. Therefore, Finance is approving the use of Reserve Balances in the amount of \$1,450,000.
- Item No. 377 – Hunters Point Shipyard Phase 2 Disposition and Development Agreement, Community Benefits Agreement in the amount of \$500,000. The Agency requests \$500,000

of Other Funds; however, Finance is reclassifying \$500,000 to Reserve Balances. Therefore, Finance is approving the use of Reserve Balances in the amount of \$500,000.

Based upon a review of the ROPS 14-15A Prior Period Adjustment (PPA) worksheet, Finance notes that Agency has reported expenditure of Other Funds, when the Agency received authorization during the ROPS 14-15B period to expend Reserve Balances. Therefore, with the Agency's concurrence Finance has changed the funding source reported from Other Funds to Reserve Balances for the following obligations totaling \$1,180,852.

Item No.	Decrease to Actual Other Funds Expenditures	Increase to Actual Reserve Balances Expenditures
26	(\$6,715)	\$6,715
137	(143,256)	143,256
151	(1,030,881)	1,030,881
Total	(\$1,180,852)	\$1,180,852

The Agency submitted Oversight Board (OB) Resolution No. 4-2015 to Finance on February 23, 2015, approving a change of funding source for Item No. 140, Yerba Buena Gardens Capital Improvement, from Other Funds to Bond Proceeds in the amount of \$380,806. In Finance's March 3, 2015 e-mail to the Agency, Finance informed the Agency that because the OB Resolution impacted the ROPS 15-16A determination, our review results would be incorporated into the ROPS 15-16A review. Finance is approving OB Resolution No. 4-2015, as the action is authorized pursuant to HSC section 34177 (a) (4). Therefore, with the Agency's concurrence Finance has adjusted the authorization on the PPA page as follows:

Item No.	Decrease to Other Funds Authorization	Increase to Bond Proceeds Authorization
140	(\$380,806)	\$380,806

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 15-16A form the estimated obligations and actual payments (PPAs) associated with the July through December 2014 period. 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 approved in the table following only reflects the PPA self-reported by the Agency.

Except for the adjustments made to the obligations noted above, Finance is not objecting to the remaining items listed on your ROPS 15-16A. If you disagree with the determination with respect to any items on your ROPS 15-16A, 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 \$47,830,244 as summarized in the Approved RPTTF Distribution table on the following page:

Approved RPTTF Distribution	
For the period of July through December 2015	
Total RPTTF requested for non-administrative obligations	49,664,315
Total RPTTF requested for administrative obligations	1,441,000
Total RPTTF requested for obligations on ROPS	\$ 51,105,315
Total RPTTF authorized for non-administrative obligations	49,664,315
Total RPTTF authorized for administrative obligations	1,441,000
Total RPTTF authorized for obligations	\$ 51,105,315
ROPS 14-15A prior period adjustment	(3,275,071)
Total RPTTF approved for distribution	\$ 47,830,244

Please refer to the ROPS 15-16A 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 July 1 through December 31, 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.

This limitation of tax revenue affects the Agency's request for funding for those obligations where there is a pledge of all tax revenue for a specified project area. The amount of property tax that the Agency requested and received RPTTF authorization for is based upon estimates, wherein the actual tax receipts may be more or less than the amounts authorized. Therefore, for the obligations listed below, the actual tax receipts received for the project area should be distributed to the Agency, regardless of whether those receipts are more or less than the estimate authorized:

Item No.	Obligation
85	Mission Bay North Community Facilities District #4
87	Mission Bay South Owner Participation Agreement
102	Tax Increment Sales Proceeds Pledge Agreement
220	Mission Bay North Tax Allocation Pledge Agreement
226	Mission Bay South Tax Allocation Pledge Agreement

Item No.	Obligation
346	South Beach 1986A

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 the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain OB 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 Kelly Wyatt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

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