



November 19, 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) (1) (A), the City and County of San Francisco Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on October 13, 2015. Finance has completed its review of the ROPS 15-16B.

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

- Item No. 87 - Mission Bay South Owner Participation Agreement in the amount of \$187,000,000 is partially allowed. Per discussion with Agency staff and review of documentation provided, the amount of Bond Proceeds requested for the six-month period was incorrect. The Agency only requires \$57,222,231 for the current period, therefore, \$129,778,769 (\$187,000,000 – \$57,222,231) is not allowed.
- Item Nos. 333, 336 and 339 – Tax Allocation Bond Series 2011B, 2011C and 2011D. During the ROPS 15-16B review it was discovered that the Agency requested the wrong amounts for each of these items. As such, Finance decreased funding for Item Nos. 333 and 336 by \$913,288 and \$867,875, respectively, and increased funding for Item No. 339 by \$1,781,163. The adjustments offset each other and the resulting amount of Redevelopment Property Tax Trust Fund (RPTTF) remains the same.
- Item 388 – Transferring Excess Tax-exempt bond proceeds to the Mayor's Office of Housing and Community Development (MOHCD) in the amount of \$8,280,000 is conditionally approved. The Agency received a Finding of Completion on May 29, 2013 and is allowed to expend bond proceeds derived from bonds issued prior to January 1, 2011 (pre-2011 bond proceeds) in a manner consistent with the bond covenants. The Agency intends to transfer pre-2011 bond proceeds to MOHCD during ROPS 15-16B. Before the transfer can take place, however, a bond expenditure agreement with MOHCD outlining the transfer of pre-2011 bond proceeds must be approved by the oversight board and submitted to Finance for review.

- Additionally, it is our understanding the Agency requested the incorrect amount of Other Funding for several obligations. With the Agency's concurrence, the amounts requested for the obligations listed below were decreased as indicated. The total ROPS 15-16B Other Funding requested for enforceable obligations was decreased by \$10,260,650.

Item No.	Description	Amount Requested	Amount Approved
138	Jessie Square Garage Reimbursement Agreement	\$34,000,000	\$ 24,000,000
250	Parcel N1-A – Port Lease	\$ 50,675	\$ 25,325
251	Parcel N1-B – Port Lease	\$ 272,566	\$ 136,266
252	Parcel N-2 – Port Lease	\$ 197,919	\$ 98,919
Totals		\$34,521,160	\$ 24,260,510
Difference		\$10,260,650	

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the county auditor-controller (CAC). Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table on the next page only reflects the Agency's self-reported prior period adjustment.

In addition, Finance noted on the Agency's ROPS 14-15B prior period adjustment worksheet, the Agency's expenditures exceeded Finance's authorization for the following items:

- Bond Proceeds totaling \$8,122,945 – Item No. 166, \$3,419,064; Item No. 177, \$4,703,881.
- Reserve Balances totaling \$2,086,390 – Item No. 161, \$1,475,642; Item No. 393, \$610,480; and Item No. 394, \$268.
- Other Funding for Item No. 228, \$1,110,739.

Per HSC section 34177 (a) (3), only those payments listed on a ROPS may be made by the Agency from the funds specified on the ROPS up to the amount authorized by Finance. HSC sections 34177 (a) (4) and 34173 (h) (1) 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.

Except for the items denied in whole or in part or the item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, except for those items which are the subject of litigation disputing Finance's previous or related determinations, 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 \$82,449,271 as summarized in the Approved RPTTF Distribution table on the next page:

Approved RPTTF Distribution For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	80,552,807
Total RPTTF requested for administrative obligations	2,208,000
Total RPTTF requested for obligations on ROPS 15-16B	\$ 82,760,807
Total RPTTF requested for non-administrative obligations	80,552,807
Adjusted Items	
Item No. 333	(913,288)
Item No. 336	(867,875)
Item No. 339	1,781,163
	0
Total RPTTF authorized for non-administrative obligations	\$ 80,552,807
Total RPTTF requested for administrative obligations	2,208,000
Total RPTTF authorized for administrative obligations	\$ 2,208,000
Total RPTTF authorized for obligations	\$ 82,760,807
ROPS 14-15B prior period adjustment	(311,536)
Total RPTTF approved for distribution	\$ 82,449,271

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

<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, 2016. This determination only applies to items when 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 ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was 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 statutes. 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
346	South Beach 1986A

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

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Tiffany Bohee, Executive Director, City and County of San Francisco
Mr. James Whitaker, Property Tax Manager, San Francisco County