



April 14, 2016

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: 2016-17 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 a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on January 29, 2016. Finance has completed its review of the ROPS 16-17.

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

- Item Nos. 294, 300, 315, 318, 336, and 339 – Debt Service Obligations from Redevelopment Property Tax Trust Fund (RPTTF) totaling \$12,759,730 are not approved. The indebtedness obligations associated with Item Nos. 294, 300, 315, 318, 336, and 339 were refunded by the issuance of the Agency's 2016 Series A and C Tax Allocation Refunding Bonds, as authorized by the Agency's Oversight Board (OB) and Finance via OB Resolution Nos. 17-2015 and 18-2015. Consequently, the Agency no longer requires funding for the refunded indebtedness obligations. Therefore, the Agency's request for Item Nos. 294, 300, 315, 318, 336, and 339 from RPTTF totaling \$12,759,730 are not approved and should be retired from the Agency's ROPS.
- Item No. 397 – 2014 Series C Bonds from RPTTF totaling \$13,377,350 is approved. However, the Agency erroneously requested \$1,288,875 of RPTTF for the period of January 1, 2017 through June 30, 2017 (ROPS B period), when the Agency's entire debt service obligation of \$13,377,350 is due within the period of July 1, 2016 through December 31, 2016 (ROPS A period). Therefore, the Agency's ROPS A period request is increased by \$1,288,875, from \$12,088,475 to \$13,377,350 (\$1,288,875 + \$12,088,475). Consequently, the Agency's ROPS B period request of \$1,288,875 is reduced to zero. Finance notes the total ROPS 16-17 RPTTF funding for Item No. 397 is unchanged.
- Item Nos. 399, 400, and 401 – 2016 Series A, B, and C Bonds (2016 Bonds) requested from RPTTF totaling \$13,678,033 are partially approved in the amount of \$11,266,572. At the time the Agency prepared the ROPS, the 2016 Bonds had not been issued and the Agency estimated the amounts that would be owed.

Since then, the 2016 Bonds have been issued. Therefore, Finance made the following adjustments to account for the actual debt service payment obligations:

- Item No. 399 – 2016 Series A Bonds requested from RPTTF in the amount of \$4,713,950 is partially approved for \$2,853,161. Therefore, the Agency's excess request of \$1,860,789 (\$4,713,950 - \$2,853,161) is not approved.
- Item No. 400 – 2016 Series B Bonds requested from RPTTF in the amount of \$5,913,614 is partially approved for \$3,192,483. Therefore, the Agency's excess request of \$2,721,131 (\$5,913,614 - \$3,192,483) is not approved.
- Item No 401 – 2016 Series C Bonds requested from RPTTF in the amount of \$3,050,469 is increased to \$5,220,928. Therefore, the Agency's RPTTF request is increased by \$2,170,459 (\$5,220,928 - \$3,050,469) in order for the Agency to meet their ROPS 16-17 debt service obligation.
- In addition, with the Agency's concurrence, Finance made the following adjustments to the Agency's ROPS 16-17 involving Bond Proceeds, Reserve Balances, and Other Funds in order to accurately reflect the amounts and funding sources required for the Agency's ROPS 16-17 obligations:

Bond Proceeds			
Item No.	Requested	Approved	Increase / (Decrease)
394	\$ 12,211,859	\$ 13,677,771	\$ 1,465,912
397	\$ 0	\$ 4,650,000	\$ 4,650,000
407	\$ 7,500,000	\$ 17,026,862	\$ 9,526,862
411	\$ 1,098,842	\$ 2,039,860	\$ 941,018
413	\$ 4,995,909	\$ 3,530,000	\$ (1,465,909)

Reserve Balances			
Item No.	Requested	Approved	Increase / (Decrease)
85	\$ 936,278	\$ 0	\$ (936,278)

Other Funds			
Item No.	Requested	Approved	Increase / (Decrease)
85	\$ 0	\$ 936,278	\$ 936,278
143	\$ 3,300,000	\$ 3,330,000	\$ 30,000
359	\$ 1,747,748	\$ 1,836,400	\$ 88,652
394	\$ 10,548,141	\$ 8,023,141	\$ (2,525,000)
397	\$ 4,650,000	\$ 0	\$ (4,650,000)
411	\$ 7,007,592	\$ 6,066,574	\$ (941,018)
413	\$ 1,034,091	\$ 2,500,000	\$ 1,465,909

Except for the items denied or the items that have been adjusted, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, 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 \$117,524,956 as summarized in the Approved RPTTF Distribution Table on Page 5 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the ROPS A period, and one distribution for the ROPS B period based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. 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 enforceable obligations, HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

In addition, on the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

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

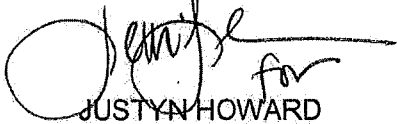
Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for 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.

Ms. Sally Oerth
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Please direct inquiries to Wendy Griffe, Supervisor, or Jonathan Cox, Lead Analyst, at
(916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read 'Justyn Howard', with a large circular flourish on the left side and a horizontal line extending to the right.

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

Attachment

Approved RPTTF Distribution			
For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	\$ 39,495,684	\$ 90,209,200	\$ 129,704,884
Requested Administrative RPTTF	1,495,631	1,495,632	\$ 2,991,263
Total RPTTF requested for obligations on ROPS 16-17	\$ 40,991,315	\$ 91,704,832	\$ 132,696,147
<u>Adjustment to Agency Requested RPTTF</u>			
Item No. 397	1,288,875	0	1,288,875
Item No. 401	0	2,170,459	2,170,459
Total RPTTF adjustments	1,288,875	2,170,459	3,459,334
Total RPTTF requested	40,784,559	92,379,659	133,164,218
<u>Denied Items</u>			
Item No. 294	0	(1,023,018)	(1,023,018)
Item No. 300	0	(2,243,746)	(2,243,746)
Item No. 315	0	(1,891,988)	(1,891,988)
Item No. 318	0	(3,742,976)	(3,742,976)
Item No. 336	0	(2,821,082)	(2,821,082)
Item No. 339	0	(1,036,920)	(1,036,920)
Item No. 397	0	(1,288,875)	(1,288,875)
Item No. 399	(1,860,789)	0	(1,860,789)
Item No. 400	0	(2,721,131)	(2,721,131)
	<u>(1,860,789)</u>	<u>(16,769,736)</u>	<u>(18,630,525)</u>
Total RPTTF authorized	38,923,770	75,609,923	\$ 114,533,693
Total Administrative RPTTF authorized	1,495,631	1,495,632	\$ 2,991,263
Total RPTTF approved for distribution	40,419,401	77,105,555	\$ 117,524,956