May 17, 2018

Ms. 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

Dear Ms. Mawhorter:

Subject: 2018-19 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance’s (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 13, 2018. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City and County of San Francisco Successor Agency (Agency) submitted an annual ROPS for the period of July 1, 2018 through June 30, 2019 (ROPS 18-19) to Finance on January 30, 2018. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 26, 2018.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer, Finance has completed its review of the specific determination being disputed.

Item No. 12 – Supplemental Educational Revenue Augmentation Fund (SERAf) repayment requested from Redevelopment Property Tax Trust Fund (RPTTF) in the amount of $1,772,608 is approved. However, Finance continues to maintain the total outstanding balance listed on ROPS 18-19 is overstated.

During the Meet and Confer, the Agency contended the total outstanding amount of the SERAF deferral is $11,642,902 as of June 30, 2018. It is our understanding the total outstanding balance includes $8,214,208 in principal and $3,428,694 in accrued interest at three percent. However, the SERAF deferral is not a loan agreement between the former Redevelopment Agency (RDA) and the city and county that created the RDA. Therefore, the Agency is not authorized to accrue three percent interest on the SERAF deferral under HSC section 34191.4 (b) (3).

As such, the beginning outstanding balance of the SERAF deferral for ROPS 18-19 should be $8,214,208 as of July 1, 2018, and after the ROPS 18-19 payment of $1,772,608, the ending outstanding balance should be $6,441,600 as of June 30, 2019.

In addition, per Finance’s letter dated April 13, 2018, we continue to make the following determination not contested by the Agency during the Meet and Confer:
On the ROPS 18-19 form, the Agency reported cash balances and activity for the period July 1, 2015 through June 30, 2016 (ROPS 15-16). According to our review, the Agency has approximately $2,693,469 from Reserve Balances available to fund enforceable obligations on the ROPS 18-19.

HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

Therefore, with the Agency’s concurrence, the funding source for the following item has been reclassified from RPTTF to Reserve Balances in the amount specified below:

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Project Name/Debt Obligation</th>
<th>RPTTF Requested</th>
<th>Amount Reclassified to Reserve Balances</th>
</tr>
</thead>
<tbody>
<tr>
<td>397</td>
<td>Tax Allocation Bond Series 2014C</td>
<td>$10,959,750</td>
<td>$2,693,469</td>
</tr>
</tbody>
</table>

The Agency’s maximum approved RPTTF distribution for the reporting period is $126,281,500 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2018 through December 31, 2018 period (ROPS A period) and one distribution for the January 1, 2019 through June 30, 2019 period (ROPS B period) based on Finance’s approved amounts. Since this determination is for the entire ROPS 18-19 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Pursuant to HSC section 34186 (c), beginning October 1, 2018, the Agency will be required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2016 through June 30, 2017 period (ROPS 16-17) to the County Auditor-Controller for review. The Agency will report actual payments for ROPS 16-17 on ROPS 19-20. A prior period adjustment may be applied to the Agency’s ROPS 19-20 RPTTF distribution. Therefore, the Agency should retain any unexpended RPTTF from the ROPS 16-17 period.

This is our final determination regarding the obligations listed on the ROPS 18-19. 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 18-19 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 18-19 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 (j). 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 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 Cindie Lor, Supervisor, or Jane Xuan, Lead Analyst, at (916) 322-2985.

Sincerely,

[Signature]

ERIKA LI
Program Budget Manager

cc: Ms. Nadia Sesay, Interim 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 2018 through June 2019

<table>
<thead>
<tr>
<th></th>
<th>ROPS A Period</th>
<th>ROPS B Period</th>
<th>ROPS 18-19 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>RPTTF Requested</td>
<td>$18,451,429</td>
<td>$105,862,070</td>
<td>$124,313,499</td>
</tr>
<tr>
<td>Administrative RPTTF Requested</td>
<td>2,330,735</td>
<td>2,330,735</td>
<td>4,661,470</td>
</tr>
<tr>
<td>Total RPTTF Requested</td>
<td>20,782,164</td>
<td>108,192,805</td>
<td>128,974,969</td>
</tr>
<tr>
<td>RPTTF Requested</td>
<td>18,451,429</td>
<td>105,862,070</td>
<td>124,313,499</td>
</tr>
<tr>
<td>Adjustment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Item No. 397</td>
<td>(2,693,469)</td>
<td>0</td>
<td>(2,693,469)</td>
</tr>
<tr>
<td>RPTTF Authorized</td>
<td>15,757,960</td>
<td>105,862,070</td>
<td>121,620,030</td>
</tr>
<tr>
<td>Administrative RPTTF Authorized</td>
<td>2,330,735</td>
<td>2,330,735</td>
<td>4,661,470</td>
</tr>
<tr>
<td>Total RPTTF Approved for Distribution</td>
<td>$18,088,695</td>
<td>$108,192,805</td>
<td>$126,281,500</td>
</tr>
</tbody>
</table>