November 9, 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: Amended Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1) (E), the City and County of San Francisco Successor Agency (Agency) submitted an amended Recognized Obligation Payment Schedule for the period January 1, 2019 through June 30, 2019 (Amended ROPS 18-19B) to the California Department of Finance (Finance) on September 26, 2018. Finance has completed its review of the Amended ROPS 18-19B.

Based on our review and application of the law, Finance has made the following determinations:

- Item No. 35 – Interagency Cooperative Agreement for the requested adjustment of $500,000 in Other Funds. Per the Agency’s request, this adjustment has been rescinded and funding is limited to the previously authorized amount of $1,250,000 from Other Funds for the ROPS 18-19 period.

- Item No. 91 – Mission Bay Art Project for the requested adjustment of $2,300,000 in Other Funds is not allowed at this time. It is our understanding the Arts Commission plans to enter into a Memorandum of Understanding and additional agreements as needed for specific art projects in the future; however, no such agreements have been executed. The requested adjustment is a projected amount that is not supported. As a result, funding is limited to the previously authorized amount of $1,114,727 in Other Funds for the ROPS 18-19 period.

- Item No. 402 – 2016 Series D Subordinate Tax Allocation Bond payments for the requested adjustment of $894,667 in Bond Proceeds is not necessary. It is our understanding the Agency inadvertently requested a change of funding source previously corrected during the Amended ROPS 17-18B period. Therefore, funding is limited to the previously authorized amount of $5,480,000 ($465,333 in Bond Proceeds + $5,014,667 in Redevelopment Property Tax Trust Fund (RPTTF)) for the ROPS 18-19 period.
• Item No. 405 – Mission Bay South Block 6 West Affordable Housing Funding for the requested adjustment of $6,987,040 from Bond Proceeds to Reserve Balance is not allowed. The Agency requested to change the previous funding amount of $5,757,040 in Bond Proceeds to Reserve Balance, in addition to an increase of $1,230,000 in Reserve Balance. However, as the project should be funded with Bond Proceeds, the use of Reserve Balance is not allowed. Therefore, the funding source for the entire requested amount of $6,987,040 should be funded with Bond Proceeds.

• Item No. 417 – Mission Bay South Affordable Housing for the requested adjustment of $1,765,000 is partially allowed. It is our understanding the promissory note between the Agency and Mission Bay 9, LP states the Agency is obligated to loan a maximum of $5,000,000 (Finance approved $3,250,000 during ROPS 18-19A). As a result, of the requested $1,765,000, the excess $15,000 is ineligible. Therefore, the funding is limited to $1,750,000 in Bond Proceeds for ROPS 18-19B.

• Item No. 418 – Community Development Block Grant (CDGB) Program Funds for Affordable Housing for the requested adjustment of $350,000 in Other Funds is not allowed. It is our understanding the lease revenue from the property located at 345 Williams and identified by Assessor’s Parcel Number 5423 A-009 is CDBG program income to be administered by the Mayor’s Office of Housing and Community Development.

However, according to the Agency’s Long-Range Property Management Plan (LRPMP) approved by Finance on December 7, 2015, the property had permissible use of Future Development and was deemed transferred to the City and County of San Francisco upon approval of the LRPMP.

In addition, pursuant to the Memorandum of Understanding for the Administration and Management of Community Development Block Grant Program Income dated December 1, 2015, the Agency shall incorporate the Title 24 Code of Federal Regulations, Section 570.500 restrictions into its transfer documents, upon transferring any of the CDBG Properties to the City, and the City shall continue to be bound by the CDBG Program Requirements as the new property owner.

Therefore, the requested amount of $350,000 in Other Funds is not allowed and the funding amount for the ROPS 18-19 period is zero.

Except for the adjustments denied in whole or in part, Finance is not objecting to the remaining adjustments listed on your Amended ROPS 18-19B.

The Agency’s amended maximum approved RPTTF distribution for the ROPS 18-19B period is $108,314,847 as summarized in the Approved RPTTF Distribution table on Page 3 (see Attachment).

Please refer to the ROPS 18-19B schedule used to calculate the total RPTTF approved for distribution:

http://www.dof.ca.gov/redevelopment/ROPS
This is Finance’s determination related to the funding of enforceable obligations reported on your Amended ROPS 18-19B. Please note there is no Meet and Confer option for the Amended ROPS process, so Finance’s determination is final. This 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 not denied on this Amended 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 redevelopment dissolution law. 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.

Please direct inquiries to Nichelle Jackson, Supervisor, or Michael Barr, 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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tr>
<td>Authorized RPTTF on ROPS 18-19B</td>
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<tr>
<td>Authorized Administrative RPTTF on ROPS 18-19B</td>
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<td><strong>Total Authorized RPTTF on ROPS 18-19B</strong></td>
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<td>Total Finance Authorized 18-19B Adjustments</td>
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<td><strong>Total Amended ROPS 18-19B RPTTF approved for distribution</strong></td>
<td><strong>$108,314,847</strong></td>
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