



Transmitted via e-mail

April 15, 2022

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

2022-23 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 an annual Recognized Obligation Payment Schedule for the period July 1, 2022 through June 30, 2023 (ROPS 22-23) to the California Department of Finance (Finance) on January 26, 2022. Finance has completed its review of the ROPS 22-23.

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

- Item Nos. 86, 219, 226, and 237 - Tax Increment Allocation Pledge Agreements and Affordable Housing Production obligation totaling \$1,516,303. The Agency requested a total of \$991,295 in Reserve Balances for Item Nos. 86, 219, and 226 and \$525,008 in Redevelopment Property Tax Trust Fund (RPTTF) funding for Item No. 237 for Agency staff project management costs; however, it is more appropriate to list project management costs under Item No. 411 - Enforceable Obligation Support. Therefore, with the Agency's consent, the requested amounts for Item Nos. 86, 219, 226, and 237 have been moved to Item No. 411.
- Item No. 407 - Refunding Bond Reserve Payments in the amount of \$79,267,739 is not allowed. The Agency requests \$51,683,561 in Bond Proceeds, \$25,000,000 in RPTTF, and \$2,584,178 in Other Funds to apply to the refunding and partial defeasance of the 2016D Bonds. However, HSC Section 34177.5 (f) requires the Agency to obtain Oversight Board approval, and subsequently Finance's approval, prior to refunding bond debt. Since the Agency has not received the appropriate approvals from the Oversight Board or Finance, the requested amounts of \$51,683,561 in Bond Proceeds and \$2,584,178 in Other Funds are not allowed at this time. In addition, the Agency indicates the developer has requested the Agency contribute \$25,000,000 in RPTTF toward the defeasance of the 2016D Bonds. However, no documents were provided to indicate there is an enforceable obligation requiring the Agency to defease a portion of the 2016D Bonds. As such, the \$25,000,000 in RPTTF is also not allowed at this time.

- Item No. 437 – Tax Allocation Bond Series 2022B – Refunding Bond is not allowed at this time. It is our understanding Item No. 437 represents a new bond issuance intended to refund the 2016D Bonds. As stated above in our denial of Item No. 407, HSC Section 34177.5 (f) requires the Agency to obtain Oversight Board, and subsequently Finance's approval, prior to refunding bond debt. Since the Agency has not received the appropriate approvals from the Oversight Board or Finance, the requested amount of \$5,293,724 in RPTTF is not approved at this time. To the extent the Agency obtains the proper approvals and the 2016D Bonds are refunded prior to the next ROPS submission, the Agency may use RPTTF received for the 2016D Bonds approved under Item No. 402.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the July 1, 2019 through June 30, 2020 (ROPS 19-20) period. The ROPS 19-20 prior period adjustment (PPA) will offset the ROPS 22-23 RPTTF distribution. The amount of RPTTF authorized includes the PPA resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$151,632,032, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2022 through December 31, 2022 period (ROPS A period), and one distribution for the January 1, 2023 through June 30, 2023 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 22-23 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Except for the adjusted items, Finance approves the remaining items listed on the ROPS 22-23 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 22-23, except items which are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days from the date of this letter. The Meet and Confer process and guidelines are available on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

The Agency must use the RAD App to complete and submit its Meet and Confer request form.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 22-23. This determination only applies to items when funding was requested for the 12-month period. If a determination by Finance in a previous ROPS is currently the subject of litigation, the item will continue to reflect the determination until the matter is resolved.

The ROPS 22-23 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 22-23 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to Finance's review and may be adjusted even if not adjusted 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 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 Zuber Tejani, Supervisor, or Veronica Zalvidea, Staff, at (916) 322-2985.

Sincerely,



 JENNIFER WHITAKER
Program Budget Manager

cc: Sally Oerth, Interim Executive Director, City and County of San Francisco
James Whitaker, Property Tax Manager, San Francisco County

Approved RPTTF Distribution July 2022 through June 2023			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 23,874,620	\$ 154,318,031	\$ 178,192,651
Administrative RPTTF Requested	3,869,823	0	3,869,823
Total RPTTF Requested	27,744,443	154,318,031	182,062,474
RPTTF Requested	23,874,620	154,318,031	178,192,651
<u>Adjustment(s)</u>			
Item No. 237	(262,504)	(262,504)	(525,008)
Item No. 407	0	(25,000,000)	(25,000,000)
Item No. 411	262,504	262,504	525,008
Item No. 437	0	(5,293,724)	(5,293,724)
	0	(30,293,724)	(30,293,724)
RPTTF Authorized	23,874,620	124,024,307	147,898,927
Administrative RPTTF Authorized	3,869,823	0	3,869,823
ROPS 19-20 prior period adjustment (PPA)	(136,718)	0	(136,718)
Total RPTTF Approved for Distribution	\$ 27,607,725	\$ 124,024,307	\$ 151,632,032