



April 10, 2017

Mr. Reese A. Jarrett, President, Civic San Diego  
San Diego City  
401 B Street, Suite 400  
San Diego, CA 92101

Dear Mr. Jarrett:

Subject: 2017-18 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the San Diego City Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2017 through June 30, 2018 (ROPS 17-18) to the California Department of Finance (Finance) on January 26, 2017. Finance has completed its review of the ROPS 17-18.

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

- Item Nos. 6 through 13, 16, 22 through 25, 74 through 76, 88 through 90, 97, and 98 – Bond debt service totaling \$29,369,864 for the ROPS 17-18 period has been reduced to zero at the Agency's request. On December 20, 2016, Finance approved the Agency's request to refund tax allocation bonds associated with the above Item Nos. The issuance of the refunding bonds was not complete by the ROPS 17-18 submission date. The Agency requested the debt service payment for the bonds as if they had not been refunded. However, the refunding bonds were issued concurrently with Finance's ROPS 17-18 review period and the Agency will no longer need funding for these items.
- Item Nos. 266 and 569 – Professional Services and Property Transfers totaling \$510,000 requested for ROPS 17-18 and a total outstanding amount of \$753,593, is not approved. HSC section 34171 (d) (1) (F) states that agreements necessary for the administration or operation of the Agency, such as the cost of maintaining assets prior to disposition, are enforceable obligations. However, given that Finance approved the Agency's Long-Range Property Management Plan on October 15, 2015, and the associated properties should have transferred to the City of San Diego as either government use or future development, the costs associated with these properties are no longer obligations of the Agency. Therefore, these items are not eligible for funding from Redevelopment Property Tax Trust Fund (RPTTF).
- Item Nos. 635 and 636 – The refunding bond debt service requested has been increased from zero to \$21,494,944. The issuance of the refunding bonds was not complete by the ROPS 17-18 submission date so the Agency did not request debt service payments for these bonds. However, the refunding bonds were issued

concurrently with Finance's ROPS 17-18 review period and the Agency will now need to make the associated bond debt payments.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 17-18. If the Agency disagrees with Finance's determination with respect to any items on the ROPS 17-18, except items which are the subject of litigation disputing Finance's previous or related determinations, the Agency 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 on Finance's website:

[http://dof.ca.gov/Programs/Redevelopment/Meet\\_And\\_Confer/](http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$72,745,635 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2017 through December 31, 2017 period (ROPS A period), and one distribution for the January 1, 2018 through June 30, 2018 period (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 17-18 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 17-18 form, the Agency reported cash balances and activity for the period of January 1, 2016 through June 30, 2016. Finance reviews the Agency's self-reported cash balances on an ongoing basis. The Agency should be prepared to submit financial records and bridging documents to support the cash balances reported upon request

The Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through June 30, 2016 period (ROPS 15-16). The Agency will report actual payments for ROPS 15-16 on ROPS 18-19, pursuant to HSC section 34186 (a) (1). A prior period adjustment may be applied to the Agency's ROPS 18-19 RPTTF distribution. Therefore, the Agency should retain any unexpended ROPS 15-16 RPTTF.

Absent a Meet and Confer, this is Finance's determination regarding the obligations listed on the ROPS 17-18. This determination only applies to items when funding was requested for the 12-month period.

The ROPS 17-18 form submitted by the Agency and Finance's determination letter will be posted on Finance's website:

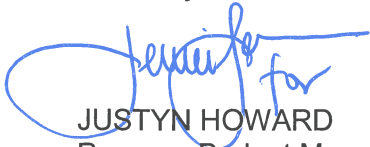
<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

Finance's determination is effective for the ROPS 17-18 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 (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 Wendy Griffe, Supervisor, or Jared Smith, Lead Analyst, at (916) 322-2985.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Mr. David Graham, Deputy Chief Operating Officer, City of San Diego, San Diego City  
Ms. Wanda Nations, Principal Accountant, Civic San Diego, San Diego City  
Mr. Jon Baker, Senior Auditor and Controller Manager, San Diego County

**Attachment**

<b>Approved RPTTF Distribution</b>			
<b>For the period of July 2017 through June 2018</b>			
	<b>ROPS A Period</b>	<b>ROPS B Period</b>	<b>ROPS 17-18 Total</b>
RPTTF Requested	\$ 37,833,597	\$ 41,384,444	\$ 79,218,041
Administrative RPTTF Requested	956,257	956,257	1,912,514
<b>Total RPTTF Requested</b>	<b>38,789,854</b>	<b>42,340,701</b>	<b>81,130,555</b>
<b>RPTTF Requested</b>	<b>37,833,597</b>	<b>41,384,444</b>	<b>79,218,041</b>
<u>Adjustments</u>			
Item Nos. 6, 7, 8, 9, 10, 11, 12, 13, 16, 22, 23, 24, 25, 74, 75, 76, 88, 89, 90, 97, and 98	(7,427,432)	(21,942,432)	(29,369,864)
Item No. 266		(30,000)	(30,000)
Item No. 569	(320,000)	(160,000)	(480,000)
Item No. 635	1,505,669	5,470,669	6,976,338
Item No. 636	2,509,303	12,009,303	14,518,606
	(3,732,460)	(4,652,460)	(8,384,920)
<b>RPTTF Authorized</b>	<b>34,101,137</b>	<b>36,731,984</b>	<b>70,833,121</b>
<b>Administrative RPTTF Authorized</b>	<b>956,257</b>	<b>956,257</b>	<b>1,912,514</b>
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 35,057,394</b>	<b>\$ 37,688,241</b>	<b>\$ 72,745,635</b>