



April 14, 2014

Mr. William Fulton, Director, Planning and Neighborhood Restoration Department
City of San Diego
1222 First Avenue, MS 501
San Diego, CA 92101-4154

Dear Mr. Fulton:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of San Diego Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 28, 2014 for the period of July through December 2014. Finance has completed its review of your ROPS 14-15A, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations for the reasons specified:

- Item No. 84 – Convention Center Cooperation Agreement in the total amount of \$224,070,688. The Agency's Oversight Board (OB) Resolution 2014-01 was denied pursuant to Finance's March 25, 2014 determination letter. The Cooperation Agreement does not satisfy the criteria of HSC section 34191.4 (b) (1); therefore, is not eligible for Redevelopment Property Tax Trust Fund (RPTTF). The Agency's request for \$4,830,996 of RPTTF is not allowed.
- Item Nos. 103*, 104*, and 105* – Naval Training Center (NTC) Homeless Agreement in the amounts of \$350,000, \$390,000, and \$1,150,000, respectively. The agreement related to these items is between the City of San Diego (City) and the Homeless Subcommittee. The Agency is not a party to the agreement. The agreement lists several funding options to fulfill the City's obligation. Therefore, the Agency's request totaling \$1,890,000 of Reserve Balances is not allowed.
- Item Nos. 112* and 251* – NTC Steam Lines Undergrounding and Morley Green Public Improvements, respectively, in the totaling \$558,000. The Agency requested \$500,000 and \$58,000, respectively, of Reserve Balances for these items. However, documentation was not available to support these requests. Therefore, Reserve Balances in the amounts of \$500,000 and \$58,000 is not allowed.
- Item No. 117 – North Park Parking Garage Disposition and Development Agreement (DDA) in the amount of \$5,900 is being revised. The Agency is requesting Reserve

Balances that they were allowed to retain from the Low-Moderate Income Housing Fund (LMIHF) Due Diligence Review (DDR); however, according to our records the available reserves for this item is only \$2,950. As such, we are approving RPTTF in the amount of \$2,950 for the balance of the amount due in the next six months and are reducing the reserve request by a like amount.

- Item No. 118 – North Park Parking Garage DDA in the amount of \$15,000 is being revised. The Agency is requesting Reserve Balances that they were allowed to retain from the LMIHF DDR in the amount of \$13,299 and RPTTF in the amount of \$1,701; however, according to our records there is only \$1,345 in reserve balances remaining for this obligation. Therefore, Finance is approving \$1,345 in reserve balances and approving the remaining amount of \$13,655 in RPTTF.
- Item No. 149* – College Grove Housing Enhancement Loan Program in the amount of \$126,133. With the Agency's concurrence, Finance will remove this request for funding as this item was fully expended in the ROPS period of January through June 2014. Therefore, the Agency's request for \$126,133 of Reserve Balances is not allowed.
- Item No. 169* – Cedar Gateway Affordable Housing Project in the amount of \$8,035. The Agency is requesting Reserve Balances from the LMIHF DDR; however, there are no balances remaining for this obligation. Therefore, the Agency's request for \$8,035 of Reserve Balances is not allowed.
- Item No. 171 – Pinnacle, 15th & Island in the total amount of \$4,701,766 is partially denied. The Agency has indicated the intent to put the funds into a reserve to pay future costs, which is not required pursuant to the Owner Participation Agreement (OPA). Additionally, the Agency indicated that the \$1,637,505 for the Capitalized Maintenance Credit has not been paid. Pursuant to the OPA this payment was required upon conveyance of the property from the Agency to the Developer. Also, the construction contract has not yet been approved by the OB; therefore, the request for \$2,900,000 in construction costs is not required for the current period. The Agency has supported a current need for \$71,766, which is approved. The request for RPTTF for the balance of \$4,630,000 is not allowed.
- Item Nos. 172, 189, 474, and 597 – multiple projects totaling \$856,596. It is our understanding there are no contracts in place and no documents were available to support these items as enforceable obligations pursuant to HSC section 34171 (d) (1). Therefore these items are not allowed for RPTTF funding this period.
- Item No. 179 – Villa Montezuma in the total amount of \$275,000 is not an enforceable obligation. The Agency provided a Memorandum of Understanding (MOU) between the City and the Agency dated from 2009; however, these documents were insufficient to support the requested amounts. It is our understanding that any contracts associated with the MOU were not entered into prior to June 28, 2011. To the extent the Agency can provide suitable documentation to support the requested funding, the Agency may be able to obtain RPTTF on future ROPS. The Agency's request for \$275,000 of RPTTF is not allowed.
- Item No. 188 – Two America Plaza in the amount of \$12,000. The Agency recently submitted OB Resolutions OB-2014-5 and OB-2014-6 approving contracts for this

obligation. However, these resolutions were denied by Finance and returned to the OB for further consideration. Therefore, there are no contracts to support this obligation and the Agency's request for \$12,000 of RPTTF is not allowed.

- Item No. 200* – Ballpark Village in the amount of \$50,000. It is our understanding there are no contracts in place and no documents were available to support this item as an enforceable obligation pursuant to HSC section 34171 (d) (1). Therefore, the Agency's request for \$50,000 of Reserve Balances is not allowed.
- Item No. 203* – Balboa Theatre in the amount of \$18,500. Finance understands that this is for payment of chilled water pursuant to an NRG Energy Center agreement. However, the First Amendment to Lease, dated September 29, 2010, indicates that the tenant is obligated to pay for all charges relating to utility usage, including charges incurred by the Agency through the NRG agreement. Additionally, the tenant obligation for this charge is further supported in the Lease Exhibits wherein chilled water is included in the list of utilities for which they are responsible. Therefore, the Agency's request for \$18,500 of Reserve Balances is not allowed. We note however, that to the extent the tenant's payments are required to flow through the Agency, the Agency should request a meet and confer on this item to substantiate that requirement. If substantiated, the Agency may be eligible to pay this from Other Funds.
- Item Nos. 206* and 207* – Downtown Comprehensive Parking Plan Implementation in the amounts of \$400,000 and \$260,000, respectively. Finance understands that the balances remaining after debt service, and maintenance and operations, are to be expended toward the Comprehensive Downtown Parking Plan prepared by the City and the Agency. These revenues received by the Agency appear to be restricted for specific use; however, it is not clear whether the funds requested are actual surplus as defined in the agreement. The Agency was unable to provide supporting documentation that these funds are from excess revenue. Therefore, the request for Other Funds totaling \$660,000 is not allowed.
- Item No. 221 – Valencia Business Park Exclusive Negotiation Agreement (ENA) in the amount of \$350,000. The Agency provided a Reinstatement of and First Amendment to ENA executed May 4, 2011; however, the ENA is not binding as an enforceable obligation, and the intent of the ENA was to finalize the terms of a DDA, which did not occur. The additional documents provided from United States Department of Housing and Urban Development reflect an obligation of the City, and not the Agency. Therefore, the Agency's request for \$350,000 of RPTTF is not allowed.
- Item No. 246 – Property Maintenance for City Heights Properties in the amount of \$172,000. Insufficient documentation was provided to support the amounts claimed. The Agency has provided a contract with the payee that reflects compensation in an amount not to exceed \$75,000 for a three year term. The Agency requested and received authority for \$372,439 of RPTTF funding in 13-14B for this same payee. Therefore, the Agency should have sufficient funds for this line item and the request for \$172,000 of RPTTF is not allowed.
- Item No. 251* – Morley Green Public Improvements in the amount of \$58,000. The Agency is requesting Reserve Balances from the All Other Funds and Accounts DDR

(OFA DDR); however, the Agency could not provide support for the amount requested. Therefore, the Agency's request for \$58,000 of Reserve Balances is not allowed.

- Item No. 255* – Seventh and Market, Fire Station No. 2, and Other Approved Projects in the amount of \$80,107 are partially denied. Finance understands that the contract with this payee was entered into on March 13, 2012, for an amount not to exceed \$24,937 and amended on September 6, 2013, for a total amount not to exceed \$40,783. The Agency expended \$30,890 during the ROPS III period leaving a balance of \$9,893 needed to retire this obligation. The Agency was authorized \$50,000 of RPTTF funding in 13-14B. Therefore, the Agency has received in excess of its obligation in the amount of \$40,107 (\$50,000 - \$9,893 needed to satisfy obligation) and the request for \$80,107 (\$90,000 - \$9,893) of Reserve Balances is not allowed; however, the amount of \$9,893 in Reserve Balances is allowed.
- Item No. 260 – St. Cecilia's Chapel in the total amount of \$76,000. The Agency's OB Resolution No. OB-2014-17 was denied pursuant to Finance's April 1, 2014 determination letter. Therefore, there are no contracts to support this obligation and the Agency's request for \$36,000 of RPTTF is not allowed.
- Item No. 261* – Property Maintenance for Various Agency-Owned Properties in the amount of \$30,250. The Agency's OB Resolution Nos. OB-2014-5 and OB-2014-6 were denied pursuant to Finance's April 1, 2014 determination letter. Therefore, there are no contracts to support this obligation. Therefore, \$30,250 in Reserve Balances is not allowed.
- Item No. 270* – Active Public Works Contract for Multiple Projects in the amount of \$52,522. The Agency's OB Resolution Nos. OB-2014-7 and OB-2014-8 were denied pursuant to Finance's April 1, 2014 determination letter. Therefore, there are no contracts to support this obligation. Therefore, \$52,522 in Reserve Balances is not allowed.
- Item No. 272* – Property Maintenance for Various Agency-Owned Properties in the amount of \$20,000. The Agency's OB Resolution Nos. OB-2014-9 and OB-2014-10 were denied pursuant to Finance's April 1, 2014 determination letter. Therefore, there are no contracts to support this obligation and the Agency's request for \$10,000 of Reserve Balances and \$10,000 of RPTTF funding, totaling \$20,000, is not allowed.
- Item No. 278* – Legal Services for Various Approved Projects in the total amount of \$94,412. Finance understands that this contract was effective July 12, 2012 for an amount not to exceed \$200,000. Subsequent to that time the Agency has expended \$10,748, and received additional authority for \$284,066 (this is in excess of the actual contract amount). We are approving the Agency's request to expend \$94,412 of Reserve Balances. However, we remind the Agency that the total amount expended on this contract cannot exceed \$200,000.
- Item No. 295* – Horton Plaza Park and Other Projects in the amount of \$59,087. In the Agency's email of April 1, 2014, the Agency indicated that the payee is tasked to provide \$19,580 of services during the upcoming ROPS period, and the balance is for potential tasks of other projects. Allocating funds for an unknown obligation is not an allowable use of funds. Therefore, Finance is partially approving your request and authorizing

\$19,580 of Reserve Balances. The excess of \$16,420 (\$36,000 - \$19,580) of Reserve Balances and \$23,087 of RPTTF, totaling \$39,507, is not allowed.

- Item No. 314 – Southeastern Economic Development Corporation (SEDC) Contract for Economic Consulting in the amount of \$21,845. The Agency is requesting Reserve Balances that they were allowed to retain from the LMIHF DDR in the amount of \$4,029 and RPTTF in the amount of \$13,787; however, according to our records there are insufficient reserve balances remaining for this obligation. Therefore, \$4,029 of Reserve Balances is not allowed and we are increasing the RPTTF amount to \$21,845 is approved for RPTTF funding.
- Item No. 319* – SEDC Contract for Property Management Services in the amount of \$110,625. The Agency's OB Resolution Nos. OB-2014-24 and OB-2014-25 were denied pursuant to Finance's April 1, 2014 determination letter. Therefore, there are no contracts to support this obligation and the Agency's request for \$35,625 of Reserve Balances and \$75,000 of RPTTF, totaling \$110,625, is not allowed.
- Item No. 323 – SEDC Contract for Construction Management Services in the total amount of \$101,409. The Agency is requesting Reserve Balances that they were allowed to retain from the LMIHF DDR in the amount of \$23,715 and \$77,694 in RPTTF; however, according to our records there is only \$1,516 in reserve balances available for this obligation. Therefore, Finance is reducing the reserve request to \$1,516 and increasing the RPTTF amount to \$99,893.
- Item No. 325 – SEDC Contract for Property Management Services in the total amount of \$75,000. The Agency's OB Resolution Nos. OB-2014-27 and OB-2014-28 were denied pursuant to Finance's April 1, 2014 determination letter. Therefore, there are no contracts to support this obligation and the Agency's request for \$75,000 of RPTTF is not allowed.
- Item No. 398* – Harbor Drive Pedestrian Bridge in the total amount of \$3,000,000. The Agency is requesting funds that may be payable as a result of claims for monetary damages. HSC section 34171 (d) (1) (D) includes settlements entered by a competent court of law as enforceable obligations. However, it is our understanding that no final settlement has yet been decided. Therefore, this line item is not an enforceable obligation and is not eligible for funding at this time. The Agency's request for \$1,159,111 of Reserve Balances is not allowed.
- Item No. 408* – Park to Bay Link in the amount of \$174,000. It is our understanding there are no contracts in place and no documents were available to support this item as an enforceable obligation pursuant to HSC section 34171 (d) (1). Therefore, the Agency's request for \$80,000 of Reserve Balances and \$94,000 of RPTTF funding is not allowed.
- Item No. 450* – Insurance Brokerage Commissions in the amount of \$38,573. The Agency provided all current insurance invoices; however, these documents are insufficient to support the requested amount because the invoices do not reflect whether a broker/agency fee is included. To the extent that the Agency can provide suitable documentation such as vendor invoices that demonstrate commissions are actually paid

to support the requested funding, the Agency may be able to obtain RPTTF funding on a future ROPS. The Agency's request for \$38,573 of Other Funds is not allowed.

- Item No. 451 – Difference in Conditions (DIC) Insurance Coverage for Balboa Theatre in the amount of \$78,582. A comparison to the prior year invoice reflects an increase of two and one-half percent. Therefore, Finance is partially approving the Agency's request for \$68,502 of RPTTF funding, which is sufficient to allow an increase of almost three percent, and the balance of \$10,000 of RPTTF funding is not allowed.
- Item No. 459* – Business Improvement District/Tax Assessment in the total amount of \$140,152. No documentation has been provided to support the amounts claimed. Finance requested the Agency provide documentation to support the required obligation for the ROPS 14-15A period on March 24 and April 1, 2014; however, no response was received. To the extent the Agency can provide suitable documentation to support the amounts requested, the Agency may be able to obtain funding on a future ROPS. The Agency's request for \$140,152 of Reserve Balances and \$9,858 of RPTTF is not allowed.
- Item No. 466* – Administrative Costs in the total amount of \$2,714,377 is partially denied. Allocating funds for unknown contingencies is not an allowable use of funds, and the request for \$375,000 of administrative RPTTF for contingencies is not allowed. In addition, the Agency's request for \$500,000 of Other Funds is not an enforceable obligation. Insufficient documentation was provided to support the amount claimed. This line item was not included within the OB-approved ROPS 14-15A budget. Therefore, Finance is partially approving the Agency's request for \$1,959,377 of Administrative RPTTF funding, and the request for \$500,000 of Other Funds is not allowed.
- Item No. 467 – Project Management Costs in the amount of \$1,490,500 in RPTTF is partially denied. Specifically, Project Management Costs in the amount of \$25,000 is not an enforceable obligation because allocating funds for contingencies is not an allowable use of funds. In addition, Finance has reclassified \$120,000 for Outside Legal Counsel to administrative costs. HSC section 34171 (b) allows litigation expenses related to assets or obligations to be funded with property tax outside the administrative cap. However, the Outside Legal Counsel in the Agency's OB-approved ROPS 14-15A Budget relates to general legal representation and not specifically to bringing or contesting a legal action in court. Therefore, Finance is approving \$1,345,500 of RPTTF for this line item.
- Item Nos. 541 - 545, 576, 578 - 581, and 583 - 585 – Tax Sharing Payments totaling \$974,038. The Agency indicates that this is in connection with assertions that back tax pass-through payments contained calculation errors and were owed by the Agency. However, pursuant to HSC section 34183 (a) (1), the County Auditor-Controller (CAC) shall remit pass-through agreements. Therefore, because this obligation should not be placed on the ROPS, the Agency's request for \$974,038 of RPTTF funding is not allowed.

On multiple items, the Agency requested the use of RPTTF received in prior periods to be used during the ROPS 14-15A period. The amounts of RPTTF not spent in prior periods should be adjusted for through the prior period adjustment (PPA) rather than held in Reserve Balances.

Therefore, with Agency approval, Finance will reclassify the funding source from Reserve Balances to RPTTF, increasing the request for RPTTF by \$1,610,836 for the following obligations:

- Item Nos. 38, 39, 114, 129, 135, 152, 233, 238, 245, 247, 256, 260, 266, 271, 276, 278, 282, 286, 298, 299, 318, 382, 405, 419, 424 - 435, 445, 447 - 449, 470, and 596.

The Agency has also provided information to Finance which changes the funding sources requested for the following:

- Item No. 168 – North Embarcadero Visionary Plan – Joint Powers Agreement in the amount of \$11,608,306. The Agency advised Finance of loan payments to the Agency that are available to partially fund this obligation. Therefore, with Agency approval Finance will reclassify \$1,700,000 of RPTTF to Other Funds. This changes the Agency's request to \$2,205,064 of Bond Proceeds, \$1,700,000 of Other Funds, and \$7,703,242 (\$9,403,242 - \$1,700,000) of RPTTF funding, totaling \$11,608,306.
- Item No. 175 – Gaslamp Renaissance DDA in the amount of \$160,471. The Agency has informed Finance that it incorrectly called the available balances from the DDR as Other Funds, versus Reserve Balances. Therefore, with Agency approval Finance will reclassify \$160,471 of Other Funds to Reserve Balances. Finance is approving \$160,471 of Reserve Balances.

As a result of the Agency's requests for Reserve Balances and Other Funds that were not authorized by Finance (as indicated with an asterisk on pages one through six), the Agency possesses funds that should be used prior to requesting RPTTF. Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment for property tax revenues is required by an enforceable obligation. Based on the amount of Reserves and Other Funds requested for obligations that did not meet the definition of an enforceable obligation, the Agency should have available Reserve Balances in the amount of \$4,454,030 and Other Funds in the amount of \$1,198,573, totaling \$5,652,603.

Therefore, the funding source for the following item has been reclassified to Reserve Balances and Other Funds in the amounts specified below:

- Item No. 168 – North Embarcadero Visionary Plan – Joint Powers Agreement in the total amount of \$11,608,306. After the Agency's request to reclassify \$1,700,000 from RPTTF funding to Other Funding, the Agency is requesting \$2,205,064 of Bond Proceeds, \$1,700,000 of Other Funds, and \$7,703,242 of RPTTF funding. However, Finance is partially reclassifying the request for RPTTF to \$4,493,427 of Reserve Balances and \$1,198,573 of Other Funds. Therefore, Finance is approving \$2,205,064 of Bond Proceeds, \$4,454,030 of Reserve Balances, \$2,898,573 (\$1,700,000 + \$1,198,573) of Other Funds, and \$2,050,639 (\$7,703,242 - \$4,454,030 - \$1,198,573) of RPTTF funding, for a total of \$11,608,306.

HSC section 34177 (a) (3) states that only those payments listed in the ROPS may be made by the Agency, from the funds specified in the ROPS. Although the HSC does not permit the Agency to make payments that exceed the amounts authorized by Finance, we note that the Agency's expenditures have inappropriately exceeded the Finance authorization for bond proceeds, reserve balances, and other funds. Therefore, Finance is increasing the Agency's

authorization for the ROPS 14-15A period to ensure that authorization is consistent with expenditures for the approved enforceable obligations. However, this should not result in an increase in expenditures, as the increased authority merely allows the Agency to reconcile their actual expenditures with their spending authority.

- Bond Proceeds totaling \$3,012,039 – Item No. 2, \$264; Item No. 3, \$1,236; Item No. 6, \$1,963; Item No. 7, \$3,232; Item No. 8, \$3,600; Item No. 9, \$3,343; Item No. 10, \$4,312; Item No. 11, \$4,371; Item No. 12, \$1,444; Item No. 13, \$2,710; Item No. 16, \$4,565; Item No. 18, \$28,848; Item No. 19, \$15,274; Item No. 20, \$428; Item No. 21, \$310, Item No. 22, \$1,633; Item No. 23, \$972; Item No. 24, \$1,122; Item No. 25, \$1,538; Item No. 62, \$36,843; Item No. 65, \$1,136,000; Item No. 66, \$1,086; Item No. 67, \$11,187; Item No. 68, \$342; Item No. 69, \$311; Item No. 70, \$99,050; Item No. 71, \$236,147; Item No. 74, \$1,306,790; Item No. 75, \$12; Item No. 76, \$17; Item No. 77, \$946; Item No. 78, \$14,127; Item No. 79, \$10,573; Item No. 80, \$19,597; Item No. 81, \$47,084; Item No. 139, \$10,762.
- Reserve Balances totaling \$2,284,577 – Item No. 2, \$225,860; Item No. 4, \$232,128; Item No. 151, \$175,000; and Item No. 165, \$1,651,589.
- Other Funding totaling \$873,644 – Item No. 203, \$12,787; Item No. 270, \$700; Item No. 275, \$26,647; Item No. 277, \$641; Item No. 278, \$5,588; Item No. 282, \$3,238; Item No. 303, \$8,309; Item No. 311, \$3,703; Item No. 405, \$13,800; Item No. 435, \$113; Item No. 438, \$1,500; Item No. 453, \$3,090; Item No. 454, \$6,000; Item No. 457, \$1,500; Item No. 463, \$206,327; Item No. 464, \$144,667; Item No. 470, \$14,299; Item No. 474, \$394,578; and Item No. 475, \$26,157.

Finance understands that many of the Bond Proceeds expenditures were made toward debt service obligations from interest earned in lieu of RPPTF funds. However, HSC sections 34177 (a) (4) and 34172 (h) provide alternative mechanisms when Agency payments exceed the amounts authorized by Finance. Please ensure future ROPS amounts and funding sources requested are consistent with expectations.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (PPAs) associated with the July through December 2013 period. HSC section 34186 (a) also specifies PPAs self-reported by successor agencies are subject to audit by the CAC and the State Controller. The amount of RPTTF approved in the table below includes the PPA resulting from the CAC's audit of the Agency's self-reported PPA.

In addition to the CAC's PPA, based upon a review of the Agency's financial records, Finance determined the Agency possesses excess RPTTF balances in the amount of \$904,640 as noted in Finance's April 2, 2014 e-mail. Therefore, this will be added to the PPA reported by the CAC and reflected in the table below.

Except for the items denied in whole or in part as enforceable obligations or the items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15A. If you disagree with the determination with respect to any items on your ROPS 14-15A, 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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$43,159,751 as summarized below:

| Approved RPTTF Distribution | |
|--|----------------------|
| For the period of July through December 2014 | |
| Total RPTTF requested for non-administrative obligations | 73,813,336 |
| Total RPTTF requested for administrative obligations | 2,214,377 |
| Total RPTTF requested for obligations | \$ 76,027,713 |
| Agency requested RPTTF adjustment to non-administrative obligations [^] | \$ 1,610,836 |
| Total Agency requested RPTTF adjustments | \$ 1,610,836 |
| Total RPTTF requested for non-administrative obligations | 75,424,172 |
| <u>Denied Items</u> | |
| Item No. 84 | (4,830,996) |
| Item No. 118 | (1,701) |
| Item No. 171 | (4,630,000) |
| Item No. 172 | (46,000) |
| Item No. 179 | (275,000) |
| Item No. 188 | (12,000) |
| Item No. 189 | (250,000) |
| Item No. 221 | (350,000) |
| Item No. 246 | (172,000) |
| Item No. 260 | (36,000) |
| Item No. 272 | (10,000) |
| Item No. 295 | (23,087) |
| Item No. 319 | (75,000) |
| Item No. 325 | (75,000) |
| Item No. 408 | (94,000) |
| Item No. 451 | (10,000) |
| Item No. 459 | (9,848) |

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| Item No. 467 | (25,000) |
| Item No. 474 | (500,000) |
| Item No. 541 | (243,281) |
| Item No. 542 | (933) |
| Item No. 543 | (672,080) |
| Item No. 544 | (3,146) |
| Item No. 545 | (49,187) |
| Item No. 576 | (3,589) |
| Item No. 578 | (291) |
| Item No. 579 | (474) |
| Item No. 580 | (371) |
| Item No. 581 | (521) |
| Item No. 583 | (42) |
| Item No. 584 | (69) |
| Item No. 585 | (54) |
| Item No. 597 | (60,596) |
| | (12,835,266) |
| Reclassified Items | |
| Item No. 117 | 2,950 |
| Item No. 118 | 11,954 |
| Item No. 168 | (1,700,000) |
| Item No. 314 | 4,029 |
| Item No. 323 | 22,199 |
| Item No. 467 | (120,000) |
| | (1,778,868) |
| Total RPTTF authorized for non-administrative obligations | \$ 60,810,038 |
| Total RPTTF requested for administrative obligations | 2,214,377 |
| Reclassified Item | |
| Item No. 467 | 120,000 |
| Denied Item | |
| Item No. 466 | (375,000) |
| Finance adjustment for excess administrative obligations | (135,076) |
| Total RPTTF authorized for administrative obligations (3% x \$60,810,038) | \$ 1,824,301 |
| Total RPTTF funding for obligations | \$ 62,634,339 |
| County Auditor Controller ROPS 13-14A PPA | (12,917,345) |
| Finance Adjustment to ROPS 13-14A PPA | (904,640) |
| Total ROPS 13-14A PPA | (13,821,985) |
| Finance Adjustment for non-RPTTF Cash Balances Available | (5,652,603) |
| Total RPTTF approved for distribution | \$ 43,159,751 |

^Refer to page seven for list of item numbers included.

Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. During the ROPS 14-15A review, Finance requested financial records to support the cash balances reported by the Agency. Although Finance was able to reconcile the financial records to the amounts reported, the Agency has advised that it was incorrect in its coding of assets restricted through the DDR reviews. As a result, Finance will work with the Agency after the ROPS 14-15A review period to properly identify the Agency's cash balances that have already been authorized for ROPS 13-14B. If it is determined the Agency possesses cash balances that are available to pay approved obligations, the Agency should request the use of these cash balances prior to requesting RPTTF in ROPS 14-15B.

Please refer to the ROPS 14-15A schedule that was used to calculate the approved RPTTF amount:

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

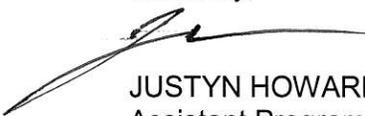
Absent a Meet and Confer this is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies to items where funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination 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 that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. 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 successor agency in the RPTTF.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c) (2) (B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Wendy Griffe, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Andrew Phillips, CFO, COO & Interim President of Civic San Diego
Mr. Jon Baker, Senior Auditor and Controller Manager, San Diego County
California State Controller's Office