



CITY OF SANTA CLARA

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AGENDA

OVERSIGHT BOARD FOR SUCCESSOR AGENCY TO THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY

A complete agenda packet will be available for public review in the City Hall Council Chambers and the City Clerk's Office at the same time the public records are distributed to the Oversight Board.

November 21, 2014

SPECIAL MEETING

10:00 AM in the City Hall Council Chambers

1. CALL TO ORDER/ROLL CALL:

2. PUBLIC PRESENTATIONS:

This item is reserved for persons to address the Oversight Board on any matter not on the agenda that is within the subject matter jurisdiction of the City. The law does not permit Oversight Board action on, or extended discussion of, any item not on the agenda except under special circumstances. The Oversight Board, or staff, may briefly respond to statements made or questions posed, and the City Manager may request staff to report back at a subsequent meeting. Although not required, please submit to the City Clerk your name and subject matter on forms available by the door in the Council Chambers.

3. CONTINUANCE/EXCEPTIONS:

4. APPROVAL OF MINUTES:

A. September 19, 2014.

5. NEW BUSINESS:

A. Adoption of a Resolution authorizing the use of Successor Agency funds to pay Enforceable Obligations approved on ROPS 14-15A.

B. Informational Memo: Department of Finance Notification of Objections of Oversight Board Resolution No. 2014-03.

6. ADJOURNMENT:

A. To a date and time to be determined by the Board.

**MINUTES OF THE CITY OF SANTA CLARA OVERSIGHT BOARD FOR
SUCCESSOR AGENCY TO THE CITY OF SANTA CLARA REDEVELOPMENT
AGENCY FOR A SPECIAL MEETING HELD ON FRIDAY, SEPTEMBER 19, 2014**

Chairperson Gage called the Special Meeting of the Oversight Board for Successor Agency to the City of Santa Clara Redevelopment Agency to order at 2:01 pm, on the above-mentioned date in the City Hall Council Chambers.

Present: Mayor of the City of Santa Clara appointees: Gary Ameling, Director of Finance and Lisa Gillmor, Council Member; Santa Clara County Board of Supervisors appointees: Debbie Cauble, County of Santa Clara and John Guthrie, County of Santa Clara, retired, former Director of Finance; Santa Clara County Board of Education appointee: Kolvira Chheng, Santa Clara County Office of Education, Chief Business Officer; and Santa Clara Valley Water District (SCVWD) appointee: Don Gage, Board Member. Absent: California Community College District appointee: Edralin Maduli, West Valley-Mission Community College District, Vice Chancellor of Administrative Services.

City staff present: Ruth Shikada, Economic Development Officer/Assistant City Manager; Richard Nosky, City Attorney; Tom Webber, Successor Agency Legal Counsel, Goldfarb & Lipman, LLC; Tamera Haas, Assistant Director of Finance; Jennifer Yamaguma, Assistant City Clerk/Successor Agency Clerk; and Hilda Cantú Montoy, Outside Legal Counsel to the Oversight Board.

3A. **MOTION** was made by Guthrie, seconded and unanimously carried with Cauble and Gillmor abstaining (not present at the meeting) (Maduli absent), that the **Minutes** for the meeting of **February 27, 2014** be adopted as written.

5A. The Board proceeded to consider the adoption of a **Resolution** directing the **transfer of certain assets** to the **City of Santa Clara** and acknowledging that the Successor Agency has no interest in certain real property assets of the Santa Clara Housing Authority. The Economic Development Officer/Assistant City Manager reviewed the City Manager/Executive Officer to Successor Agency's memo (09/15/14) and provided a brief overview. Outside Legal Counsel to the Oversight Board then answered Board questions. **MOTION** was made by Cauble, seconded and unanimously carried (Maduli absent), that the Board **adopt Resolution No. 2014-02** entitled, "A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA, DIRECTING THE TRANSFER OF CERTAIN ASSETS TO THE CITY OF SANTA CLARA AND ACKNOWLEDGING THAT THE SUCCESSOR AGENCY HAS NO INTEREST IN CERTAIN REAL PROPERTY ASSETS OF THE SANTA CLARA HOUSING AUTHORITY" which directs the transfer of certain assets to the City of Santa Clara and acknowledges that the Successor Agency has no interest in certain real property assets of the Santa Clara Housing Authority, as amended to remove all reference of California Health and Safety Code Section 34181(a).

4B. The Board proceeded to consider the two alternatives with regard to adoption of a Resolution regarding **unspent Successor Agency bond proceeds**, which included: a) Resolution of the Oversight Board of the Successor Agency of the Redevelopment Agency of the City of Santa Clara directing the Successor Agency to defease/redeem unspent bond proceeds, making

certain findings and declarations, and taking related actions, and b) Resolution of the Oversight Board of the Successor Agency of the Redevelopment Agency of the City of Santa Clara directing the Successor Agency to obtain a defeasance/redemption plan for the unspent bond proceeds and such other information as deemed necessary by the Successor Agency in order to provide the Oversight Board with sufficient information in order to determine the appropriate use of the unspent bond proceeds. Chairperson Gage introduced the item and then Board Member Guthrie referred to his handout and stated, for the record, the following: *The City recently returned unspent proceeds from the 1999 issue of \$11.1 million and \$25 million to the Successor Agency from the 2011 issue and that this is the first time we have met since the transfer of those proceeds back to the Successor Agency. Consequently, this is our first opportunity, as Oversight Board Members, to decide the disposition of recently returned funds. Mr. Chair and members of the Board, this is not a new item – it is a continuing item. And, just to remind fellow Board Members, this came up over a year ago when we were looking at the 49er agreement and we were trying to figure out how we were going to pay for that. The question came up – could we use bond funds to pay for the 49ers? And, in two subsequent meetings we had back in July and August of 2013, both the County’s Bond Counsel – Orrick, and it was actually Chaz Cardall, and subsequently at the August 1 meeting it was Dave Walton, a partner of the City’s Bond Counsel, Jones Hall, showed up and we were expecting actually a conflict but they were both in agreement. And the agreement was this was kind of a difficult question but the real question centered on whether we as the Oversight Board were independent from the City and therefore, since we control the purse strings of the Oversight Board, the Successor Agency could be considered not part of the City, which would permit the use of those bond funds. In the testimony of Mr. Walton, it was decided that we would go for a preliminary private letter ruling to get indication by IRS if it was worth pursuing and we subsequently found out that it was not so that was never pursued. I went back yesterday and watched that discussion. And, Mr. Walton’s comments were very, very sobering and I’d like to just kind of give a brief summary of those comments: 1) He stated, “Having substantial proceeds from a 14 year old bond issue could subject the Successor Agency to risk of an IRS audit and substantial penalties”; 2) This risk is a risk of the Successor Agency not the City; 3) Under a worst case, the IRS could declare the bonds taxable and the bond holders would sue the City...or, excuse me, the Successor Agency for damages because they would have to amend tax returns back to ‘99, etc...this would go on forever. But, as a practical matter, you would have a closing agreement with the IRS that would involve substantial penalties. Now, Mr. Walton...when I basically said would it be in the couple of million dollar range, he didn’t state a number on the record and I’m not going to state a number, although I have done the computation and all of you could do that computation. But the computation is that the IRS would consider all interest paid on those bonds as money deprived from the US Treasury and they would tax it at 28 percent. This is huge. Mr. Walton described it as the potential penalty as huge as, ‘a major chunk of change’ and he advised that this could make a major hole in any unspent debt proceeds. What I have since learned is that the 1999 bonds could also raise problems for the two subsequent issues – the 2003 bonds and the 2011 bonds. So, we have to approve this item today – or by the end of the month if we have to adjourn and come back – because this item has to be approved before it can put on the ROPS. Now, I was really disappointed in the City Manager’s memo, which does not discuss any of these risks, that their own Bond Counsel appraised us of, instead it offered several reasons for not including this, which included the need for a financial analysis. I subsequently submitted a financial analysis, which was in all of your packets today – I gave it to the City yesterday – and it didn’t get out but it’s in your packet – and it’s not a perfect analysis – I even found a slight flaw that would change it by about \$300,000 – but basically, the bottom line is that if we...and this is only the 19...excuse*

me, the 2011 bonds, if we put this money into an escrow fund and defease those bonds, we would save in the range of \$37.7 million. Now, I didn't have time to do an analysis of the '99 bonds but that would be a straight forward analysis, the same way. Basically, we would save, at minimum, the \$11 million principal plus some undisclosed interest amount. So, now we are looking at \$37 million, practically 38, and \$11.1 million...we are getting close to the \$50 million range in savings from the early defeasment and redemption of these bonds. The argument for the '99 bonds in a little more severe than that because by the admission of the City's own Bond Counsel, these proceeds are radioactive and toxic right now and we need to dispose of those as soon as possible. I would offer two amendments to the Resolution that I submitted to the City: 1) That the timeline detailed in the supplemental be added to the ROPS. That the Successor Agency direct the trustee of the...excuse me, I'm sorry...that the numbers in the supplemental be added to the ROPS and those were the two amounts of the debt - \$25 million and \$11.1 million; and, 2) That the Successor Agency direct the trustee of the 2011 bonds – that would be the Bank of Mellon, New York – in writing, by January 7, 2011, to establish an escrow fund in the amount of \$25 million and to lock all proceeds into a US Treasury with a maturity date on or around June 30, 2011. The City Manager's written memo refers to sections of the Health and Safety Code that state that bonds are to be spent on their intended purpose but I would state that after 15 years now, the intended purpose no longer matters. What does matter is the primary purpose – issuers of tax exempt bonds and debt – their primary objective is to protect the tax-exempt status of that debt. That is the primary purpose...so, it is our responsibility as fiduciaries to do anything we can to protect the interest of the debt holders, to maximize return to the entities, and to minimize risk. I would, therefore, move approval of the Resolution, as amended. Further Board comments were made and questions were answered by the Outside Legal Counsel to the Oversight Board. Julio Fuentes, City Manager, and James Williams, Deputy County Executive, addressed the Board with general comments and Mr. Fuentes answered Board questions. Board Member Guthrie then, stated for the record: I apologize for the way that I asked the question. I was inartfully trying to remind everyone in this room that the liability belongs to the Successor Agency and not to the City. Again, the whole point of this...the City gets options for possibly the future expenditure of these funds at our expense and while we maintain substantial risk with IRS penalties. Further Board comments were made and the Successor Agency Legal Counsel, Goldfarb & Lipman, LLC, Outside Legal Counsel to the Oversight Board and the Economic Development Officer/Assistant City Manager made clarifying comments and answered further Board questions. **MOTION** was made by Gillmor, seconded and failed with Cauble, Chheng, Guthrie and Chairperson Gage dissenting (Maduli absent), to continue the matter until the restraining order issue has been resolved. **MOTION** was then made by Guthrie, seconded and carried with Ameling and Gillmor dissenting (Maduli absent), that the Board adopt **Resolution No. 2014-03** entitled, "A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY RELATING TO UNSPENT BOND PROCEEDS AND MAKING RELATED FINDINGS AND DECLARATIONS AND TAKING RELATED ACTIONS".

6A.

The Board proceeded to consider the adoption of a Resolution approving the Recognized Obligation Payment Schedule (ROPS) and an Administrative Budget for the period of January 1, 2015 through June 30, 2015. The Assistant Director of Finance reviewed the Director of Finance/Assistant City Manager's memo (09/15/14) and she and the Director of Finance/Assistant City Manager answered Board questions. A Board discussion followed. MOTION was made by Cauble, seconded and carried with Ameling and Gillmor dissenting, that the Board adopt Resolution No. 2014-04 entitled, "A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE AND AN ADMINSTRATIVE BUDGET FOR THE PERIOD JANUARY 1, 2015 THROUGH JUNE 30, 2015, MAKING RELATED FINDINGS AND DECLARATIONS AND TAKING RELATED ACTIONS IN CONNECTION THEREWITH" which approves the Recognized Obligation Payment Schedule (ROPS) and an Administrative Budget for the period of January 1, 2015 through June 30, 2015, as amended to delete item 32 entitled, "Martinson Child Development Center, 1350 Hope Drive"; revise item 13 – Administrative Cost Allowance to reflect the Oversight Board approved administrative budget amount within the allowed administrative cost allowance; further revise item 13 – Administrative Budget to reflect the reduced amount indicated for Successor Agency Outside Counsel to \$50,000 and that the Administrative Budget be capped at \$265,000; and, per the Board's earlier actions, to include lines 33 – Unspent 1999 Bond Proceeds and 34 – Unspent 20111 Bond Proceeds, related to the bond defeasements and the related notes. Board Member Gillmor stated, for the record, the following: *Item 32 – the \$4,999 – we are just stuck in the middle of this property...it will be given to the Successor Agency...we are just stuck in the middle of it right now...so the fact that we are not putting these fire safety repairs for low income children... just doesn't sit well with me. And, the fact that we are just trying to recover costs for our outside counsel...it would cost us more money to go back and try to defend ourselves for some of these things – some of the actions up here – that aren't quite legal. I think the fact that we should be reimbursed for what our actual costs are – that's only fair – and the numbers that you are cutting it down to that are just arbitrary.* Further Board comments were made and Outside Legal Counsel to the Oversight Board made clarifying comments.

The meeting was adjourned at 3:29 pm to a date and time to be determined by the Board.

APPROVE: _____
Chairperson

ATTEST: _____
Clerk

Meeting Date: 11/21/14

AGENDA REPORT

Agenda Item # 5A

Oversight Board for Successor Agency
to the City of Santa Clara
Redevelopment Agency



Date: November 17, 2014

To: City Manager/Executive Officer for Oversight Board Action

From: Director of Finance/Assistant City Manager

Subject: Adoption of Resolution Authorizing the Use of Successor Agency Funds for the Payment of Enforceable Obligations Approved on ROPS 14-15A

EXECUTIVE SUMMARY

On February 27, 2014 the Oversight Board approved ROPS 14-15A listing payments due from the Successor Agency on enforceable obligations for the period of July 1, 2014 through December 31, 2014. The total amount required to pay the approved enforceable obligations during the ROPS 14-15A period was \$6,964,160. The Successor Agency submitted the Oversight Board approved ROPS 14-15A to the State Department of Finance (Department) and on April 14, 2014, the Department approved the ROPS as submitted pursuant to a letter attached as Exhibit A. The approved ROPS listed Redevelopment Property Tax Trust Funds ("RPTTF") as the source of payment for all of the enforceable obligations due during the ROPS 14-15A period.

On April 14, 2014, the Department also sent a letter to the County Auditor-Controller directing that the Auditor-Controller withhold from the distribution of RPTTF to the Successor Agency the amount of \$3,728,175 which was the amount that the Department had determined was in the possession of the Successor Agency (a copy of the Department letter is attached as Exhibit B). The County Auditor-Controller was directed to withhold this amount as partial payment of the amounts that the Department has determined are due from the Successor Agency on the Other Funds Due Diligence Review (DDR). The Department letter to the County Auditor-Controller states that the funds being held by the Successor Agency are available to pay enforceable obligations on the approved ROPS 14-15A.

On June 2, 2014, the County Auditor-Controller remitted \$3,235,985 to the Successor Agency for payment of the enforceable obligations listed on the ROPS 14-15A and distributed any remaining RPTTF to the taxing entities including the \$3,728,175 directed to be withheld by the Department.

On October 6, 2014, more than halfway through the ROPS 14-15A period, the Department sent the Successor Agency an email indicating that despite the information in the Department's letter that the funds being held by the Successor Agency are available for payment of the enforceable obligations, pursuant to Health and Safety Code Section 34177(a)(4), the Successor Agency must obtain the Oversight Board's approval for the use of the funds for payment of enforceable obligations (a copy of the Department email is attached as Exhibit C).

The Successor Agency, in compliance with the Department's direction is now requesting that the Oversight Board approve the expenditure of \$3,728,175 in funds held by the Successor Agency for enforceable obligations on the ROPS 14-15A. It should be noted that the Oversight Board resolution approving the ROPS 14-15A specifically provides that enforceable obligations are to be paid from any sources of funds other than RPTTF available to the Successor Agency before using RPTTF, which would include the

City Manager/Executive Officer for Oversight Board Action

Subject: Resolution Authorizing the Use of Successor Agency Funds for the Payment of Enforceable Obligations Approved on ROPS 14-15A

November 17, 2014

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\$3,728,175 held by the Successor Agency. However, the Department has indicated that a specific resolution from the Oversight Board is necessary so the Successor Agency is requesting that the Oversight Board adopt a specific resolution that complies with the Department's requirements and is consistent with Health and Safety Code Section 34177(a)(4).

ADVANTAGES AND DISADVANTAGES OF ISSUE:

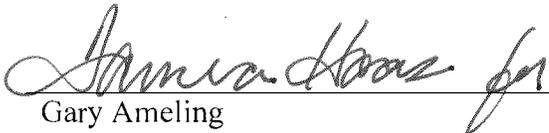
Adoption of the resolution authorizing the use of the Successor Agency funds will comply with the direction of the State Department of Finance in their email dated October 6, 2014. There are no disadvantages of this issue.

ECONOMIC/FISCAL IMPACT:

The approval of the use of the funds held by the Successor Agency to pay the approved enforceable obligations will avoid the potential for default by the Successor Agency on enforceable obligations approved on the ROPS 14-15A and is consistent with the Oversight Board's previous action approving the ROPS. The withholding of RPTTF funds from the Successor Agency resulted in an additional \$3,728,175 being distributed to the taxing entities.

RECOMMENDATION:

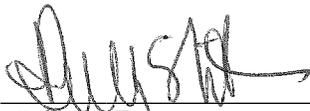
That the Oversight Board adopt the resolution authorizing the use of Successor Agency funds to pay Enforceable Obligations approved on ROPS 14-15A.



Gary Ameling

Director of Finance/Assistant City Manager

APPROVED:



Julio J. Fuentes

City Manager/Executive Officer to Successor Agency

Documents Related to this Report:

- 1) ***Resolution- Payment of Enforceable Obligations Approved on ROPS 14-15A***
- 2) ***Approved ROPS 14-15A***
- 3) ***Exhibit A - Department Determination Letter***
- 4) ***Exhibit B - Department Property Tax Withholding Letter***
- 5) ***Exhibit C - Department email dated October 6, 2014***

RESOLUTION NO. _____

**A RESOLUTION OF THE OVERSIGHT BOARD OF
THE SUCCESSOR AGENCY FOR THE CITY OF
SANTA CLARA REDEVELOPMENT AGENCY
AUTHORIZING THE USE OF SUCCESSOR
AGENCY FUNDS TO PAY ENFORCEABLE
OBLIGATIONS APPROVED ON ROPS 14-15A**

WHEREAS, the California state legislature enacted Assembly Bills x1 26 and 1484 to dissolve and unwind the affairs of redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.);

WHEREAS, the City Council of the City of Santa Clara (the "City Council") declared that the City of Santa Clara, acting in a separate legal capacity and as a separate public entity pursuant to Health and Safety Code Section 34173(g), will act as successor agency (the "Successor Agency") for the dissolved Redevelopment Agency of the City of Santa Clara (the "Dissolved RDA") effective February 1, 2012;

WHEREAS, an oversight board for the Successor Agency (the "Oversight Board") has been established and is functioning in accordance with Health and Safety Code Section 34179; and

WHEREAS, the Oversight Board approved the ROPS 14-15A listing enforceable obligations totaling \$6,964,160 and providing for payment of those enforceable obligations from distributions of Redevelopment Property Tax Trust Fund (RPTTF) to be distributed to the Successor Agency from the County Auditor-Controller in accordance with Health and Safety Code Section 34181(a)(2);

WHEREAS, the Department of Finance approved the ROPS 14-15 A approved by the Oversight Board pursuant to a letter dated April 14, 2014;

WHEREAS, the Department of Finance ordered the County Auditor-Controller to withhold from this distribution of RPTTF to the Successor Agency \$3,728,175 and to distribute those funds to the affected taxing entities as a partial payment of amounts that the Department of Finance claims are owed on the Other Funds Due Diligence Review on the basis that the Successor Agency has in its possession other funds in the amount of \$3,728,175 that could be used to pay the approved enforceable obligations;

WHEREAS, the County Auditor-Controller complied with the Department of Finance order to withhold a portion of the RPTTF to be distributed to the Successor Agency and on June 2, 2014 distributed to the Successor Agency a total of \$3,235,985 to pay the enforceable obligations listed on the approved ROPS 14-15A;

WHEREAS, Health and Safety Code Section 34177(a)(3) allows the Successor Agency to make payments of enforceable obligations from sources other than those listed on the ROPS with the approval of the Oversight Board;

WHEREAS, the Oversight Board has determined that the payment of enforceable obligations approved on the ROPS 14-15A from funds held by the Successor Agency in the amount of \$3,728,175 is in the best interest of the Successor Agency and the taxing entities; and

WHEREAS, the accompanying agenda report (the "Agenda Report") provides supporting information upon which the actions set forth in this Resolution are based.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY AS FOLLOWS:

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. Pursuant to Health and Safety Code Section 34177(a)(4), the Oversight Board hereby approves the Successor Agency using funds in the possession of the Successor Agency in the amount of \$3,728,175 to pay any of the enforceable obligations listed on the ROPS 14-15A.

SECTION 3. The Successor Agency is hereby directed to notify the Department of the actions set forth in this Resolution in accordance with Health and Safety Code Sections 34179(h) and Section 34181(f).

SECTION 4. This Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

CERTIFICATION

I hereby certify the forgoing to be a true copy of a resolution passed and adopted by the Oversight Board of the Successor Agency for the City of Santa Clara Redevelopment Agency at a regular meeting thereof held on ____ day of _____ 2014, by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

APPROVE:

ATTEST:

Don Gage
Chairperson

Jennifer Yamaguma
Clerk to the Oversight Board

Attachments incorporated by reference: None

J:\CITYMGR\AGENDA\Agen1415\11-21-14 Oversight Board - Use of Successor Agency Funds to Pay Enforceable Obligations
Approved on ROPS 14-15A - Final.doc

Recognized Obligation Payment Schedule (ROPS 14-15A) - Summary
 Filed for the July 1, 2014 through December 31, 2014 Period

Name of Successor Agency: Santa Clara
 Name of County: Santa Clara

Current Period Requested Funding for Outstanding Debt or Obligation		Six-Month Total
Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding		
A	Sources (B+C+D):	\$ -
B	Bond Proceeds Funding (ROPS Detail)	-
C	Reserve Balance Funding (ROPS Detail)	-
D	Other Funding (ROPS Detail)	-
E	Enforceable Obligations Funded with RPTTF Funding (F+G):	\$ 6,964,160
F	Non-Administrative Costs (ROPS Detail)	6,761,320
G	Administrative Costs (ROPS Detail)	202,840
H	Current Period Enforceable Obligations (A+E):	\$ 6,964,160

Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding		
I	Enforceable Obligations funded with RPTTF (E):	6,964,160
J	Less Prior Period Adjustment (Report of Prior Period Adjustments Column S)	-
K	Adjusted Current Period RPTTF Requested Funding (I-J)	\$ 6,964,160

County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding		
L	Enforceable Obligations funded with RPTTF (E):	6,964,160
M	Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA)	-
N	Adjusted Current Period RPTTF Requested Funding (L-M)	6,964,160

Certification of Oversight Board Chairman:
 Pursuant to Section 34177(m) of the Health and Safety code, I
 hereby certify that the above is a true and accurate Recognized
 Obligation Payment Schedule for the above named agency.

Edralin Maduli, Vice-Chairperson for
 Name: Donald Gage, Chairperson Title
 /s/ Ed Maduli
 Signature Date

Recognized Obligation Payment Schedule (ROPS) 14-15A - ROPS Detail
July 1, 2014 through December 31, 2014
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K					L	M	N	O	P
										Funding Source									
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)		RPTTF							
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	Six-Month Total				
								\$ 199,435,608		\$ -	\$ -	\$ -	\$8,751,320	\$202,640	\$ 6,964,160				
1	1999 Tax Allocation Bonds Series A	Bonds Issued On or Before 12/31/10	8/3/1999	6/1/2023	Bank of New York	Bond issue to fund non-housing projects	Bayshore North	42,661,900	N				854,431		\$ 854,431				
2	1999 Tax Allocation Bonds Series B	Bonds Issued On or Before 12/31/10	8/18/1999	6/1/2017	Bank of New York	Bond issue to fund non-housing projects	Bayshore North	11,263,769	N				276,650		\$ 276,650				
3	2002 Tax Allocation Refunding Bonds	Bonds Issued On or Before 12/31/10	5/6/2002	6/1/2014	Bank of New York	Bond issue to fund non-housing projects	Bayshore North		Y						\$ -				
4	2003 Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	4/30/2003	6/1/2023	Bank of New York	Bond issue to fund non-housing projects	Bayshore North	55,688,000	N				1,099,000		\$ 1,099,000				
5	2011 Tax Allocation Bonds	Bonds Issued After 12/31/10	5/11/2011	6/1/2026	Bank of New York	Bond issue to fund non-housing projects	Bayshore North	60,582,350	N				325,306		\$ 325,306				
6	Miscellaneous Bond Costs	Fees	8/3/1999	6/1/2026	Various	Fiscal Agent Fees, Arbitrage Fees, etc.	Bayshore North	176,800	N				7,600		\$ 7,600				
7	2002 Series B COPS (Agency Share)	Bonds Issued On or Before 12/31/10	3/1/1998	2/1/2014	City of Santa Clara	Reimbursement Agreement - Agency/City	Bayshore North		N										
8	2011 Cooperation and Predevelopment Funding Agreement, as modified by First Amendment	Third-Party Loans	2/22/2011	7/31/2017	Forty Niners SC Stadium Company LLC	Repayment of a loan to assist a publicly owned stadium	Bayshore North	23,253,985	N				4,198,333		\$ 4,198,333				
11	City ROPS Loan	City/County Loans After 6/27/11	5/22/2012	12/31/9999	City of Santa Clara	Cash Flow Loan for ROPS payments	Bayshore North		N										
12	Independent Legal Counsel	Legal	7/17/2012	12/31/9999	Hilda Cantu Montey	Legal Counsel for Oversight Board	All		N						\$ -				
13	Administrative Cost Allowance	Admin Costs	7/1/2014	12/31/2014	City of Santa Clara	Reimbursement for Administrative Expenses	All	5,808,804	N						202,840	\$ 202,840			
14	Defense of Lawsuit Filed by County	Legal	1/8/2013	6/30/2014	Gibson, Dunn & Crutcher LLP/Goldfarb & Lipman LLP	Payment of legal fees to defend lawsuits	All		N						\$ -				
16	Private Letter Ruling and related document preparation	Legal	8/16/2013	12/31/9999	Jones Hall	IRS letter ruling regarding use of 2011 Bond Proceeds	Bayshore North		N						\$ -				
17	Ruling request fee required by IRS	Legal	8/16/2013	12/31/9999	IRS	IRS letter ruling fee regarding use of 2011 Bond Proceeds	Bayshore North		N						\$ -				
19	910-9160 and 915-9301 CIP BAREC Senior Housing	OPA/DDA/Construction	7/5/2005	1/5/2012	City of Santa Clara Housing Authority	Per LMHF DDR Attachment C1, Item #3, Obligation and expenditures subject to inclusion on future ROPS.	Bayshore North		Y						\$ -				
20	910-9182 CIP Bill Wilson Center - The Commons Project	OPA/DDA/Construction	4/14/2007	4/25/2012	City of Santa Clara Housing Authority	Per LMHF DDR Attachment C1, Item #5, Obligation and expenditures subject to inclusion on future ROPS. Remaining undisbursed loan commitment is considered an enforceable obligation.	Bayshore North		Y						\$ -				
21	915-9306 CIP 1430 El Camino Real Housing Project Presidio	OPA/DDA/Construction	5/11/2010	10/19/2012	City of Santa Clara Housing Authority	Per LMHF DDR Attachment C1, Item #14, Obligation and expenditures subject to inclusion on future ROPS. Remaining undisbursed encumbrance is included and is considered an enforceable obligation.	Bayshore North		Y						\$ -				
22	910-9187 CIP ROEM Senior Housing Project 2525 El Camino Real	OPA/DDA/Construction	4/19/2011	7/12/2011	City of Santa Clara Housing Authority	Per LMHF DDR Attachment C1, Item #9, Obligation and expenditures subject to inclusion on future ROPS.	Bayshore North		Y						\$ -				
23	910-9110 CIP Non-Profit Housing Service Providers-Project Sentinel, Fair Housing Services	Miscellaneous	11/1/2010	6/30/2012	City of Santa Clara Housing Authority	Per LMHF DDR Attachment C1, Item #1, Obligation and expenditures subject to inclusion on future ROPS.	Bayshore North		Y						\$ -				
24	910-9110 CIP Non-Profit Housing Service Providers-Project Sentinel, Mortgage Default Counseling	Miscellaneous	11/1/2010	6/30/2012	City of Santa Clara Housing Authority	Per LMHF DDR Attachment C1, Item #1, Obligation and expenditures subject to inclusion on future ROPS.	Bayshore North		Y						\$ -				

Recognized Obligation Payment Schedule (ROPS) 14-15A - ROPS Detail
July 1, 2014 through December 31, 2014
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K					L	M	N	O	P
										Funding Source									
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF						
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	Six-Month Total				
25	910-9110 CIP Non-Profit Housing Service Providers-Catholic Charities, Housing Search Services	Miscellaneous	11/1/2010	6/30/2012	City of Santa Clara Housing Authority	Per LMIHF DDR Attachment C1, Item #1, Obligation and expenditures subject to inclusion on future ROPS.	Bayshore North		Y						\$				
26	910-9110 CIP Non-Profit Housing Service Providers-Silicon Valley Independent Living Center, Supported Living Concepts	Miscellaneous	11/1/2010	6/30/2012	City of Santa Clara Housing Authority	Per LMIHF DDR Attachment C1, item #1, Obligation and expenditures subject to inclusion on future ROPS.	Bayshore North		Y						\$				
27	910-9110 CIP Non-Profit Housing Service Providers-Council on Aging, Senior Case Management	Miscellaneous	11/1/2010	6/30/2012	City of Santa Clara Housing Authority	Per LMIHF DDR Attachment C1, Item #1, Obligation and expenditures subject to inclusion on future ROPS.	Bayshore North		Y						\$				
28	910-9110 CIP Non-Profit Housing Service Providers-Next Door, Case Management-HomeSafe SC	Miscellaneous	11/1/2010	6/30/2012	City of Santa Clara Housing Authority	Per LMIHF DDR Attachment C1, Item #1, Obligation and expenditures subject to inclusion on future ROPS.	Bayshore North		Y						\$				
29	910-9110 CIP Non-Profit Housing Service Providers-Emergency Housing Consortium, Transitional Housing Supplemental Services	Miscellaneous	11/1/2010	6/30/2012	City of Santa Clara Housing Authority	Per LMIHF DDR Attachment C1, Item #1, Obligation and expenditures subject to inclusion on future ROPS.	Bayshore North		Y						\$				
30	910-9110 CIP Non-Profit Housing Service Providers-InnVision, Emergency Rental Assistance	Miscellaneous	11/1/2010	6/30/2012	City of Santa Clara Housing Authority	Per LMIHF DDR Attachment C1, Item #1, Obligation and expenditures subject to inclusion on future ROPS.	Bayshore North		Y						\$				
31	Subleasehold Interest - Sports and Open Space Authority (SOSA)	Miscellaneous	3/22/1995	3/22/2050	City of Santa Clara and Sports and Open Space Authority	Per Other Funds DDR Attachment D, Item 25a and 25b per pre-meet and confer advice from DOF.	Bayshore North		N						\$				
															\$				
															\$				
															\$				

Recognized Obligation Payment Schedule (ROPS) 14-15A - Report of Cash Balances
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177(l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation.									
A	B	C	D	E	F	G	H	I	
Cash Balance Information by ROPS Period		Fund Sources						Comments	
		Bond Proceeds		Reserve Balance		Other	RPTTF		
		Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	Prior ROPS period balances and DDR balances retained	Prior ROPS RPTTF distributed as reserve for next bond payment	Rent, Grants, Interest, Etc.	Non-Admin and Admin		
ROPS 13-14A Actuals (07/01/13 - 12/31/13)									
1	Beginning Available Cash Balance (Actual 07/01/13) Note that for the RPTTF, 1 + 2 should tie to columns J and O in the Report of Prior Period Adjustments (PPAs)	9,672,105	2,767,859	-	-	-	(63,590)	1G) Per the Court's 7/26/2013 temporary restraining order, rents are being held in a separate general ledger trust account.	
2	Revenue/Income (Actual 12/31/13) Note that the RPTTF amounts should tie to the ROPS 13-14A distribution from the County Auditor-Controller during June 2013	3,112,173	25,000,555	41,783,647			2,958,040	2C) Transfer \$3,112,171 of pre-2011 bond proceeds from the City in accordance with State Controller's Asset Transfer Review, plus \$2 of interest income on restricted bond reserves. 2D) Transfer \$25,000,552 of 2011 bond proceeds from the City in accordance with the State Controller's Asset Transfer Review, plus \$3 of interest income on such bond proceeds. C and D) All funds are subject to the court ordered preliminary injunction.	
3	Expenditures for ROPS 13-14A Enforceable Obligations (Actual 12/31/13) Note that for the RPTTF, 3 + 4 should tie to columns L and Q in the Report of PPAs			38,055,472			2,958,040	3E) Housing DDR paid to the County 11/19/2013.	
4	Retention of Available Cash Balance (Actual 12/31/13) Note that the RPTTF amount should only include the retention of reserves for debt service approved in ROPS 13-14A	12,784,278	27,768,414	3,728,175				4C and 4D) Bond proceeds are required to be retained until the State issues a Finding of Completion. Bond reserves are restricted reserve fund account balances required by indenture. 4C) 12/31/13 of \$12,784,278 consists of \$9,672,107 of restricted bond reserves and \$3,112,171 of bond proceeds. 4D) 12/31/13 of \$27,768,414 consists of \$2,767,859 of restricted bond reserves and \$25,000,555 of bond proceeds. 4E) 12/31/13 of \$3,728,175 consists of OFA DDR cash transferred to and held by the Successor Agency until settlement of OFA DDR.	
5	ROPS 13-14A RPTTF Prior Period Adjustment Note that the RPTTF amount should tie to column S in the Report of PPAs.	No entry required						-	
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (63,590)	
ROPS 13-14B Estimate (01/01/14 - 06/30/14)									
7	Beginning Available Cash Balance (Actual 01/01/14) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ 12,784,278	\$ 27,768,414	\$ 3,728,175	\$ -	\$ -	\$ -	\$ (63,590)	H7) 12/31/13 RPTTF cash deficit of \$63,590 consists of ROPS 2 funding deficit of \$65,802 plus ROPS timing differences that will clear in 2014 of \$2,212.
8	Revenue/Income (Estimate 06/30/14) Note that the RPTTF amounts should tie to the ROPS 13-14B distribution from the County Auditor-Controller during January 2014						11,523,027		
9	Expenditures for 13-14B Enforceable Obligations (Estimate 06/30/14)						11,523,027		
10	Retention of Available Cash Balance (Estimate 06/30/14) Note that the RPTTF amounts may include the retention of reserves for debt service approved in ROPS 13-14B	12,784,278	27,768,414	3,728,175				10C and 10D) Bond proceeds are required to be retained until the State issues a Finding of Completion. Bond reserves are restricted reserve fund account balances required by indenture. 10C) 12/31/13 of \$12,784,278 consists of \$9,672,107 of restricted bond reserves and \$3,112,171 of bond proceeds. 10D) 12/31/13 of \$27,768,414 consists of \$2,767,859 of restricted bond reserves and \$25,000,555 of bond proceeds. 10E) 12/31/13 of \$3,728,175 consists of OFA DDR cash transferred to and held by the Successor Agency until settlement of OFA DDR.	
11	Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (63,590)	

Recognized Obligation Payment Schedule (ROPS) 14-15A - Report of Prior Period Adjustments
 reported for the ROPS 13-14A (July 1, 2013 through December 31, 2013) Period Pursuant to Health and Safety Code (HSC) section 34186 (a)
 (Report Amounts in Whole Dollars)

ROPS 13-14A Successor Agency (SA) Self-reported Prior Period Adjustments (PPA): Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS 13-14A (July through December 2013) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 14-15A (July through December 2014) period will be offset by the SA's self-reported ROPS 13-14A prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller.

ROPS 13-14A CAC PPA: To be completed by the CAC upon submittal of the ROPS 14-15A by the SA to Finance and the CAC. Note that CACs will need to enter their own formulas at the line item level pursuant to the manner in which they calculate the PPA. Also note that the admin amounts do not need to be listed at the line item level and may be entered as a lump sum.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	
Item #	Project Name / Debt Obligation	Non-RPTTF Expenditures						RPTTF Expenditures										Net SA Non-Admin and Admin PPA (Amount Used to Offset ROPS 14-15A Requested RPTTF)	RPTTF Expenditures						Net CAC Non-Admin and Admin PPA (Amount Used to Offset ROPS 14-15A Requested RPTTF)	CAC Comments		
		Bond Proceeds		Reserve Balance		Other Funds		Non-Admin					Admin						Non-Admin CAC			Admin CAC						
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Available RPTTF (ROPS 13-14A distributed + all other available as of 07/1/13)	Net Lesser of Authorized / Available	Actual	Difference (If K is less than L, the difference is zero)	Authorized	Available RPTTF (ROPS 13-14A distributed + all other available as of 07/1/13)	Net Lesser of Authorized / Available	Actual	Difference (If total actual exceeds total authorized, the total difference is zero)		Net Difference (M+R)	SA Comments	Net Lesser of Authorized / Available	Actual	Difference	Net Lesser of Authorized / Available			Actual	Difference
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,833,040	\$ 2,833,040	\$ 2,833,040	\$ 2,833,040	\$ -	\$ 125,000	\$ 125,000	\$ -	\$ 125,000	\$ 125,000	\$ -			\$ -							
1	1999 Tax Allocation Bonds Series A							854,432	854,432	\$ 854,432	854,432	\$ -						\$ -			\$ -							
2	1999 Tax Allocation Bonds Series B							324,891	324,891	\$ 324,891	324,891	\$ -						\$ -										
3	2002 Tax Allocation Refunding Bonds							155,925	155,925	\$ 155,925	155,925	\$ -						\$ -										
4	2003 Tax Allocation Bonds							1,099,000	1,099,000	\$ 1,099,000	1,099,000	\$ -						\$ -										
5	2011 Tax Allocation Bonds							325,307	325,307	\$ 325,307	325,307	\$ -						\$ -										
6	Miscellaneous Bond Costs							13,485	13,485	\$ 13,485	13,485	\$ -						\$ -										
7	2002 Series B CCPS (Agency Share)									\$ -	\$ -	\$ -						\$ -										
8	2011 Cooperation and Redevelopment Funding Agreement, as modified by First Amendment thereto									\$ -	\$ -	\$ -						\$ -										
11	City ROPS Loan									\$ -	\$ -	\$ -						\$ -										
12	Independent Legal Counsel							60,000	60,000	\$ 60,000	60,000	\$ -						\$ -										
13	Administrative Cost Allowance									\$ -	\$ -	\$ -						\$ -										
14	Defense of Lawsuit Filed by County									\$ -	\$ -	\$ -						\$ -										
										\$ -	\$ -	\$ -						\$ -										
										\$ -	\$ -	\$ -						\$ -										

Recognized Obligation Payment Schedule 14-15A - Notes

July 1, 2014 through December 31, 2014

Item #	Notes/Comments
1-5	Tax Allocation Bond debt service payments.
6	Miscellaneous Bond Costs of \$7,600 for 14-15A is an estimate which may require a true-up in subsequent ROPS periods.
7	2002 Series B COPS (Agency Share) was previously denied by DOF. Therefore, no amount was entered.
8	Reused line item related to Forty Niner's litigation. Oversight Board on 8/1/2013 approved Resolution No. 2013-05 agreeing that the preconditions in the Cooperation Agreement with StadCo had been met and that renegotiation of the Stadium Agreements was in the best interest of the taxing entities. Amount included per Section 2.2 of the First Amendment to Cooperation Agreement to Assist Publicly-Owned Stadium and First Amendment to Predevelopment Funding Agreement. Consistent with Oversight Board Resolution No. 2013-05, if an IRS letter ruling is obtained in the affirmative with respect to bond proceeds of the former RDA, and other conditions outlined in Exhibit A to the Resolution are met, this payment is due from 2011 bond proceeds.
9-10	Items removed by Oversight Board during prior ROPS period.
11	City ROPS Loan of \$5,900,000 was previously denied by DOF. Therefore, no amount was entered.
12	Independent Legal Counsel contract of 7/17/2012 was amended on 2/22/2013 and 8/16/2013. This contract is primarily related to litigation costs associated with the Forty Niner's litigation.
13	Administrative Cost Allowance calculated as 3% of the Successor Agency's enforceable obligations or \$125,000, whichever is greater. Includes up to \$15,000 for independent legal counsel.
14-15	Items removed by Oversight Board at Oversight Board meeting on 9/23/2013.
16-17	Costs associated with filing for an IRS private letter ruling regarding use of 2011 Tax Allocation Bond proceeds per Oversight Board Resolution No. 2013-07 on August 16, 2013 as approved by DOF. DOF approved on ROPS13-14B; no current request.
18	Item removed by Oversight Board at Oversight Board meeting on 9/23/2013.
19-30	Per the Housing Due Diligence Review. DOF requested in a letter dated 9/23/13 that the Oversight Board include these items on ROPS 13-14B. Amounts listed have already been paid from the Low and Moderate Income Housing Funds (LMIHF). DOF approved on ROPS 13-14B; no further action necessary.
31	Subleasehold Interest SOSA per the Other Funds Due Diligence Review Attachment D, Items 29a and 29b. DOF requested in a letter dated 9/23/13 that the Oversight Board include these items on ROPS 13-14B. Amount listed has already been paid to SOSA. DOF denied this item for ROPS 13-14B.
All	Since the form requires that the Contract/Agreement Termination Date be filled in, we have entered 12/31/9999 for line items where no contract or agreement termination date exists.



DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3705 ■ WWW.DOF.CA.GOV

April 14, 2014

Mr. Gary Ameling, Director of Finance
City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

Dear Mr. Ameling:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Santa Clara 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.

Based on our review, we are approving all of the items listed on your ROPS 14-15A at this time.

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

The Agency's maximum approved RPTTF distribution for the reporting period is \$6,964,160 as summarized below:

Approved RPTTF Distribution	
For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	6,761,320
Total RPTTF requested for administrative obligations	202,840
Total RPTTF requested for obligations	\$ 6,964,160
Total RPTTF authorized for non-administrative obligations	6,761,320
Total RPTTF authorized for administrative obligations	202,840
Total RPTTF authorized for obligations	\$ 6,964,160
ROPS 13-14A prior period adjustment	0
Total RPTTF approved for distribution	\$ 6,964,160

Mr. Gary Ameling
April 14, 2014
Page 2

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

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

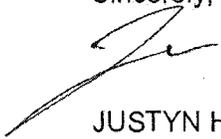
This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies to items where funding was requested for the six-month period. Finance's determination is effective for this time period only and should 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: Ms. Tamera Haas, Assistant Director of Finance, City of Santa Clara
Ms. Irene Lui, Controller Treasurer, Santa Clara County
California State Controller's Office



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915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

April 14, 2014

Ms. Irene Lui, Controller-Treasurer
Santa Clara County Controller-Treasurer Department
70 West Hedding Street, East Wing, 2nd Floor
San Jose, CA 95110

Dear Ms. Lui:

Subject: Property Tax Withholding for the City of Santa Clara Successor Agency

On October 4, 2013, the California Department of Finance (Finance) ordered the City of Santa Clara Successor Agency (Agency) to remit to the county auditor-controller (CAC), \$26,730,410 in unencumbered Other Funds and Accounts (OFA). We understand \$23,002,235 resides with the city and \$3,728,175 resides with the Agency. As of the date of this letter, the Agency has not yet remitted outstanding balances owed from the OFA Due Diligence Review (DDR) process.

Accordingly, pursuant to the authority provided in HSC section 34179.6 (h) (2), Finance directs the CAC to withhold \$3,728,175 from the Agency's June 2, 2014, Redevelopment Property Tax Trust Fund (RPTTF) allocation, if such an amount is available. As a reminder, the CAC is only authorized to allocate to the Agency RPTTF in the amount authorized by Finance. Due to the amount directed to be withheld pursuant to this letter, the maximum amount the CAC is authorized to distribute to the Agency is \$3,235,985. Unless the Agency remits the amounts required from the DDR process, the amounts listed in this letter shall supersede the approved amounts listed in the Department's final ROPS determination letter to the Agency dated April 14, 2014.

Because the Agency has failed to remit these funds, and because the funds remain under Agency control, they are available to pay enforceable obligations that have been approved on the Recognized Obligation Payment Schedule (ROPS) for the 14-15A period. Although Finance is not, under these circumstances, required to authorize the use of RPTTF allocations to pay approved enforceable obligations, the withholding has been calculated to ensure, at a minimum, the Agency receives sufficient funds to pay debt service obligations.

Below are the calculations used by Finance to calculate the withholding from the RPTTF:

ROPS 14-15A RPTTF Withholding Calculation	
Total RPTTF approved for obligations	\$ 6,964,160
RPTTF approved for debt service payments	
Item No. 1	854,431
Item No. 2	276,650
Item No. 4	1,099,000
Item No. 5	325,306
Total RPTTF approved for debt service obligations	2,555,387
Total RPTTF approved for non-debt service obligations	4,408,773
Outstanding OFA DDR remittance	
OFA DDR outstanding remittance (in the Agency's possession)	3,728,175
Total outstanding DDR remittance	3,728,175
RPTTF Withholding Directed by Finance^{1/}	\$ 3,728,175

^{1/}The HSC section 34179.6 (h) (2) withholding directed by Finance is calculated to be equal to or less than the total RPTTF approved for non-debt service obligations.

Whether the Agency actually allocates unremitted DDR balances to the payment of enforceable obligations or not, future ROPS should reflect a reduction in the Agency's request to use RPTTF funds equal to the amount withheld by the CAC pursuant to this letter.

Finally, to the extent the Agency pays all or a portion of their outstanding DDR remittance prior to the June 2, 2014 allocation of RPTTF, you are authorized to reduce the amount of property tax withholding by the amount paid by the Agency. To the extent the RPTTF allocation withholding does not fully satisfy the DDR amounts owed, future withholdings may be directed by Finance.

Finance will provide additional instruction to the CACs for the reporting of these RPTTF withholdings.

Please direct inquiries to Chris Hill, Principal Program Budget Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Gary Ameling, Director of Finance, City of Santa Clara
Ms. Tamera Haas, Assistant Director of Finance, City of Santa Clara
California State Controller's Office

Gary Ameling

From: Redevelopment Administration <RedevelopmentAdministration@dof.ca.gov>
Sent: Monday, October 06, 2014 3:29 PM
Subject: HSC section 34177 (a) (4) Requirement

Follow Up Flag: Follow up
Flag Status: Flagged

Dear Successor Agencies,

You are receiving this email if, pursuant to Health and Safety Code (HSC) 34179.6 (h) (2), Finance ordered your county auditor-controller to withhold amounts from your June 2, 2014 Redevelopment Property Tax Trust Fund (RPTTF) allocation. Finance issued withhold letters for successor agencies who have yet to remit unencumbered balances from the Low and Moderate Income Housing Fund and/or Other Funds and Accounts Due Diligence Reviews (DDR). Because the Agency has failed to remit these funds, and because the funds remain under Agency control, they are available to pay enforceable obligations that have been approved on the Recognized Obligation Payment Schedule (ROPS) for the 14-15A period.

As a reminder, HSC section 34177 (a) (3) states only those payments listed in the ROPS may be made by a successor agency from the funds specified in their ROPS. However, HSC section 34177 (a) (4) provides a successor agency, with the prior approval of their oversight board, the ability to make payments for enforceable obligations from funding sources other than those listed in the ROPS.

Therefore, should your successor agency make payments for enforceable obligations using the unencumbered cash identified through the DDR process, your successor agency must first receive oversight board approval.

Department of Finance
Redevelopment Agency Administration

Meeting Date: 11/18/14

AGENDA REPORT

Agenda Item # SB

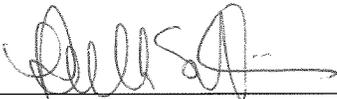
Oversight Board for Successor Agency
to the City of Santa Clara
Redevelopment Agency



Date: November 18, 2014
To: Oversight Board for Information
From: City Manager/Executive Officer to the Successor Agency
Subject: Department of Finance Notification of Objections of Oversight Board Action

EXECUTIVE SUMMARY

The Successor Agency was notified on November 17, 2014 by the Department of Finance (DOF) that it had completed its review of Oversight Board Resolution No. 2014-03. Attached is the determination letter received on November 17, 2014 stating DOF's objection to this resolution as the Oversight Board does not have authority to take this action, thus the resolution is not approved by DOF. In accordance with Health and Safety Code Section 34179(h) as a result of DOF's objection, the resolution is not effective.



for

Julio J. Fuentes
City Manager/Executive Officer to Successor Agency

Documents Related to this report:

- 1) *DOF determination letter dated November 17, 2014*
- 2) *Oversight Board Resolution No. 2014-03*



**DEPARTMENT OF
FINANCE**

EDMUND G. BROWN JR. ■ GOVERNOR
915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

November 17, 2014

Mr. Gary Ameling, Assistant City Manager and Director of Finance
City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

Dear Mr. Ameling:

Subject: Objection of Oversight Board Action

The City of Santa Clara Successor Agency (Agency) notified the California Department of Finance (Finance) of its September 19, 2014 Oversight Board (OB) Resolution on October 1, 2014. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, OB Resolution No. 2014-03 relating to unspent bond proceeds, is not approved. It is our understanding the OB has determined that consistent with their fiduciary responsibilities to the taxing entities, bond proceeds currently in possession of the Agency should be used to defease or partially defease the bonds as soon as allowable. The OB believes these actions will minimize to the maximum extent feasible the risks associated with the delayed expenditure of bond proceeds and to maximize the return of funds to the taxing entities.

However, it is unclear under what statute authorizes the OB to direct the Agency to take these actions. Generally, the Agency is responsible for winding down their affairs and the OB oversees this process. HSC section 34181 (e) does authorize the OB to direct the Agency to determine whether any contracts, agreements, or other arrangements should be terminated or renegotiated to reduce liabilities and increase net revenues to the taxing entities. The Agency is then required to present their proposed termination or amendments to the OB for approval.

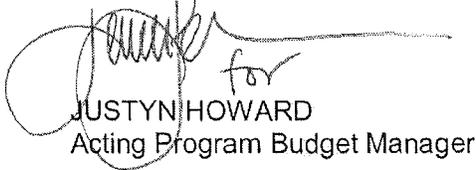
The actions taken through OB Resolution No. 2014-03 did not include the Agency in this process. Therefore, as authorized by HSC section 34179 (h), Finance is returning your OB action to the board for reconsideration.

This is our determination with respect to the OB action taken.

Mr. Gary Ameling
November 17, 2014
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Please direct inquiries to Wendy Griffe, Supervisor, or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,



for
JUSTYN HOWARD
Acting Program Budget Manager

cc: Ms. Tamera Haas, Assistant Director of Finance, City of Santa Clara
Ms. Emily Harrison, Finance Agency Director, Santa Clara County
California State Controller's Office

RESOLUTION NO. 2014-03 (OVERSIGHT BOARD)

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY RELATING TO UNSPENT BOND PROCEEDS AND MAKING RELATED FINDINGS AND DECLARATIONS AND TAKING RELATED ACTIONS

WHEREAS, California enacted Part 1.85 of the Health and Safety Code, Sections 34170 *et seq.* (the "Dissolution Law") to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code section 33000 *et seq.*);

WHEREAS, pursuant to Health and Safety Code section 34173, the City Council of the City of Santa Clara (the "City Council") declared that the City of Santa Clara, a charter city (the "City"), would act as successor agency (the "Successor Agency") for the dissolved City of Santa Clara Redevelopment Agency (the "RDA") effective February 1, 2012;

WHEREAS, on February 1, 2012, the RDA was dissolved pursuant to Health and Safety Code Section 34172;

WHEREAS, on March 8, 2011 prior to its dissolution the RDA transferred to the City unspent bond proceeds from the 1999 Series A and Series B Tax Allocation Bonds (the "1999A Bonds" and the "1999B Bonds, respectively, and collectively the "1999 Bonds") in the amount of \$56,900,192 and from the 2003 Tax Allocation Bonds (the "2003 Bonds") in the amount of \$5,855,966;

WHEREAS, in May 2011, the RDA sold Tax Allocation Bonds in the amount of \$31,411,295 (the "2011 Bonds"). Of the net proceeds of \$27,697,231, \$25,000,000 from the 2011 Bonds was transferred to the City by the RDA.

WHEREAS, the City has previously returned the following bond proceeds to the Successor Agency: 1999 Bonds (\$ 11,113,156) and 2011 Bonds (\$25,000,552.06);

WHEREAS, bond proceeds transferred by the RDA to the City prior to the RDA's dissolution may be subject to clawback by the State Controller's Office ("SCO") pursuant to Health and Safety Code section 34167.5, and the orders of the State Department of Finance ("DOF") pursuant to Health and Safety Code section 34179.6;

WHEREAS, the Internal Revenue Code of 1986 ("Code") imposes several requirements on issuers of tax-exempt bonds. These requirements must be met at issuance and throughout the term of the bonds. One of these requirements is that the issuer must have a reasonable expectation of spending 85% of the bond proceeds for qualified purposes within three years from the date of issuance.

WHEREAS, the Successor Agency has succeeded to the RDA's interest as issuer of the bonds. Therefore, if any arbitrage or other penalties are due and payable with respect to the bonds, then the Successor Agency could be obligated to pay those amounts. This, in turn, would reduce the amount of residual redevelopment property tax revenues available for distribution to the taxing entities;

WHEREAS, the effective interest rate on the 2011 Bonds ranges between 4.75% and 7.86%;

WHEREAS, the 2011 Bond covenants preclude redemption of the bonds prior to June 1, 2021;

WHEREAS, the Dissolution Law provides for the appointment of an oversight board (the "Oversight Board") with specific duties to approve certain Successor Agency actions pursuant to Health and Safety Code section 34180 and to direct the Successor Agency in certain other actions pursuant to Health and Safety Code section 34181;

WHEREAS, the Dissolution Law imposes certain duties on the Oversight Board, including but not limited to, fiduciary responsibilities to holders of enforceable obligations and the taxing

entities that benefit from distributions of property tax and other revenues, pursuant to Health and Safety Code Section 34179(i);

WHEREAS, Health and Safety Code Section 34179(c) authorizes the Oversight Board to direct the Successor Agency staff to perform work in furtherance of the Oversight Board's duties and responsibilities under the Dissolution Law;

WHEREAS, Health and Safety Code section 34181(e) authorizes the Oversight Board to direct the Successor Agency to determine whether any contracts, agreements, or other arrangements between the dissolved RDA and any private parties should be terminated or renegotiated to reduce liabilities and increase net revenues to the taxing entities, and to present such agreements to the Oversight Board for approval. The Board may approve any amendments to or termination of such agreements if it finds that doing so would be in the best interests of the taxing entities;

WHEREAS, the dissolved RDA covenanted to the owners of the bonds, in connection with the issuance of the bonds, to take actions to maintain the tax-exempt status of the bonds, and such covenants are now an important obligation of the Successor Agency at a priority level equal to the payment of debt service on the bonds;

WHEREAS, the Dissolution Law includes bonds in the definition of "enforceable obligations" pursuant to Health and Safety Code section 34171;

WHEREAS, the Successor Agency's Recognized Obligation Payment Schedule ("ROPS") for July 1, 2014 to December 31, 2014 ("ROPS 14-15A") approved by the Oversight Board on February 27, 2014 includes, but is not limited to, debt service for the following bonds: the 1999 Bonds and the 2011 Bonds;

WHEREAS, as of February 27, 2014, the outstanding debt service obligation on the 1999 Bonds was approximately \$53,925,669. The debt service payment for the six-month period from July 1, 2014 to December 31, 2014 for the 1999 Bonds' outstanding debt obligation is \$1,131,081. This debt service payment is paid entirely from the Redevelopment Property Tax Trust Fund ("RPTTF");

WHEREAS, as of February 27, 2014, the 2011 Bonds collectively had an approximate outstanding debt obligation of \$60,582,350. The debt service payments on the 2011 Bonds for ROPS 14-15A is \$325,306. This debt service payment is paid entirely from the RPTTF;

WHEREAS, pursuant to the Official Statement and the Fiscal Agent Agreement for the 1999 Bonds, the 1999 Bonds are subject to optional redemption at any time in whole or in part from any available source of funds;

WHEREAS, pursuant to the Official Statement and the Fiscal Agent Agreement for the 2011 Bonds, the 2011 Bonds maturing on or before June 1, 2021 are not subject to redemption prior to their respective stated maturity dates. The 2011 Bonds maturing on or after June 1, 2022 are subject to optional redemption in whole or in part from any available source of funds on any date on or after June 1, 2021;

WHEREAS, the Oversight Board has previously been advised that using the unspent proceeds of the bonds to redeem or defease the bonds as soon as possible is the best way to mitigate any tax risk associated with the delayed expenditure of the bond proceeds;

WHEREAS, consistent with its fiduciary responsibilities to the taxing entities, the Oversight Board finds that it is prudent to use any bond proceeds currently possessed by the Successor Agency or any future bond proceeds that the Successor Agency subsequently acquires in a

manner to minimize to the maximum extent feasible the risks associated with the delayed expenditure of the bond proceeds and to maximize the return of funds to the taxing entities;

WHEREAS, with regard to the 1999 Bonds, the Oversight Board finds that use of the 1999 Bonds unspent proceeds to redeem the 1999 Bonds to the fullest extent possible is in the best interests of the taxing entities and consistent with the Successor Agency's fiduciary duties to bondholders, as holders of enforceable obligations; and

WHEREAS, with regard to the 2011 Bonds, the Oversight Board finds that transfer of the 2011 Bonds unspent proceeds to the Fiscal Agent for the 2011 Bonds for defeasance and redemption of the 2011 Bonds on the earliest possible date would be in the best interests of the taxing entities. In addition, the Dissolution Law requires defeasance of the 2011 Bonds;

WHEREAS, the record before the Oversight Board provides supporting information upon which the actions set forth in this Resolution are based.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY AS FOLLOWS:

SECTION 1. The Oversight Board hereby finds, resolves, and determines that the foregoing recitals are true and correct, and, together with information provided by the Successor Agency staff, Oversight Board members, and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

SECTION 2. With respect to the 1999 Bonds, the 2003 Bonds, and the 2011 Bonds the Oversight Board requires the Successor Agency to immediately use whatever bond proceeds from these issuances that the Successor Agency currently controls and whatever future bond

proceeds that it may control immediately to defease/redeem these bond issuances in accordance with the following direction:

- (a) For the 1999 Bonds and the 2003 Bonds, the unspent bond proceeds of an issue of bonds will be transferred immediately to the fiscal agent for such bonds, and the fiscal agent will be directed to use such proceeds to call and redeem, on the earliest date possible, as many bonds as possible of that issue starting with the latest outstanding maturity of bonds of that issue and progressing in reverse order of maturity;
- (b) For the 2011 Bonds, the unspent bond proceeds will be transferred immediately to the fiscal agent for such bonds and as soon as possible an escrow agreement or letter of instructions will be drafted and executed with or for the fiscal agent for the bonds specifying that the unspent bond proceeds so transferred will be irrevocably deposited in an escrow account and used to legally defease and redeem bonds, and the bonds to be defeased will be selected such that: (1) as of the date of the defeasance, the weighted average maturity of the bonds of the issue to be defeased is the same as (or due solely to whole bond rounding, slightly greater than) the weighted average maturity of all of the bonds outstanding of the issue and (2) the bonds selected to be defeased will be the bonds scheduled to mature first and the bonds scheduled to mature last such that the principal amount of the bonds scheduled to mature first will be maximized.

SECTION 3. The Oversight Board directs the Successor Agency to direct the fiscal agent of the 2011 Bonds, The Bank of New York Mellon Trust Company, N.A. (BNY Mellon), in writing by January 7, 2015, to establish an irrevocable escrow fund, in the amount of \$25 million, and to lock all proceeds into a US treasury bond with a maturity date around June 30, 2021;

SECTION 4. The Oversight Board directs that the unspent 1999 Bonds proceeds, in the amount of \$11.1 million, and that the unspent 2011 Bond proceeds, in the amount of \$25 million, be added to the ROPS for the period of January 1, 2015 through June 30, 2015 (“ROPS 14-15B”);

SECTION 5. This Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code section 34179(h).

SECTION 6. Severability. If any provision or clause of this Resolution or the application thereof is held to be unconstitutional or otherwise invalid by any court of competent jurisdiction, such invalidity shall not affect other provisions or clauses or applications of this Resolution which can be implemented without the invalid provision, clause or application; and to this end, the provisions of this Resolution are declared to be severable.

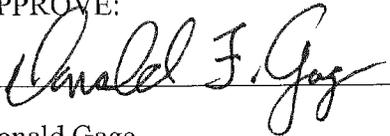
SECTION 7. Third Party Beneficiary Enforcement. All taxing entities as defined in Health and Safety Code section 34171 (k) affected by the RDA’s dissolution are express third party beneficiaries of this Resolution. It is the intent of this Resolution to authorize such taxing entities to the fullest extent authorized under law to enforce this Resolution in a court of competent jurisdiction or otherwise.

CERTIFICATION

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA, CALIFORNIA, AT A SPECIAL MEETING THEREOF HELD ON THE 19th DAY OF SEPTEMBER, 2014, BY THE FOLLOWING VOTE:

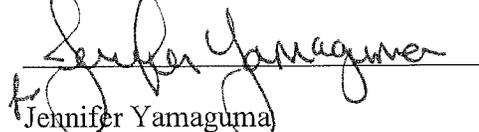
AYES:	BOARD MEMBERS:	Cauble, Chheng, Guthrie and Chairperson Gage
NOES:	BOARD MEMBERS:	Ameling and Gillmor
ABSENT:	BOARD MEMBERS:	Maduli
ABSTAINED:	BOARD MEMBERS:	None

APPROVE:



Donald Gage
Chairperson

ATTEST:



Jennifer Yamaguma
Clerk to the Oversight Board