DATE: January 30, 2020, Regular Meeting
TIME: 1:30 PM
PLACE: Board of Supervisors' Chambers
County Government Center – 70 West Hedding Street, 1st Floor
San Jose, CA 95110

AGENDA

In compliance with the Americans with Disabilities Act and the Brown Act, those requiring accommodations in this meeting should notify the Clerk of the Redevelopment Dissolution Countywide Oversight Board of Santa Clara County no less than 24 hours prior to the meeting at 408-299-5001, or TDD (408) 993-8272.

Please note: To contact the Commission and/or to inspect any disclosable public records related to an open session item on a regular meeting agenda and distributed by the County to all or a majority of the Board of Supervisors (or any other commission, or board or committee) less than 72 hours prior to that meeting, visit our website at http://www.sccgov.org or contact the Clerk at 408-299-5001 or TDD (408) 993-8272.

Persons wishing to address the Commission on a regularly scheduled item on the agenda are requested to complete a request to speak form and give it to the Deputy Clerk. (Government Code Section 54953.3.) Individual speakers will be called by the Chairperson and are requested to limit their comments to two minutes. Groups of speakers on a specific item are asked to limit their total presentation to a maximum of twenty minutes for each side of the issue.

COMMUTE ALTERNATIVES: The Board of Supervisors encourages the use of commute alternatives including public transit, bicycles, carpooling, and hybrid vehicles.

For public transit trip planning information, contact the VTA Customer Service Department at (408) 321-2300 Monday through Friday between the hours of 6:00 a.m. to 7:00 p.m., and on Saturday from 7:30 a.m. to 4:00 p.m. Schedule information is also available on the web at www.vta.org.

Bicycle parking racks are available in the James McEntee, Sr., Plaza in front of the County Government Center building. If this Board or Commission does not meet in the County Government Center building, please contact VTA for related routes.

Opening

1. Call to Order/Roll Call.

2. Public Comment

   This item is reserved for persons desiring to address the Oversight Board on any matter not on this agenda that is within the jurisdiction of the Oversight Board. Members of the public who wish to address the Oversight Board on such matters should complete a Request to Speak Form and place it in the tray near the podium. The Chair will call individuals to the podium in turn. Speakers are limited to two minutes. However, the Chair, in his or her discretion, may shorten or extend such time as he or she may find reasonable under the circumstances or may further limit the time if the time to complete the Agenda has been unusually long. The law does not permit Oversight Board action or extended discussion of any item not on the agenda except under special circumstances. If Oversight Board action is requested, the Oversight Board may place the matter on a
future agenda. Statements that require a response may be referred to staff for reply in writing.

3. Approve Consent Calendar and changes to the Agenda.

Items removed from the Consent Calendar will be considered at the end of the regular agenda for discussion. The Committee may also add items on the regular agenda to the Consent Calendar.

Notice to the public: there is no separate discussion of Consent Calendar items, and the recommended actions are voted on in one motion. If an item is approved on the consent vote, the specific action recommended by staff is adopted. Members of the public who wish to address the Committee on Consent Calendar items should comment under this item. Each speaker is limited to two minutes total.

**Regular Agenda/Items for Discussion**

4. Adopt Resolution to approve the Recognized Obligation Payment Schedule for period July 1, 2020 through June 30, 2021 for the Successor Agency to the Redevelopment Agency of the City of San Jose. (ID# 99849)

5. Adopt Resolution to approve the Administrative Budget for period July 1, 2020 through June 30, 2021 for the Successor Agency to the Redevelopment Agency of the City of Sunnyvale. (ID# 99841)

6. Adopt Resolution to approve the Recognized Obligation Payment Schedule for period July 1, 2020 through June 30, 2021 for the Successor Agency to the Redevelopment Agency of the City of Sunnyvale. (ID# 99848)

**Consent Calendar**

7. Approve minutes of the November 15, 2019 Regular Meeting.

8. Receive report from the Successor Agency to the Redevelopment Agency of the City of San Jose relating to the annual audited financial statements. (ID# 100203)

9. Adopt Resolution to approve the Administrative Budget for period July 1, 2020 through June 30, 2021 for the Successor Agency to the Redevelopment Agency of the City of San Jose. (ID# 99835)

10. Adopt Resolution to approve the Recognized Obligation Payment Schedule for period July 1, 2020 through June 30, 2021 for the Successor Agency to the Redevelopment Agency of the City of Campbell. (ID# 99951)

11. Adopt Resolution to approve the Administrative Budget for period July 1, 2020 through June 30, 2021 for the Successor Agency to the Redevelopment Agency of the City of Campbell. (ID# 99857)

12. Adopt Resolution to approve the Recognized Obligation Payment Schedule for period July 1, 2020 through June 30, 2021 for the Successor Agency to the Redevelopment Agency of the City of Milpitas. (ID# 99933)
13. Adopt Resolution to approve the Administrative Budget for period July 1, 2020 through June 30, 2021 for the Successor Agency to the Redevelopment Agency of the City of Milpitas. (ID# 99862)

**Adjourn**

14. Adjourn to the next regular meeting on Friday, March 20, 2020 at 1:30 p.m. in the Board of Supervisors' Chambers, County Government Center, 70 West Hedding Street, San Jose.
DATE: January 30, 2020

TO: Redevelopment Dissolution Countywide Oversight Board of Santa Clara County

FROM: Alan Minato, Director, Finance Agency
       Jeffrey V. Smith, County Executive

SUBJECT: Resolution to Approve San Jose ROPS for Fiscal Year 2020-21

RECOMMENDED ACTION

Adopt Resolution to approve the Recognized Obligation Payment Schedule for period July 1, 2020 through June 30, 2021 for the Successor Agency to the Redevelopment Agency of the City of San José.

FISCAL IMPLICATIONS

The Recognized Obligation Payment Schedule for the period of July 1, 2020 through June 30, 2021 (“ROPS”) is a list of the expected payments required of the Successor Agency to the Redevelopment Agency of the City of San José (“Successor Agency”) for the year. The County Auditor-Controller will distribute the amount approved on the ROPS to the Successor Agency and all remaining funds will be distributed to the affected taxing entities. As the Successor Agency winds down and the work is limited to fixed payments, the residual amounts distributed to the affected taxing entities should increase.

REASONS FOR RECOMMENDATION

Pursuant to Health and Safety Code section 34177(o), the Successor Agency is required to submit a ROPS to this Oversight Board which includes all the expected payments for the upcoming year beginning on July 1, 2020 through June 30, 2021. The ROPS is required to be approved by this Oversight Board and then submitted to the California Department of Finance (“DOF”) for approval. The oversight board approved ROPS must be submitted to DOF in a manner of their choosing no later than February 1, 2020. In early December, DOF provided the Successor Agency access to an online application with instructions to complete ROPS.

The ROPS is broken down into two six-month periods, “A” and “B”, this represents the six months following each distribution date, typically January 2 and June 1, respectively. The Successor Agency has requested $136,211,309 in Redevelopment Property Tax Trust Funds (“RPTTF”) for the entire year, $108,713 in Administrative RPTTF and $8,997,503 in Other
Funds, and use of $46,625,000 Reserve funds for bonds.

Pursuant to Health and Safety Code section 34182.5, the County Auditor-Controller has reviewed the ROPS in detail. As provided in the letter dated January 22, 2020, attached to this agenda item, the County Auditor-Controller has objected to Item No. 273. Item No. 273 is a request by the Successor Agency to reimburse the City for costs related to a Successor Agency owned building that burned down in 2014. Due to insufficiency of the Successor Agency, the City completed the work to demolish the building and clean the site. However, no agreement was entered into between the Successor Agency and the City to reimburse the City for the costs expended nor did the City consult with the Successor Agency Board or Oversight Board to obtain direction on the site cleanup. This item does not meet the definition of an enforceable obligation as provided in Health and Safety Code section 34171(d)(1).

For additional information related to the ROPS, please see the attached memo provided by the Successor Agency.

**BACKGROUND**

In 2011, the Legislature dissolved redevelopment agencies by adopting Assembly Bill X1 26, which was later amended by Assembly Bill 1484 (2012) and Senate Bill 107 (2015) (collectively, the “Dissolution Law”). Successor agencies were created to effectuate the dissolution of the former redevelopment agencies. Successor agencies are required to make payment on the remaining enforceable obligations as defined by Health and Safety Code section 34171(d)(1). All enforceable obligations are required to be reviewed and approved by the oversight board and DOF through the ROPS process, as described above.

The Successor Agency has made significant progress in winding down the former redevelopment agency. Many of the properties have been sold with proceeds distributed to the affected taxing entities. In 2016, the bonds were refunded, which was a savings to the affected taxing entities. With the disposition of many of the properties and the bond refunding, the Successor Agency has been able to wind down many of its enforceable obligations and now has residual RPTTF distributed to the affected taxing entities.

DOF has the final review on this ROPS after approval of the Oversight Board. It may request additional documentation from the Successor Agency to support any amount listed on the ROPS and it may also adjust any amount listed according to the documents received. DOF will issue a determination letter, which will provide the County Auditor-Controller with the final amount to be distributed to the Successor Agency. The next distribution for the first half of the year will be June 1, 2020.

**CONSEQUENCES OF NEGATIVE ACTION**

The Successor Agency will not receive approval for its expenses for the year and therefore, not receive any funding in the upcoming year.

**STEPS FOLLOWING APPROVAL**

The Clerk of the Board shall notify James R. Williams, County Counsel; Jacelyn Ma, Division Manager; and Jenny Treis, Program Manager, of the signed resolution no later than

ATTACHMENTS:

- San Jose Successor Agency ROPS 20-21 Memo (PDF)
- Resolution to Approve San Jose ROPS 20-21 (PDF)
- Auditor-Controller Notice of Objection to San Jose ROPS 20-21 (PDF)
MEMORANDUM

TO: COUNTYWIDE OVERSIGHT BOARD  
FROM: DAVID SYKES  
EXECUTIVE OFFICER

SUBJECT: SEE BELOW  
DATE: JANUARY 17, 2020

SUBJECT: REVIEW AND APPROVAL OF THE SUCCESSOR AGENCY’S JULY 1, 2020 - JUNE 30, 2021 ADMINISTRATIVE BUDGET AND ANNUAL RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR 2020-21

RECOMMENDATION

It is recommended that the Countywide Oversight Board ("County Board") approve the following items:

A. The Administrative Budget for July 1, 2020 through June 30, 2021; and


BACKGROUND

Pursuant to Health and Safety Code 34177, each Successor Agency was required to submit a ROPS to the California Department of Finance (DOF) every six months. On September 22, 2015, the Governor signed SB 107 that revised the timeline for the preparation of the Recognized Obligation Payment Schedule ("ROPS") from a bi-annual fiscal period to a one-year fiscal period beginning July 1, 2016. The 2020-21 ROPS requires approval from the County Board and submission to DOF on or before February 1, 2020.

The following documents related to the 2020-21 ROPS are attached:

- Attachment 1: Successor Agency Administrative Budget Summary
- Attachment 2: Successor Agency Personnel Costs Detail
- Attachment 3: 2014 KNTV Building Demolition Memo and costs
- Attachment A: ROPS Schedule 2020-21 - Summary
- Attachment B: ROPS Schedule 2020-21 - ROPS Detail
COUNTY OVERSIGHT BOARD  
January 17, 2020  
Subject: Review and Approval of SARA’s July 2020 - June 2021 Administrative Budget and 2020-21 ROPS  
Page 2

- Attachment C: ROPS Schedule 2020-21 - Cash Balances  
- Attachment D: ROPS Schedule 2020-21 - Notes  
- Exhibit 1: Form 5701-B, Notice of Proposed Issue, and Form 886-A, Explanation of Items, dated November 8, 2019, from the Internal Revenue Service  
- Exhibit 2: Existing Disposition and Development Agreements/Covenant, Conditions, and Restrictions Agreements/Childcare Agreements/Affordability Restriction Agreements

ANALYSIS

A. **Review of ROPS by County Auditor-Controller**

The County Auditor-Controller is authorized, but not required, to review the ROPS and transmit objections to any items not demonstrated to be enforceable obligations to the Successor Agency, County Board, and California Department of Finance. After completion of review, the County of Santa Clara staff prepares a final letter stating an objection, no objection, or continued review of the 2020-21 ROPS in advance of the County Board’s action to approve the 2020-21 ROPS at a County Board meeting before the February 1, 2020 deadline.

B. **Administrative Budget for July 1, 2020 through June 30, 2021**

The Redevelopment Dissolution Law requires the Successor Agency to prepare an Administrative Budget for County Board approval. The Administrative Budget includes Successor Agency non-personnel costs and City of San Jose (“City”) support personnel services. Line 269 on the 2020-21 ROPS represents all 2020-21 administrative costs which are detailed in Attachment #1.

**Attachment 1:** Summary of the Administrative Budget for the fiscal period July 1, 2020 through June 30, 2021 totaling $273,893 which includes City support personnel costs, bank fees, and external audit services.

The FY 2020-21 Administrative Budget for the Successor Agency administrative costs reflects a reduction of $176,107 or 39% from the Approved Administrative Budget for FY 2019-20. This significant reduction is mainly due to a decrease in staffing.

**Attachment 2:** The total salary and benefits costs and full-time equivalent positions necessary for the City Support Services to the Successor Agency for 2020-21 ROPS. City Support Services include staff from the City Attorney’s Office and Finance Department. These costs are reflected in total on Attachment #1 to this memorandum. There is a reduction of 38% ($129,556) and 0.83 full-time equivalent (FTE) from FY 2019-20. The City believes the FTE of 0.97 for the 2020-21 ROPS is a sustainable staffing level to accomplish the annual administration duties for the Successor Agency and anticipates this staffing level will remain stable for future ROPS.
C. Update to 2020-21 ROPS

Attachment 3: There is one additional line (line 273) being requested for payment to the City. In April 2014, the old KNTV building located at 645 Park Avenue, owned by the Successor Agency, was the site of a five-alarm fire. The Successor Agency was in an insufficiency status at that time. The City provided staff, equipment, and contractors to meet the Successor Agency obligations to clear, secure and ultimately demolish the burnt out remains of the building. The City subsequently presented a summary of expenses incurred and its invoices in the total amount of $145,260 to Successor Agency staff for payment on June 30, 2014 (see attachment #3 for memo). The Successor Agency subsequently transferred the property to the City in 2018 pursuant to the terms of a Compensation Agreement for certain Diridon area properties. To date, the Successor Agency has not paid the amount due to the City, and the City has, once again, presented its claim to the Successor Agency for payment.

D. Other Information (attached)

Exhibit 1: The Additional Rebate Amount estimated at $279,043.78, with a not to exceed payment of $300,000.00 is added to the 2020-21 ROPS on line 259 for County Board approval and submission to DOF for their review and approval. After securing approvals, the Successor Agency will be able to make the payment to the IRS in July 2020 from disbursement of Redevelopment Agency Property Tax Trust Fund (“RPTTF”) by the Santa Clara County Auditor-Controller.

On November 12, 2019, the Successor Agency received a Form 5701-B, Notice of Proposed Issue, and Form 886-A, Explanation of Items, dated November 8, 2019, from the Internal Revenue Service (“IRS”) asserting a rebate liability with respect to the Redevelopment Agency of the City of San Jose Merged Area Tax Allocation Bonds Series 1999 (“1999 Bonds”) as of December 21, 2017, in the amount of $274,239.75 (inclusive of interest and penalties through December 21, 2019) (attached as Exhibit 1).

The County Board adopted its Resolution 2019-18 on November 15, 2019 recognizing the additional arbitrage rebate liability, penalties, and interest (“rebate liability”) due with respect to the 1999 Bonds in the amount of $171,593.84 plus penalties ($85,796.92) plus interest, as calculated by the IRS, from March 9, 2018 to July 15, 2020 for a total estimated payment amount of approximately $300,000. On December 30, 2019, the Department of Finance notified the Successor Agency that it is taking "no action" on the County Board's resolution and reserves right to review in entirety any placement of the obligation on future ROPS.

The IRS has issued a “Proposed Adverse Determination” on January 13, 2020 but the Successor Agency has not received a formal notification or receipt from the IRS that would adversely affect the tax-exempt status of the 1999 Bonds. Bond Counsel continues to represent the Successor Agency before the IRS as the audit examination proceeds. The IRS maintains its position that it cannot enter into a settlement of this matter without the Successor Agency making payment of
the outstanding rebate liability or some lesser agreed upon amount. The Successor Agency, however, cannot make any payment unless the amount to be paid is on the ROPs, which is the reason for this item.

**Exhibit 2:** As of December 30, 2019, a list of existing Disposition and Development Agreements/Covenants, Conditions, and Restrictions Agreements/Childcare Agreements/Affordability Restriction Agreements.

**CONCLUSION**

The 2020-21 ROPS reflects obligations due during the reporting period of July 1, 2020 through June 30, 2021. The Successor Agency is requesting the Countywide Oversight Board approve the 2020-21 Administrative Budget and 2020-21 ROPS. After Countywide Oversight Board approval, no later than February 1, 2020, the 2020-21 ROPS will be submitted to the State’s Department of Finance (DOF). DOF shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than April 15, 2020. Within five business days of DOF’s determination, the Successor Agency may request additional review in a meet and confer process. In addition, the County Auditor-Controller may object to the Oversight Board, or directly to the DOF, after Oversight Board approval, but cannot submit objections any later than 60 days before the next distribution of property taxes to the Redevelopment Property Tax Trust Fund.

For more information, please contact Julia H. Cooper, Chief Financial Officer, at 408-535-7011.

[Signature]

DAVID SYKES
EXECUTIVE OFFICER

Attachments:

- Attachment 1: Successor Agency Proposed Administrative Budget Summary
- Attachment 2: Successor Agency Personnel Costs Detail
- Attachment 3: 2014 KNTV Building Demolition Memorandum
- Attachment A: ROPS Schedule 20-21 - Summary
- Attachment B: Draft ROPS Schedule 20-21 - ROPS Detail
- Attachment C: ROPS Schedule 20-21 - Cash Balances
- Attachment D: ROPS Schedule 20-21 - Notes
- Exhibit 1: Form 5701-B, Notice of Proposed Issue, and Form 886-A, Explanation of Items, dated November 8, 2019, from the Internal Revenue Service
- Exhibit 2: Existing Disposition and Development Agreements/Covenants, Conditions, and Restrictions Agreements/Childcare Agreements/Affordability Restriction Agreements
## Successor Agency Administrative Budget
### 20-21 ROPS
#### July 2020–June 2021

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<th>DESCRIPTION OF WORK</th>
<th>APPROVED BUDGET FY19-20 TOTAL</th>
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<th>BUDGET 20-21B</th>
<th>BUDGET 20-21</th>
<th>SAVINGS</th>
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Savings %
39%

Packet Pg. 11
### Personnel Costs - Administrative Budget

**ROPS 2020-21**

**July 1, 2020 - June 30, 2021**

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Decrease % in FTE form 19-20: **-46%**
Decrease % in salaries from 19-20: **-38%**
Savings from 2019-20: **$129,556**
Memorandum

TO: RICHARD KEIT
FROM: KIM WALESH

SUBJECT: KNTV BUILDING DEMOLITION INVOICE
DATE: June 30, 2014

The Office of Economic Development is requesting reimbursement from the Successor Agency for the demolition of the 645 Park Avenue, the old KNTV building currently owned by the Successor Agency, as a result of the five alarm fire that occurred on April 13, 2014. The total invoice of $145,259.23 includes the expenditures incurred between April 13th and June 30, 2014 in order to clear, secure, and ultimately demolish the building. Below is a detailed description of the activities performed by the City and its contractors and the attached spreadsheet includes a detail breakdown of the various costs incurred.

Timeline of Incident:

May 13, 2014
3:09pm Fire staff was dispatched to the site.
3:25pm Upgraded to three alarms
3:30pm Upgraded to four alarms
3:45pm Upgraded to five alarms

May 14, 2013
- Temporary fencing set up to secure site
- City and SARA staff identified site needs for fire investigation and clean-up. Equipment rental for an excavator was procured and security services rendered to release Police staffing from the scene

May 15, 2014
- Department of Transportation (DOT) staff received the excavator, removed remaining overhead hazards to allow for safe investigation of the building, and assisted the Fire Department staff with clearing area of interest for accelerant materials/evidence.
- Accelerant dogs were brought to the site and evidence was collected

May 16-17, 2014
- FD crime scene investigation continued with the assistance of DOT staffing.
- Cadaver dogs were brought in and searched for possible victims.

May 18, 2014
- The property was released back to the Successor Agency/City.
- All leased equipment was returned to providers.
- Security was released and additional temporary fencing was set up on the westerly side of the site.
SUCCESSOR AGENCY
SUBJECT: KNTV Building Demolition Invoice
June 30, 2014
Page 2

Departmental Rolls and Responsibilities:

Transportation
- Excavator operators, swept the street around the fire to keep the street accessible

Fire Department
- Liaison to City staff requesting City assistance and updating status of investigation
- Lead arson investigator, directed DOT staff in operation of the large equipment, secured temporary fencing, scheduled security staff

Public Works
- Arranged inspection of trees with City Arborist and contracted to have damaged trees removed.
- Worked with contractor to determine cost and timeline for site demolition and also worked to identify any possible environmental site concerns.
- Secured demolition contract and oversaw demolition of remaining structure and removal of materials.

Housing
- Brought a crew to the site to sort through and remove undamaged personal items to retain with other homeless property storage.

Santa Clara County
- Arson Task Force - assisted in locating personal items, tracking personnel on site, liaison between County and City fire staff.
- Handlers of the cadaver dogs; worked Wednesday and Thursday looking for human remains.

Oroville Fire Department
- Handler of the accelerant dog (Roxy). Roxy was able to locate certain items that were collected as evidence.

Please contact Jayme Dickson, OED Real Estate Services, if you have any questions regarding this invoice, (408) 975-7309.

KIM WALESH
Director, Office of Economic Development
### Attachment: San Jose Successor Agency ROPS 20-21 Memo

**Resolution to Approve San Jose ROPS for Fiscal Year 2020-21**

<table>
<thead>
<tr>
<th>Ward</th>
<th>Invoice #</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>047</td>
<td>89000184052</td>
<td>$43,232.29</td>
<td>Accounts Payable</td>
</tr>
<tr>
<td>047</td>
<td>89000008680</td>
<td>$146,266.33</td>
<td>Accounts Payable</td>
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</table>

*Note: All expenses are subject to approval by the Chief Financial Officer.*
**KNTV Building Demolition Invoice**

**Cost Details**

Tracking of Charges for KNTV Fire - RC 010041

<table>
<thead>
<tr>
<th>Expense</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security (5 days - appx 84 hours)</td>
<td>$5,672.16</td>
</tr>
<tr>
<td>Large Equipment Rental (Excavator)</td>
<td>$4,118.02</td>
</tr>
<tr>
<td>Tucker Construction</td>
<td>$750.00</td>
</tr>
<tr>
<td>Fence Lease West (6 months)</td>
<td>$1,491.85</td>
</tr>
<tr>
<td>Diamond</td>
<td></td>
</tr>
<tr>
<td>Fence Lease East (6 months) 2 trips</td>
<td></td>
</tr>
<tr>
<td>Tree Removal (under Arborist direction)</td>
<td>$7,050.00</td>
</tr>
<tr>
<td>Demolition (Including removal of all refuse and previous</td>
<td>$102,500.00</td>
</tr>
<tr>
<td>demolition materials)</td>
<td></td>
</tr>
<tr>
<td>Staff Time (details attached)</td>
<td>$23,677.20</td>
</tr>
</tbody>
</table>

**TOTAL**                                                        | $115,259.23|

C:\Users\nicole.sierra\Downloads\KNTV Invoice Attachments.xls
## KNTV Building Demolition Staff Charges

<table>
<thead>
<tr>
<th>Department</th>
<th>PT Salary 4001</th>
<th>OT Salary 4002</th>
<th>OT 4006</th>
<th>Fringe 4011</th>
<th>Retireent 4012</th>
<th>Total 2013-2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DOT</strong></td>
<td>51010041 1,862</td>
<td>-</td>
<td>648</td>
<td>1,040</td>
<td>545</td>
<td>2,186</td>
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<tr>
<td><strong>Public Works</strong></td>
<td>57010041 5,500</td>
<td>1,855</td>
<td>-</td>
<td>3,388</td>
<td>748</td>
<td>3,836</td>
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<tr>
<td><strong>Economic Development</strong></td>
<td>60010041 689</td>
<td>-</td>
<td>-</td>
<td>425</td>
<td>184</td>
<td>772</td>
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<td><strong>Total</strong></td>
<td></td>
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<td><strong>23,677</strong></td>
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</tbody>
</table>

C:\Users\nicole.sierra\Downloads\KNTV Invoice Attachments.xlsx
## Recognized Obligation Payment Schedule (ROPS 20-21) - Summary
Filed for the July 1, 2020 through June 30, 2021 Period

**Successor Agency:** San Jose  
**County:** Santa Clara

### Current Period Requested Funding for Enforceable Obligations (ROPS Detail)

<table>
<thead>
<tr>
<th></th>
<th>20-21A Total (July - December)</th>
<th>20-21B Total (January - June)</th>
<th>ROPS 20-21 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A</strong> Enforceable Obligations Funded as Follows (B+C+D)</td>
<td>$55,539,913</td>
<td>$82,590</td>
<td>$55,622,503</td>
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<tr>
<td><strong>B</strong> Bond Proceeds</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>C</strong> Reserve Balance</td>
<td>46,625,000</td>
<td>-</td>
<td>46,625,000</td>
</tr>
<tr>
<td><strong>D</strong> Other Funds</td>
<td>8,914,913</td>
<td>82,590</td>
<td>8,997,503</td>
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<tr>
<td><strong>E</strong> Redevelopment Property Tax Trust Fund (RPTTF) (F+G)</td>
<td>$64,032,829</td>
<td>$72,178,480</td>
<td>$136,211,309</td>
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<tr>
<td><strong>F</strong> RPTTF</td>
<td>63,948,442</td>
<td>72,154,154</td>
<td>136,102,596</td>
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<tr>
<td><strong>G</strong> Administrative RPTTF</td>
<td>84,387</td>
<td>24,326</td>
<td>108,713</td>
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<tr>
<td><strong>H</strong> Current Period Enforceable Obligations (A+E)</td>
<td>$119,572,742</td>
<td>$72,261,070</td>
<td>$191,833,812</td>
</tr>
</tbody>
</table>

### Certification of Oversight Board Chairman:

Pursuant to Section 34177 (o) 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 successor agency.

/\s/ Signature

Date
### San Jose

**Recognized Obligation Payment Schedule (ROPS 20-21) - ROPS Detail**

July 1, 2020 through June 30, 2021

<table>
<thead>
<tr>
<th>Item #</th>
<th>Project Name</th>
<th>Obligation Type</th>
<th>Agreement Execution Date</th>
<th>Agreement Termination Date</th>
<th>Payee</th>
<th>Description</th>
<th>Project Area</th>
<th>Total Outstanding Obligation</th>
<th>Retired</th>
<th>ROPS 20-21 Total Bond Proceeds</th>
<th>Reserve Balance</th>
<th>Other Funds</th>
<th>RPTTF</th>
<th>Admin RPTTF</th>
<th>ROPS 20-21B (Jan - Jun) Bond Proceeds</th>
<th>Reserve Balance</th>
<th>Other Funds</th>
<th>RPTTF</th>
<th>Admin RPTTF</th>
<th>20-21B Total</th>
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</thead>
<tbody>
<tr>
<td>65</td>
<td>HUD Section 108 Note (CIM Block 3/Central Place)</td>
<td>Third-Party Loans</td>
<td>01/30/2006</td>
<td>08/01/2025</td>
<td>Bank of New York</td>
<td>Loan from the U.S. Department of Housing and Urban Development (HUD) for Section 108 Loans.</td>
<td>Merged</td>
<td>$2,561,052,473</td>
<td>-</td>
<td>$191,833,812</td>
<td>$-</td>
<td>$46,625,000</td>
<td>$8,914,913</td>
<td>$63,948,442</td>
<td>$84,387</td>
<td>$119,572,742</td>
<td>$-</td>
<td>$82,590</td>
<td>$72,154,154</td>
<td>$24,326</td>
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<tr>
<td>66</td>
<td>HUD Section 108 Note (Story/King Retail)</td>
<td>Third-Party Loans</td>
<td>01/09/2008</td>
<td>08/01/2025</td>
<td>Bank of New York</td>
<td>Loan from the U.S. Department of Housing and Urban Development (HUD) for Section 108 Loans.</td>
<td>Merged</td>
<td>-</td>
<td>Y</td>
<td>$-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>69</td>
<td>Successor Agency Bond Activities</td>
<td>Professional Services</td>
<td>01/01/2014</td>
<td>06/30/2023</td>
<td>BLX Group, LLC</td>
<td>Arbitrage rebate calculation services</td>
<td>Merged</td>
<td>-</td>
<td>N</td>
<td>$-</td>
<td>-</td>
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</tr>
<tr>
<td>70</td>
<td>San Jose Redevelopment Agency vs Sells, Torrez dba Patty's Inn</td>
<td>Miscellaneous</td>
<td>03/20/2011</td>
<td>06/30/2012</td>
<td>Kenneth F. Sells or Bonnie C. Torrez dba Patty's Inn</td>
<td>Settlement Agreement &amp; General Release</td>
<td>Merged</td>
<td>-</td>
<td>Y</td>
<td>$-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>71</td>
<td>IDT Lease (refer to &quot;Notes&quot; section)</td>
<td>Miscellaneous</td>
<td>12/14/2004</td>
<td>07/01/2022</td>
<td>Integrated Device Technology, Inc.</td>
<td>Parking Covenants - 6024 Silver Creek Road</td>
<td>Merged</td>
<td>-</td>
<td>Y</td>
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<tr>
<td>72</td>
<td>IDT Lease with Option to Purchase (refer to &quot;Notes&quot; section)</td>
<td>Miscellaneous</td>
<td>03/02/2010</td>
<td>06/30/2023</td>
<td>Integrated Device Technology, Inc.</td>
<td>Lease of Riparian Property</td>
<td>Merged</td>
<td>-</td>
<td>Y</td>
<td>$-</td>
<td>-</td>
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<tr>
<td>78</td>
<td>Automatic Public Toilets (refer to &quot;Notes&quot; section)</td>
<td>Miscellaneous</td>
<td>03/01/1998</td>
<td>01/31/2021</td>
<td>JCDecaux San Francisco, LLC &amp; Utility Companies</td>
<td>Rental - Seven Sound Public Toilets</td>
<td>Merged</td>
<td>60,135</td>
<td>N</td>
<td>$60,135</td>
<td>-</td>
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</tr>
<tr>
<td>84</td>
<td>Property-Based Business Improvement District (refer to &quot;Notes&quot; section)</td>
<td>Property Maintenance</td>
<td>01/15/2008</td>
<td>12/31/2022</td>
<td>Property and Business Improvement District</td>
<td>Payment of Downtown San Jose Property-Based Business Improvement District assessments per the</td>
<td>Merged</td>
<td>-</td>
<td>Y</td>
<td>$-</td>
<td>-</td>
<td>-</td>
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</tr>
</tbody>
</table>

**Attachment:** San Jose Successor Agency ROPS 2021 Memo (9848) - Resolution to Approve San Jose ROPS for Fiscal Year 2020-21
<table>
<thead>
<tr>
<th>Item #</th>
<th>Project Name</th>
<th>Obligation Type</th>
<th>Agreement Execution Date</th>
<th>Agreement Termination Date</th>
<th>Payee</th>
<th>Description</th>
<th>Project Area</th>
<th>Total Outstanding Obligation</th>
<th>Retired</th>
<th>ROPS 20-21 Total</th>
<th>Fund Sources</th>
<th>ROPS 20-21A (Jul - Dec)</th>
<th>Fund Sources</th>
<th>20-21B Total</th>
<th>ROPS 20-21B (Jan - Jun)</th>
<th>Fund Sources</th>
<th>20-21B Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>85</td>
<td>Asset Management/Successor Agency's Lease Obligations (refer to &quot;Notes&quot; section)</td>
<td>Property Maintenance</td>
<td>01/01/2014</td>
<td>06/30/2021</td>
<td>Miscellaneous Vendors</td>
<td>Utilities, insurance and maintenance for Successor Agency Properties</td>
<td>Merged</td>
<td>- N</td>
<td>$-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$-</td>
<td>-</td>
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<tr>
<td>101</td>
<td>Purchase &amp; Sale Agreement (refer to &quot;Notes&quot; section)</td>
<td>OPA/DDA/Construction</td>
<td>07/27/1998</td>
<td>06/30/2019</td>
<td>Vendor or Contractor</td>
<td>Escrowed funds for CET Properties Environmental Clean-Up</td>
<td>Merged</td>
<td>- Y</td>
<td>$-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>138</td>
<td>Successor Agency operations (refer to &quot;Notes&quot; section)</td>
<td>Admin Costs</td>
<td>07/01/2018</td>
<td>06/30/2023</td>
<td>Ross Financial</td>
<td>Ongoing financial advisor services on an as-needed basis</td>
<td>Merged</td>
<td>70,000</td>
<td>N</td>
<td>$15,000</td>
<td>-</td>
<td>-</td>
<td>15,000</td>
<td>-</td>
<td>$15,000</td>
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<tr>
<td>143</td>
<td>Successor Agency Bond Activities</td>
<td>Professional Services</td>
<td>07/01/2020</td>
<td>06/30/2025</td>
<td>Urban Analytics, LLC</td>
<td>Fiscal consultant services including analysis of tax increment data</td>
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<td>115,000</td>
<td>N</td>
<td>$23,000</td>
<td>-</td>
<td>-</td>
<td>23,000</td>
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<td>$23,000</td>
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<td>144</td>
<td>May 2001 Amended &amp; Restated Agreement (refer to &quot;Notes&quot; section)</td>
<td>Miscellaneous</td>
<td>05/22/2001</td>
<td>06/30/2035</td>
<td>County of Santa Clara</td>
<td>County Pass-Through Payments - annual formula based on tax increment growth.</td>
<td>Merged</td>
<td>- N</td>
<td>$-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$-</td>
<td>-</td>
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<tr>
<td>149</td>
<td>Jones Hall Successor Agency SARA Activities (refer to &quot;Notes&quot; section)</td>
<td>Legal</td>
<td>10/01/2010</td>
<td>06/30/2023</td>
<td>Jones Hall</td>
<td>Legal services on an as-needed basis to support bond and administrative issues.</td>
<td>Merged</td>
<td>70,000</td>
<td>N</td>
<td>$70,000</td>
<td>-</td>
<td>-</td>
<td>70,000</td>
<td>-</td>
<td>$70,000</td>
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<tr>
<td>160</td>
<td>Successor Agency operations (refer to &quot;Notes&quot; section)</td>
<td>Admin Costs</td>
<td>06/26/2014</td>
<td>06/30/2018</td>
<td>Montoy Law Corporation</td>
<td>Oversight Board legal services on an as-needed basis</td>
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<td>162</td>
<td>Property Disposition Costs</td>
<td>Property Maintenance</td>
<td>07/01/2014</td>
<td>06/30/2021</td>
<td>Miscellaneous Vendors</td>
<td>Potential solicitation</td>
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<td>-</td>
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<tr>
<td>Item #</td>
<td>Project Name</td>
<td>Obligation Type</td>
<td>Agreement Execution Date</td>
<td>Agreement Termination Date</td>
<td>Payee</td>
<td>Description</td>
<td>Project Area</td>
<td>Total Outstanding Obligation</td>
<td>Retired</td>
<td>ROPS 20-21 Total</td>
<td>ROPS 20-21A (Jul - Dec)</td>
<td>20-21B Total</td>
<td></td>
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<tr>
<td>164</td>
<td>RDA HUD Custodial Fees (refer to &quot;Notes&quot; section)</td>
<td>Fees</td>
<td>05/16/2006</td>
<td>08/01/2025</td>
<td>U.S. Bank</td>
<td>Custodial Agreement fees associated with the safekeeping of original HUD 108 documents required by HUD. Charges are $150 per ROPS period.</td>
<td>Merged</td>
<td>-</td>
<td>Y</td>
<td>$-</td>
<td>$-</td>
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<tr>
<td>244</td>
<td>North San Pedro Housing - Prop 1C (refer to &quot;Notes&quot; section)</td>
<td>OPA/DDA/Construction</td>
<td>09/01/2012</td>
<td>06/30/2019</td>
<td>Miscellaneous Vendors</td>
<td>North San Pedro Residential Project - Infill Infrastructure Grant Program Disbursement Agreement</td>
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<td>-</td>
<td>Y</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td></td>
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<tr>
<td>245</td>
<td>Transfer of Asset Audit Recovery (refer to &quot;Notes&quot; section)</td>
<td>Dissolution Audits</td>
<td>07/01/2012</td>
<td>03/27/2013</td>
<td>State of California Controller's Office</td>
<td>Transfer of Asset audit recovery pursuant to Health and Safety Code 34183 (d)</td>
<td>Merged</td>
<td>-</td>
<td>N</td>
<td>$-</td>
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<td>$-</td>
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<tr>
<td>253</td>
<td>Long-Term Reimbursement (2016-2017) - Administrative Costs (refer to &quot;Notes&quot; section)</td>
<td>City/County</td>
<td>07/01/2016</td>
<td>06/30/2042</td>
<td>City of San Jose</td>
<td>Estimated payment to the City of San Jose for Direct Successor Agency costs and City Support Admin Services made on behalf of the Successor Agency resulting from an insufficiency of funds during a given fiscal year.</td>
<td>Merged</td>
<td>-</td>
<td>Y</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
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<tr>
<td>Item #</td>
<td>Project Name</td>
<td>Obligation Type</td>
<td>Agreement Execution Date</td>
<td>Agreement Termination Date</td>
<td>Payee</td>
<td>Description</td>
<td>Project Area</td>
<td>Total Outstanding Obligation</td>
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<td>ROPS 20-21 Total</td>
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<tr>
<td>254</td>
<td>2011 Housing Fund SERAF Loan</td>
<td>City/County Loan</td>
<td>05/26/2016</td>
<td>06/30/2020</td>
<td>City of San Jose/Low Mod Income Housing Fund</td>
<td>Repayment of $12,815,668 plus accrued interest pursuant to Health and Safety Code 3417(6)(1)(G).</td>
<td>Merged</td>
<td>- Y</td>
<td>$-</td>
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<tr>
<td>255</td>
<td>2010 Inter-Fund SERAF Loan</td>
<td>City/County Loan</td>
<td>05/26/2016</td>
<td>06/30/2020</td>
<td>City of San Jose</td>
<td>Reinstatement of the original Inter-Fund Loan portion of the 2010 SERAF Loan ($10 million plus accrued interest).</td>
<td>Merged</td>
<td>- Y</td>
<td>$-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>256</td>
<td>City of San Jose Parking Fund Loans</td>
<td>City/County Loan</td>
<td>01/12/2017</td>
<td>06/30/2020</td>
<td>City of San Jose</td>
<td>Payment to City of San Jose's Parking Funds for loans that were made to pay for previous debt service obligations pre-dissolution.</td>
<td>Merged</td>
<td>- Y</td>
<td>$-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>259</td>
<td>Arbitrage Rebate</td>
<td>Bonds Issued On or Before 12/31/10</td>
<td>07/01/2017</td>
<td>06/30/2021</td>
<td>Internal Revenue Service</td>
<td>Positive arbitrage payment</td>
<td>Merged</td>
<td>300,000 N</td>
<td>$300,000</td>
<td>- 300,000 - $300,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>260</td>
<td>2017 Successor Agency Senior Refunding Bonds Series A</td>
<td>Refunding Bonds Issued After 6/27/12</td>
<td>12/21/2017</td>
<td>08/01/2035</td>
<td>Wilmington Trust</td>
<td>This authorizes the issuance of $1,413,150,000 ($1,333,325,000 and $79,825,000) aggregate principal amount (Tax Allocation Taxable and Tax-Exempt Refunding Bonds)</td>
<td>Merged</td>
<td>140,388,625 N</td>
<td>$3,991,250</td>
<td>- 1,995,625 - $1,995,625</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>261</td>
<td>2017 Successor Agency Senior Refunding Bonds Series A-T</td>
<td>Refunding Bonds Issued After 6/27/12</td>
<td>12/21/2017</td>
<td>08/01/2034</td>
<td>Wilmington Trust</td>
<td>This authorizes the issuance of $264,390,000 aggregate principal amount (Tax Allocation Refunding Bonds)</td>
<td>Merged</td>
<td>1,456,690,728 N</td>
<td>$107,294,025</td>
<td>- 46,625,000 - 8,832,323 - 34,621,592</td>
<td>$90,078,915</td>
<td>- 17,215,110 - $17,215,110</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Item #</td>
<td>Project Name</td>
<td>Obligation Type</td>
<td>Agreement Execution Date</td>
<td>Agreement Termination Date</td>
<td>Payee</td>
<td>Description</td>
<td>Project Area</td>
<td>Total Outstanding Obligation</td>
<td>Retired</td>
<td>ROPS 20-21 Total</td>
<td>Fund Sources</td>
<td>ROPS 20-21A (Jul - Dec)</td>
<td>20-21A Total</td>
<td>Fund Sources</td>
<td>ROPS 20-21B (Jan - Jun)</td>
<td>20-21B Total</td>
<td></td>
</tr>
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</tr>
<tr>
<td>262</td>
<td>2017 Successor Agency Subdebt Refunding Bonds Series B</td>
<td>Refunding Bonds Issued After 6/27/12</td>
<td>12/21/2017</td>
<td>08/01/2020</td>
<td>Wilmington Trust</td>
<td>This authorizes the issuance of $264,390,000 aggregate principal amount (Tax Allocation Refunding Bonds)</td>
<td>Merged</td>
<td>270,964,125</td>
<td>N</td>
<td>$31,668,250</td>
<td>-</td>
<td>-</td>
<td>$26,699,125</td>
<td>-</td>
<td>$4,969,125</td>
<td>$4,969,125</td>
<td></td>
</tr>
<tr>
<td>263</td>
<td>Series 2017 Refunding Bonds (&quot;Merger Area&quot;)</td>
<td>Fees</td>
<td>12/21/2017</td>
<td>08/01/2035</td>
<td>Wilmington Trust</td>
<td>Fiscal Agent Fees for bond administrative services</td>
<td>Merged</td>
<td>42,000</td>
<td>N</td>
<td>$3,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>264</td>
<td>Escrow Agent Services for Refunded RDA Bonds</td>
<td>Fees</td>
<td>12/21/2017</td>
<td>12/31/2020</td>
<td>Wells Fargo Bank</td>
<td>Escrow Agent Fees for Series 2010A</td>
<td>Merged</td>
<td>-</td>
<td>Y</td>
<td>$-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>265</td>
<td>Allowable Bond Reserve- Pursuant to Health and Safety Code 13417(d)(1)(A):</td>
<td>Refunding Bonds Issued After 6/27/12</td>
<td>12/21/2017</td>
<td>08/01/2035</td>
<td>Wilmington Trust</td>
<td>Per indenter, the Agency is required to reserve 50% of principal paid in Aug debt service period in the January RPTTF distribution</td>
<td>Merged</td>
<td>691,785,000</td>
<td>N</td>
<td>$47,970,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>47,970,000</td>
<td>$47,970,000</td>
<td></td>
</tr>
<tr>
<td>266</td>
<td>Long-Term Reimbursement (2017-2018) - Unsecured Enforceable Obligations (refer to &quot;Notes&quot; section)</td>
<td>City/County Loans After 6/27/11</td>
<td>07/01/2017</td>
<td>06/30/2042</td>
<td>City of San Jose</td>
<td>Estimated payment to the City of San Jose for unsecured enforceable obligations, as defined in the Reimbursement Agreement, made on behalf of the Successor Agency resulting from an insufficiency of funds during a given fiscal year</td>
<td>Merged</td>
<td>-</td>
<td>Y</td>
<td>$-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td></td>
</tr>
<tr>
<td>267</td>
<td>Long-Term Reimbursement (2017-2018) - Administrative Costs (refer to &quot;Notes&quot; section)</td>
<td>City/County Loans After 6/27/11</td>
<td>07/01/2017</td>
<td>06/30/2042</td>
<td>City of San Jose</td>
<td>Estimated payment to the City of San Jose for Direct Successor Agency costs and City Support Admin</td>
<td>Merged</td>
<td>-</td>
<td>Y</td>
<td>$-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Item #</td>
<td>Project Name</td>
<td>Obligation Type</td>
<td>Agreement Execution Date</td>
<td>Agreement Termination Date</td>
<td>Payee</td>
<td>Description</td>
<td>Project Area</td>
<td>Total Outstanding Obligation</td>
<td>Retired</td>
<td>ROPS 20-21 Total</td>
<td>Fund Sources</td>
<td>ROPS 20-21A (Jul - Dec)</td>
<td>20-21A Total</td>
<td>ROPS 20-21B (Jan - Jun)</td>
<td>20-21B Total</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Services made on behalf of the Successor Agency resulting from an insufficiency of funds during a given fiscal year.</td>
<td>Merged</td>
<td>20,000</td>
<td>N</td>
<td>$20,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>268</td>
<td>Series 2017A, Series 2017A-T, Series 2017B (Merged Area)</td>
<td>Fees</td>
<td>12/21/2017</td>
<td>08/01/2035</td>
<td>Standard &amp; Poor's, Fitch</td>
<td>Annual analytical review of Ratings Agencies</td>
<td>Merged</td>
<td>401,601</td>
<td>N</td>
<td>$273,893</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>82,590</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>269</td>
<td>Administrative Expenses for Successor Agency</td>
<td>Admin Costs</td>
<td>07/01/2020</td>
<td>06/30/2036</td>
<td>Various Vendors</td>
<td>Annual administrative fees for SARA operations</td>
<td>Merged</td>
<td>145,259</td>
<td>N</td>
<td>$145,259</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>145,259</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
San Jose
Recognized Obligation Payment Schedule (ROPS 20-21) - Report of Cash Balances
July 1, 2017 through June 30, 2018
(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.

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROPS 17-18 Cash Balances (07/01/17 - 06/30/18)</td>
<td>Bond Proceeds</td>
<td>Reserve Balance</td>
<td>Other Funds</td>
<td>RPTTF</td>
<td>Comments</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bonds issued on or before 12/31/10</td>
<td>Bonds issued on or after 01/01/11</td>
<td>Prior ROPS RPTTF and Reserve Balances retained for future period(s)</td>
<td>Rent, grants, interest, etc.</td>
<td>Non-Admin and Admin</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Beginning Available Cash Balance (Actual 07/01/17)</td>
<td>37,960,727</td>
<td>-</td>
<td>57,734,946</td>
<td>5,736,150</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>RPTTF amount should exclude &quot;A&quot; period distribution amount.</td>
<td>2</td>
<td>Revenue/Income (Actual 06/30/18)</td>
<td>198,302</td>
<td>4,046,522</td>
<td>52,465,842</td>
<td>182,934,120</td>
<td></td>
</tr>
<tr>
<td>RPTTF amount should tie to the ROPS 17-18 total distribution from the County Auditor-Controller</td>
<td>3</td>
<td>Expenditures for ROPS 17-18 Enforceable Obligations (Actual 06/30/18)</td>
<td>38,159,029</td>
<td>4,046,522</td>
<td>57,580,722</td>
<td>49,490,167</td>
<td>89,180,994</td>
</tr>
<tr>
<td>4</td>
<td>Retention of Available Cash Balance (Actual 06/30/18)</td>
<td>-</td>
<td>-</td>
<td>33,725</td>
<td>93,753,126</td>
<td>Transferred all January 2018 RPTTF debt service funds to reserve for Feb Debt service and Aug debt service.</td>
<td></td>
</tr>
<tr>
<td>RPTTF amount retained should only include the amounts distributed as reserve for future period(s)</td>
<td>5</td>
<td>ROPS 17-18 RPTTF Prior Period Adjustment</td>
<td>RPTTF amount should tie to the Agency's ROPS 17-18 PPA form submitted to the CAC</td>
<td>No entry required</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>Ending Actual Available Cash Balance (06/30/18)</td>
<td>C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)</td>
<td>$-</td>
<td>$-</td>
<td>$154,224</td>
<td>$8,678,100</td>
</tr>
</tbody>
</table>

Packet Pg. 25
<table>
<thead>
<tr>
<th>Item #</th>
<th>Notes/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>65</td>
<td></td>
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<tr>
<td>66</td>
<td></td>
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<tr>
<td>69</td>
<td></td>
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<tr>
<td>70</td>
<td></td>
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<tr>
<td>71</td>
<td></td>
</tr>
<tr>
<td>72</td>
<td></td>
</tr>
<tr>
<td>78</td>
<td>One APT remaining under contract until January 2021.</td>
</tr>
<tr>
<td>84</td>
<td></td>
</tr>
<tr>
<td>85</td>
<td></td>
</tr>
<tr>
<td>101</td>
<td></td>
</tr>
<tr>
<td>138</td>
<td></td>
</tr>
<tr>
<td>143</td>
<td>Yearly fiscal analysis and continuing disclosure report.</td>
</tr>
<tr>
<td>144</td>
<td></td>
</tr>
<tr>
<td>149</td>
<td>Estimate of remaining invoice amount in 2019 for IRS arbitrage audit. The contract for bond counsel services was amended by $70,000.</td>
</tr>
<tr>
<td>160</td>
<td></td>
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<tr>
<td>162</td>
<td></td>
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<tr>
<td>164</td>
<td></td>
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<td>244</td>
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<td>245</td>
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<td>253</td>
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<td>255</td>
<td></td>
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<tr>
<td>256</td>
<td></td>
</tr>
<tr>
<td>259</td>
<td>Arbitrage payment for 1999 RDA Bonds.</td>
</tr>
<tr>
<td>260</td>
<td>Debt Service</td>
</tr>
<tr>
<td>261</td>
<td>Debt Service</td>
</tr>
<tr>
<td>262</td>
<td>Debt Service</td>
</tr>
<tr>
<td>263</td>
<td></td>
</tr>
<tr>
<td>264</td>
<td></td>
</tr>
<tr>
<td>265</td>
<td>50% of principal of 2017 SARA bonds owed in August 2021.</td>
</tr>
<tr>
<td>266</td>
<td></td>
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<tr>
<td></td>
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<td>---</td>
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</tr>
<tr>
<td>267</td>
<td></td>
</tr>
<tr>
<td>268</td>
<td>Estimate of $10,000 from each rating agency for annual surveillance rating.</td>
</tr>
<tr>
<td>269</td>
<td></td>
</tr>
<tr>
<td>273</td>
<td>A five alarm fire occurred on April 13, 2014. SARA was insufficient in 2014 and couldn't pay for the expenses for the demolition of the building. The City is asking for reimbursement.</td>
</tr>
</tbody>
</table>
RE: $240,000,000 Merged Area Redevelopment Project Tax Allocation Bonds, Series 1999

Dear Ms. Cooper:

We've enclosed Form 5701-B, Notice of Proposed Issue, and Form 886-A, Explanation of Items, that summarize the facts, law, and analysis for the issues identified during the examination of the above bonds.

If you agree
Notify us in writing to the address above and you may be able to resolve the issues described and avoid a proposed adverse determination.

If you disagree
If you have additional information that would alter or reverse this proposal or if you're in disagreement with the facts, law, or analysis, provide a written explanation to the address above within 30 days from the date of this letter.

We'll issue a proposed adverse determination letter after 30 days if we don't receive a response.

If you have questions, contact the person at the top of this letter.

Sincerely,

Chelsea E. Kelly
Supervisory Internal Revenue Agent, Tax Exempt Bonds

Enclosures:
Form 5701-B
Form 886-A

cc: David Walton, POA
Eorl Carlson, POA
Dear Mr. Walton:

We are sending the enclosed material under the provisions of your power of attorney or other authorization we have on file. For your convenience, we have listed the name of the taxpayer to whom this material relates in the heading above.

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter.

Thank you for your cooperation.

Sincerely,

Chelsea E. Kelly
Supervisory Internal Revenue Agent, Tax Exempt Bonds

Enclosures:
☑ Letters 5943
☐ Reports
☐ Copy of Determination Letter
☑ Other Form 5701-B and Form 886-A
Notice of Proposed Issue

Name of issuer
Successor Agency to the Redevelopment Agency of the City of San Jose

Name of bond issue
$240,000,000 Merged Area Redevelopment Project Tax Allocation Bonds, Series 1999

Issuer's address
200 East Santa Clara Street, 13th Floor, San Jose, CA 95113

Name of conduit borrower (if applicable)

Proposed issue number
1

Notice provided to
Julia H. Cooper, CFO
David Walton, POA; Eori Carlson, POA

Issuer's EIN
94-1519107

Bond issue date
01/06/2009

Based on the information we now have available and our discussions with you, we believe the proposed issue/adjustment described below should be included in the results of the examination. However, if you have additional information that would alter or reverse this proposal, or are in disagreement with the facts, please furnish this information by the date indicated below.

<table>
<thead>
<tr>
<th>Bond Series</th>
<th>IRC Section(s)</th>
<th>Issue Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>103, 148</td>
<td>Failure to pay required rebate</td>
</tr>
</tbody>
</table>

Reasons for Proposed Issue
(If the explanation of the issue/adjustment will be longer than the space provided below, the entire explanation should begin on Form 886-A, Explanation of Items)

See Attached Form 886-A

Taxpayer/Representative's action

[ ] Agree [ ] Agree In Part [ ] Disagree

Response due date
12/09/2019

Provide an explanation if you "Agree In Part" or "Disagree"

Signature
Chelsea Kelly
Digitally signed by Chelsea Kelly
Date: 2019.11.08 12:04:15 -08'00'

Group Manager
Chelsea E. Kelly, Supervisory Internal Revenue Agent, Tax Exempt Bonds

Date
11/08/2019

Date of notice
11/08/2019
ISSUE:

Was there an unpaid rebate liability on the final computation date for the Bonds?

If there was an unpaid rebate liability on the final computation date, can the failure to timely pay the proper amount of rebate as required by the regulations be corrected in order for the Bonds to avoid being arbitrage bonds?

FACTS:

Successor Agency to the Redevelopment Agency of the City of San Jose, formerly Redevelopment Agency of the City of San Jose (the "Issuer") issued its $240,000,000 Merged Area Redevelopment Project Tax Allocation Bonds, Series 1999 on January 6, 1999 (the "Bonds"). The Issuer timely filed Form 8038-G, "Information Return for Tax-Exempt Governmental Obligations," with respect to the Bonds.

On or around December 21, 2017 Issuer filed Form 8038-T for the computation period ended August 1, 2003 reporting a rebate payment of $1,712,089.76. Issuer paid the $1,712,089.76 rebate with the late filed Form 8038-T, along with a penalty for failure to pay on time in the amount of $770,440.39 and underpayment interest of $1,396,307.45, for a total payment of $3,878,837.60.

Issuer hired BLX Group LLC ("BLX") to prepare Rebate Reports. The $1,712,089.76 rebate paid with the late filed Form 8038-T is 100% of the rebate amount that BLX computed for the computation period January 6, 1999 – August 1, 2003. The $770,440.39 penalty paid was computed based upon 90% of the rebate amount that BLX computed (90% X $1,712,089.76 = $1,540,880.78) multiplied by a penalty rate of 50%. The $1,396,307.45 underpayment interest was computed based upon 90% of the rebate amount that BLX computed (90% X $1,712,089.76 = $1,540,880.78) for the period beginning on the due date of the Form 8038-T, September 30, 2003, and ending on December 31, 2017, at the underpayment rate established under Internal Revenue Code ("IRC") § 6621.
The Bonds that remained outstanding on December 21, 2017 in the principal amount of $12,920,000 were current refunded on December 21, 2017, and redeemed on January 8, 2018 using the proceeds of the Issuer’s taxable 2017 Series A-T Senior Taxable Tax Allocation Refunding Bonds.

BLX prepared a Rebate Report for the Issuer for the final computation date, January 8, 2018 (the “Final Rebate Report”). The Final Rebate Report treats the entire $1,712,089.76 late rebate payment that was paid on December 21, 2017 as though it was paid on the computation date for the first computation period, August 1, 2003. Since there were virtually no gross proceeds of the Bonds subject to rebate after the end of the first computation period, and since the Rebate Report treats the first computation period rebate as fully paid on August 1, 2003, the Final Rebate Report shows no additional rebate liability as of the final computation date, and thus the Issuer did not file a Form 8038-T for the final computation date.

**LAW:**

IRC § 103(a) generally provides that gross income does not include interest on any State or local bond. Under IRC § 103(b)(2), however, interest on an arbitrage bond (within the meaning of § 148) is includable in gross income.

IRC § 148(f)(1) generally provides that a bond that is part of an issue shall be treated as an arbitrage bond unless the issuer pays to the United States the amounts described in § 148(f)(2) for the issue (i.e., rebate amounts) in accordance with § 148(f)(3).

IRC § 148(f)(2) generally describes the rebate amount as being equal to the sum of the excess of amounts earned on all nonpurpose investments over the amount which would have been earned if such nonpurpose investments were invested at a rate equal to the yield on the issue.

IRC § 148(f)(3) provides that, except to the extent provided by the Secretary, rebate amounts must be paid in installments that are made at least once every five years. Each installment shall be in an amount which ensures that 90 percent of the rebate amount with respect to the issue at the time payment of such installment is required will have been paid to the United States. The last installment shall be made no later than 60 days after
the day on which the last bond of the issue is redeemed and shall be in an amount sufficient to pay the remaining balance of the amount described in paragraph (2) with respect to such issue (i.e. 100% of the rebate amount is required to be paid on or before 60 days after the date the bonds are fully redeemed).

Treasury Regulation ("Regulation") § 1.148-3(c) provides that the future value of a payment or receipt at the end of any period is determined using the economic accrual method and equals the value of that payment or receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the yield on the issue, using the same compounding interval and financial conventions used to compute that yield.

Regulation § 1.148-3(f)(1) provides that the first rebate installment payment must be made for a computation date that is not later than 5 years after the issue date. Subsequent rebate installment payments must be made for a computation date that is not later than 5 years after the previous computation date for which an installment payment was made. A rebate installment payment must be in an amount that, when added to the future value, as of the computation date, of previous rebate payments made for the issue, equals at least 90 percent of the rebate amount as of that date.

Regulation § 1.148-3(f)(2) provides that for the final computation date, a final rebate payment must be paid in an amount that, when added to the future value of previous rebate payments made for the issue, equals 100 percent of the rebate amount as of that date.

Regulation § 1.148-3(f)(3) provides that the future value of a rebate payment is determined under paragraph (c) of this section.

Regulation § 1.148-3(g) provides that each rebate payment must be paid no later than 60 days after the computation date to which the payment relates. Any rebate payment paid within this 60-day period may be treated as paid on the computation date to which it relates. A rebate payment is paid when it is filed with the Internal Revenue Service at the place or places designated by the Commissioner. A payment must be accompanied by the form provided by the Commissioner for this purpose.
IRC § 148(f)(7) provides that if an issue would, but for § 148(f)(7), fail to meet the requirements of § 148(f)(2) or (3), the Secretary may treat the issue as not failing to meet those requirements if: (A) no bond of the issue is a private activity bond (other than a qualified 501(c)(3) bond); (B) the failure to meet those requirements is not due to willful neglect; and (C) the issuer pays to the United States a penalty in an amount equal to the sum of (i) 50 percent of the amount that was not paid in accordance with § 148(f)(2) and (3), plus (ii) interest (at the underpayment rate established under section 6621) on the portion of the amount that was not paid on the date required under § 148(f)(3) for the period beginning on that date. IRC § 148(f)(7) also states, “The Secretary may waive all or any portion of the penalty under this paragraph.”

Regulation § 1.148-3(h)(1) provides that the failure to pay the correct rebate amount when required will cause the bonds of an issue to be arbitrage bonds unless the Commissioner determines that the failure was not caused by willful neglect and the issuer promptly pays a penalty to the United States. If no bond of the issue is a private activity bond (other than a qualified 501(c)(3) bond), the penalty equals 50 percent of the rebate amount not paid when required to be paid, plus interest on the rebate amount not paid when required to be paid. Otherwise, the penalty equals 100 percent of the rebate amount not paid when required to be paid, plus interest on the rebate amount not paid when required to be paid.

Regulation § 1.148-3(h)(2) provides that interest accrues at the underpayment rate under § 6621 beginning on the date the correct rebate amount is due and ending on the date ten days before it is paid.

Regulation § 1.148-3(h)(3) provides that the penalty is automatically waived if the rebate amount that the issuer failed to pay is paid with interest within 180 days after discovery of the failure, unless the Commissioner determines that the failure was due to willful neglect, or the issue is under examination by the Commissioner at any time during the period beginning on the date the failure first occurred and ending on the date 90 days after the receipt of the rebate amount.

Revenue Procedure 2005-40 (the “Rev Proc”) provides issuers of state or local bonds subject to Code section 148(f)(3) and regulations section 1.148-3(g) with procedures for correcting a failure to timely pay the proper amount of arbitrage rebate.
Section 3.01 of the Rev Proc states that a failure to pay the correct rebate amount when required by § 148(f)(3) and § 1.148-3(g) will not cause bonds of an issue to be arbitrage bonds if the requirements of section 3.01(1) or 3.01(2) are met.

Section 3.01(1) states, "Payment within 180-day period. The requirements of section 3.01(1) are met if, within 180 days after the issuer discovers the failure to pay the correct rebate amount when required (the 180-day period), the rebate amount that the issuer failed to pay, plus interest, is paid to the United States in accordance with section 3.04, unless—(a) The Commissioner determines that the failure was due to willful neglect, or (b) The issue is under examination by the Service at any time during the period beginning on the date the failure first occurred and ending on the date 90 days after the Service receives the rebate amount."

Section 3.01(2) states, "Payment after 180-day period. The requirements of section 3.01(2) are met if, after the expiration of the 180-day period—(a) The rebate amount that the issuer failed to pay, plus interest, plus the penalty determined under section 3.02, is paid to the United States in accordance with section 3.04, and (b) the Commissioner determines that the failure was not caused by willful neglect."

Section 3.02(1) of the Rev Proc provides that if no bond of the issue is a private activity bond (other than a qualified 501(c)(3) bond), the penalty equals 50 percent of the rebate amount not paid when required to be paid.

Section 6 of the Rev Proc states, "If an issuer satisfies the requirements of this revenue procedure for correcting a failure to timely pay a rebate amount under § 148(f)(3) and § 1.148-3(g), the rebate amount will be treated as paid on the computation date to which it relates. Any interest or penalty amounts paid under this revenue procedure are not treated as payments under § 1.148-3(d) for purposes of computing the rebate amount. Acceptance by the Service of a late payment amount under this revenue procedure does not constitute a determination by the Service that the issuer paid a correct rebate amount as required by § 148(f) and § 1.148-3."
SERVICE ARGUMENT:

The Service agrees that the Issuer has met the requirements of the Rev Proc with respect to 90% of the rebate amount computed for the first computation period ended August 1, 2003. Although the Issuer paid 100% of the rebate amount computed for the first computation period, it made the payment over 14 years late on or around December 21, 2017. The Issuer was required to pay at least 90% of the rebate amount computed for the first computation date. The Issuer properly computed and paid the required penalty and interest on the 90% of the required rebate amount paid late. However the remaining portion of the rebate payment made beyond the 90% required to be paid, $171,208.98, and on which no penalty or interest was paid, must be treated as not paid until the actual payment date of December 21, 2017.

Section 6 of the Rev Proc states that if an issuer satisfies the requirements of the revenue procedure for correcting a failure to timely pay a rebate amount under § 148(f)(3) and § 1.148-3(g), the rebate amount will be treated as paid on the computation date to which it relates. In this case the Issuer failed to timely pay 90% of the rebate amount computed for the first computation period and this 90% is the rebate amount that Section 6 of the Rev Proc is referring to. Therefore, the Service adamantly argues that only the 90% that Issuer failed to timely pay is treated as paid on the computation date for the first computation period, August 1, 2003. Since the Issuer did not, and is not required to, pay penalty and interest on the remaining 10% of the August 1, 2003 rebate amount, the payment of that 10% cannot be treated as paid until the actual payment date, which in this case is December 21, 2017.

Therefore, since 100% of the rebate amount computed for the first computation period is required to be future valued to the final computation date, January 8, 2018, and since only 90% of the rebate payment is treated as paid on August 1, 2003, only 90% of the payment is future valued to January 8, 2018. Therefore, after taking into account the computation date credit for the final computation date, there remains a rebate amount of $342,802.82 as of January 8, 2018. Since the Issuer only paid $171,208.98 on December 21, 2017, there is an unpaid rebate liability of $171,593.84 with respect to the final computation date computed as follows:
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Future Value on 1/8/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>8/1/03 Rebate Amount</td>
<td>$1,712,089.76</td>
<td>$3,445,090.27</td>
</tr>
<tr>
<td>8/1/03 Rebate Payment (90%)</td>
<td>$(1,540,880.78)</td>
<td>$(3,100,581.24)</td>
</tr>
<tr>
<td>Difference between Rebate Amount and Rebate Payment</td>
<td>$171,208.98</td>
<td>$344,509.03</td>
</tr>
<tr>
<td>Negative Rebate in COI Fund from 8/1/2003 - 1/8/2018</td>
<td></td>
<td>$(6.21)</td>
</tr>
<tr>
<td>Final Computation Date Credit</td>
<td></td>
<td>$(1,700.00)</td>
</tr>
<tr>
<td>Rebate Amount on 1/8/2018</td>
<td></td>
<td>$342,802.82</td>
</tr>
<tr>
<td>Less: 10% of 12/21/17 payment treated as paid on 12/21/17</td>
<td></td>
<td>$(171,208.98)</td>
</tr>
<tr>
<td>Unpaid Rebate Liability on 1/8/2018</td>
<td></td>
<td>$171,593.84</td>
</tr>
</tbody>
</table>

Therefore, unless the issuer agrees to follow the procedures for correcting a failure to pay rebate for the final computation date pursuant to section 3 of the Rev Proc, the Service argues that the Bonds are arbitrage bonds.

The Service argues that in order for the Issuer to meet the requirements of the Rev Proc with respect to the final computation date, it must file a delinquent Form 8038-T, pay the underpaid rebate of $171,593.84 plus a 50% penalty of $85,796.92, plus underpayment interest computed on $171,593.84 beginning of the due date of March 9, 2018 and ending 10 days before the payment of the underpaid rebate amount. For example, if the Issuer files and makes the payment on December 31, 2019, the payment due would be $274,239.75 computed as follows:

<table>
<thead>
<tr>
<th>Underpaid Rebate</th>
<th>$171,593.84</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest (if paid 12/31/19) (3/9/18 – 12/21/19)</td>
<td>$16,849.00</td>
</tr>
<tr>
<td>Penalty (50%)</td>
<td>$85,796.92</td>
</tr>
<tr>
<td>Payment due (if paid on 12/31/2019)</td>
<td>$274,239.75</td>
</tr>
</tbody>
</table>
### SERVICE CONCLUSION:

The Service concludes that there is an unpaid rebate liability on the final computation date, and therefore the Bonds are arbitrage bonds pursuant to IRC § 148(f)(1).

The Service concludes that the Issuer can correct this failure to file Form 8038-T and failure to pay the entire rebate amount due for the final computation date by following the procedures provided in the Rev Proc (i.e. file a delinquent Form 8038-T with the Service and pay the underpaid rebate, penalty and interest).

Further, the Service concludes that if the Issuer does not follow the Rev Proc to correct the failure to file Form 8038-T and the failure to timely pay the rebate amount due for the final computation date, along with the requisite penalty and interest, the Bonds are arbitrage bonds and the interest paid to the Bondholders is includable in gross income per IRC § 103(b)(2) and subject to Federal Income Tax.
Successor Agency to the Redevelopment Agency of
the City of San Jose
Attn: Julia HI Cooper, CFO
200 East Santa Clara Street, 13th Floor
San Jose, CA 95113-1905

Re: $240,000,000 Merged Area Redevelopment Project Tax Allocation Bonds, Series 1999

Dear Ms. Cooper:

We're in the process of examining your debt issuance named above. Generally, we deal directly with you or your duly authorized representative. However, sometimes we talk with other people, for example, when we need information you've been unable to provide, or to verify information we've received.

We're writing to tell you we intend to contact other people during the contact period listed above. When we contact other people, we generally need to tell them limited information, such as your name. The law prohibits us from disclosing any more information than is necessary to obtain or verify the information we are seeking. You have a right to request a list of people we contact. You can make your request by phone, in writing, or when speaking to an IRS employee.

If you have any questions about this letter or wish to request a list of contacts, you can contact the employee listed above. However, you are not required to respond to this letter.

Sincerely,

Terri L. Wong

Terri Wong
Internal Revenue Agent, Tax Exempt Bonds
## Successor Agency to the Redevelopment Agency of the City of San Jose
### Active Disposition and Development Agreements

<table>
<thead>
<tr>
<th>Contracting Entity</th>
<th>Agreement Executed</th>
<th>Key Provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> North San Pedro Townhomes, LLC</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2</strong> San Pedro Life I, LLC</td>
<td>10/10/2013</td>
<td>All North San Pedro Properties (Blocks A-H) have been sold by the Successor Agency to the developers. Successor Agency has the right to repurchase the properties if certain conditions regarding development are not met. Infill &amp; Infrastructure Grant requires all housing construction be complete by 2025.</td>
</tr>
<tr>
<td><strong>3</strong> Green Valley Corporation dba Barry Swenson Builders</td>
<td>2/24/2009</td>
<td>Successor Agency agreed to an assignment in April 2017 from Green Valley to Fulton Street Ventures. Fulton Street Ventures is obligated to rehabilitate the historic church and build two residential towers, townhomes, and commercial space. The developer has not yet commenced the project. Successor Agency has the right to repurchase the property if certain conditions regarding development are not met.</td>
</tr>
<tr>
<td><strong>4</strong> BP Almaden Associates, LLC successor to Boston Properties Limited Partnership</td>
<td>6/22/2010</td>
<td>The developer must submit an application or a Building Permit for an office building(s) on or before June 22, 2020 pursuant to the terms of the DDA. Successor Agency has the right to repurchase the property if certain conditions regarding development are not met.</td>
</tr>
</tbody>
</table>
## Successor Agency to the Redevelopment Agency of the City of San Jose
### Covenants, Conditions and Restrictions (CCRs)
#### By Termination Date

<table>
<thead>
<tr>
<th>Contracting Entity</th>
<th>Agreement Term</th>
<th>Key Provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5</strong> John Kim and Kayko Kim and Katsuyoshi Murano &amp; Ann Fumi Murano, Co-Trustees of the Murano Family Trust 1998 1167 South King Road (Retail Shopping Center Improvements)</td>
<td>1/18/2006-1/18/2021</td>
<td>- Audit Rights - Operation and Maintenance</td>
</tr>
<tr>
<td><strong>6</strong> Center for Training and Careers, Inc. 749 Story Road (Building Rehabilitation Project)</td>
<td>5/5/2009-5/5/2021</td>
<td>- Use and Operation of Improvements - Maintenance of Project - Insurance Requirements</td>
</tr>
<tr>
<td><strong>7</strong> Story &amp; King Properties, LLC 996 South King Road (Building Improvements)</td>
<td>1/31/2007-1/31/2022</td>
<td>- Audit Rights - Operation and Maintenance</td>
</tr>
<tr>
<td><strong>8</strong> Howard and Jean Spinner 2045-2059 Woodard Road (Parking Lot Improvements)</td>
<td>7/23/2007-7/23/2022</td>
<td>- Audit Rights - Operation and Maintenance</td>
</tr>
<tr>
<td><strong>9</strong> Salvatore Campagna, Lena Campagna and Judith Lopina 2035-2041 Woodard Road (Parking Lot Improvements)</td>
<td>7/23/2007-7/23/2022</td>
<td>- Audit Rights - Operation and Maintenance</td>
</tr>
<tr>
<td><strong>10</strong> ACE Charter School 625 S. Sunset Avenue</td>
<td>8/1/2012-8/1/2022</td>
<td>- Joint Use Agreement - Operation and Maintenance - Insurance Requirements</td>
</tr>
<tr>
<td><strong>11</strong> Genesis Group 90 &amp; 98 South Second Street (Foto Mexico/Knights of Pythias Buildings Development Project)</td>
<td>7/28/2003-7/28/2023</td>
<td>- Audit Rights - Agency approval of all lease agreements - Operation and Maintenance - Revenue identified in Table 5, Item #9</td>
</tr>
<tr>
<td><strong>12</strong> Imwalle Properties, Inc. 1696 Story Road &amp; 1101 South King Road (Story/King Retail Development)</td>
<td>2/27/2009-2/27/2024</td>
<td>- Audit Rights - Operation and Maintenance</td>
</tr>
<tr>
<td><strong>13</strong> Letitia Building Limited Partnership 66-72 South First Street (Letitia Building Rehabilitation Project)</td>
<td>3/7/2000-3/7/2025</td>
<td>- Audit Rights - Operation and Maintenance - Revenue identified in Table 5, Item #6</td>
</tr>
<tr>
<td><strong>14</strong> Isis Properties, LLC (Dr. Eu) 35 and 49 E. Santa Clara Street (Bassler &amp; Haynes and Beach Buildings Rehabilitation Project)</td>
<td>4/15/2005-4/15/2025</td>
<td>- Audit Rights - Operation and Maintenance - Use/Leasing Obligations of Retail Space - Revenue identified in Table 5, Item #7</td>
</tr>
<tr>
<td><strong>15</strong> Farmers Union Partnership 161 West Santa Clara Street (Masson Building Rehabilitation Project)</td>
<td>9/14/2005-9/14/2025</td>
<td>- Audit Rights - Operation and Maintenance - Use/Leasing Obligations of Office/Retail Space - Revenue identified in Table 5, Item #5</td>
</tr>
<tr>
<td>Contracting Entity</td>
<td>Agreement Term</td>
<td>Key Provisions</td>
</tr>
<tr>
<td>--------------------</td>
<td>----------------</td>
<td>----------------</td>
</tr>
</tbody>
</table>
| 16 Design Acquisition Corporation | 12/1/2008-12/1/2028 | - Owner Covenants (BCA Architects Use)  
- O&M Covenants (Design Acquisition) |
| 17 North 4th Street LLC | 5/13/2009-5/13/2029 | - Audit Rights  
- Operation and Maintenance |
| 18 Essex Property Trust, Inc. | 8/20/2009-8/20/2029 | - Use and Maintenance of Retail Space  
- Property Based Improvement District Assessments  
- Insurance Requirements  
- Revenue Identified in Table 5, Item #1 |
| 19 Alameda & Stockton LLC | 6/5/2007-12/9/2029 | - Property shall be occupied or operated as a "Whole Foods Market" or "Specialty Grocery Store" for 15 years. |
- Operation and Maintenance  
- Insurance Requirements  
- Revenue identified in Table 5, Item #8 |
| 21 Spartan Shops | 3/2/2001-1/1/2033 | - Rental only to San Jose State University Faculty and Staff for 30 years following Initial Occupancy Date  
- Maintenance Obligations |
| 22 Black Sea Gallery Development LLC | 5/25/2005-6/1/2035 | - Use of Retail Space  
- Maintenance of Site  
- Insurance Requirements |
| 23 Fountain Alley, LLC | 2/8/2008-2/8/2038 | - Audit Rights  
- Operation and Maintenance |
| 24 San Jose Unified School District of Santa Clara County | 5/15/2000-5/15/2040 | - Public Use Covenants: Parking Lot at the property shall be available at no cost for public use during non-school hours  
- Maintenance Obligations  
- Inspection by Agency |
| 25 East Side Union High School District of Santa Clara County | 6/11/2002-6/11/2042 | - Public Use Covenants: Parking Lot at the property shall be available at no cost for public use during non-school hours  
- Maintenance Obligations  
- Inspection by Agency |
| 26 Wilcox Block, LLC | 12/15/2008-12/15/2043 | - Audit Rights  
- Operation and Maintenance  
- Insurance Requirements |
| 27 Peralta-North San Pedro LLC | 12/24/2008-12/24/2058 | - Use/Leasing Obligations of Retail Space  
- Easement Maintenance & Use  
- Operation and Maintenance  
- Insurance Requirements |
<table>
<thead>
<tr>
<th>Property Number</th>
<th>Address</th>
<th>Start Date</th>
<th>End Date</th>
<th>Use Standards</th>
<th>Leasing Obligations</th>
<th>Operations and Maintenance</th>
<th>Insurance Requirements</th>
<th>Covenant of Availability of Block 1 Plaza</th>
<th>Covenant of Availability of Block 1 Office Use Parking</th>
</tr>
</thead>
</table>
| 28              | F.C. Fairmont, LLC  
50 West San Fernando Street  
(Fairmont Office Building) | 12/30/2003-11/15/2063 | Use Standards | Leasing Obligations | Operations and Maintenance | Insurance Requirements | Covenant of Availability of Block 1 Plaza | Covenant of Availability of Block 1 Office Use Parking |
| 29              | Chardonnay Associates II  
115 East San Carlos Street  
(Block 5 Garage) | 6/23/2011-7/30/2064 | Block 5 Retail Use Standards | Operation and Maintenance |
| 30              | Chardonnay Associates II  
200 South Third Street  
(Block 5 Retail) | 6/23/2011-7/30/2064 | Block 5 Retail Use Standards | Operation and Maintenance |
| 31              | BP Almaden Associates, LLC successor to Boston Properties Limited Partnership  
(Plaza at Almaden Office Complex) | 6/22/2010-6/22/2070 | Parking Use and Operations | Office and Retail Space Leasing Obligations | Maintenance Obligations | Insurance Requirements |
| 32              | KBSIII Almaden Financial Plaza LLC  
1 Almaden Boulevard | 2/21/1967 - Perpetuity | Prohibited Uses | Review of Plans | Maintenance Obligations |
| 33              | Block 3 Development Partners, LLC  
88 East San Fernando Street  
(The 88 Mixed-Use Residential/Retail Project) | 9/29/2005-Perpetuity | Audit Rights | Use and Maintenance Obligations | Leasing Obligations of Retail Space | Easements | Insurance Requirements |
| 34              | BP 303 Almaden Associates LLC  
303 Almaden Boulevard | 6/30/2006-Termination of CCR occurs when building is substantially damaged or destroyed; taken by eminent domain; or change of use | Operation of Public Plaza | Use and Maintenance Obligations | Maintenance and Operation of Public Parking Fac |
## Successor Agency to the Redevelopment Agency of the City of San Jose
### Childcare Agreements
#### By Termination Date

<table>
<thead>
<tr>
<th>Contracting Entity</th>
<th>Agreement Term</th>
<th>Key Provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>- Compliance with California Education Code and the California Code of Regulations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Operation and Maintenance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Insurance Requirements</td>
</tr>
<tr>
<td>2 Empire California Investment Child Care Center LLC</td>
<td>10/16/2009-10/16/2024</td>
<td>- Audit Rights</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Compliance with California Education Code and the California Code of Regulations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Operation and Maintenance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Insurance Requirements</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Compliance with California Education Code and the California Code of Regulations</td>
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<tr>
<td></td>
<td></td>
<td>- Operation and Maintenance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Insurance Requirements</td>
</tr>
<tr>
<td>4 SJB Child Development Center, Inc.</td>
<td>12/4/2009-12/4/2029</td>
<td>- Audit Rights</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Compliance with California Education Code and the California Code of Regulations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Operation and Maintenance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Insurance Requirements</td>
</tr>
<tr>
<td>5 San Jose Day Nursery</td>
<td>9/19/2006-9/19/2041</td>
<td>- Audit Rights</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Compliance with California Education Code and the California Code of Regulations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Operation and Maintenance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Insurance Requirements</td>
</tr>
</tbody>
</table>
## Successor Agency to the Redevelopment Agency of the City of San Jose
### Affordability Restriction Agreements
#### By Termination Date

<table>
<thead>
<tr>
<th>Contracting Entity</th>
<th>Agreement Term</th>
<th>Key Provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Green Valley Corporation dba Barry Swenson Builders 925 The Alameda (The Lofts @ The Alameda)</td>
<td>6/6/2005-6/6/2050 (*)</td>
<td>- 45-year Affordability Restrictions (*) Restriction based on the completion of Assisted Unit</td>
</tr>
<tr>
<td>2 North San Pedro Townhomes, LLC First Community Housing San Pedro Life, LLC Blocks bounded by Highway 87 to the west, West Saint James Street to the south, North Market Street to the east and Union Pacific Railroad right of way to the north (North San Pedro Residential Project)</td>
<td>12/17/2014-Fifty-five (55) years after Certificate of Occupancy</td>
<td>- Audit Rights - Operation and Maintenance - Restrictions on Sale and Other Acts - Insurance Requirements</td>
</tr>
</tbody>
</table>
RESOLUTION NO. __________

RESOLUTION OF THE REDEVELOPMENT DISSOLUTION COUNTYWIDE OVERSIGHT BOARD OF SANTA CLARA COUNTY TO APPROVE THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021 FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSÉ AND AUTHORIZING PAYMENT OF EXPENDITURES FOR THE FUNDING ON THE ITEMS LISTED THEREIN

WHEREAS, all California redevelopment agencies were dissolved by the enactment of ABx1 26 in 2011, subsequently amended by AB 1484 (2012) and SB 107 (2015), which created successor agencies to wind down and dispose of all assets of the former redevelopment agencies;

WHEREAS, the Successor Agency to the Redevelopment Agency of the City of San José (the “Successor Agency”) is responsible for winding down all aspects of the former Redevelopment Agency of the City of San José, including paying down all remaining enforceable obligations;

WHEREAS, pursuant to Health and Safety Code section 34177(o)(1), the Successor Agency is required to submit the Recognized Obligation Payment Schedule for the period of July 1, 2020 through June 30, 2021 (“ROPS 20-21”) with the expected expenditures to the California Department of Finance (“DOF”) by February 1, 2020;

WHEREAS, the Successor Agency has prepared and submitted ROPS 20-21 in accordance with the instructions provided by DOF;

WHEREAS, the County Auditor-Controller is authorized to review the ROPS and provide objection to any item listed on ROPS 20-21; and,

WHEREAS, the County of Santa Clara Auditor-Controller has provided an objection letter to the ROPS 20-21 dated January 22, 2020, objecting to Item No. 273.

Resolution to Approve San José ROPS 20-21
NOW, THEREFORE, BE IT RESOLVED that the Redevelopment Dissolution Countywide Oversight Board of Santa Clara County approves the Recognized Obligation Payment Schedule for the Successor Agency to the Redevelopment Agency of the City of San José for the period of July 1, 2019 through June 30, 2020 with the total annual amount for Item No. 273, Reimbursement to the City of San José for KNTV Building, to be ____________, as approved by this Board and as attached hereto to use funds listed for the expected payments.

PASSED AND ADOPTED by the Redevelopment Dissolution Countywide Oversight Board of Santa Clara County in the County of Santa Clara, State of California, on ________________, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

____________________________
TONY ESTREMER
Chair, Redevelopment Dissolution Countywide Oversight Board of Santa Clara County

ATTEST:

____________________________
MEGAN DOYLE
Clerk of the Countywide Oversight Board

APPROVED AS TO FORM AND LEGALITY:

____________________________
CHRISTOPHER R. CHELEDEN
Lead Deputy County Counsel

Attachment: San José ROPS 20-21

2156676
Recognized Obligation Payment Schedule (ROPS 20-21) - Summary
Filed for the July 1, 2020 through June 30, 2021 Period

Successor Agency: San Jose
County: Santa Clara

<table>
<thead>
<tr>
<th>Current Period Requested Funding for Enforceable Obligations (ROPS Detail)</th>
<th>20-21A Total (July - December)</th>
<th>20-21B Total (January - June)</th>
<th>ROPS 20-21 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Enforceable Obligations Funded as Follows (B+C+D)</td>
<td>$ 55,539,913</td>
<td>$ 82,590</td>
<td>$ 55,622,503</td>
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<tr>
<td>B Bond Proceeds</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>C Reserve Balance</td>
<td>46,625,000</td>
<td>-</td>
<td>46,625,000</td>
</tr>
<tr>
<td>D Other Funds</td>
<td>8,914,913</td>
<td>82,590</td>
<td>8,997,503</td>
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<tr>
<td>E Redevelopment Property Tax Trust Fund (RPTTF) (F+G)</td>
<td>$ 64,032,829</td>
<td>$ 72,178,480</td>
<td>$ 136,211,309</td>
</tr>
<tr>
<td>F RPTTF</td>
<td>63,948,442</td>
<td>72,154,154</td>
<td>136,102,596</td>
</tr>
<tr>
<td>G Administrative RPTTF</td>
<td>84,387</td>
<td>24,326</td>
<td>108,713</td>
</tr>
<tr>
<td>H Current Period Enforceable Obligations (A+E)</td>
<td>$ 119,572,742</td>
<td>$ 72,261,070</td>
<td>$ 191,833,812</td>
</tr>
</tbody>
</table>

Certification of Oversight Board Chairman:

Pursuant to Section 34177 (o) 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 successor agency.

/s/ ________________________________
Signature

Date
<table>
<thead>
<tr>
<th>Item #</th>
<th>Project Name</th>
<th>Obligation Type</th>
<th>Agreement Execution Date</th>
<th>Agreement Termination Date</th>
<th>Payee</th>
<th>Description</th>
<th>Project Area</th>
<th>Total Outstanding Obligation</th>
<th>Retired</th>
<th>ROPS 20-21 Total</th>
<th>Fund Sources</th>
<th>ROPS 20-21A (Jul - Dec)</th>
<th>Fund Sources</th>
<th>ROPS 20-21B (Jan - Jun)</th>
<th>Fund Sources</th>
<th>20-21A Total</th>
<th>Fund Sources</th>
<th>20-21B Total</th>
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</thead>
<tbody>
<tr>
<td>65</td>
<td>HUD Section 108 Note (CIM Block 3/Central Place)</td>
<td>Third-Party Loans</td>
<td>01/30/2006</td>
<td>08/01/2025</td>
<td>Bank of New York</td>
<td>Loan from the U.S. Department of Housing and Urban Development (HUD) for Section 108 Loans.</td>
<td>Merged</td>
<td>$2,561,052,473</td>
<td>$191,833,812</td>
<td>$-</td>
<td>$46,625,000</td>
<td>$8,914,913</td>
<td>$63,948,442</td>
<td>$84,387</td>
<td>$119,572,742</td>
<td>$-</td>
<td>$-</td>
<td>$82,590</td>
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<tr>
<td>66</td>
<td>HUD Section 108 Note (Story/King Retail)</td>
<td>Third-Party Loans</td>
<td>01/09/</td>
<td>08/01/2025</td>
<td>Bank of New York</td>
<td>Loan from the U.S. Department of Housing and Urban Development (HUD) for Section 108 Loans.</td>
<td>Merged</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
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<td>$-</td>
<td>$-</td>
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<tr>
<td>69</td>
<td>Successor Agency Bond Activities</td>
<td>Professional Services</td>
<td>01/01/2014</td>
<td>06/30/2023</td>
<td>BLX Group, LLC</td>
<td>Arbitrage rebate calculation services</td>
<td>Merged</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
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<tr>
<td>70</td>
<td>San Jose Redevelopment Agency vs Solis, Torrez dba Patty’s Inn</td>
<td>Miscellaneous</td>
<td>03/02/2011</td>
<td>06/30/2012</td>
<td>Kenneth F. Solis or Bonnie C. Torrez dba Patty’s Inn</td>
<td>Settlement Agreement &amp; General Release</td>
<td>Merged</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
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<td>$-</td>
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<td>71</td>
<td>IDT Lease (refer to “Notes” section)</td>
<td>Miscellaneous</td>
<td>12/14/2004</td>
<td>07/01/2022</td>
<td>Integrated Device Technology, Inc.</td>
<td>Parking Covenants - 6024 Silver Creek Road</td>
<td>Merged</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
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<td>$-</td>
<td>$-</td>
<td>$-</td>
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<tr>
<td>72</td>
<td>IDT Lease with Option to Purchase (refer to “Notes” section)</td>
<td>Miscellaneous</td>
<td>03/02/2010</td>
<td>06/30/2023</td>
<td>Integrated Device Technology, Inc.</td>
<td>Lease of Riparian Property</td>
<td>Merged</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
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<td>78</td>
<td>Automatic Public Toilets (refer to “Notes” section)</td>
<td>Miscellaneous</td>
<td>03/20/1998</td>
<td>01/31/2021</td>
<td>JCDeaux San Francisco, LLC &amp; Utility Companies</td>
<td>Rental - Seven Automatic Public Toilets</td>
<td>Merged</td>
<td>N</td>
<td>N</td>
<td>$60,135</td>
<td>-</td>
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<td>$55,841</td>
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<td>$55,841</td>
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<td>4,294</td>
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<td>84</td>
<td>Property-Based Business Improvement District (refer to “Notes” section)</td>
<td>Property Maintenance</td>
<td>01/15/2008</td>
<td>12/31/2022</td>
<td>Property and Business Improvement District</td>
<td>Payment of San Jose Property-Based Business Improvement District assessments per the</td>
<td>Merged</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
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</tbody>
</table>

San Jose
Recognized Obligation Payment Schedule (ROPS 20-21) - ROPS Detail
July 1, 2020 through June 30, 2021

Attachment B
Resolution to Approve San Jose ROPS 20-21 (99849 : Resolution to Approve San Jose ROPS for Fiscal Year 2020-21)
<table>
<thead>
<tr>
<th>Item #</th>
<th>Project Name</th>
<th>Obligation Type</th>
<th>Agreement Execution Date</th>
<th>Agreement Termination Date</th>
<th>Payee</th>
<th>Description</th>
<th>Project Area</th>
<th>Total Outstanding Obligation</th>
<th>Retired</th>
<th>ROPS 20-21 Total</th>
<th>20-21A Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td>Bond Proceeds</td>
<td>Reserve Balance</td>
<td>Other Funds</td>
<td>RPTTF</td>
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<td></td>
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<td></td>
<td>Bond Proceeds</td>
<td>Reserve Balance</td>
<td>Other Funds</td>
<td>RPTTF</td>
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<tr>
<td>85</td>
<td>Asset Management/ Successor Agency's Lease Obligations (refer to &quot;Notes&quot; section)</td>
<td>Property Maintenance</td>
<td>01/01/2014</td>
<td>06/30/2021</td>
<td>Miscellaneous Vendors</td>
<td>Utilities, insurance and maintenance for Successor Agency Properties</td>
<td>Merged</td>
<td>- N</td>
<td>$-</td>
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<td>-</td>
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<tr>
<td>101</td>
<td>Purchase &amp; Sale Agreement (refer to &quot;Notes&quot; section)</td>
<td>OPA/DDA/Construction</td>
<td>07/27/1998</td>
<td>06/30/2019</td>
<td>Vendor or Contractor</td>
<td>Escrowed funds for CET Properties Environmental Clean-Up</td>
<td>Merged</td>
<td>- Y</td>
<td>$-</td>
<td>-</td>
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<tr>
<td>138</td>
<td>Successor Agency operations (refer to &quot;Notes&quot; section)</td>
<td>Admin Costs</td>
<td>07/01/2018</td>
<td>06/30/2023</td>
<td>Ross Financial</td>
<td>Ongoing financial advisor services on an as-needed basis</td>
<td>Merged</td>
<td>70,000 N</td>
<td>$15,000</td>
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<tr>
<td>143</td>
<td>Successor Agency Bond Activities</td>
<td>Professional Services</td>
<td>07/01/2020</td>
<td>06/30/2025</td>
<td>Urban Analytics, LLC</td>
<td>Fiscal consultant services including analysis of tax increment data</td>
<td>Merged</td>
<td>115,000 N</td>
<td>$23,000</td>
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<tr>
<td>144</td>
<td>May 2001 Amended &amp; Restated Agreement (refer to &quot;Notes&quot; section)</td>
<td>Miscellaneous</td>
<td>05/22/2001</td>
<td>06/30/2035</td>
<td>County of Santa Clara</td>
<td>County Pass-Through Payments - annual formula based on tax increment growth.</td>
<td>Merged</td>
<td>- N</td>
<td>$-</td>
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<td>-</td>
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<td>149</td>
<td>Jones Hall Successor Agency SARA Activities (refer to &quot;Notes&quot; section)</td>
<td>Legal</td>
<td>10/01/2010</td>
<td>06/30/2023</td>
<td>Jones Hall</td>
<td>Legal services on an as-needed basis to support bond and administrative issues.</td>
<td>Merged</td>
<td>70,000 N</td>
<td>$70,000</td>
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<tr>
<td>160</td>
<td>Successor Agency operations (refer to &quot;Notes&quot; section)</td>
<td>Admin Costs</td>
<td>06/26/2014</td>
<td>06/30/2018</td>
<td>Montoy Law Corporation</td>
<td>Oversight Board legal services on an as-needed basis</td>
<td>Merged</td>
<td>- Y</td>
<td>$-</td>
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</tr>
<tr>
<td>162</td>
<td>Property Disposition Costs</td>
<td>Property Maintenance</td>
<td>07/01/2014</td>
<td>06/30/2021</td>
<td>Miscellaneous Vendors</td>
<td>Potential solicitation</td>
<td>Merged</td>
<td>- N</td>
<td>$-</td>
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</tr>
<tr>
<td>Item #</td>
<td>Project Name</td>
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<tr>
<td>164</td>
<td>RDA HUD Custodial Fees</td>
<td>05/16/2006</td>
<td>08/01/2025</td>
<td>U.S. Bank</td>
<td>Merged</td>
<td>Y</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>244</td>
<td>North San Pedro Housing - Prop 1C</td>
<td>08/30/2019</td>
<td>09/01/2012</td>
<td>Miscellaneous Vendors</td>
<td>North San Pedro Residential Project - Infill Infrastructure Grant Program Disbursement Agreement</td>
<td>Merged</td>
<td>Y</td>
<td>-</td>
<td>-</td>
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<tr>
<td>245</td>
<td>Transfer of Asset Audit Recovery (referred to “Notes” section)</td>
<td>03/27/2013</td>
<td>07/01/2012</td>
<td>State of California Controller’s Office</td>
<td>Transfer of Asset audit recovery pursuant to Health and Safety Code 34183 (d)</td>
<td>Merged</td>
<td>N</td>
<td>-</td>
<td>-</td>
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<td>253</td>
<td>Long-Term Reimbursement (2016-2017) - Administrative Costs (referred to “Notes” section)</td>
<td>06/30/2042</td>
<td>07/01/2016</td>
<td>City of San Jose</td>
<td>Estimated payment to the City of San Jose for Direct Successor Agency costs and City Support Admin Services made on behalf of the Successor Agency resulting from an insufficiency of funds during a given fiscal year.</td>
<td>Merged</td>
<td>Y</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Item #</td>
<td>Project Name</td>
<td>Obligation Type</td>
<td>Agreement Execution Date</td>
<td>Agreement Termination Date</td>
<td>Payee</td>
<td>Description</td>
<td>Project Area</td>
<td>Total Outstanding Obligation</td>
<td>Retired</td>
<td>ROPS 20-21 Total</td>
<td>Fund Sources</td>
</tr>
<tr>
<td>--------</td>
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<tr>
<td>254</td>
<td>2011 Housing Fund SERAF Loan</td>
<td>City/County Loan (Prior 06/28/11), 3rd party agmt- infrastructure</td>
<td>06/26/ 2016</td>
<td>06/30/2020</td>
<td>City of San Jose/Low Mod Income Housing Fund</td>
<td>Repayment of $12,815,668 plus accrued interest pursuant to Health and Safety Code 34177(d) (1) (G).</td>
<td>Merged</td>
<td>- Y</td>
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<td>255</td>
<td>2010 Inter-Fund SERAF Loan</td>
<td>City/County Loan (Prior 06/28/11), 3rd party agmt- infrastructure</td>
<td>06/26/ 2016</td>
<td>06/30/2020</td>
<td>City of San Jose</td>
<td>Reinstatement of the original Inter-Fund Loan portion of the 2010 SERAF Loan ($10 million plus accrued interest).</td>
<td>Merged</td>
<td>- Y</td>
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<td>256</td>
<td>City of San Jose Parking Fund Loans</td>
<td>City/County Loan (Prior 06/28/11), 3rd party agmt- infrastructure</td>
<td>01/12/ 2017</td>
<td>06/30/2020</td>
<td>City of San Jose</td>
<td>Payment to City of San Jose's Parking Funds for loans that were made to pay for previous debt service obligations pre-dissolution.</td>
<td>Merged</td>
<td>- Y</td>
<td>$-</td>
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<td>259</td>
<td>Arbitrage Rebate</td>
<td>Bonds Issued On or Before 12/31/10</td>
<td>07/01/ 2017</td>
<td>06/30/2021</td>
<td>Internal Revenue Service</td>
<td>Positive arbitrage payment</td>
<td>Merged</td>
<td>300,000</td>
<td>N</td>
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<td>260</td>
<td>2017 Successor Agency Senior Refunding Bonds Series A</td>
<td>Refunding Bonds Issued After 6/27/12</td>
<td>12/21/ 2017</td>
<td>08/01/2035</td>
<td>Wilmington Trust</td>
<td>This authorizes the issuance of $1,413,150,000 ($1,333,325,000 and $79,825,000) aggregate principal amount (Tax Allocation Taxable and Tax-Exempt Refunding Bonds)</td>
<td>Merged</td>
<td>140,388,625</td>
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<td>261</td>
<td>2017 Successor Agency Senior Refunding Bonds Series A-T</td>
<td>Refunding Bonds Issued After 6/27/12</td>
<td>12/21/ 2017</td>
<td>08/01/2034</td>
<td>Wilmington Trust</td>
<td>This authorizes the issuance of $264,390,000 aggregate principal amount (Tax Allocation Refunding Bonds)</td>
<td>Merged</td>
<td>1,456,690,728</td>
<td>N</td>
<td>$107,294,025</td>
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<tr>
<td>Item #</td>
<td>Project Name</td>
<td>Obligation Type</td>
<td>Agreement Execution Date</td>
<td>Agreement Termination Date</td>
<td>Payee</td>
<td>Description</td>
<td>Project Area</td>
<td>Total Outstanding Obligation</td>
<td>Retired</td>
<td>ROPS 20-21 Total Fund Sources</td>
<td>20-21A Total</td>
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<tr>
<td>262</td>
<td>2017 Successor Agency Subordinate Refunding Bonds Series B</td>
<td>Refunding Bonds Issued After 6/27/12</td>
<td>12/21/2017</td>
<td>08/01/2029</td>
<td>Wilmington Trust</td>
<td>This authorizes the issuance of $264,390,000 aggregate principal amount (Tax Allocation Refunding Bonds)</td>
<td>Merged</td>
<td>270,964,125</td>
<td>N</td>
<td>$31,668,250</td>
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<tr>
<td>263</td>
<td>Series 2017 Refunding Bonds (&quot;Merged Area&quot;)</td>
<td>Fees</td>
<td>12/21/2017</td>
<td>08/01/2035</td>
<td>Wilmington Trust</td>
<td>Fiscal Agent Fees for bond administrative services</td>
<td>Merged</td>
<td>42,000</td>
<td>N</td>
<td>$3,000</td>
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<td>264</td>
<td>Escrow Agent Services for Refunded RDA Bonds</td>
<td>Fees</td>
<td>12/21/2017</td>
<td>12/31/2020</td>
<td>Wells Fargo Bank</td>
<td>Escrow Agent Fees for Series 2010A</td>
<td>Merged</td>
<td>-</td>
<td>Y</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>265</td>
<td>Allowable Bond Reserve-Pursuant to Health and Safety Code (§417(d)(1)(A))</td>
<td>Refunding Bonds Issued After 6/27/12</td>
<td>12/21/2017</td>
<td>08/01/2035</td>
<td>Wilmington Trust</td>
<td>Per indenter, the Agency is required to reserve 50% of principal paid in Aug debt service period in the January RPTTF distribution</td>
<td>Merged</td>
<td>691,785,000</td>
<td>N</td>
<td>$47,970,000</td>
<td>-</td>
</tr>
<tr>
<td>266</td>
<td>Long-Term Reimbursement (2017-2018) - Unsecured Enforceable Obligations (refer to &quot;Notes&quot; section)</td>
<td>City/County Loans After 6/27/11</td>
<td>07/01/2017</td>
<td>06/30/2042</td>
<td>City of San Jose</td>
<td>Estimated payment to the City of San Jose for unsecured enforceable obligations, as defined in the Reimbursement Agreement, made on behalf of the Successor Agency resulting from an insufficiency of funds during a given fiscal year.</td>
<td>Merged</td>
<td>-</td>
<td>Y</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>267</td>
<td>Long-Term Reimbursement (2017-2018) - Administrative Costs (refer to &quot;Notes&quot; section)</td>
<td>City/County Loans After 6/27/11</td>
<td>07/01/2017</td>
<td>06/30/2042</td>
<td>City of San Jose</td>
<td>Estimated payment to the City of San Jose for Direct Successor Agency costs and City Support Admin</td>
<td>Merged</td>
<td>-</td>
<td>Y</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Item #</td>
<td>Project Name</td>
<td>Obligation Type</td>
<td>Agreement Execution Date</td>
<td>Agreement Termination Date</td>
<td>Payee</td>
<td>Description</td>
<td>Project Area</td>
<td>Total Outstanding Obligation</td>
<td>Retired</td>
<td>ROPS 20-21 Total</td>
<td>20-21A Total</td>
</tr>
<tr>
<td>-------</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Services made on behalf of the Successor Agency resulting from an insufficiency of funds during a given fiscal year.</td>
<td>Merged</td>
<td>20,000 N</td>
<td></td>
<td>$20,000</td>
<td></td>
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<tr>
<td>268</td>
<td>Series 2017A, Series 2017A-T, Series 2017B (Merged Area)</td>
<td>Fees</td>
<td>12/21/2017</td>
<td>08/01/2035</td>
<td>Standard &amp; Poor's, Fitch</td>
<td>Annual analytical review of Ratings Agencies</td>
<td>Merged</td>
<td>401,601 N</td>
<td></td>
<td>$273,893</td>
<td></td>
</tr>
<tr>
<td>269</td>
<td>Administrative Expenses for Successor Agency</td>
<td>Admin Costs</td>
<td>07/01/2020</td>
<td>06/30/2036</td>
<td>Various Vendors</td>
<td>Annual administrative fees for SARA operations</td>
<td>Merged</td>
<td>145,259 N</td>
<td></td>
<td>$145,259</td>
<td></td>
</tr>
<tr>
<td>273</td>
<td>City of San Jose - KNTV Building Reimbursement</td>
<td>Property Maintenance</td>
<td>06/30/2014</td>
<td>06/30/2014</td>
<td>City of San Jose</td>
<td>Demolition of 645 Park Avenue</td>
<td>Merged</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Packet Pg. 54
San Jose
Recognized Obligation Payment Schedule (ROPS 20-21) - Report of Cash Balances
July 1, 2017 through June 30, 2018
(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.

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROPS 17-18 Cash Balances (07/01/17 - 06/30/18)</td>
<td>Fund Sources</td>
<td>Comments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bond Proceeds</td>
<td>Reserve Balance</td>
<td>Other Funds</td>
<td>RPTTF</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bonds issued on or before 12/31/10</td>
<td>Bonds issued on or after 01/01/11</td>
<td>Prior ROPS RPTTF and Reserve Balances retained for future period(s)</td>
<td>Rent, grants, interest, etc.</td>
<td>Non-Admin and Admin</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Beginning Available Cash Balance (Actual 07/01/17)</td>
<td>37,960,727</td>
<td>-</td>
<td>57,734,946</td>
<td>5,736,150</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RPTTF amount should exclude &quot;A&quot; period distribution amount.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Revenue/Income (Actual 06/30/18)</td>
<td>198,302</td>
<td>4,046,522</td>
<td>52,465,842</td>
<td>182,934,120</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RPTTF amount should tie to the ROPS 17-18 total distribution from the County Auditor-Controller</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Expenditures for ROPS 17-18 Enforceable Obligations (Actual 06/30/18)</td>
<td>38,159,029</td>
<td>4,046,522</td>
<td>57,580,722</td>
<td>49,490,167</td>
<td>89,180,994</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Retention of Available Cash Balance (Actual 06/30/18)</td>
<td>-</td>
<td>-</td>
<td>33,725</td>
<td>93,753,126</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RPTTF amount retained should only include the amounts distributed as reserve for future period(s)</td>
<td>Transferred all January 2018 RPTTF debt service funds to reserve for Feb Debt service and Aug debt service.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 ROPS 17-18 RPTTF Prior Period Adjustment</td>
<td>59,980,483</td>
<td>No entry required</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RPTTF amount should tie to the Agency's ROPS 17-18 PPA form submitted to the CAC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Ending Actual Available Cash Balance (06/30/18)</td>
<td>$-</td>
<td>$-</td>
<td>$154,224</td>
<td>$8,678,100</td>
<td>$-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## San Jose
### Recognized Obligation Payment Schedule (ROPS 20-21) - Notes
#### July 1, 2020 through June 30, 2021

<table>
<thead>
<tr>
<th>Item #</th>
<th>Notes/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>65</td>
<td></td>
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<tr>
<td>66</td>
<td></td>
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<td>69</td>
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<td>70</td>
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<tr>
<td>71</td>
<td></td>
</tr>
<tr>
<td>72</td>
<td></td>
</tr>
<tr>
<td>78</td>
<td>One APT remaining under contract until January 2021.</td>
</tr>
<tr>
<td>84</td>
<td></td>
</tr>
<tr>
<td>85</td>
<td></td>
</tr>
<tr>
<td>101</td>
<td></td>
</tr>
<tr>
<td>138</td>
<td></td>
</tr>
<tr>
<td>143</td>
<td>Yearly fiscal analysis and continuing disclosure report.</td>
</tr>
<tr>
<td>144</td>
<td></td>
</tr>
<tr>
<td>149</td>
<td>Estimate of remaining invoice amount in 2019 for IRS arbitrage audit. The contract for bond counsel services was amended by $70,000.</td>
</tr>
<tr>
<td>160</td>
<td></td>
</tr>
<tr>
<td>162</td>
<td></td>
</tr>
<tr>
<td>164</td>
<td></td>
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<td>244</td>
<td></td>
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<td>245</td>
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<td>253</td>
<td></td>
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<td>254</td>
<td></td>
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<tr>
<td>255</td>
<td></td>
</tr>
<tr>
<td>256</td>
<td></td>
</tr>
<tr>
<td>259</td>
<td>Arbitrage payment for 1999 RDA Bonds.</td>
</tr>
<tr>
<td>260</td>
<td>Debt Service</td>
</tr>
<tr>
<td>261</td>
<td>Debt Service</td>
</tr>
<tr>
<td>262</td>
<td>Debt Service</td>
</tr>
<tr>
<td>263</td>
<td></td>
</tr>
<tr>
<td>264</td>
<td></td>
</tr>
<tr>
<td>265</td>
<td>50% of principal of 2017 SARA bonds owed in August 2021.</td>
</tr>
<tr>
<td>266</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>267</td>
<td></td>
</tr>
<tr>
<td>268</td>
<td>Estimate of $10,000 from each rating agency for annual surveillance rating.</td>
</tr>
<tr>
<td>269</td>
<td></td>
</tr>
<tr>
<td>273</td>
<td>A five alarm fire occurred on April 13, 2014. SARA was insufficient in 2014 and couldn't pay for the expenses for the demolition of the building. The City is asking for reimbursement.</td>
</tr>
</tbody>
</table>
NOTICE OF OBJECTION TO ROPS

January 22, 2020

City of San José Successor Agency
200 E. Santa Clara St. 14th Floor
San Jose, CA 95113

Redevelopment Dissolution Countywide Oversight Board of Santa Clara County
70 West Hedding Street
San Jose, CA 95110

Department of Finance
915 L Street
Sacramento, CA 95814

ROPS Period: ROPS 20-21 (July 1, 2020 – June 30, 2021)
Successor Agency: City of San José

To the Successor Agency, Countywide Oversight Board, and Department of Finance:

Pursuant to Health and Safety Code section 34182.5, our office has reviewed the Recognized Obligation Payment Schedule (ROPS) submitted by the above-noted successor agency for the above-noted period. After reviewing all items and funding sources, the Santa Clara County Auditor-Controller objects to the following item and/or funding source on the submitted ROPS:

Item 273 – City of San Jose – KNTV Building Reimbursement

The Successor Agency has requested a reimbursement of $145,259 to the City for the demolition related costs of a Successor Agency owned property (645 Park Avenue, San Jose, known as the old KNTV Building), as a result of a five-alarm fire happened in 2014. The Successor Agency was in an insufficient status at that time and could not pay for the demolition related costs. The Successor Agency claimed that a total of $145,259 was paid for by the City in 2014 with no supporting documentation other than a City prepared invoice and a memorandum dated June 30, 2014 from the City requesting such reimbursement from the Successor Agency.

Page 1 of 3

Board of Supervisors: Mike Wasserman, Cindy Chavez, Dave Cortese, Susan Ellenberg, S. Joseph Simitian
County Executive: Jeffrey V. Smith
We object to the inclusion of this item on the ROPS based on two reasons – (1) it is not considered an enforceable obligation by the statute; and (2) the request is not properly supported.

Health and Safety Code (HSC) section 34171(d)(1) defines an enforceable obligation. While HSC section 34171(d)(1)(F) allows for contracts or agreements for costs to maintain assets and the cost incurred could be considered maintaining an asset, this request is not subject to reimbursement for several factors and should be rejected.

First, there was no contract in place between the Successor Agency and the City. HSC section 34171(F)(i) contemplates contracts or agreements necessary for the administration and operation of the successor agency, including contracts or agreements concerning the costs of maintaining assets prior to disposition. Even assuming for the sake of argument that there was an agreement, HSC section 34171(d)(2) specifically excludes agreements, contracts or arrangements between the city that created the redevelopment agency and the former redevelopment agency. The Successor Agency has provided no information as to why this exclusion should not apply.

Second, HSC section 34177.3(a) prohibits the successor agency from creating a new enforceable obligation except in compliance with an enforceable obligation that existed prior to June 28, 2011.

Third, demolition is specifically excluded from HSC section 34177.3(b). The section allows the successor agency to create enforceable obligations to conduct work of winding down the redevelopment agency with certain exceptions, including demolition. Also, it is worth mentioning this “reimbursement” request is in lieu of a loan, and this same HSC section specifically prohibits the successor agency from entering into a loan with the city that created it.

Fourth, even though HSC section 34191.4(b) allows the Successor Agency to deem loans between the former redevelopment agency and the city as enforceable obligations, it does not apply in this case. The section applies for agreements between the former redevelopment agency and the city, but not for agreements between successor agency and the city as is the case here.

Not only is the reimbursement request not considered an enforceable obligation, it is also not properly supported. In making this significantly delayed request, the City has not provided any proof of payment other than a City prepared invoice and a memorandum from the City requesting such reimbursement from the Successor Agency. There was no documentation showing any consultation by the City with the Successor Agency and/or Oversight Board prior to making these expenditures either, not to mention the lack of the existence of an agreement between the Successor Agency and the City.

Based on the above reasons, this item should be denied and removed from the ROPS.

Board of Supervisors: Mike Wasserman, Cindy Chavez, Dave Cortese, Susan Ellenberg, S. Joseph Similian
County Executive: Jeffrey V. Smith
Successor Agency: City of San José
Notice of Objection to ROPS 20-21
January 22, 2020

Please note that items and/or funding sources not questioned during this review are subject to subsequent review if they are included on a future ROPS. We also reserve the right to object to an item and/or funding source (including, but not limited to, the use of fund balance) on a future ROPS, even if no objection was made on a preceding ROPS.

Sincerely yours,

[Signature]
George P. Doorley
Controller-Treasurer
County of Santa Clara

Attachments: ROPS 20-21 as submitted to the County Auditor-Controller by Successor Agency

Board of Supervisors: Mike Wasserman, Cindy Chavez, Dave Cortese, Susan Ellenberg, S. Joseph Simitian
County Executive: Jeffrey V. Smith
DATE: January 30, 2020
TO: Redevelopment Dissolution Countywide Oversight Board of Santa Clara County
FROM: Alan Minato, Director, Finance Agency
       Jeffrey V. Smith, County Executive
SUBJECT: Resolution to Approve Sunnyvale Administrative Budget for Fiscal Year 2020-21

RECOMMENDED ACTION

Adopt Resolution to approve the Administrative Budget for period July 1, 2020 through June 30, 2021 for the Successor Agency to the Redevelopment Agency of the City of Sunnyvale.

FISCAL IMPLICATIONS

The Administrative Budget for the period of July 1, 2020 through June 30, 2021 ("Admin Budget") is a list of the administrative costs of the Successor Agency to the Redevelopment Agency of the City of Sunnyvale ("Successor Agency") to continue winding down the obligations of the former redevelopment agencies, as defined in Health and Safety Code section 34171(a). This amount will be included on the approved Recognized Obligation Payment Schedule for the period of July 1, 2020 through June 30, 2021 ("ROPS"). The County Auditor-Controller will distribute the amount approved on the ROPS to the Successor Agency.

REASONS FOR RECOMMENDATION

Health and Safety Code section 34171(b) requires the administrative cost allowance to be approved by the Oversight Board. Such costs shall not include employee costs that are associated with work on specific projects. The Admin Budget is capped at the greater of 3 percent of the Redevelopment Property Tax Trust Fund distributed by the County Auditor-Controller or $250,000, but may be reduced by the Oversight Board. Therefore, it is appropriate for the Oversight Board to require justification for the costs requested. The approved amount will be included in the ROPS which is addressed at this same meeting.

The Successor Agency has requested $154,175 on its Admin Budget. During the current fiscal year for the period of July 1, 2019 through June 30, 2020, this Oversight Board authorized $120,000 for the Admin Budget. The Successor Agency has provided no support justifying the increase from $120,000 to $154,175. At this point, the Successor Agency
should be winding down its obligations and the amount of work should be significantly
decreasing each year. Other major successor agencies within Santa Clara County are seeing a
20 to 40% decrease in their administrative budgets. Instead, the Successor Agency has
increased the Admin Budget request by nearly 30%. This is unjustified considering the
amount of work remaining with the agency.

Pursuant to Health and Safety Code section 34182.5, the County Auditor-Controller has
reviewed the ROPS in detail. As provided in the letter dated January 22, 2020, attached to
this agenda item, the County Auditor-Controller has objected to the administrative cost
amount listed on the ROPS. If the Oversight Board reduces the Admin Budget, the amount
on the ROPS item listed on this agenda will be updated as well.

BACKGROUND
In 2011, the Legislature dissolved redevelopment agencies by adopting Assembly Bill X1 26,
which was later amended by Assembly Bill 1484 (2012) and Senate Bill 107 (2015)
(collectively, the “Dissolution Law”). Successor agencies were created to effectuate the
dissolution of the former redevelopment agencies. Successor agencies are required to make
payment on the remaining enforceable obligations as defined by Health and Safety Code
section 34171(d)(1). All enforceable obligations and administrative costs are required to be
reviewed and approved by the oversight board and DOF through the ROPS process.

The Successor Agency has made some progress winding down its obligations and still has
properties to be disposed of. Two of the properties are expected to be transferred to the City
of Sunnyvale by compensation agreement in the near future. The County and City of
Sunnyvale have previously been in conversation discussing this option. The other remaining
property is undergoing significant remediation and is likely to be transferred to the developer.
The remediation efforts and staff costs are recognized through project costs rather than
through the Admin Budget.

CONSEQUENCES OF NEGATIVE ACTION
The Successor Agency will not receive approval for its expenses for the year, and therefore
will not receive any funding in the upcoming year.

STEPS FOLLOWING APPROVAL
The Clerk of the Board shall notify James R. Williams, County Counsel; Jacelyn Ma,
Controller-Treasurer Division Manager; and Jenny Treis, Program Manager no later than

ATTACHMENTS:

- Resolution to Approve Sunnyvale Admin Budget 20-21  (PDF)
- Auditor-Controller Notice of Objection to Sunnyvale ROPS 20-21  (PDF)
RESOLUTION NO. __________

RESOLUTION OF THE REDEVELOPMENT DISSOLUTION COUNTYWIDE OVERSIGHT BOARD OF SANTA CLARA COUNTY TO APPROVE THE ADMINISTRATIVE BUDGET FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021 FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE

WHEREAS, all California redevelopment agencies were dissolved by the enactment of ABx1 26 in 2011, subsequently amended by AB 1484 (2012) and SB 107 (2015), which created successor agencies to wind down and dispose of all assets of the former redevelopment agencies;

WHEREAS, the Successor Agency to the Redevelopment Agency of the City of Sunnyvale (the “Successor Agency”) is responsible for winding down all aspects of the former Redevelopment Agency of the City of Sunnyvale, including paying down all remaining enforceable obligations;

WHEREAS, pursuant to Health and Safety Code section 34171, the Successor Agency is required to submit the administrative cost allowance for the period of July 1, 2020 through June 30, 2021 (“Admin Budget”) to be included on the Recognized Obligation Payment Schedule (“ROPS”), which is due to the California Department of Finance (“DOF”) by February 1, 2020;

WHEREAS, the Successor Agency has prepared and submitted the Admin Budget with the ROPS in accordance with the instructions provided by DOF;

WHEREAS, the County Auditor-Controller is authorized to review the ROPS and provide objection to any item listed on ROPS 20-21;

WHEREAS, the County of Santa Clara Auditor-Controller has provided an objection letter to the ROPS 20-21 dated January 22, 2020, objecting to the amount of administrative costs; and,

WHEREAS, pursuant to Health and Safety Code section 34171(b)(2), this Oversight Board has the authority to approve less than the maximum amount of administrative cost allowance.

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NOW, THEREFORE, BE IT RESOLVED that the Redevelopment Dissolution Countywide Oversight Board of Santa Clara County approves the Administrative Budget for the Successor Agency to the Redevelopment Agency of the City of Sunnyvale in the amount of ________________ for the period of July 1, 2020 through June 30, 2021 as attached hereto.

PASSED AND ADOPTED by the Redevelopment Dissolution Countywide Oversight Board of Santa Clara County in the County of Santa Clara, State of California, on ________________, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

______________________________
TONY ESTREMER
Chair, Redevelopment Dissolution Countywide Oversight Board of Santa Clara County

ATTEST:

______________________________
MEGAN DOYLE
Clerk of the Countywide Oversight Board

APPROVED AS TO FORM AND LEGALITY:

______________________________
CHRISTOPHER R. CHELEDEN
Lead Deputy County Counsel

Attachment: Sunnyvale Admin Budget 20-21

2156340
This document constitutes the ROPS 20-21 Administrative Budget of the Redevelopment Successor Agency of the City of Sunnyvale. This Administrative Budget has been prepared by the Redevelopment Successor Agency (RSA) of the City of Sunnyvale and submitted to the Oversight Board for approval in accordance with the requirements of Health and Safety Code Section 34177(j). The Administrative Budget accompanies the 20-21 Recognized Obligation Payment Schedule (ROPS) prepared pursuant to Health and Safety Code Section 34177(l) for the period July 2020 through June 2021.

This Administrative Budget is prepared in three parts to correspond to the three elements described for the Administrative Budget in Health and Safety Code Section 34177(j) (1), (2), and (3).

1. Estimated Amounts For Successor Agency Administrative Cost (Health and Safety Code Section 34177(j)(1)).

<table>
<thead>
<tr>
<th>Administrative Activities</th>
<th>Job Classification</th>
<th>Hours</th>
<th>12-month Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>705030 – Successor Agency Administration</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Prepare Administrative Budget</td>
<td>Director of Finance</td>
<td>95</td>
<td>$23,500</td>
</tr>
<tr>
<td>- Prepare Recognized Obligation Payment Schedule (ROPS)</td>
<td>Senior Management Analyst</td>
<td>100</td>
<td>$13,000</td>
</tr>
<tr>
<td>- Correspondence/Coordination with County re: Inquiries/Requests</td>
<td>Accounting</td>
<td>100</td>
<td>$12,000</td>
</tr>
<tr>
<td>- Correspondence/coordination with State re: Inquiries/Requests</td>
<td>Financial Services</td>
<td></td>
<td>$20,000</td>
</tr>
<tr>
<td>- Oversight of property liquidation</td>
<td>Allocations Charges (Space, IT, Supplies, Administrative Support)</td>
<td></td>
<td>$6,200</td>
</tr>
<tr>
<td>- Successor Agency Staff Support</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Attend board / committee meetings</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Annual Reporting</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>- Annual Audit</td>
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<td></td>
<td></td>
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<tr>
<td>- Contract Management and Bill Payment</td>
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<td></td>
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</tr>
<tr>
<td>705030 – Legal Advice for RSA Issues – ROPS Administration</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Legal Services Administration</td>
<td>City Attorney</td>
<td>175</td>
<td>$41,160</td>
</tr>
<tr>
<td></td>
<td>Allocations Charges (Space, IT, Supplies, Administrative Support)</td>
<td></td>
<td>$3,710</td>
</tr>
<tr>
<td>705030 – RSA – ROPS Administration</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>- Contract for Outside Counsel Services to Assist in Winding Down the Former RDA</td>
<td>Legal Services</td>
<td>100</td>
<td>$30,975</td>
</tr>
</tbody>
</table>
This Administrative Budget documents that the RSA’s "administrative cost allowance", as defined and authorized pursuant to Health and Safety Code Section 24171(b), for Fiscal Year 2020/21 is an amount up to three percent of the property tax allocated, reduced by the administrative cost allowance and loan repayments in the preceding fiscal year, or the minimum authorized amount of $250,000 for the period of July 2020 through June 2021 provided that the allowance does not exceed 50 percent of the total property tax distributed to pay enforceable obligations in the preceding fiscal year reduced by the administrative cost allowance and loan repayments during the preceding fiscal year.

Activities may be added, revised, or deleted from this listing as necessary and appropriate during the course of the Redevelopment Agency wind-down process. Costs shown for each activity are estimates only. Actual costs required for each activity may be higher or lower than the amount shown, not to exceed the aggregate total amount.

2. Proposed Source of Payment For Above-Identified Administrative Costs (Health and Safety Code Section 34177(j)(2)).

As authorized pursuant to Health and Safety Code Section 34183(a)(3), the proposed source of payment for the administrative costs identified in Part 1 above is the Redevelopment Property Tax Trust Fund established and maintained by the County Auditor-Controller pursuant to Health and Safety Code Section 34170.5(b).

3. Proposals For Arrangements For Administration and Operations Services (Health and Safety Code Section 34177(j)(3)).

The RSA has arranged with the City of Sunnyvale to provide the staff services and office materials and equipment to administer the responsibilities of the RSA, and will draw upon services of outside legal and financial consultants (Goldfarb & Lipman LLP and Keyser Marston Associates), to provide special services for the wind-down of the former RDA to the extent City staff lacks the necessary expertise or capacity.
NOTICE OF OBJECTION TO ROPS

January 22, 2020

City of Sunnyvale Successor Agency
650 W. Olive Avenue
Sunnyvale, CA 94088

Redevelopment Dissolution Countywide Oversight Board of Santa Clara County
70 West Hedding Street
San Jose, CA 95110

Department of Finance
915 L Street
Sacramento, CA 95814

ROPS Period: ROPS 20-21 (July 1, 2020 – June 30, 2021)
Successor Agency: City of Sunnyvale

To the Successor Agency, Countywide Oversight Board, and Department of Finance:

Pursuant to Health and Safety Code section 34182.5, our office has reviewed the Recognized Obligation Payment Schedule (ROPS) submitted by the above-noted successor agency for the above-noted period. After reviewing all items and funding sources, the Santa Clara County Auditor-Controller objects to the following item and/or funding source on the submitted ROPS:

Item 9 – Administration and operation of Successor Agency

The Successor Agency has requested administrative costs totaling $154,175 for the fiscal year. While this amount is within the administrative cost allowance cap, the requested amount is excessive, particularly when compared with other agencies within Santa Clara County and given the number and nature of the obligations listed on the ROPS.

Furthermore, the Successor Agency separately requests additional administrative funding to support project costs for the Town Center Disposition and Development and Owner Participation Agreement (ROPS Item 17). Therefore, the administrative costs in Item 9 shall not include project costs in accordance to Health and Safety Code section 34171(b).

Board of Supervisors: Mike Wasserman, Cindy Chavez, Dave Cortese, Susan Ellenberg, S. Joseph Simitian
County Executive: Jeffrey V. Smith

Page 1 of 2
Successor Agency: City of Sunnyvale
Notice of Objection to ROPS 20-21
January 22, 2020

The Department of Finance has repeatedly requested that the Oversight Board apply adequate oversight when evaluating the administrative resources required to successfully wind-down the Agency. Per the Department of Finance’s ROPS 15-16A through ROPS 17-18 determination letters dated May 15, 2015, December 17, 2015, April 13, 2016, and April 5, 2017:

... Finance notes the OB has approved an amount that appears excessive given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources required to successfully wind-down the Agency.

Accordingly, the administrative cost amount should be reduced to an amount appropriate for the number and nature of the obligations listed on the ROPS.

Items 16 and 17 – Town Center Disposition and Development and Owner Participation Agreement Article 4 and Management

The Successor Agency has requested costs totaling $133,466 and $80,500, respectively, for ROPS 20-21. These represent significant increases of 91% from the $70,000 and 61% from the $50,000, respectively, from previous ROPS 19-20. In making these significantly increased requests, the Successor Agency has not provided any solid justification other than a list of potential expenditures and a claim of complexity of the project. There was no estimate from the contracted parties, and no proposal was provided. These requested increases are not properly supported and the requested amounts should be reduced.

Please note that items and/or funding sources not questioned during this review are subject to subsequent review if they are included on a future ROPS. We also reserve the right to object to an item and/or funding source (including, but not limited to, the use of fund balance) on a future ROPS, even if no objection was made on a preceding ROPS.

Sincerely yours,

George P. Doorley
Controller-Treasurer
County of Santa Clara

Attachments: ROPS 20-21 as submitted to the County Auditor-Controller by Successor Agency

Board of Supervisors: Mike Wasserman, Cindy Chavez, Dave Cortese, Susan Ellenberg, S. Joseph Simitian
County Executive: Jeffrey V. Smith
DATE: January 30, 2020

TO: Redevelopment Dissolution Countywide Oversight Board of Santa Clara County

FROM: Alan Minato, Director, Finance Agency
Jeffrey V. Smith, County Executive

SUBJECT: Resolution to Approve Sunnyvale ROPS for Fiscal Year 2020-21

RECOMMENDED ACTION

Adopt Resolution to approve the Recognized Obligation Payment Schedule for period July 1, 2020 through June 30, 2021 for the Successor Agency to the Redevelopment Agency of the City of Sunnyvale.

FISCAL IMPLICATIONS

The Recognized Obligation Payment Schedule for the period of July 1, 2020 through June 30, 2021 (“ROPS”) is a list of the expected payments required of the Successor Agency to the Redevelopment Agency of the City of Sunnyvale (“Successor Agency”) for the year. The County Auditor-Controller will distribute the amount approved on the ROPS to the Successor Agency and all remaining funds will be distributed to the affected taxing entities. As the Successor Agency winds down and the work is limited to fixed payments, the residual amounts distributed to the affected taxing entities should increase.

REASONS FOR RECOMMENDATION

Pursuant to Health and Safety Code section 34177(o), the Successor Agency is required to submit a ROPS to this Oversight Board which includes all the expected payments for the upcoming year beginning on July 1, 2020 through June 30, 2021. The ROPS is required to be approved by this Oversight Board and then submitted to the California Department of Finance (“DOF”) for approval. The oversight board approved ROPS must be submitted to DOF no later than February 1, 2020. In early December, DOF provided the Successor Agency a blank form of the ROPS with instructions to complete. This is the exact form that is to be submitted to DOF.

The ROPS is broken down into two six-month periods, “A” and “B”; this represents the six months following each distribution date, typically January 2 and June 1, respectively. The Successor Agency has requested $3,888,874 in Redevelopment Property Tax Trust Funds (“RPTTF”) for the entire year and $154,175 in administrative costs.
Pursuant to Health and Safety Code section 34182.5, the County Auditor-Controller has reviewed the ROPS in detail. As provided in the letter dated January 22, 2020, attached to this agenda item, the County Auditor-Controller has objected to the administrative cost allowance and a portion of item nos. 16 and 17 included on the submitted ROPS. The administrative cost allowance is to be addressed in an earlier discussion item before the Oversight Board. The amount of administrative costs approved by this Oversight Board will be updated for inclusion on the ROPS. The Successor Agency has increased the request for Item Nos. 16 and 17 by nearly 100% and nearly 50%, respectively. After numerous attempts by the County Auditor Controller for an explanation and supporting documentation for these significant increases, the Successor Agency provided no solid justification nor supporting documents.

BACKGROUND

In 2011, the Legislature dissolved redevelopment agencies by adopting Assembly Bill X1 26, which was later amended by Assembly Bill 1484 (2012) and Senate Bill 107 (2015) (collectively, the “Dissolution Law”). Successor agencies were created to effectuate the dissolution of the former redevelopment agencies. Successor agencies are required to make payment on the remaining enforceable obligations as defined by Health and Safety Code section 34171(d)(1). All enforceable obligations and administrative costs are required to be reviewed and approved by the oversight board and DOF through the ROPS process.

The Successor Agency has made some progress winding down its obligations and still has properties to be disposed of. Two of the properties are expected to be transferred to the City of Sunnyvale by compensation agreement in the near future. The other remaining property is undergoing significant remediation and is likely to be transferred to the developer. The remediation efforts and staff costs are recognized through project costs rather than through the Admin Budget.

CONSEQUENCES OF NEGATIVE ACTION

The Successor Agency will not receive approval for its expenses for the year and therefore, not receive any funding in the upcoming year.

STEPS FOLLOWING APPROVAL

The Clerk of the Board shall notify James R. Williams, County Counsel, Jacelyn Ma, Division Manager and Jenny Treis, Program Manager of the signed resolution no later than January 30, 2020.

ATTACHMENTS:

- Resolution to Approve Sunnyvale ROPS 20-21 (PDF)
- Auditor-Controller Notice of Objection to Sunnyvale ROPS 20-21 (PDF)
RESOLUTION NO. __________

RESOLUTION OF THE REDEVELOPMENT DISSOLUTION COUNTYWIDE OVERSIGHT BOARD OF SANTA CLARA COUNTY TO APPROVE THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021 FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE AND AUTHORIZING PAYMENT OF EXPENDITURES FOR THE FUNDING ON THE ITEMS LISTED THEREIN

WHEREAS, all California redevelopment agencies were dissolved by the enactment of ABx1 26 in 2011, subsequently amended by AB 1484 (2012) and SB 107 (2015), which created successor agencies to wind down and dispose of all assets of the former redevelopment agencies;

WHEREAS, the Successor Agency to the Redevelopment Agency of the City of Sunnyvale (the “Successor Agency”) is responsible for winding down all aspects of the former Redevelopment Agency of the City of Sunnyvale, including paying down all remaining enforceable obligations;

WHEREAS, pursuant to Health and Safety Code section 34177(o)(1), the Successor Agency is required to submit the Recognized Obligation Payment Schedule for the period of July 1, 2020 through June 30, 2021 (“ROPS 20-21”) with the expected expenditures to the California Department of Finance (“DOF”) by February 1, 2020;

WHEREAS, the Successor Agency has prepared and submitted ROPS 20-21 in accordance with the instructions provided by DOF;

WHEREAS, the County Auditor-Controller is authorized to review the ROPS and provide objection to any item listed on ROPS 20-21;

WHEREAS, the County of Santa Clara Auditor-Controller has provided an objection letter to the ROPS 20-21 dated January 22, 2020, objecting to the amount of administrative costs and the amounts requested on Item Nos. 16 and 17; and,

WHEREAS, pursuant to Health and Safety Code section 34171(b)(2), this Oversight Board has the authority to approve less than the maximum amount of administrative cost allowance and this amount was approved in a prior agenda item at this meeting.
NOW, THEREFORE, BE IT RESOLVED that the Redevelopment Dissolution Countywide Oversight Board of Santa Clara County approves the Recognized Obligation Payment Schedule for the period of July 1, 2020 through June 30, 2021 with the total annual amount for Item No. 9, Admin Redevelopment Property Tax Trust Fund (RPTTF), to be ____________, the total amount for Item No. 16 to be ____________, and the total amount for Item No. 17 to be ____________ as approved by this Board and as attached hereto to use funds listed for the expected payments.

PASSED AND ADOPTED by the Redevelopment Dissolution Countywide Oversight Board of Santa Clara County in the County of Santa Clara, State of California, on ____________, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

TONY ESTREMER
Chair, Redevelopment Dissolution Countywide Oversight Board of Santa Clara County

ATTEST:

MEGAN DOYLE
Clerk of the Countywide Oversight Board

APPROVED AS TO FORM AND LEGALITY:

CHRISTOPHER R. CHELEDEN
Lead Deputy County Counsel

Attachment: Sunnyvale ROPS 20-21

Resolution to Approve Sunnyvale ROPS 20-21 Page 2 of 2
Recognized Obligation Payment Schedule (ROPS 20-21) - Summary
Filed for the July 1, 2020 through June 30, 2021 Period

**Successor Agency:** Sunnyvale
**County:** Santa Clara

<table>
<thead>
<tr>
<th>Current Period Requested Funding for Enforceable Obligations (ROPS Detail)</th>
<th>20-21A Total (July - December)</th>
<th>20-21B Total (January - June)</th>
<th>ROPS 20-21 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A</strong> Enforceable Obligations Funded as Follows (B+C+D)</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>B</strong> Bond Proceeds</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>C</strong> Reserve Balance</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>D</strong> Other Funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>E</strong> Redevelopment Property Tax Trust Fund (RPTTF) (F+G)</td>
<td>$ 3,679,040</td>
<td>$ 209,834</td>
<td>$ 3,888,874</td>
</tr>
<tr>
<td><strong>F</strong> RPTTF</td>
<td>3,601,953</td>
<td>132,746</td>
<td>3,734,699</td>
</tr>
<tr>
<td><strong>G</strong> Administrative RPTTF</td>
<td>77,087</td>
<td>77,088</td>
<td>154,175</td>
</tr>
<tr>
<td><strong>H</strong> Current Period Enforceable Obligations (A+E)</td>
<td>$ 3,679,040</td>
<td>$ 209,834</td>
<td>$ 3,888,874</td>
</tr>
</tbody>
</table>

**Certification of Oversight Board Chairman:**

Pursuant to Section 34177 (o) 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 successor agency.

/s/ ____________________________
Signature

______________________________
Date
## Sunnyvale
### Recognized Obligation Payment Schedule (ROPS 20-21) - ROPS Detail
#### July 1, 2020 through June 30, 2021

<table>
<thead>
<tr>
<th>Item #</th>
<th>Project Name</th>
<th>Obligation Type</th>
<th>Agreement Execution Date</th>
<th>Agreement Termination Date</th>
<th>Payee</th>
<th>Description</th>
<th>Project Area</th>
<th>Total Outstanding Obligation</th>
<th>ROPS 20-21 Total</th>
<th>Payee</th>
<th>Description</th>
<th>Project Area</th>
<th>Total Outstanding Obligation</th>
<th>ROPS 20-21 Total</th>
<th>20-21A Total</th>
<th>Fund Sources</th>
<th>20-21B Total</th>
<th>Fund Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>1998 Certificates of Participation (Parking Facility Refunding)</td>
<td>Bonds Issued On or Before 12/31/10</td>
<td>03/06/1998</td>
<td>10/01/2022</td>
<td>U S Bank</td>
<td>1978 Bonds issued to fund redevelopment projects in the Central Core Project area, refunded in 1992 and 1998.</td>
<td>Central Core</td>
<td>-</td>
<td>N</td>
<td>$-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>Bond Covenants Other Than Principal and Interest Debt Service Payments</td>
<td>Bonds Issued On or Before 12/31/10</td>
<td>11/06/2003</td>
<td>10/01/2022</td>
<td>Professional services</td>
<td>Fees for trustee services, rebate analysis, disclosure consulting.</td>
<td>Central Core</td>
<td>6,855</td>
<td>N</td>
<td>$2,500</td>
<td>-</td>
<td>-</td>
<td>2,500</td>
<td>-</td>
<td>$2,500</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>Repayment Obligations-1977 Loan Repayment Agreement</td>
<td>City/County Loan (Prior 06/28/11), Other</td>
<td>05/01/1977</td>
<td>06/30/2019</td>
<td>City of Sunnyvale</td>
<td>Pursuant to the resolution that authorized the issuance of the 1977 Central Core Bonds, the Agency is obligated to use moneys from tax revenue to repay the City, with interest, for all rental payments under the Project Lease and for all other contributions</td>
<td>Central Core</td>
<td>-</td>
<td>N</td>
<td>$-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$-</td>
<td>-</td>
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<tr>
<td>Item #</td>
<td>Project Name</td>
<td>Obligation Type</td>
<td>Agreement Execution Date</td>
<td>Agreement Termination Date</td>
<td>Payee</td>
<td>Description</td>
<td>Project Area</td>
<td>Total Outstanding Obligation</td>
<td>Retired</td>
<td>ROPS 20-21 Total</td>
<td>ROPS 20-21A (Jul - Dec)</td>
<td>ROPS 20-21B (Jan - Jun)</td>
<td>20-21A Total</td>
<td>20-21B Total</td>
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<tr>
<td>5</td>
<td>2010 Amended Disposition and Development and Owner Participation Agreement Article 8</td>
<td>OPA/DDA/Construction</td>
<td>08/02/2010</td>
<td>06/30/2026</td>
<td>Town Center Developer</td>
<td>Annual payment in consideration for the developer constructing and operating the required public improvements.</td>
<td>Central Core</td>
<td>- N $-</td>
<td>- - -</td>
<td>- -</td>
<td>- $-</td>
<td>- -</td>
<td>-</td>
<td>- $-</td>
<td></td>
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</tr>
<tr>
<td>8</td>
<td>RDA Special Projects Property Dispositions</td>
<td>07/01/2020</td>
<td>06/30/2021</td>
<td>Professional services</td>
<td>Technical and outside legal counsel services</td>
<td>Central Core</td>
<td>137,549 N $-</td>
<td>- - -</td>
<td>- -</td>
<td>- 77,087</td>
<td>$77,087</td>
<td>- -</td>
<td>77,088 $77,088</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Administration and operation of Successor Agency Admin Costs</td>
<td>07/01/2020</td>
<td>06/30/2021</td>
<td>Agency staff and professional services</td>
<td>Administrative and legal services; audit fees; General Fund in-lieu payments for treasury and accounting</td>
<td>Central Core</td>
<td>154,175 N $154,175</td>
<td>- - -</td>
<td>- 77,087</td>
<td>$77,087</td>
<td>- -</td>
<td>77,088 $77,088</td>
<td></td>
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</tr>
<tr>
<td>10</td>
<td>Amended and Restated Reimbursement Agreement for 1998 Certificates of Participation City/County Loans After 6/27/11</td>
<td>04/24/2012</td>
<td>10/01/2022</td>
<td>City of Sunnyvale</td>
<td>Under Section 34178(a), the Oversight Board authorized the RSA to reenter into an existing agreement to repay the City for all Lease Payments paid by the City for the construction of the parking facilities required by the RDA under the</td>
<td>Central Core</td>
<td>- N $-</td>
<td>- - -</td>
<td>- -</td>
<td>- $-</td>
<td>- -</td>
<td>-</td>
<td>- $-</td>
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</tbody>
</table>

Attachment: Resolution to Approve Sunnyvale ROPS 20-21 (89438 : Resolution to Approve Sunnyvale ROPS for Fiscal Year 2020-21)
<p>| Item # | Project Name | Obligation Type | Agreement Execution Date | Agreement Termination Date | Payee | Description | Project Area | Total Outstanding Obligation | Retired | ROPS 20-21 Total | ROPS 20-21A (Jul - Dec) | 20-21A Total | ROPS 20-21B (Jan - Jun) | 20-21B Total | Fund Sources | Bond Proceeds | Reserve Balance | Other Funds | RPTTF | Admin RPTTF |
|--------|--------------|----------------|--------------------------|---------------------------|-------|-------------|-------------|--------------------------|---------|----------------|---------------------------|----------|----------------|----------------|--------------|----------------|--------------|------------|-------------|-------------|--------|-------------|
| 11     | Legal fees   | Legal          | 07/01/2016               | 06/30/2017                | Goldfarb &amp; Lipman | Litigation regarding enforceable obligations | Central Core | - N $-         | - - - - | - - - - | - - - - | - - - - | - - - - | - - - - | Bond Proceeds | Reserve Balance | Other Funds | RPTTF | Admin RPTTF |
| 12     | Low and Moderate Income Housing Fund Deferral Repayment | Miscellaneous | 08/26/1986               | 06/30/2022                | Housing Successor Agency | Under Section 34171(d)(1)(G), deferrals to the Low and Moderate Income Housing Fund are enforceable obligations. Pursuant to 34178(e)(6)(B), the repayment amount is equal to one half of the increase in residual tax revenue over the FY 2012/13 base year. | Central Core | 6,509,239 $2,919,938 | - - 2,919,938 $2,919,938 | - - - - | - - - - | - - - - | - - - - | - - - - | - - - - | Bond Proceeds | Reserve Balance | Other Funds | RPTTF | Admin RPTTF |
| 13     | Amended and Restated Reimbursement Agreement for 1998 Certificates of Participation | City/County Loans After 6/27/11 | 04/24/2012               | 10/01/2022                | City of Sunnyvale | Under Section 34178(a), the Oversight Board authorized the RSA to reenter into an existing agreement to repay the City for all Lease Payments paid by the City for the construction of the parking facilities required by the RDA under the Town Center DDA. | Central Core | - N $-         | - - - - | - - - - | - - - - | - - - - | - - - - | - - - - | Bond Proceeds | Reserve Balance | Other Funds | RPTTF | Admin RPTTF |
| 14     | Amended and City/County | 04/24/2022               | 10/01/2022                | City of Sunnyvale | Under Section Central | - N $-         | - - - - | - - - - | - - - - | - - - - | - - - - | - - - - | Bond Proceeds | Reserve Balance | Other Funds | RPTTF | Admin RPTTF |</p>
<table>
<thead>
<tr>
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<th>Total Outstanding Obligation</th>
<th>ROPS 20-21 Total</th>
<th>Fund Sources</th>
<th>20-21A Total</th>
<th>20-21B Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
<td>Core</td>
<td></td>
<td></td>
<td></td>
<td>Bond Proceeds</td>
<td>Reserve Balance</td>
<td>Other Funds</td>
</tr>
<tr>
<td>15</td>
<td>Restated Reimbursement Agreement for 1998 Certificates of Participation</td>
<td>Loans After 6/27/11</td>
<td>2012</td>
<td>Sunnyvale</td>
<td>34178(a), the Oversight Board authorized the RSA to reenter into an existing agreement to repay the City for all Lease Payments paid by the City for the construction of the parking facilities required by the RDA under the Town Center DDA.</td>
<td>Core</td>
<td></td>
<td></td>
<td></td>
<td>Bond Proceeds</td>
<td>Reserve Balance</td>
<td>Other Funds</td>
</tr>
<tr>
<td>16</td>
<td>Town Center Disposition and Development and Owner Participation Agreement Article 4</td>
<td>OPA/DDA/Construction</td>
<td>09/23/2016</td>
<td>06/30/2030</td>
<td>State Water Resources Control Board, legal fees and environmental work costs</td>
<td>Investigation and remediation of hazardous materials.</td>
<td>Central Core</td>
<td>1,189,874</td>
<td>N</td>
<td>$133,466</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>17</td>
<td>Town Center Disposition and Development and Owner Participation Agreement Mgmt</td>
<td>Project Management Costs</td>
<td>09/23/2016</td>
<td>06/30/2030</td>
<td>Agency staff and professional services</td>
<td>To monitor and administer rights and obligations under the Town Center Development Agreement.</td>
<td>Central Core</td>
<td>200,000</td>
<td>N</td>
<td>$80,500</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>18</td>
<td>2003 Loan and Repayment Agreement Section 3 Administrative and Operating Costs</td>
<td>City/County Loan (Prior 06/28/11), Cash exchange</td>
<td>12/18/2003</td>
<td>06/30/2028</td>
<td>City of Sunnyvale</td>
<td>Reimbursement of RDA administrative and operating costs for Project Area.</td>
<td>Central Core</td>
<td>-</td>
<td>N</td>
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<td>2003 Loan and Repayment Agreement Section 4 Downtown Street and Other</td>
<td>City/County Loan (Prior 06/28/11), Cash exchange</td>
<td>12/18/2003</td>
<td>06/30/2028</td>
<td>City of Sunnyvale</td>
<td>Repayment of $1.5M loan for street and other infrastructure improvement costs in the</td>
<td>Central Core</td>
<td>-</td>
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<td>Item #</td>
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<td>Obligation Type</td>
<td>Agreement Execution Date</td>
<td>Agreement Termination Date</td>
<td>Payee</td>
<td>Description</td>
<td>Project Area</td>
<td>ROPS 20-21 Total</td>
<td>Fund Sources</td>
<td>ROPS 20-21A (Jul - Dec)</td>
<td>ROPS 20-21B (Jan - Jun)</td>
<td>20-21A Total</td>
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<td>Town Center Disposition and Development and Owner Participation Agreement Article 4 - FY17-18 Catch-up Payments</td>
<td>OPA/DDA/Construction</td>
<td>09/23/2016</td>
<td>06/30/2030</td>
<td>State Water Resources Control Board, legal fees and environmental work costs</td>
<td>Investigation and remediation of hazardous materials. Obligations in FY17-18 which exceeded ROPS schedule</td>
<td>-</td>
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<td>12</td>
<td>Based on County estimate. To be updated with actuals in January 2020.</td>
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NOTICE OF OBJECTION TO ROPS

January 22, 2020

City of Sunnyvale Successor Agency
650 W. Olive Avenue
Sunnyvale, CA 94088

Redevelopment Dissolution Countywide Oversight Board of Santa Clara County
70 West Hedding Street
San Jose, CA 95110

Department of Finance
915 L Street
Sacramento, CA 95814

ROPS Period: ROPS 20-21 (July 1, 2020 – June 30, 2021)
Successor Agency: City of Sunnyvale

To the Successor Agency, Countywide Oversight Board, and Department of Finance:

Pursuant to Health and Safety Code section 34182.5, our office has reviewed the Recognized Obligation Payment Schedule (ROPS) submitted by the above-noted successor agency for the above-noted period. After reviewing all items and funding sources, the Santa Clara County Auditor-Controller objects to the following item and/or funding source on the submitted ROPS:

Item 9 – Administration and operation of Successor Agency

The Successor Agency has requested administrative costs totaling $154,175 for the fiscal year. While this amount is within the administrative cost allowance cap, the requested amount is excessive, particularly when compared with other agencies within Santa Clara County and given the number and nature of the obligations listed on the ROPS.

Furthermore, the Successor Agency separately requests additional administrative funding to support project costs for the Town Center Disposition and Development and Owner Participation Agreement (ROPS Item 17). Therefore, the administrative costs in Item 9 shall not include project costs in accordance to Health and Safety Code section 34171(b).
Successor Agency: City of Sunnyvale
Notice of Objection to ROPS 20-21
January 22, 2020

The Department of Finance has repeatedly requested that the Oversight Board apply adequate oversight when evaluating the administrative resources required to successfully wind-down the Agency. Per the Department of Finance’s ROPS 15-16A through ROPS 17-18 determination letters dated May 15, 2015, December 17, 2015, April 13, 2016, and April 5, 2017:

… Finance notes the OB has approved an amount that appears excessive given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources required to successfully wind-down the Agency.

Accordingly, the administrative cost amount should be reduced to an amount appropriate for the number and nature of the obligations listed on the ROPS.

**Items 16 and 17 – Town Center Disposition and Development and Owner Participation Agreement Article 4 and Management**

The Successor Agency has requested costs totaling $133,466 and $80,500, respectively, for ROPS 20-21. These represent significant increases of 91% from the $70,000 and 61% from the $50,000, respectively, from previous ROPS 19-20. In making these significantly increased requests, the Successor Agency has not provided any solid justification other than a list of potential expenditures and a claim of complexity of the project. There was no estimate from the contracted parties, and no proposal was provided. These requested increases are not properly supported and the requested amounts should be reduced.

Please note that items and/or funding sources not questioned during this review are subject to subsequent review if they are included on a future ROPS. We also reserve the right to object to an item and/or funding source (including, but not limited to, the use of fund balance) on a future ROPS, even if no objection was made on a preceding ROPS.

Sincerely yours,

George P. Doorley
Controller-Treasurer
County of Santa Clara

Attachments: ROPS 20-21 as submitted to the County Auditor-Controller by Successor Agency

**Board of Supervisors**: Mike Wasserman, Cindy Chavez, Dave Cortese, Susan Ellenberg, S. Joseph Simitian
**County Executive**: Jeffrey V. Smith
County of Santa Clara
Redevelopment Dissolution Countywide Oversight Board of Santa Clara County

DATE: November 15, 2019, Regular Meeting
TIME: 1:30 PM
PLACE: Board of Supervisors' Chambers
County Government Center – 70 West Hedding Street, 1st Floor
San Jose, CA 95110

MINUTES

Opening

1. Call to Order/Roll Call.

   Chairperson Estremera called the meeting to order at 1:30 p.m. A quorum was present.

   Attendee Name     Title     Status     Arrived
   Glen Williams     Member, Seat No. 1  Present          
   Larry Klein       Member, Seat No. 2  Present          
   Tony Estremera    Member, Seat No. 3  Present          
   Stephanie Gomez   Member, Seat No. 4  Late 1:37 PM
   Edralin Maduli    Member, Seat No. 5  Present          
   David L. Snow     Member, Seat No. 6  Present          
   Paul Pascoal      Member, Seat No. 7  Present          

2. Public Comment. (ID# 99348)

   One individual addressed the Board.

3. Approve Consent Calendar and changes to the Agenda.

   3 RESULT: APPROVED [6 TO 0]
   MOVER: Edralin Maduli, Member, Seat No. 5
   SECONDER: Glen Williams, Member, Seat No. 1
   AYES: Williams, Klein, Estremera, Maduli, Snow, Pascoal
   ABSENT: Gomez

Regular Agenda/Items for Discussion

4. Adopt Resolution to elect a Chair and Vice-Chair for the Redevelopment Dissolution Countywide Oversight Board of Santa Clara County. Resolution # OB-2019-17 (ID# 99334)

   The Board elected Member Estremera as Chairperson and Member Snow as Vice Chairperson.
Member Gomez took her seat at 1:37 p.m.

**RESULT:** ADOPTED [6 TO 0]

**MOVER:** Glen Williams, Member, Seat No. 1

**SECONDER:** Edralin Maduli, Member, Seat No. 5

**AYES:** Williams, Klein, Estremera, Maduli, Snow, Pascoal

**ABSENT:** Gomez

**5. Receive report relating to the remaining activities of the Successor Agencies.**  (ID# 99335)

Jenny Treis, Program Manager, Office of the County Executive, provided information relating to anticipated remaining items for each active successor agency within the County.

**RESULT:** RECEIVED

**6. Adopt Resolution to recognize the payment of the additional arbitrage rebate liability, penalties, and interest due with respect to the Redevelopment Agency of the City of San Jose Merged Area Tax Allocation Bonds Series 1999 in the total estimated amount of approximately $300,000, not to exceed the settlement amount provided by the Internal Revenue Service.** Resolution # OB-2019-18 (ID# 99308)

**RESULT:** ADOPTED [UNANIMOUS]

**MOVER:** Edralin Maduli, Member, Seat No. 5

**SECONDER:** Larry Klein, Member, Seat No. 2

**AYES:** Williams, Klein, Estremera, Gomez, Maduli, Snow, Pascoal

**Consent Calendar**

**7. Approve minutes of the September 13, 2019 Regular Meeting.**

**RESULT:** APPROVED [6 TO 0]

**MOVER:** Edralin Maduli, Member, Seat No. 5

**SECONDER:** Glen Williams, Member, Seat No. 1

**AYES:** Williams, Klein, Estremera, Maduli, Snow, Pascoal

**ABSENT:** Gomez

**8. Adopt Resolution to approve the Schedule of Regular Meetings for the Redevelopment Dissolution Countywide Oversight Board of Santa Clara County for Calendar Year 2020.** Resolution # OB-2019-19 (ID# 99270)

**RESULT:** ADOPTED [6 TO 0]

**MOVER:** Edralin Maduli, Member, Seat No. 5

**SECONDER:** Glen Williams, Member, Seat No. 1

**AYES:** Williams, Klein, Estremera, Maduli, Snow, Pascoal

**ABSENT:** Gomez
9. Adjourn to the next regular meeting on Thursday, January 30, 2020 at 1:30 p.m. in the Board of Supervisors' Chambers, County Government Center, 70 West Hedding Street, San Jose.

Chairperson Estremera adjourned the meeting at 1:52 p.m.

Respectfully submitted,

Dave Leon
Deputy Clerk
DATE: January 30, 2020

TO: Redevelopment Dissolution Countywide Oversight Board of Santa Clara County

FROM: James R. Williams, County Counsel
     Jeffrey V. Smith, County Executive

SUBJECT: Receive Report on Annual Audited Financial Statements from the San Jose Successor Agency

RECOMMENDED ACTION
Receive report from the Successor Agency to the Redevelopment Agency of the City of San Jose relating to the annual audited financial statements.

FISCAL IMPLICATIONS
There are no fiscal implications associated with receipt of this report.

REASONS FOR RECOMMENDATION
The Successor Agency to the Redevelopment Agency of the City of San José (“Successor Agency”) has provided the annual audited financial statements for the Successor Agency completed by Macias Gini & O’Connell LLP. This is for the period July 1, 2018 through June 30, 2019.

See the attached memorandum from the Successor Agency for more information regarding this update.

BACKGROUND
In 2011, redevelopment agencies throughout California were dissolved with the passage of ABx1 26 (subsequently amended by AB 1484 in 2012 and SB 107 in 2015). Successor agencies were charged with winding down the obligations and the disposition of all assets of the former redevelopment agencies. Oversight boards were created to direct the successor agencies throughout this process. As of July 1, 2018, all the individual oversight boards are combined into one countywide oversight board, pursuant to Health and Safety Code section 34179(j).
Dissolution Law requires an annual audit be completed by a certified public accountant. The Successor Agency has consistently provided this information to the Oversight Board in prior years.

**ATTACHMENTS:**

- San Jose Memo, dated January 21, 2020, regarding Annual Audited Financial Statements (PDF)
- MGO Independent Auditor's Reports and Basic Financial Statements for Year Ended June 30, 2019 for Successor Agency to the Redevelopment Agency of the City of San Jose (PDF)
MEMORANDUM

TO: COUNTY OVERSIGHT BOARD
FROM: DAVID SYKES
EXECUTIVE OFFICER

SUBJECT: SEE BELOW
DATE: January 21, 2020

SUBJECT: ANNUAL AUDITED FINANCIAL STATEMENTS

BACKGROUND

The Redevelopment Dissolution Law requires successor agencies to cause an annual audit of financial transactions and records to be conducted by a certified public accountant (Health and Safety Code Section 34177(n)). The Successor Agency contracted with Macias Gini & O’Connell LLP ("MGO"), a firm of Certified Public Accountants licensed to practice in the State of California, to perform the independent audit. The audit was conducted in accordance with auditing standards generally accepted in the United States. MGO expressed opinions that the Successor Agency financial statements are fairly stated in conformity with accounting principles generally accepted in the United States.

The independent auditor's reports and basic financial statements for the Successor Agency that cover the period from July 1, 2018 to June 30, 2019 are attached and available on the City's website at: https://www.sanjoseca.gov/home/showdocument?id=45291

The independent auditor's reports and basic financial statements are organized in the following sections:

- Independent Auditor’s Report
- Basic Financial Statements including: Statement of Fiduciary Net Position; Statement of Changes in Fiduciary Net Position; and Notes to Basic Financial Statements
- Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
ANALYSIS

MGO provided an "unmodified" or "clean" opinion whereby they disclosed no instances of noncompliance with accounting principles generally accepted in the United States of America. The financial statements reflect the financial status of the Successor Agency as of the end of the fiscal year June 30, 2019. The financial statements are intended to provide relevant financial information to the public, investors, rating agencies, insurers, and other interested parties. In its “Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards”, MGO did not identify any deficiencies in internal control considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

For more information, please contact Julia H. Cooper, Chief Financial Officer for the Successor Agency at 408-535-7011.

DAVID SYKES
EXECUTIVE OFFICER

Attachment
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY OF SAN JOSÉ
(A Component Unit of the
City of San José, California)

Independent Auditor’s Reports
and Basic Financial Statements

For the Year Ended June 30, 2019
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<table>
<thead>
<tr>
<th>Section</th>
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<tbody>
<tr>
<td>Independent Auditor’s Report</td>
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<td><strong>Basic Financial Statements:</strong></td>
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<td>Statement of Fiduciary Net Position</td>
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<td>Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <em>Government Auditing Standards</em></td>
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Independent Auditor’s Report

Board of Directors
Successor Agency of the
    Redevelopment Agency of the City of San José
San José, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Successor Agency of the Redevelopment Agency of the City of San José (SARA), a component unit of the City of San José (City), California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the SARA’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the SARA as of June 30, 2019, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2019 on our consideration of the SARA’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the SARA’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the SARA’s internal control over financial reporting and compliance.

Macias Gini & O’Connell LLP

Walnut Creek, California
November 14, 2019
## Statement of Fiduciary Net Position

June 30, 2019

### Assets:

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<th>Description</th>
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<td>Cash and investments</td>
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<td>Receivables, net of allowance of $133,664</td>
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<td>Restricted cash and investments</td>
<td>117,797,328</td>
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<td>Advances to the City of San José</td>
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<td>Nondepreciable</td>
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<td>Depreciable, net</td>
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<td><strong>Total assets</strong></td>
<td><strong>235,770,778</strong></td>
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</tbody>
</table>

### Deferred outflows of resources:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss on deferred amount on refunding</td>
<td>38,088,984</td>
</tr>
</tbody>
</table>

### Liabilities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>149,954</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>22,036,106</td>
</tr>
<tr>
<td>Unearned revenues</td>
<td>7,662</td>
</tr>
<tr>
<td>Noncurrent liabilities:</td>
<td></td>
</tr>
<tr>
<td>Due within one year</td>
<td>141,514,061</td>
</tr>
<tr>
<td>Due in more than one year</td>
<td>1,517,435,575</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>1,681,143,358</strong></td>
</tr>
</tbody>
</table>

**Net deficit held in trust**

$$(1,407,283,596)$$

See accompanying notes to basic financial statements.
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSÉ
(A Component Unit of the City of San José, California)
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2019

See accompanying notes to basic financial statements.
NOTE 1 – REPORTING ENTITY

The former Redevelopment Agency of the City of José (“Agency”) was established in 1956 by the San José City Council as a public entity legally separate from the City of San José (“City”). In January 1975, the City Council declared itself the Agency Board, replacing a separate board. Until June 28, 2011, the Agency had the broad authority to acquire, rehabilitate, develop, administer, and sell or lease property in a “Redevelopment Area”. Redevelopment projects were developed in cooperation with private developers. Public redevelopment projects were also developed under cooperation agreements between the Agency and the City or other public entity that would own the project.

On June 29, 2011, Assembly Bill X1 26 (“AB X1 26”) was enacted. On December 29, 2011, the California Supreme Court upheld the constitutionality of AB X1 26, and all redevelopment agencies in California were dissolved by operation of law effective February 1, 2012. AB X1 26 was subsequently amended on June 27, 2012 by Assembly Bill 1484 and on September 22, 2015 by Senate Bill 107, AB X1 26, as so amended, is referred to herein as the Redevelopment Dissolution Law. The legislation provides for successor agencies and oversight boards to be responsible for overseeing the dissolution process and the wind down of redevelopment activity. On January 24, 2012, the City Council affirmed its decision to serve as the Successor Agency to the Redevelopment Agency of the City of San José (“SARA” or “Successor Agency”), effective February 1, 2012. The SARA is a fiduciary component unit of the City. Also upon dissolution, the City Council elected to retain the housing assets as well as the functions and powers previously performed by the Agency.

The SARA is a separate public entity from the City, subject to the direction and oversight of a Board consisting of the Mayor and the other members of the City Council (“SARA Board”). The SARA is also, pursuant to the Redevelopment Dissolution Law, subject to the direction and oversight of an oversight board.

Beginning July 1, 2018, pursuant to Health and Safety Code section 34179(j), the individual oversight boards within Santa Clara County were combined into one county-wide oversight board (“Oversight Board”). The Oversight Board is comprised of seven member representatives with one member appointed by each of the following: County Board of Supervisors, the city selection committee established pursuant to Section 50270 of the Government Code, the independent special district selection committee established pursuant to Section 56332 of the Government Code, the County Superintendent of Education, the Chancellor of the California Community Colleges, a public appointment made by the County Board of Supervisors, and the recognized employee organization representing the largest number of successor agency employees in the County. The Oversight Board is staffed by the County of Santa Clara Auditor-Controller and tasks have been delegated among the County Finance Agency, the Office of the County Executive, the Clerk of the Board of Supervisors, and Office of the County Counsel.
NOTE 1 – REPORTING ENTITY – Continued

In general, the SARA’s assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In general, the SARA is allocating revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the Agency until all enforceable obligations of the Agency have been paid in full and all assets have been liquidated. Based upon the nature of the SARA’s custodial role, the SARA is reported in a fiduciary fund (private-purpose trust fund).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Basis of Accounting

The financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

New Pronouncements

During the year ended June 30, 2019, the SARA implemented the following Governmental Accounting Standards Board (“GASB”) Statements:

In November 2016, the GASB issued Statement No. 83, Certain Asset Retirement Obligations. This statement addresses accounting and financial reporting for certain asset retirement obligations (“AROs”). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgements, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require a government to take actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. The application of Statement No. 83 did not have any effect on the SARA’s financial statements.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements, continued

In April 2018, the GASB issued Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash or other assets that may be used in lieu of cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; asset pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

This statement defines direct borrowings and direct placements as having terms negotiated directly with the investor or lender and are not offered for public sale. See Note 7 for application of this Statement on the SARA’s financial statements.

The SARA is currently analyzing its accounting practices to determine the potential impact on the financial statements for the upcoming GASB Statements:

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. This statement establishes criteria for identifying fiduciary activities of all state and local governments and describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Application of Statement No. 84 is effective for the SARA’s fiscal year ending June 30, 2020.

In June 2017, the GASB issued Statement No. 87, Leases. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. Application of Statement No. 87 is effective for the SARA’s fiscal year ending June 30, 2021.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements, continued

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This statement requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in financial statements prepared using the economic resources measurement focus. Application of Statement No. 89 is effective for the SARA’s fiscal year ending June 30, 2021.

In August 2018, the GASB issued Statement No. 90, Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61, to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Application of Statement No. 90 is effective for the SARA’s fiscal year ending June 30, 2020.

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of Statement No. 91 is effective for the SARA’s fiscal year ending June 30, 2022.

Investments

The SARA records investment transactions on the trade date. Investments are reported at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment income, including unrealized gains and losses, is recognized as revenue.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments, continued

In accordance with GASB Statement No. 72, the SARA categorizes its fair value measurements within the fair value hierarchy established by GAAP. The following levels indicate the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

- Level 1 - Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.
- Level 2 - Investments whose values are based on inputs – other than quoted prices included within Level 1 – that are observable for an asset, either directly or indirectly.
- Level 3 - Investments whose values are based on unobservable inputs for an asset and may require a degree of professional judgment.

Redevelopment Property Tax Trust Fund Revenues

The Redevelopment Dissolution Law requires the County Auditor-Controller to collect funds formerly received by the Agency as tax increment and currently referred to herein as redevelopment property tax revenues. After deducting its administration costs, the County Auditor-Controller must distribute the collected redevelopment property tax revenues into the SARA’s Redevelopment Property Tax Trust Fund (“RPTTF”) to the extent necessary to pay the SARA’s enforceable obligations, subject to the review and approval of the State Department of Finance. The Redevelopment Dissolution Law requires the County Auditor-Controller to distribute funds from the RPTTF twice each year as follows:

<table>
<thead>
<tr>
<th>Distribution Date</th>
<th>Covers Recognized Obligation Payment Schedules to be Paid*</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2</td>
<td>January 1 through June 30</td>
</tr>
<tr>
<td>June 1</td>
<td>July 1 through December 31</td>
</tr>
</tbody>
</table>

* The amounts distributed for Recognized Obligation Payment Schedules (“ROPS”) are forward looking to the next six month period.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Redevelopment Property Tax Trust Fund Revenues, continued

The County Auditor-Controller administers the RPTTF for the benefit of local taxing agencies and the holders of the SARA’s enforceable obligations. The Redevelopment Dissolution Law requires the County Auditor-Controller to disburse funds from the RPTTF in the following order: (1) for payments local agencies and schools would have received from the collected revenue before dissolution and for any pass-through payments pursuant to agreement unless such payments are subordinate to the payment of items described in (2) below and certain conditions are satisfied (including the timely filing of a Notice of Insufficiency by the SARA); (2) for payment of the former Agency’s enforceable obligations with debt service payments (and amounts required to replenish the related reserve funds, if any) scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the ROPS; (3) for payment of the SARA’s administrative cost allowance (equal to the greater of $250,000 or three percent of the revenue allocated to the SARA), and (4) any funds remaining in the RPTTF after payments of items (1) through (3) above, to local taxing agencies.

In the event there are insufficient funds available in the RPTTF to pay all enforceable obligations, the Redevelopment Dissolution Law requires the County Auditor-Controller to reduce or eliminate the above-listed distributions in the following order: first, to reduce or eliminate distributions to local taxing agencies; second, to reduce or eliminate payment of the SARA’s administrative expenses; and third, to deduct the amount required to meet the former redevelopment agency’s bond debt service from pass-through payments, if the receiving agency has made an agreement to subordinate its pass-through payments.

On December 21, 2017, the SARA issued the 2017 Senior Tax Allocation Refunding Bonds and the 2017 Subordinate Tax Allocation Refunding Bonds (“2017 Refunding Bonds”) to refund certain bonds and other enforceable obligations of the former Agency. The payment of debt service on the 2017 Refunding Bonds and the other obligations under the related indenture are payable from certain tax revenues on a basis senior to the payment (i) of all AB1290 statutory pass-through payments except AB1290 payments to the San José Unified School District and (ii) the negotiated pass-through payments to Santa Clara County. Under the distribution provisions of the Redevelopment Dissolution Law, AB1290 statutory pass-through payments and negotiated pass-through payments are made with funds on deposit in the RPTTF before funds are transferred to the SARA for the payment of enforceable obligations (including payment debt service on the 2017 Refunding Bonds) unless there are insufficient funds to pay such debt service and certain other conditions are satisfied. Such conditions include the timely filing of a Notice of Insufficiency by the SARA in accordance with the Redevelopment Dissolution Law and the concurrence by the State Controller that there are insufficient funds for such purpose.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Redevelopment Property Tax Trust Fund Revenues, continued

In the event there are insufficient tax revenues from the RPTTF to pay debt service on the 2017 Refunding Bonds, a Notice of Insufficiency is filed timely by the SARA, certain other conditions under the Redevelopment Dissolution Law are satisfied, and tax revenues from the RPTTF would be distributed as follows: (1) administrative fees of the County Auditor-Controller; (2) San José Unified AB1290 pass-through; (3) debt service on the 2017 Refunding Bonds; (4) all other AB1290 and negotiated pass-through payments due to Santa Clara County; (4) all other enforceable obligations; and (5) the SARA’s administrative cost allowance. All funds remaining in the RPTTF after payment of items (1) through (5) above, would be paid to the applicable taxing entities. See Note 7 for additional information regarding the 2017 Refunding Bonds.

Restricted Assets

Assets are restricted for specified uses by bonded debt requirements, grant provisions or other requirements and their use is limited by applicable bond covenants or agreements.

Property Held for Resale

Property held for resale is recorded as an asset at the lower of cost or net realizable value. The SARA recorded certain capital assets originally received from the Agency as property held for resale. On September 8, 2014, the State Department of Finance (“DOF”) approved the Long-Range Property Management Plan (“LRPMP”), which specifies the disposition of the SARA properties. The SARA properties designated for sale under the LRPMP are to be sold in accordance with the Asset Disposition Schedule and the Disposition Process for Sale of Properties, both of which are subject to the approval of the Oversight Board. All properties were disposed of during the year (see Note 5).

Capital Assets

The SARA defines capital assets as assets with an initial individual cost of at least $5,000 and an estimated useful life in excess of one year. The capital assets consist of both depreciable and non-depreciable assets. Capital assets are recorded in the financial statements at historical cost and are being depreciated using the straight-line method over the estimated useful life of 40 years for parking structures and buildings, 25 years for leasehold improvements, and 5 years for equipment.

Original Issue Discounts, Premiums, and Refundings

Original issue discounts and premiums are amortized using the straight-line method over the life of the bonds. Bonds payable are reported net of the applicable bond discounts and/or premiums. Gains or losses occurring from refunding of debt are reported as deferred inflows of resources or deferred outflows of resources, respectively; and amortized over the shorter of the life of the refunded debt or refunding debt. Amortization of these balances is recorded as a component of interest expense.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

*Use of Estimates*

The preparation of basic financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 3 – CASH AND INVESTMENTS

The SARA’s cash and investments consist of the following at June 30, 2019:

<table>
<thead>
<tr>
<th>Cash &amp; Investments</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Investments</td>
<td>$56,436,937</td>
</tr>
<tr>
<td>Restricted Cash and Investments</td>
<td>117,797,328</td>
</tr>
<tr>
<td>Total Cash and Investments</td>
<td>$174,234,265</td>
</tr>
</tbody>
</table>

*Investments*

The SARA follows provisions of the California Government Code and the City’s Municipal Code as set forth in the City’s investment policy. The City Council adopted an investment policy (“Policy”) on April 2, 1985, related to the City’s cash and investment pool, which is subject to annual review. The Policy specifically prohibits trading securities for the sole purpose of speculating or taking an unhedged position on the future direction of interest rates. Per the Policy, the investments conform to Sections 53600 et seq. of the California Government Code and the applicable limitations contained within the Policy. The Policy was last reviewed and amended on March 19, 2019.
NOTE 3 – CASH AND INVESTMENTS – Continued

**Investments, continued**

The following table identifies the investment types that are authorized by the Policy as of June 30, 2019:

<table>
<thead>
<tr>
<th>Authorized Investment Type</th>
<th>Maximum Maturity</th>
<th>Maximum Percentage or Dollar of Portfolio</th>
<th>Maximum Investment in One Issuer</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury Obligations</td>
<td>5 years</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>U.S. Government Agency Issues</td>
<td>5 years</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Supranationals</td>
<td>5 years</td>
<td>20% *</td>
<td>None</td>
</tr>
<tr>
<td>Bankers' Acceptances</td>
<td>180 days</td>
<td>20% *</td>
<td>5% *</td>
</tr>
<tr>
<td>Insured Time Deposits</td>
<td>3 years *</td>
<td>$10 million *</td>
<td>5% *</td>
</tr>
<tr>
<td>Uninsured Time Deposits</td>
<td>18 months *</td>
<td>$10 million *</td>
<td>5% *</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>270 days</td>
<td>20% *</td>
<td>5% *</td>
</tr>
<tr>
<td>Negotiable Certificates of Deposit</td>
<td>1 year *</td>
<td>20% *</td>
<td>5% *</td>
</tr>
<tr>
<td>Repurchase Agreements</td>
<td>92 days *</td>
<td>50% *</td>
<td>10% *</td>
</tr>
<tr>
<td>Reverse Repurchase Agreements</td>
<td>30 days *</td>
<td>Lesser of $25 million or 20% *</td>
<td>None</td>
</tr>
<tr>
<td>Corporate Medium Term Notes</td>
<td>3 years *</td>
<td>30%</td>
<td>5% *</td>
</tr>
<tr>
<td>California Local Agency Investment Fund</td>
<td>N/A</td>
<td>State Treasurer Limit</td>
<td>None</td>
</tr>
<tr>
<td>Money Market Mutual Funds</td>
<td>N/A</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>Municipal Bonds - Category 1 (City)</td>
<td>5 years</td>
<td>10% *</td>
<td>5% *</td>
</tr>
<tr>
<td>Municipal Bonds - Category 2 (State of CA)</td>
<td>5 years</td>
<td>5% *</td>
<td>5% *</td>
</tr>
<tr>
<td>Municipal Bonds - Category 3 (CA Issuers)</td>
<td>5 years</td>
<td>20% *</td>
<td>5% *</td>
</tr>
<tr>
<td>Municipal Bonds - Category 4 (Other 49 States)</td>
<td>5 years</td>
<td>20% *</td>
<td>5% *</td>
</tr>
<tr>
<td>Investment Agreements</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMO)</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Asset Backed Securities (ABS)</td>
<td>5 years</td>
<td>5% *</td>
<td>None</td>
</tr>
</tbody>
</table>

* Represents where the City’s Policy is more restrictive than the California Government Code.
NOTE 3 – CASH AND INVESTMENTS - Continued

Investments, continued

Other restrictions on investments are summarized as follows:

- Purchases of United States government agency securities are limited to issues of Federal Agriculture Mortgage Corporation (Farmer Mac), Federal Farm Credit Banks, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation, and the Federal National Mortgage Association. Investment in Farmer Mac may not exceed 10% of the total portfolio.

- Purchases of Supranationals are limited to International Bank for Reconstruction and Development, International Finance Corporation and Inter-American Development Bank. Securities shall be rated “Aa3, AA or AA” or higher by Moody’s, S&P, or Fitch, respectively. No rating may be lower than any of the ratings listed in the preceding sentence at the time of purchase.

- Purchases of Bankers’ Acceptances (“BAs”) are limited to issues by domestic U.S. or foreign banks. The outstanding debt of the bank or its holding company must be rated “A3, A-, or A-” or higher by Moody’s, S&P, or Fitch, respectively. No rating may be lower than any of the ratings listed in the preceding sentence at the time of purchase.

- Deposits up to $10,000,000 may be invested in banks and savings and loans and deposits shall not exceed the net worth of that depository. Depositories must have a short-term rating of “P1, A1, or F1” or better by two of the three nationally recognized rating services: Moody’s, S&P, or Fitch, respectively. The outstanding debt of the bank or its holding company must be rated “A3, A-, or A-” or higher by Moody’s, S&P, or Fitch, respectively. Deposits shall be either insured by Federal Deposit Insurance Corporation (“FDIC”) or collateralized in the manner prescribed by State law for depositories.

- Commercial paper eligible for investment must be rated “P1, A1 or F1” or better by two of the three nationally recognized rating services; Moody’s, S&P, or Fitch, respectively. Issuing corporations must be organized and operating within the United States, have total assets in excess of $500,000,000 and shall issue debt, other than commercial paper, if any, that is rated “A3, A- or A-” or higher, by Moody’s, S&P, or Fitch, respectively.

- Negotiable certificates of deposit are limited to banks and savings and loans with an issuer short-term rating of “P1, A1, F1” or better by two of the three nationally recognized rating services: Moody’s, S&P, or Fitch, respectively. The outstanding debt of the bank or its holding company must be rated “A3, A-, or A-” or higher by Moody’s, S&P or Fitch, respectively. No rating may be lower than any of the ratings listed in the preceding sentence at the time of purchase.
NOTE 3 – CASH AND INVESTMENTS - Continued

**Investments, continued**

- Repurchase agreements are to be executed only with primary dealers of the Federal Reserve Bank of New York and financial institutions, which have entered into the City’s Master Repurchase Agreement and any subsequent amendments to the Master Repurchase Agreement. Securities accepted as collateral for the repurchase agreement are limited to U.S. Treasury or U.S. Federal Government Agencies permitted under the Policy. The market value of the securities that have been accepted as collateral shall, at the time of transfer, equal at least 102 percent of face value of the repurchase agreement. For other than overnight investments, the securities transferred shall be marked to market on a daily basis and maintained at a market value to at least 102 percent of the repurchase agreement’s face value.

- Reverse repurchase agreements under the Policy are limited to the lesser of $25,000,000 or 20% of the portfolio value and to those occasions where unanticipated short-term cash requirements can be met more advantageously by initiating a reverse repurchase agreement than by selling a security into the secondary market prior to maturity.

- Corporate medium term notes eligible for investment must be rated “A3, A- or A-” or better by two of the three nationally recognized rating services; Moody’s, S&P, or Fitch, respectively.

- Funds invested in Local Agency Investment Fund (“LAIF”), a State of California managed investment pool, may be made up to the maximum dollar amount per separate legal entity in conformity with account balance limits authorized by the California State Treasurer. The current maximum amount authorized by the State Treasurer is $65,000,000.

- Investments in money market mutual funds are limited to those funds registered with the Securities and Exchange Commission (“SEC”) and for which either one of the credit criteria are met: (1) obtained the highest ranking or highest letter and numerical rating provided by no less than two nationally recognized rating services or (2) retained an investment advisor registered with the SEC or exempt from the SEC registration requirements with no less than five years of experience investing in securities and obligations authorized by California Government Code Section 53601 and managing money market mutual funds with assets under management in excess of $500,000,000. Investments by the funds are restricted to U.S. Treasury and U.S. Government Agency backed securities permitted under the Policy and must be maintained at no less than $1.00 per share.

- Municipal bonds under the Policy are limited to a total of no more than 20% of the portfolio value. The Policy establishes four municipal bond categories: (1) bonds issued by the City or its agencies (as defined in the Policy), (2) by the State of California, (3) by other California local agencies, and (4) by any of the other 49 states. Eligible securities must be rated “A3, A- or A-” or better by two of the three nationally recognized rating services; Moody’s, S&P, or Fitch, respectively.
NOTE 3 – CASH AND INVESTMENTS - Continued

Investments, continued

- Investment agreements may be used for the investment of bond proceeds in accordance with the permitted investment provisions of the specific bond indentures and in accordance with other safeguards outlined in the Policy to reduce the risk associated with a provider’s inability to meet its contractual obligations.

- Mortgage backed securities and collateralized mortgage obligations must be rated “AA-” or better by a nationally recognized rating service.

- Asset backed securities must be rated “AA-” or better by a nationally recognized rating service.

The Policy permits the City Director of Finance acting as Chief Financial Officer for the SARA to authorize investments that depart from the Policy’s limits if such an action is in the best interest of the SARA and is otherwise consistent with the Policy and applicable City, state and federal laws.

The SARA also has investments subject to provisions of the bond indentures of the former Agency’s various bond issues until December 21, 2017 when the former Agency’s bond issues were refunded by the SARA’s 2017 Tax Allocation Refunding Bonds (see Note 7) and as of December 21, 2017 the indenture for the 2017 Tax Allocation Refunding Bonds. According to the bond indentures, the SARA is permitted to invest in the City’s cash and investment pool, LAIF, obligations of the U.S. Treasury or U.S. Government agencies, time deposits, money market mutual funds invested in U.S. Government securities, along with various other permitted investments.

At June 30, 2019, the SARA invested an amount of $56,336,586 with LAIF, which is restricted for enforceable obligations. The weighted average maturity of LAIF was 173 days at June 30, 2019.

Government Code Section 16429.1 authorizes each local government agency to invest funds in the LAIF administered by the California State Treasurer. The total amount recorded by all public agencies in LAIF at June 30, 2019 was approximately $24.6 billion. LAIF is part of the State’s Pooled Money Investment Account (“PMIA”). The PMIA is not registered with the SEC, but is required to invest according to California Government Code. The total amount recorded by all public agencies in PMIA at June 30, 2019 was approximately $105.7 billion and of that amount, 70.72% was invested in U.S. Treasuries and agencies, 22.15% in depository securities, 6.37% in commercial paper, and 0.74% in loans.

The LAIF is part of the State’s Pooled Money Investment Account that allows cities, counties and special districts to place money into the fund. LAIF operating accounts allow a maximum of 15 transactions per account in a calendar month. The transaction amount shall be no less than $5,000 and in increments of a thousand. LAIF allocates interest earnings once every quarter. The interest earnings can be withdrawn in exact amount at any time. LAIF bond accounts have no restrictions on the amounts allowed on deposit, but are limited to one withdrawal every 30 days.
NOTE 3 – CASH AND INVESTMENTS - Continued

Fair Value Measurement Categorization

The SARA categorizes its fair value measurements within the fair value hierarchy established by GAAP. The Money Market Mutual Funds and LAIF are valued by net asset value. The inputs and techniques used for securities are not necessarily an indication of risk associated with investing in these securities. The SARA’s investments in Money Market Mutual Funds and LAIF are not subject to the fair value hierarchy.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the SARA will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the SARA, where the SARA’s funds are invested, will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code requires that a financial institution secure its deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by the depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged governmental securities and/or first trust deed mortgage notes held in the collateral pool must be at least 110% and 150% of the SARA’s deposits, respectively. The collateral is held by the pledging financial institution’s trust department and is considered held in the SARA’s name.

As of June 30, 2019, none of the SARA’s bank balance was exposed to custodial credit risk because the balance was under the FDIC insurance coverage limit of $250,000. The actual book balance of bank deposits amounted to $100,351 at June 30, 2019.

The SARA invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to increase security, the SARA employs the trust department of a bank or trustee as the custodian of certain SARA investments, regardless of their form.

Interest Rate Risk

The fair value of fixed income investments fluctuates in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair value of those instruments. The fair value of interest sensitive instruments may also be affected by the creditworthiness of the issuer, prepayment options, and other general interest rate conditions. Certain fixed income investments have call provisions that could result in shorter maturity periods. One of the ways that the SARA manages its exposure to interest rate risk is by purchasing shorter-term investments and by timing the cash flows from the maturities as necessary to provide the cash flow and liquidity needs for operations.
NOTE 3 – CASH AND INVESTMENTS - Continued

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by the nationally recognized statistical rating organizations. The SARA’s investment policy has mitigated credit risk by limiting investments to the safest types of securities, by prequalifying financial institutions, by diversifying the portfolio and by establishing monitoring procedures.

The following schedule indicates the interest rate and credit risk of the SARA’s investments at June 30, 2019:

<table>
<thead>
<tr>
<th>Moody’s Credit Rating</th>
<th>Maturity (in Days)</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Under 30</td>
<td>31-180</td>
</tr>
<tr>
<td>LAIF</td>
<td>Not rated</td>
<td>-</td>
</tr>
<tr>
<td>Money Market Mutual Fund</td>
<td>Aaa</td>
<td>117,797,328</td>
</tr>
<tr>
<td><strong>Subtotal Investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank Deposits</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Cash &amp; Investments</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Concentration of Credit Risk

Concentration of credit risk is the risk that the failure of any one issuer would place an undue financial burden on the SARA. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are exempt from this requirement, as they are normally diversified themselves.

Restricted Cash and Investments:

Held with Fiscal Agents

Under the provisions of the bond indentures, certain accounts with trustees were established for repayment of debt, reserve requirements, and temporary investments of unexpended bond proceeds. At June 30, 2019, the amounts held by the trustee for the 2017 Tax Allocation Refunding Bonds aggregated to $117,797,328. All restricted investments held by the trustee at June 30, 2019 were in compliance with the bond indentures.

Held in Escrow Accounts

Pursuant to contracts and agreements, certain funds are required to be held in escrow accounts and are restricted for a particular purpose. These funds remain the property of the SARA until used. Upon the sale of the Convention Center South Hall Site to the City on October 10, 2018, the Toxic Fund was assigned to the City. At June 30, 2019, the escrow accounts have no balance.
NOTE 4 – LOANS RECEIVABLE

Composition of loans receivable at June 30, 2019 is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Loan Receivable</th>
<th>Accrued Interest Receivable</th>
<th>Allowance</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Parcels of land sold to developers</td>
<td>$1,728,360</td>
<td>$-</td>
<td>$(1,728,360)</td>
<td>$-</td>
</tr>
<tr>
<td>2 HUD Section 108 loans</td>
<td>972,202</td>
<td>32,933</td>
<td>(1,005,135)</td>
<td>-</td>
</tr>
<tr>
<td>3 Historic home relocation loans</td>
<td>1,687,109</td>
<td>-</td>
<td>(1,687,109)</td>
<td>-</td>
</tr>
<tr>
<td>4 Rehabilitation of residential units</td>
<td>100,000</td>
<td>31,512</td>
<td>(131,512)</td>
<td>-</td>
</tr>
<tr>
<td>5 Commercial building loans</td>
<td>8,190,270</td>
<td>1,011,766</td>
<td>(4,005,279)</td>
<td>5,196,757</td>
</tr>
<tr>
<td>6 Rehabilitation of historic hotel building</td>
<td>5,265,000</td>
<td>-</td>
<td>(5,265,000)</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$17,942,941</td>
<td>$1,076,211</td>
<td>$(13,822,395)</td>
<td>$5,196,757</td>
</tr>
</tbody>
</table>

1. Over the years, parcels of land had been sold to commercial real estate developers in various mixed-use projects. In one downtown residential condominium project located at 360 South Market Street in San Jose, the original developer entered into a Disposition and Development Agreement ("DDA") with the Agency in 2005 to develop a mixed use project on the property ("360 Residences Project"). The 360 Residences Project was acquired by a new owner at a foreclosure sale on March 25, 2011 subject to the original DDA. On April 26, 2011, the DDA was amended to give the new owner the right to convert the project from for-sale to rental. The DDA was also amended to give the new owner the authority to subsequently convert any units back to for-sale units. Under the amended DDA, the new owner also executed a new promissory note payable to the Agency in the principal amount of $1,728,360. The principal under the promissory note is due and payable when all proceeds of sold condominium units exceed an invested capital threshold. At June 30, 2019, the amount due from the new owner was $1,728,360. A provision for doubtful accounts was recorded for the entire balance due under the promissory note because the likelihood of the payment criteria being met is questionable in the foreseeable future.

2. In 1997 and 2007, the Agency extended loans to developers using funds obtained from the U.S. Department of Housing and Urban Development Section 108 loan proceeds. These loans have a 20-year repayment schedule and bear interest at an annual rate of 3%. At June 30, 2019, the amount due from the developers was $1,005,135. A provision for the doubtful accounts was recorded for the entire balance as a conservative measure.

3. The Agency relocated historic single-family homes to vacant lots in downtown San José. These homes were sold to families and a non-profit agency. The owners made interior and exterior improvements using loans provided by the Agency. The loans are to be paid only in the event of non-compliance with the terms and conditions of the agreements. At the time residential occupancy of the house ceases or the property is transferred to anyone other than the owner by any method other than inheritance, the unamortized portion of the loan shall become due and payable in full. Unpaid principal shall bear an interest rate of 8% per annum. As long as the owners are compliant with the terms and conditions of the agreement, each year a portion of the loan is amortized and forgiven. The total loans of $1,687,109 have been offset with a provision for doubtful accounts as it is anticipated that these loans will be fully amortized over the period of the loans.
NOTE 4 – LOANS RECEIVABLE - Continued

4. The Agency extended various bank-assisted loans to aid first-time homebuyers and to aid with the rehabilitation of homes. The loans accrue interest at various interest rates and are due when the related properties are sold. At June 30, 2019, the total amount due from such loans was $131,512. A provision for doubtful accounts was provided for the entire loan balance due to the extended timeline before payments commence.

5. The Agency extended and amended various loans to property owners for the rehabilitation and improvements of commercial buildings. The loans are due within 10 to 25 years. The principal amount of the loans vary and they bear different interest rates. At June 30, 2019, the total amount due from these loans was $9,202,036. An allowance for doubtful accounts in the amount of $4,005,279 was made for potential write-offs.

6. In May 2005, the Agency amended and restated a Disposition and Development Agreement with a developer recognizing a loan for the rehabilitation of a historic hotel building. The loan has a 60-year repayment schedule, bears no interest, and requires principal payments on a semi-annual basis starting in FY 2021. At June 30, 2019, the amount due from the developer was $5,265,000. A provision for doubtful accounts was provided for the entire loan balance due to the extended timeline before payments commence.

NOTE 5 – PROPERTY HELD FOR RESALE

A summary of changes of the property held for resale during the year ended June 30, 2019 is as follows:

<table>
<thead>
<tr>
<th>Property Description</th>
<th>July 1, 2018</th>
<th>Addition</th>
<th>Disposal</th>
<th>Transfer</th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>N. San Pedro Housing site</td>
<td>$33,456,710</td>
<td>$3,089,927</td>
<td>$(30,694,027)</td>
<td>$(5,852,610)</td>
<td>$ -</td>
</tr>
</tbody>
</table>

In FY 2019, the SARA disposed multiple properties of the North San Pedro Housing site as described below:

- In August 2018, the SARA sold one property commonly known as Block D to TM San Jose 78, LLC for $1,584,620. The property had the net book value of $495,938 and the SARA recognized a gain of $1,079,996 after transaction costs of $8,686. At the close of escrow, the net sale proceeds of $1,575,934 were remitted to the County Auditor-Controller and were subsequently distributed to the appropriate local taxing entities per the Health and Safety Code.

- In September 2018, the SARA sold one property commonly known as Block E to First American Exchange Company, LLC as Qualified Intermediary for San Pedro Life I, LLC for $4,704,627. The property had the net book value of $2,589,616 and the SARA recognized a gain of $2,110,377 after transaction costs of $14,634. At the close of escrow, the net sale proceeds of $4,689,993 were remitted to the County Auditor-Controller and were subsequently distributed to the appropriate local taxing entities per the Health and Safety Code.
NOTE 5 – PROPERTY HELD FOR RESALE - Continued

- In September 2018, the SARA sold one property commonly known as Block B/F to 171 W. Julian Street Apartments Investors LLC for $10,288,633. The property had the net book value of $27,608,473 and the SARA recognized a loss of $17,349,735 after transaction costs of $29,895. At the close of escrow, the net sale proceeds of $10,258,738 were remitted to the County Auditor-Controller and were subsequently distributed to the appropriate local taxing entities per the Health and Safety Code.

- In December 2018, one property commonly known as Block G (Bassett Street and Terraine Street) has been transferred from the SARA to First Community Housing. The property had the net book value of $5,124,752 and the SARA recognized a loss of $5,124,752.

- In January 2019, one property commonly known as North San Pedro or Bassett Park (75 Bassett Street) has been transferred from the SARA to the City. The property had the net book value of $727,856 and the SARA recognized a loss of $727,856.

NOTE 6 – CAPITAL ASSETS

A summary of changes in the SARA’s capital assets for the year ended June 30, 2019 is as follows:

<table>
<thead>
<tr>
<th>July 1, 2018</th>
<th>Addition</th>
<th>Disposal</th>
<th>Transfer</th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Assets, Not Being Depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$47,677,113</td>
<td>-</td>
<td>($16,851,011)</td>
<td>($27,933,752)</td>
</tr>
<tr>
<td>Total Capital Assets, Not Being Depreciated</td>
<td>$47,677,113</td>
<td>-</td>
<td>($16,851,011)</td>
<td>($27,933,752)</td>
</tr>
<tr>
<td>Capital Assets, Being Depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>82,610,412</td>
<td>-</td>
<td>(7,155,774)</td>
<td>-</td>
</tr>
<tr>
<td>Building and other Improvements</td>
<td>107,985</td>
<td>-</td>
<td>(107,985)</td>
<td>-</td>
</tr>
<tr>
<td>Equipment</td>
<td>1,144,956</td>
<td>-</td>
<td>(1,144,956)</td>
<td>-</td>
</tr>
<tr>
<td>Total Capital Assets, Being Depreciated</td>
<td>83,863,353</td>
<td>-</td>
<td>(8,408,715)</td>
<td>-</td>
</tr>
<tr>
<td>Less Accumulated Depreciation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>25,171,940</td>
<td>1,976,850</td>
<td>(2,292,257)</td>
<td>-</td>
</tr>
<tr>
<td>Building and other Improvements</td>
<td>68,393</td>
<td>1,992</td>
<td>(70,385)</td>
<td>-</td>
</tr>
<tr>
<td>Equipment</td>
<td>1,144,956</td>
<td>-</td>
<td>(1,144,956)</td>
<td>-</td>
</tr>
<tr>
<td>Total Accumulated Depreciation</td>
<td>26,385,289</td>
<td>1,978,842</td>
<td>(3,507,598)</td>
<td>-</td>
</tr>
<tr>
<td>Total Capital Assets, Being Depreciated, net</td>
<td>57,478,064</td>
<td>(1,978,842)</td>
<td>(4,901,117)</td>
<td>-</td>
</tr>
<tr>
<td>Total Capital Assets, net</td>
<td>$105,155,177</td>
<td>(1,978,842)</td>
<td>(21,752,128)</td>
<td>($27,933,752)</td>
</tr>
</tbody>
</table>
NOTE 6 – CAPITAL ASSETS - Continued

On August 27, 2015, the Oversight Board approved a revised Asset Disposition Schedule for the non-governmental purpose properties listed on the LRPM, and approved the Disposition Process For Sale of Properties, which requires the sale of assets either through an open and competitive solicitation process or through a direct sale to the affected taxing entities or a non-profit organization. Additional amendments to the Asset Disposition Schedule were approved by the Oversight Board on January 14, 2016, April 28, 2016, October 27, 2016, and April 13, 2017.

In FY 2019, the SARA disposed the following properties:

- On August 24, 2018, the SARA transferred properties commonly known as Diridon Properties (8, 102, 105, 150 S Montgomery St., 510 W San Fernando St., 645 Park Ave.) to the City with a net book value of $27,933,752. The transfer was pursuant to the compensation agreement entered into by and among the SARA, the City, and certain taxing entities (local agencies and school districts) as prescribed under the Health and Safety Code, on January 1, 2018.

- On October 9, 2018, the SARA sold one property, San Jose Stage (490 South 1st Street), for $2,300,000. The property had the net book value of $1,021,596 and the SARA recognized a gain of $1,270,132 after transaction costs of $8,272. At the close of escrow, the net sale proceeds of $2,291,728 were remitted to the County Auditor-Controller and were subsequently distributed to the appropriate local taxing entities per the Health and Safety Code.

- On October 10, 2018, the SARA sold one property, South Hall Convention Center (107 Balbach Street), to the City for $47,000,000. The property had the net book value of $14,557,943 and the SARA recognized a gain of $32,427,591 after transaction costs of $14,466. A portion of the proceeds were used to pay off the HUD loan totaling $16,310,000 principal plus $81,746 accrued interest. At the close of escrow, the remaining net sale proceeds of $30,593,788 were remitted to the County Auditor-Controller and were subsequently distributed to the appropriate local taxing entities per the Health and Safety Code.

- On December 27, 2018, the SARA sold one property, Jose Theater (62 South 2nd Street), for $2,139,000. The property had the net book value of $5,709,335 and the SARA recognized a loss of $3,578,202 after transaction costs of $7,867. At the close of escrow, the net sale proceeds of $2,131,133 were remitted to the County Auditor-Controller and were subsequently distributed to the appropriate local taxing entities per the Health and Safety Code.

- On April 29, 2019, the SARA disposed all equipment with net book value of zero. The equipment had an initial book value of $1,144,956, which was fully depreciated.
NOTE 7 – DEBT

The following is a summary of long-term debt of the SARA at June 30, 2019 (in thousands):

<table>
<thead>
<tr>
<th>Type of Indebtedness</th>
<th>Purpose</th>
<th>Original Issue Amount</th>
<th>Issue Date</th>
<th>Maturity Date</th>
<th>Interest Rate Range</th>
<th>Annual Principal Installments</th>
<th>June 30, 2019 Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Tax Allocation Bonds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017 Refunding Bonds Series A</td>
<td>Refunding - merged area projects</td>
<td>$79,825</td>
<td>12/21/2017</td>
<td>8/1/2035</td>
<td>5.00%</td>
<td>$0 - 53,810</td>
<td>$79,825</td>
</tr>
<tr>
<td>2017 Refunding Bonds Series A-T</td>
<td>Refunding - merged area projects</td>
<td>1,333,325</td>
<td>12/21/2017</td>
<td>8/1/2034</td>
<td>1.90-3.38%</td>
<td>$32,910 - 93,735</td>
<td>1,247,600</td>
</tr>
<tr>
<td>Total Senior Tax Allocation Bonds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,327,425</td>
</tr>
<tr>
<td>Subordinate Tax Allocation Bonds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017 Refunding Bonds Series B</td>
<td>Refunding - merged area projects</td>
<td>264,390</td>
<td>12/21/2017</td>
<td>8/1/2029</td>
<td>2.00-5.00%</td>
<td>$7,820 - 29,835</td>
<td>240,155</td>
</tr>
<tr>
<td>Total Subordinate Tax Allocation Bonds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>240,155</td>
</tr>
<tr>
<td>Other Long-Term Debt:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of San José (SERAF) Loan</td>
<td>Fund the State’s SERAF Payment</td>
<td>12,816</td>
<td>2010-2011</td>
<td>6/30/2020</td>
<td>3.00%</td>
<td>$0 - 15,561</td>
<td>15,945</td>
</tr>
<tr>
<td>City of San José (SERAF) Loan</td>
<td>Fund the State’s SERAF Payment</td>
<td>10,000</td>
<td>2010-2011</td>
<td>6/30/2020</td>
<td>3.00%</td>
<td>$0 - 12,441</td>
<td>12,742</td>
</tr>
<tr>
<td>City of San José - Parking Fund Loans</td>
<td>Fund debt service</td>
<td>13,528</td>
<td>2006-2011</td>
<td>6/30/2020</td>
<td>3.00%</td>
<td>$0 - 13,528</td>
<td>17,862</td>
</tr>
<tr>
<td>Total Other Long-Term Debt</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>46,549</td>
</tr>
<tr>
<td>Total Long-Term Debt</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$1,614,129</td>
</tr>
</tbody>
</table>
NOTE 7 – DEBT- Continued

The following summarizes the changes in long-term debt and other obligations for the year ended June 30, 2019 (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2018</th>
<th>Additions</th>
<th>Reductions</th>
<th>June 30, 2019</th>
<th>Amount Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Senior Tax Allocation Bonds:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017 Refunding Bonds Series A</td>
<td>$79,825</td>
<td>-</td>
<td>-</td>
<td>$79,825</td>
<td>-</td>
</tr>
<tr>
<td>2017 Refunding Bonds Series A-T</td>
<td>1,333,325</td>
<td>-</td>
<td>(85,725)</td>
<td>1,247,600</td>
<td>70,570</td>
</tr>
<tr>
<td>Subtotal Senior Tax Allocation Bonds</td>
<td>1,413,150</td>
<td>-</td>
<td>(85,725)</td>
<td>1,327,425</td>
<td>70,570</td>
</tr>
<tr>
<td><strong>Subordinate Tax Allocation Bonds:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017 Refunding Bonds Series B</td>
<td>264,390</td>
<td>-</td>
<td>(24,235)</td>
<td>240,155</td>
<td>20,190</td>
</tr>
<tr>
<td>Subtotal Subordinate Tax Allocation Bonds</td>
<td>264,390</td>
<td>-</td>
<td>(24,235)</td>
<td>240,155</td>
<td>20,190</td>
</tr>
<tr>
<td><strong>Other Long-Term Debt:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HUD Section 108 Loan (CIM)</td>
<td>7,715</td>
<td>-</td>
<td>(7,715)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>HUD Section 108 Loan (Story &amp; King)</td>
<td>10,485</td>
<td>-</td>
<td>(10,485)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>City of San José - SERAF Loans (Principal)</td>
<td>22,816</td>
<td>-</td>
<td>-</td>
<td>22,816</td>
<td>22,816</td>
</tr>
<tr>
<td>City of San José - SERAF Loans (Interest)</td>
<td>5,186</td>
<td>685</td>
<td>-</td>
<td>5,871</td>
<td>5,871</td>
</tr>
<tr>
<td>City of San José - Parking Fund Loans (Principal)</td>
<td>13,528</td>
<td>-</td>
<td>-</td>
<td>13,528</td>
<td>13,528</td>
</tr>
<tr>
<td>City of San José - Parking Fund Loans (Interest)</td>
<td>4,397</td>
<td>-</td>
<td>(63)</td>
<td>4,334</td>
<td>4,334</td>
</tr>
<tr>
<td>City of San José - Reimbursement Agreement</td>
<td>1,421</td>
<td>867</td>
<td>(2,288)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Subtotal Other Long-Term Debt</td>
<td>65,548</td>
<td>1,552</td>
<td>(20,551)</td>
<td>46,549</td>
<td>46,549</td>
</tr>
<tr>
<td>Subtotal Long-Term Debt before Unamortized</td>
<td>1,743,088</td>
<td>1,552</td>
<td>(130,511)</td>
<td>1,614,129</td>
<td>137,309</td>
</tr>
<tr>
<td>Issuance Premium (Discount), Net</td>
<td>49,025</td>
<td>-</td>
<td>(4,204)</td>
<td>44,821</td>
<td>4,205</td>
</tr>
<tr>
<td><strong>Total Long-Term Obligations</strong></td>
<td>$1,792,113</td>
<td>$1,552</td>
<td>$134,715</td>
<td>$1,658,950</td>
<td>$141,514</td>
</tr>
</tbody>
</table>

Total RPTTF revenue distributed by the County to the SARA in the FY 2019 was $190,333,902 which was used to pay debt service and debt related expenses on the Successor Agency Senior and Subordinate Tax Allocation Refunding Bonds and enforceable obligations. During the year ended June 30, 2019, the County withheld $36,409,663 in RPTTF for payments of its current year’s pass-through payments. The RPTTF revenue excludes the San Jose Unified School District senior pass-through ($5,850,161), AB1290 subordinate pass-through ($24,395,849), and residual balance ($46,730,058) distributed to taxing entities.

All summaries of documents related to debt contained in this Note are made subject to the provisions of such documents and do not purport to be complete statements of any or all such provisions. Each reference in this Note is qualified in its entirety by reference to such document, which is on file with the SARA’s Chief Financial Officer.
NOTE 7 – DEBT- Continued

2017 Tax Allocation Refunding Bonds

On December 21, 2017, the SARA issued the 2017 Refunding Bonds pursuant to an Indenture of Trust dated as of December 1, 2017 (“2017 Indenture”), by and between the SARA and Wilmington Trust, National Association, as trustee (“Trustee”). The 2017 Refunding Bonds were issued in the aggregate principal amount of $1,677,540,000, in two senior series and one subordinate series. The senior series bonds, collectively known as 2017 Senior Tax Allocation Refunding Bonds, consist of $79,825,000 of the tax-exempt senior lien 2017 Series A Bonds (“2017A Bonds”) and $1,333,325,000 of taxable senior lien 2017 Series A-T Bonds (“2017A-T Bonds”). The subordinate series bonds, described as 2017 Subordinate Tax Allocation Refunding Bonds, consist of $264,390,000 of tax-exempt subordinate lien 2017 Series B Bonds.

Proceeds of the 2017 Refunding Bonds were used to (i) redeem and defease or prepay 23 series of Successor Agency Senior and Subordinate Tax Allocation Refunding Bonds, the 4th and San Fernando Parking Facility Pledge Agreement entered into in connection with the Financing Authority’s Series 2001A Bonds and the Second Amended and Restated Reimbursement Agreement entered into in connection with the Financing Authority’s Series 2001F and 2001G Bonds (paid in full in September 2018), all as listed in the previous table and (ii) pay the costs of issuing the 2017 Refunding Bonds, including the cost of debt service reserve insurance policies. The refunding resulted in a difference between the reacquisition price (the amount required to repay previously issued debt in a refunding transaction) and the net carrying amount of the Refunded Obligations. This difference was reported as deferred outflows of resources in the Statement of Fiduciary Net Position and is being amortized over the next 17 years.
NOTE 7 – DEBT- Continued

2017 Tax Allocation Refunding Bonds, continued

The 2017 Refunding Bonds are secured and payable from Tax Revenues and certain funds and accounts held by the Trustee. Tax Revenues are generally defined in the 2017 Indenture as the portion of property tax revenues collected in the Merged Project Area derived from incremental growth in assessed property values over the initial base year values in each of 17 component areas, less certain County administrative fees and the AB1290 statutory pass-through payment to the San José Unified School District and excluding the amounts collected pursuant to the pension override or State Water Project override provisions of the Redevelopment Dissolution Law. All other AB1290 statutory pass-through payments and the negotiated pass-through payments to Santa Clara County are subordinate to the payment of debt service on the 2017 Refunding Bonds and other payment obligations under the 2017 Indenture. Under the distribution provisions of the Redevelopment Dissolution Law, AB1290 statutory pass-through payments and negotiated pass-through payments are made from funds on deposit in the RPTTF before funds are transferred to the SARA for the payment of enforceable obligations (including payment of debt service on the 2017 Refunding Bonds unless there are insufficient funds to pay such debt service and other payment obligations under the 2017 Indenture and certain other conditions are satisfied). Such conditions include the timely filing of a Notice of Insufficiency by the SARA in accordance with the Redevelopment Dissolution Law and the concurrence by the State Controller that there are insufficient funds for such purpose. The SARA has covenanted in the 2017 Indenture to comply with the provisions of the Redevelopment Dissolution Law related to placing its obligations under the 2017 Indenture on the recognized obligations under the 2017 Indenture throughout the term of the 2017 Refunding Bonds and, if applicable, file a Notice of Insufficiency in the event that are insufficient Tax Revenue to make payment of debt service or other payment obligations under the 2017 Indenture. See Note 2 for a general description of the provisions of the Redevelopment Dissolution Act regarding distributions from the RPTTF and order of priority of payments therefrom.

The SARA has covenanted in the 2017 Indenture to take such actions as required under the Redevelopment Dissolution Law to include in each annual Recognized Obligation Payment Schedule the amount of debt service on the 2017 Refunding Bonds so as to enable the County Auditor-Controller to distribute from the RPTTF to SARA on each January 2 and June 1 the amounts required for the SARA to pay principal of, and interest on, the 2017 Refunding Bonds coming due in the respective six-month period. These actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and DOF the amounts to be held by the SARA as a reserve until the next six-month period, as contemplated by the Redevelopment Dissolution Law, that are necessary to comply with the 2017 Indenture.

A separate municipal bond debt service reserve policy issued by Build America Mutual Assurance Company (“BAM”) was deposited in the Senior Bonds Reserve Account of the Bond Reserve Fund for the 2017 Senior Tax Allocation Refunding Bonds (“2017 Senior Bonds Reserve Policy”) and in the Subordinate Bonds Reserve account of the Bond Reserve Fund for the 2017 Subordinate Tax Allocation Bonds (“2017 Subordinate Bonds Reserve Policy”). The 2017 Senior Bonds Reserve Policy is in the amount of $112,102,119, which is equal to the Senior Bonds Reserve Requirement under the 2017 Indenture. The 2017 Subordinate Bonds Reserve Policy is in the amount of $30,978,128, which is equal to the Subordinate Bonds Reserve Requirement under the 2017 Indenture.
NOTE 7 – DEBT- Continued

2017 Tax Allocation Refunding Bonds, continued

The 2017 Senior Bonds Reserve Policy will terminate the earlier to occur of (i) the date on which the 2017 Senior Tax Allocation Refunding Bonds are no longer outstanding under the 2017 Indenture and (ii) August 1, 2035. The 2017 Subordinate Bonds Reserve Policy will terminate the earlier to occur of (i) the date on which the 2017 Subordinate Tax Allocation Refunding Bonds are no longer outstanding under the Indenture and (ii) August 1, 2029. Per the terms of the 2017 Indenture, the SARA is not obligated to replace either reserve policy or to fund either reserve account with cash if, at any time that the 2017 Senior Tax Allocation Refunding Bonds or 2017 Subordinate Tax Allocation Refunding Bonds are outstanding, amounts are not available under such policy or if the rating of the claims-paying ability of BAM is downgraded, suspended or withdrawn.

The 2017 Senior Tax Allocation Refunding Bonds were rated “AA” by Standard & Poor’s and Fitch and the 2017 Subordinate Tax Allocation Refunding Bonds were rated “AA-” by Standard & Poor’s and Fitch.

2017 Senior Tax Allocation Refunding Bonds - The 2017 Senior Tax Allocation Refunding Bonds were issued in two series – the tax-exempt 2017A Bonds and the taxable 2017A-T Bonds, with a parity senior lien on Tax Revenues. The 2017A Bonds are structured as two serial maturities in 2034 and 2035; both maturities bear interest at 5% per annum. The 2017A-T Bonds are structured as serial maturities in 2018 through and including 2029, and a term bond of $361,845,000 maturing in 2034 with mandatory payment of principal beginning on August 1, 2030 through final maturity on August 1, 2034. The 2017A-T Bonds bear interest at rates ranging from 1.898% to 3.375% per annum. The 2017A-T Bonds have approximately $183,000,000 in par subject to call on or after August 1, 2027. The total debt service payments on the 2017 Senior Tax Allocation Refunding Bonds was $128,068,167 for the year ended June 30, 2019. The principal and interest remaining on the 2017 Senior Tax Allocation Refunding Bonds as of June 30, 2019 is $1,708,438,711.

2017 Subordinate Tax Allocation Refunding Bonds - The 2017 Subordinate Tax Allocation Refunding Bonds are structured as serial tax-exempt bonds with maturities in 2018 through 2029; and bear interest at rates ranging from 2% to 5% per annum. The 2017 Subordinate Tax Allocation Refunding Bonds are callable on or after August 1, 2027 at par. In total, approximately $97 million in par is subject to this ten-year par call. The 2017 Subordinate Tax Allocation Refunding Bonds are payable from Tax Revenues on a subordinate basis to the 2017 Senior Tax Allocation Refunding Bonds. The debt service payment on the 2017 Subordinate Tax Allocation Refunding Bonds was $36,757,650 for the year ended June 30, 2019. The principal and interest remaining on the 2017 Subordinate Tax Allocation Refunding Bonds as of June 30, 2019 is $302,657,125.
NOTE 7 – DEBT- Continued

2017 Tax Allocation Refunding Bonds, continued

2017 Refunding Bonds - Events of Default - The events of default under the 2017 Indenture for the 2017 Refunding Bonds are: (i) failure to pay debt service when due; (ii) failure to comply with covenants and conditions of the 2017 Indenture or the 2017 Refunding Bonds or any Senior Parity Debt Instrument or Subordinate Parity Debt Instrument (as those terms are defined in the 2017 Indenture) and such default shall have continued for a period of 30 days following SARA’s receipt from the Trustee or any bond owner of written notice of the occurrence of such default, provided that if in SARA’s reasonable opinion the failure stated in the notice can be corrected, but not within such 30 day period, such failure will not constitute an event of default if corrective action is instituted by the SARA within such 30 day period and SARA thereafter diligently and in good faith cures such failure in a reasonable period of time; or (iii) bankruptcy or similar debtor relief proceedings. In the event of default, the Trustee may or if requested by the owners of a majority of the principal amount of the outstanding 2017 Senior Tax Allocation Refunding Bonds or the 2017 Subordinate Tax Allocation Refunding Bonds, as applicable, shall, subject to the provisions of the 2017 Indenture, exercise any remedies available to the Trustee in law or at equity. The 2017 Indenture does not provide for acceleration of payment of the 2017 Refunding Bonds. The 2017 Indenture, however, provides for application of Tax Revenues upon an event of default in the order of priority set forth in the 2017 Indenture.

As of June 30, 2019, the amounts to be paid from the escrow funds established for the Refunded Obligations are as follows (in thousands):

<table>
<thead>
<tr>
<th>Redevelopment Agency Bonds Refunded in 2017 Escrow Accounts (December 21, 2017)</th>
<th>Amount</th>
<th>Redemption Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>RDA Housing Set-Aside Tax Allocation Bonds Series 2010A-1</td>
<td>$52,820</td>
<td>8/1/2020</td>
</tr>
</tbody>
</table>

HUD Section 108 Loans

In 2006, the Agency received loan proceeds totaling $31,000,000 under the provisions of HUD Section 108 program. The proceeds were used to finance the CIM Mix-used Project (Central Place / Tower 88) ($13,000,000) and for reimbursement of costs incurred on the Story/King Retail Project ($18,000,000).

On October 10, 2018, the SARA sold one property (Convention Center South Hall Site) to the City for $47,000,000. The property was used as collateral for HUD loans associated with the former Agency which ($16,310,000 principal plus $81,746 accrued interest) were paid in full at closing. The remaining net sale proceeds from the property in the amount of $30,593,788 were remitted to the County Auditor-Controller and subsequently distributed to the appropriate local taxing entities per the Health and Safety Code.
NOTE 7 – DEBT- Continued

Supplemental Educational Revenue Augmentation Funds (SERAF) Loan

On July 24, 2009, the State Legislature passed AB 26 X4, which required redevelopment agencies statewide to deposit a total of $2,050,000,000 of property tax increment in a Supplemental Educational Revenue Augmentation Funds (“SERAF”) to be distributed to meet the State’s Proposition 98 obligations to schools. The Agency’s SERAF obligation was $62 million in FY 2010 (“2010 SERAF Obligation”) and $12.8 million in FY 2011 (“2011 SERAF Obligation”). Payments were made by May 10th of each respective fiscal year.

On May 4, 2010, the Agency and the City entered into a loan agreement where the City agreed to loan the Agency through two separate payments (May 2010 and May 2011) a combined amount of $75 million to pay the 2010 SERAF Obligation and the 2011 SERAF Obligation (“SERAF Loan”). The sources of the SERAF Loan to pay the 2010 SERAF Obligation ($62 million) were $40 million from the City’s Low and Moderate Income Housing Fund that had been made available following the issuance of the 2010 Housing Series C Bonds, which was specifically authorized by the legislation, and idle moneys from the City special funds ($10 million) and funds from the Financing Authority’s Commercial Paper Program ($12 million). The source of the SERAF Loan to pay the 2011 SERAF Obligation was $12.8 million from the City’s Low and Moderate Income Housing Fund. The Low and Moderate Income Housing Fund was subsequently renamed as the Low and Moderate Income Housing Asset Fund.

The Redevelopment Dissolution Law provides that all prior loans made between the City and the Agency, except for loans made from the Low and Moderate Income Housing Asset Fund for payment of SERAF, were invalidated as of February 1, 2012, but may be reinstated once certain conditions related to dissolution are met by the SARA as more particularly discussed below in the Parking Fund Loans section. As such, the $10 million used to pay a portion of the 2010 SERAF Obligation and its related accumulated interest in the amount $160,143 from the City special funds other than the Low and Moderate Income Housing Asset Fund was invalidated under this provision and was recorded as part of the SARA’s extraordinary items in 2012. In addition, interest accrued in excess of the LAIF rates pursuant to the Redevelopment Dissolution Law in the amount of $2.9 million were also invalidated in 2012.

The remaining source of the SERAF Loan used to pay the 2010 SERAF Obligation ($40 million of 2010 Series C Housing Bonds and $12 million from the Financing Authority’s Commercial Paper program) were assumed by the SARA and were listed in the ROPS as enforceable obligations. The source of funds used to pay the 2011 SERAF Obligation was determined to be a housing asset and was transferred to the City as the Successor Housing Agency and was also listed on the ROPS as an enforceable obligation.

On February 15, 2013, the DOF determined that a significant portion of the SERAF Loan used to pay a portion of the 2010 SERAF Obligation ($40 million of 2010 Housing Series C Bonds and $12 million from the Financing Authority’s Commercial Paper program) should not be reported in the ROPS as an enforceable obligation since the sources of the SERAF Loan were already listed on the ROPS.
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSÉ
(A Component Unit of the City of San José, California)

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 7 – DEBT- Continued

Supplemental Educational Revenue Augmentation Funds (SERAF) Loan, continued

On May 26, 2016, the Oversight Board approved a partial reinstatement of the SERAF Loan used to pay the 2010 SERAF Obligation to restore the moneys originally loaned from the City’s special funds in the amount of $10 million and also approved the repayment schedule for the source of funds used to pay the 2011 SERAF Obligation in the amount of $12.8 million plus accrued interest. The Oversight Board determined that the remaining portion of the SERAF Loan used to pay the 2010 SERAF Obligation in the amount of $52 million plus accrued interest in the amount of $905,351 is not an enforceable obligation and directed the SARA to remove that portion of the loan from its financial statements. These actions were subsequently approved by the Successor Agency Board on June 28, 2016.

On May 17, 2017, the DOF approved the ROPS 17-18, which included the SERAF loans from the City in the principal amount of $22,815,668.

As of June 30, 2019, the remaining portion of the SERAF Loan has an outstanding principal and accumulated accrued interest balance of $22,815,668 and $5,871,400, respectively, and bears a simple interest rate of 3%. The SARA is anticipated to pay the amount owed in full to the City in FY 2020.

The terms and repayment schedule of the SERAF Loan, as reinstated, were revised to conform with the Redevelopment Dissolution Law. The City’s remedies against the SARA in the event of SARA’s default on the SERAF Loan would also be subject to the Redevelopment Dissolution Law. See Note 1 for general information about the Redevelopment Dissolution Law.

Parking Fund Loans

Effective February 1, 2012, all redevelopment agencies in the State of California were dissolved pursuant to AB XI 26, and with narrow exceptions, loans between cities and their redevelopment agencies were invalidated by AB XI 26, which was subsequently amended by AB 1484 and SB 107. However, with the approval of AB 1484 in June 2012, certain loans may be reinstated as enforceable obligations of the SARA contingent upon the following: 1) a finding by the DOF that certain specified audits of the SARA have been completed (evidenced by a Finding of Completion), and 2) a finding by the Oversight Board of the Successor Agency that these loans were for legitimate redevelopment purposes. If a loan is reinstated pursuant to these provisions of AB 1484, the loan terms need to be revised to conform to statutory criteria for interest calculations and repayment priorities.

The Parking Fund Loans were reinstated as enforceable obligations on ROPS 17-18 in accordance with Health and Safety Code Section 34191.4 (b) with Oversight Board approval on January 12, 2017. The DOF approved the Parking Fund Loans on March 28, 2017. Because the loans are reinstated City loans, the principal outstanding will accrue 3% simple interest and be paid on ROPS 19-20. As of June 30, 2019, the Parking Fund Loans have outstanding principal and accumulated accrued interest balance of $13,528,293 and $4,334,313, respectively. The SARA is anticipated to pay the amount owed in full to the City in FY 2020.
NOTE 7 – DEBT - Continued

Parking Fund Loans, continued

The terms and repayment schedule of the Parking Fund Loan, as reinstated, were revised to conform with the Redevelopment Dissolution Law. The City’s remedies against the SARA in the event of SARA’s default on the Parking Fund Loan would also be subject to the Redevelopment Dissolution Law. See Note 1 for general information about the Redevelopment Dissolution Law.

Tax Sharing Agreement with the County of Santa Clara

Prior to 1994, the Redevelopment Law authorized redevelopment agencies to enter into tax sharing agreements with school districts and other taxing agencies to alleviate any financial burden or detriments to such taxing agencies caused by a redevelopment project. In 1983, the Agency and County entered into a tax sharing agreement (“Original Agreement”) under which the Agency would pay a portion of tax increment revenue generated in the Merged Area (“County Pass-Through Payment”). On December 16, 1993, the Agency, the County, and the City entered into a settlement agreement, which continued the County Pass-Through Payment.

On May 22, 2001, the County, the City and the Agency approved an Amended and Restated Agreement (“Amended Agreement”), which amended and restated the Original Agreement in its entirety. In addition to the continued Pass-Through Payment, the Amended Agreement delegated to the County the authority to undertake redevelopment projects in or of benefit to the Merged Area, and required the Agency to transfer funds to the County to pay for such projects (“Delegated Payment”). Until June 30, 2004, the Delegated Payment was equal to the County Pass-Through Payment. After January 1, 2004, 20% of the proceeds of any debt secured by the Agency’s Tax Increment Revenues (excluding bonds payable from Housing Set-Aside and refunding bonds) was required to be paid to the County as the Delegated Payment.

Debt Service Requirements

The debt service requirements for all debt are based upon a fixed rate of interest.

The annual requirements to amortize outstanding tax allocation bonds at June 30, 2019, including mandatory sinking fund payments, are as follows (in thousands):

<table>
<thead>
<tr>
<th>Year Ending June 30</th>
<th>Principal</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$90,760</td>
<td>$52,292</td>
</tr>
<tr>
<td>2021</td>
<td>$93,250</td>
<td>$49,704</td>
</tr>
<tr>
<td>2022</td>
<td>$95,940</td>
<td>$46,890</td>
</tr>
<tr>
<td>2023</td>
<td>$98,880</td>
<td>$43,842</td>
</tr>
<tr>
<td>2024</td>
<td>$102,035</td>
<td>$40,555</td>
</tr>
<tr>
<td>2025-2029</td>
<td>$542,495</td>
<td>$145,929</td>
</tr>
<tr>
<td>2030-2034</td>
<td>$431,485</td>
<td>$59,063</td>
</tr>
<tr>
<td>2035-2036</td>
<td>$112,735</td>
<td>$5,241</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,567,580</strong></td>
<td><strong>$443,516</strong></td>
</tr>
</tbody>
</table>
NOTE 8 – TRANSACTIONS WITH THE CITY OF SAN JOSÉ

Advances to the City

The Agency advanced a portion of a loan made by the City’s Housing Department to a third party for a transitional housing project. The SARA is entitled to 24.5% of the total loan repayment and therefore has recorded a long-term receivable in the amount of $739,000 at June 30, 2019.

Long-Term Reimbursement Agreement

When redevelopment property tax revenues are not sufficient to cover the SARA’s enforceable obligations, the City Council has committed other sources of funding to cover costs related to the SARA annual administrative budget and City support service expenses. On September 26, 2013 (as amended on August 27, 2015), the City and the SARA entered into an Amended and Restated Long-Term Reimbursement Agreement in order to establish an obligation for the SARA to repay the City for these advances.

Effective September 22, 2015, with the passage of SB 107, a city may loan funds to a successor agency that receives an insufficient distribution from the RPTTF and an enforceable obligation shall be deemed to be created for such loans. The receipt and use of such funds shall be reflected on the ROPS and subject to the approval of the Oversight Board. The interest payable on any such loan shall be calculated on a fixed annual simple basis at a rate not to exceed the most recently published interest rate for funds deposited into the Local Agency Investment Fund during the previous fiscal quarter. The repayment of such loan shall be subordinate to other approved enforceable obligations. Given the relevant provisions of SB 107, a reimbursement agreement is no longer necessary to establish the obligation to repay such loan.

As of June 30, 2019, the total outstanding advances from the City of $2,287,890 was paid in full.

The following summarizes the changes in the City’s advances to the SARA for the year ended June 30, 2019:

<table>
<thead>
<tr>
<th>Description</th>
<th>July 1, 2018</th>
<th>Additions</th>
<th>Deductions</th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Administrative Advances:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct SARA Administrative services</td>
<td>$293,701</td>
<td>$866,519</td>
<td>($1,160,220)</td>
<td>-</td>
</tr>
<tr>
<td>Indirect City Support Services</td>
<td>$1,081,802</td>
<td>-</td>
<td>($1,081,802)</td>
<td>-</td>
</tr>
<tr>
<td>Unsecured Enforceable Obligations</td>
<td>$45,868</td>
<td>-</td>
<td>($45,868)</td>
<td>-</td>
</tr>
<tr>
<td>Total other Administrative Advances</td>
<td>$1,421,371</td>
<td>$866,519</td>
<td>($2,287,890)</td>
<td>-</td>
</tr>
</tbody>
</table>
NOTE 9 – COMMITMENTS AND CONTINGENCIES

Risk Management

The SARA is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, general liabilities for which the SARA carries a property and casualty insurance policy, or is self-insured. Claim expenses and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated using actuarial methods or other estimating techniques. The technique to estimate claims is based on many complex factors, such as inflation, changes in legal doctrines, past settlements, and damages awarded. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimated claims liability will include amounts of incremental claims adjustment expense related to specific claims.

The SARA does not have any claims liabilities outstanding at June 30, 2019.

Contractual Commitments

At June 30, 2019, the SARA had $3,661,685 for contractual obligations and commitments.

Leases

A schedule by years of future minimum rental payments required under the SARA’s non-cancelable operating leases for office facilities, business equipment, and land at June 30, 2019 is as follows (in thousands):

<table>
<thead>
<tr>
<th>Year Ending June 30th</th>
<th>Minimum Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$124</td>
</tr>
<tr>
<td>2021</td>
<td>60</td>
</tr>
<tr>
<td>Total</td>
<td>$184</td>
</tr>
</tbody>
</table>

The total rent expense for operating leases during the year ended June 30, 2019 was $563,191.
NOTE 10 – SUBSEQUENT EVENTS

On July 8, 2019, the SARA received two letters from the Internal Revenue Service (the “IRS”) notifying SARA that three series of Agency Bonds had been selected for audit: $59,000,000 Merged Area Redevelopment Project Revenue Bonds consisting of the $29,500,000 1996 Series A and the $29,500,000 1996 Series B ("Series 1996 Bonds") and the $240,000,000 Merged Area Redevelopment Project Tax Allocation Bonds, Series 1999 ("Series 1999 Bonds"). The Agency Bonds under audit were refunded by SARA’s taxable 2017 Series A-T Senior Taxable Tax Allocation Refunding Bonds.

The SARA anticipates receiving a letter from the IRS in which the IRS advises that it will close the audit of the 1996 Bonds without change to the status of the 1996 Bonds. However, there is no assurance that the IRS will in fact issue such a letter.

On November 12, 2019, the SARA received a Form 5701-B, Notice of Proposed Issue, and Form 886-A, Explanation of Items, from the IRS asserting a rebate liability with respect to the 1999 Bonds as of December 21, 2017, in the amount of $274,239.75 (inclusive of interest and penalties through December 21, 2019). The SARA disagrees with the IRS’s assertion and intends to submit a timely response to the Forms 5701-B and 886-A. The SARA has no formal notification or receipt of a "Proposed Adverse Determination" from the IRS that would adversely affect the tax-exempt status of the 1999 Bonds as of the date of this Notice and cannot therefore determine the full scope or exact substance of the same, nor evaluate the probability of success, or appeal or resolution via closing agreement, of the same. The SARA anticipates timely appealing any such Proposed Adverse Determination, if ever issued by the IRS. In the event the IRS were to issue any such Proposed Adverse Determination and, thereafter, prevail in its conclusion that a rebate liability exists with respect to the 1999 Bonds, the SARA does not believe such conclusion will have a material adverse effect on the finances of the SARA.

On July 18, 2019, the SARA transferred the California Theater property (345 South First Street) to the City. The transfer was pursuant to the compensation agreement entered into by and among the SARA, the City and certain taxing entities (local agencies and school districts) as prescribed under the State Health and Safety Code, on April 8, 2019. As of June 30, 2019, the property had a net book value of $50,690,453.
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board of Directors
Successor Agency of the Redevelopment Agency of the City of San José
San José, California

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Successor Agency of the Redevelopment Agency of the City of San José (SARA), a component unit of the City of San José (City), California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the SARA’S basic financial statements, and have issued our report thereon dated November 14, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the SARA’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SARA’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the SARA’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the SARA’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O’Connell LLP

Walnut Creek, California
November 14, 2019
DATE: January 30, 2020
TO: Redevelopment Dissolution Countywide Oversight Board of Santa Clara County
FROM: Alan Minato, Director, Finance Agency
SUBJECT: Resolution to Approve San Jose Administrative Budget for Fiscal Year 2020-21

RECOMMENDED ACTION
Adopt Resolution to approve the Administrative Budget for period July 1, 2020 through June 30, 2021 for the Successor Agency to the Redevelopment Agency of the City of San Jose.

FISCAL IMPLICATIONS
The Administrative Budget for the period of July 1, 2020 through June 30, 2021 (“Admin Budget”) is a list of the administrative costs of the Successor Agency to the Redevelopment Agency of the City of San José (“Successor Agency”) to continue winding down the obligations of the former redevelopment agencies, as defined in Health and Safety Code section 34171(a). This amount will be included on the approved Recognized Obligation Payment Schedule (“ROPS”) for the period of July 1, 2020 through June 30, 2021. The County Auditor-Controller will distribute the amount approved on the ROPS to the Successor Agency.

REASONS FOR RECOMMENDATION
Health and Safety Code section 34171(b) requires the administrative cost allowance to be approved by the Oversight Board. Such costs shall not include employee costs that are associated with work on specific projects. The Admin Budget is capped at the greater of 3 percent of the Redevelopment Property Tax Trust Fund distributed by the County Auditor-Controller or $250,000, but may be reduced by the Oversight Board. Therefore, it is appropriate for the Oversight Board to require justification for the costs requested. The approved amount will be included in the ROPS which is addressed at this same meeting.

The Successor Agency has requested $273,893 for its Admin Budget. The funding for the Admin Budget is broken down into two funding sources, Admin Redevelopment Property Tax Trust Funds and Other Funds in the amounts of $108,713 and 165,180, respectively.

Pursuant to Health and Safety Code section 34182.5, the County Auditor-Controller has reviewed the ROPS in detail. The requested amount is a significant drop from the prior year’s approved amount of $450,000. As provided in the letter dated January 22, 2020,
attached to this agenda item, the County Auditor-Controller has no objection to the requested Admin Budget amount.

**BACKGROUND**

In 2011, the Legislature dissolved redevelopment agencies by adopting Assembly Bill X1 26, which was later amended by Assembly Bill 1484 (2012) and Senate Bill 107 (2015) (collectively, the “Dissolution Law”). Successor agencies were created to effectuate the dissolution of the former redevelopment agencies. Successor agencies are required to make payment on the remaining enforceable obligations as defined by Health and Safety Code section 34171(d)(1). All enforceable obligations and administrative costs are required to be reviewed and approved by the oversight board and the California Department of Finance through the ROPS process.

**CONSEQUENCES OF NEGATIVE ACTION**

The Successor Agency will not receive approval for its expenses for the year, and therefore will not receive any funding in the upcoming year.

**STEPS FOLLOWING APPROVAL**

The Clerk of the Board shall notify James R. Williams, County Counsel; Jacelyn Ma, Controller-Treasurer Division Manager; and Jenny Treis, Program Manager of the signed resolution no later than January 31, 2020.

**ATTACHMENTS:**

- Resolution to Approve San Jose Admin Budget 20-21  (PDF)
- Auditor-Controller Notice of Objection to San Jose ROPS 20-21  (PDF)
RESOLUTION NO. __________

RESOLUTION OF THE REDEVELOPMENT DISSOLUTION COUNTYWIDE OVERSIGHT BOARD OF SANTA CLARA COUNTY TO APPROVE THE ADMINISTRATIVE BUDGET FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021 FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSÉ

WHEREAS, all California redevelopment agencies were dissolved by the enactment of ABx1 26 in 2011, subsequently amended by AB 1484 (2012) and SB 107 (2015), which created successor agencies to wind down and dispose of all assets of the former redevelopment agencies;

WHEREAS, the Successor Agency to the Redevelopment Agency of the City of San José (the “Successor Agency”) is responsible for winding down all aspects of the former Redevelopment Agency of the City of San José, including paying down all remaining enforceable obligations;

WHEREAS, pursuant to Health and Safety Code section 34171, the Successor Agency is required to submit the administrative cost allowance for the period of July 1, 2020 through June 30, 2021 (“Admin Budget”) to be included on the Recognized Obligation Payment Schedule (“ROPs 20-21”), which is due to the California Department of Finance (“DOF”) by February 1, 2020;

WHEREAS, the Successor Agency has prepared and submitted the Admin Budget with the ROPS in accordance with the instructions provided by DOF;

WHEREAS, the County Auditor-Controller is authorized to review the ROPS and provide objection to any item listed on ROPS 20-21; and,

WHEREAS, the County of Santa Clara Auditor-Controller has not objected to the Admin Budget proposed by the Successor Agency.

Resolution to Approve San José Admin Budget 20-21
Page 1 of 2
NOW, THEREFORE, BE IT RESOLVED that the Redevelopment Dissolution Countywide Oversight Board of Santa Clara County approves the Administrative Budget for the Successor Agency to the Redevelopment Agency of the City of San José for the period of July 1, 2020 through June 30, 2021 as attached hereto.

PASSED AND ADOPTED by the Redevelopment Dissolution Countywide Oversight Board of Santa Clara County in the County of Santa Clara, State of California, on ______________________, 2020, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_______________________________
TONY ESTREMER A
Chair, Redevelopment Dissolution Countywide Oversight Board of Santa Clara County

ATTEST:

_______________________________
MEGAN DOYLE
Clerk of the Countywide Oversight Board

APPROVED AS TO FORM AND LEGALITY:

_______________________________
CHRISTOPHER R. CHELEDEN
Lead Deputy County Counsel

Attachment: San José Admin Budget 20-21

2156674
## Successor Agency Administrative Budget
### 20-21 ROPS
#### July 2020–June 2021

<table>
<thead>
<tr>
<th>PAYEE</th>
<th>DESCRIPTION OF WORK</th>
<th>APPROVED BUDGET FY19-20 TOTAL</th>
<th>BUDGET 20-21A</th>
<th>BUDGET 20-21B</th>
<th>BUDGET 20-21</th>
<th>SAVINGS</th>
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<tr>
<td>City of San Jose</td>
<td>Personnel costs for operations (refer to Attachment #2)</td>
<td>338,588</td>
<td>104,516</td>
<td>104,516</td>
<td>209,032</td>
<td>129,556</td>
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<td>EDD</td>
<td>Unemployment payments of former staff</td>
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<td>0</td>
<td>0</td>
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<td>Macias, Gini &amp; O'Connell LLP</td>
<td>Financial Audit Services - Annual Audit</td>
<td>58,312</td>
<td>60,061</td>
<td>0</td>
<td>60,061</td>
<td>(1,749)</td>
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<td>Wells Fargo Bank</td>
<td>General banking service fees</td>
<td>18,000</td>
<td>2,400</td>
<td>2,400</td>
<td>4,800</td>
<td>13,200</td>
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|                                      |                                                                  | 450,000                       | 166,977        | 106,916        | 273,893       | 176,107  |

Savings %
39%
### Personnel Costs - Administrative Budget

**ROPS 2020-21**

**July 1, 2020 - June 30, 2021**

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<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
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<tbody>
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<td><strong>Attorney's Office</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Legal Analyst</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Chief Deputy City Attorney</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
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<tr>
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<td>Records Specialist</td>
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<td><strong>Finance Department</strong></td>
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<td></td>
<td></td>
<td></td>
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<td>Analyst</td>
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<td>27,019</td>
<td>13,509</td>
<td>13,509</td>
<td>27,019</td>
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<tr>
<td>Assistant Director</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>Debt Administrator</td>
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<td>Deputy Director, Accounting</td>
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<td>3,241</td>
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<td>Director/SARA Chief Financial Officer</td>
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<td>Senior Account Clerk</td>
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<td>-</td>
<td>-</td>
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<td>Senior Accountant</td>
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<td>31,689</td>
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<tr>
<td>Supervising Accountant</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>City Manager’s Office</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Executive Analyst (Budget)</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Executive Analyst (OED-Real Estate)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
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<tr>
<td><strong>Total Wages</strong></td>
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<td><strong>245,744</strong></td>
<td><strong>0.87</strong></td>
<td><strong>168,511</strong></td>
<td><strong>84,255</strong></td>
<td><strong>84,255</strong></td>
<td><strong>168,511</strong></td>
</tr>
</tbody>
</table>

**Total Wages**

| 1.80 | 338,588 | 0.97 | 209,032 | 104,516 | 104,516 | 209,032 |

- Decrease % in FTE form 19-20: **-46%**
- Decrease % in salaries from 19-20: **-38%**
- Savings from 2019-20: **$129,556**
NOTICE OF OBJECTION TO ROPS

January 22, 2020

City of San José Successor Agency
200 E. Santa Clara St. 14th Floor
San Jose, CA 95113

Redevelopment Dissolution Countywide Oversight Board of Santa Clara County
70 West Hedding Street
San Jose, CA 95110

Department of Finance
915 L Street
Sacramento, CA 95814

ROPS Period: ROPS 20-21 (July 1, 2020 – June 30, 2021)
Successor Agency: City of San José

To the Successor Agency, Countywide Oversight Board, and Department of Finance:

Pursuant to Health and Safety Code section 34182.5, our office has reviewed the Recognized Obligation Payment Schedule (ROPS) submitted by the above-noted successor agency for the above-noted period. After reviewing all items and funding sources, the Santa Clara County Auditor-Controller objects to the following item and/or funding source on the submitted ROPS:

Item 273 – City of San Jose – KNTV Building Reimbursement

The Successor Agency has requested a reimbursement of $145,259 to the City for the demolition related costs of a Successor Agency owned property (645 Park Avenue, San Jose, known as the old KNTV Building), as a result of a five-alarm fire happened in 2014. The Successor Agency was in an insufficient status at that time and could not pay for the demolition related costs. The Successor Agency claimed that a total of $145,259 was paid for by the City in 2014 with no supporting documentation other than a City prepared invoice and a memorandum dated June 30, 2014 from the City requesting such reimbursement from the Successor Agency.
Successor Agency: City of San José
Notice of Objection to ROPS 20-21
January 22, 2020

We object to the inclusion of this item on the ROPS based on two reasons – (1) it is not considered an enforceable obligation by the statute; and (2) the request is not properly supported.

Health and Safety Code (HSC) section 34171(d)(1) defines an enforceable obligation. While HSC section 34171(d)(1)(F) allows for contracts or agreements for costs to maintain assets and the cost incurred could be considered maintaining an asset, this request is not subject to reimbursement for several factors and should be rejected.

First, there was no contract in place between the Successor Agency and the City. HSC section 34171(F)(i) contemplates contracts or agreements necessary for the administration and operation of the successor agency, including contracts or agreements concerning the costs of maintaining assets prior to disposition. Even assuming for the sake of argument that there was an agreement, HSC section 34171(d)(2) specifically excludes agreements, contracts or arrangements between the city that created the redevelopment agency and the former redevelopment agency. The Successor Agency has provided no information as to why this exclusion should not apply.

Second, HSC section 34177.3(a) prohibits the successor agency from creating a new enforceable obligation except in compliance with an enforceable obligation that existed prior to June 28, 2011.

Third, demolition is specifically excluded from HSC section 34177.3(b). The section allows the successor agency to create enforceable obligations to conduct work of winding down the redevelopment agency with certain exceptions, including demolition. Also, it is worth mentioning this “reimbursement” request is in lieu of a loan, and this same HSC section specifically prohibits the successor agency from entering into a loan with the city that created it.

Fourth, even though HSC section 34191.4(b) allows the Successor Agency to deem loans between the former redevelopment agency and the city as enforceable obligations, it does not apply in this case. The section applies for agreements between the former redevelopment agency and the city, but not for agreements between successor agency and the city as is the case here.

Not only is the reimbursement request not considered an enforceable obligation, it is also not properly supported. In making this significantly delayed request, the City has not provided any proof of payment other than a City prepared invoice and a memorandum from the City requesting such reimbursement from the Successor Agency. There was no documentation showing any consultation by the City with the Successor Agency and/or Oversight Board prior to making these expenditures either, not to mention the lack of the existence of an agreement between the Successor Agency and the City.

Based on the above reasons, this item should be denied and removed from the ROPS.

Board of Supervisors: Mike Wasserman, Cindy Chavez, Dave Cortese, Susan Ellenberg, S. Joseph Similian
County Executive: Jeffrey V. Smith
Successor Agency: City of San José
Notice of Objection to ROPS 20-21
January 22, 2020

Please note that items and/or funding sources not questioned during this review are subject to subsequent review if they are included on a future ROPS. We also reserve the right to object to an item and/or funding source (including, but not limited to, the use of fund balance) on a future ROPS, even if no objection was made on a preceding ROPS.

Sincerely yours,

[Signature]

George P. Doorley
Controller-Treasurer
County of Santa Clara

Attachments: ROPS 20-21 as submitted to the County Auditor-Controller by Successor Agency
DATE: January 30, 2020
TO: Redevelopment Dissolution Countywide Oversight Board of Santa Clara County
FROM: Alan Minato, Director, Finance Agency
        Jeffrey V. Smith, County Executive
SUBJECT: Resolution to Approve Campbell ROPS For Fiscal Year 2020-21

RECOMMENDED ACTION
Adopt Resolution to approve the Recognized Obligation Payment Schedule for period July 1, 2020 through June 30, 2021 for the Successor Agency to the Redevelopment Agency of the City of Campbell.

FISCAL IMPLICATIONS
The Recognized Obligation Payment Schedule (“ROPS”) is a list of the expected payments required of the Successor Agency to the Redevelopment Agency of the City of Campbell (“Successor Agency”) for the year. The County Auditor-Controller will distribute the amount approved on the ROPS for the period of July 1, 2020 through June 30, 2021 (“ROPS 20-21”) to the Successor Agency and all remaining funds will be distributed to the affected taxing entities. As the Successor Agency winds down and the work is limited to fixed payments, the residual amounts distributed to the affected taxing entities should increase.

REASONS FOR RECOMMENDATION
Pursuant to Health and Safety Code section 34177(o), the Successor Agency is required to submit a ROPS to this Oversight Board which includes all the expected payments for the upcoming year beginning on July 1, 2020 through June 30, 2021. The ROPS is required to be approved by this Oversight Board and then submitted to the California Department of Finance (“DOF”) for approval. The oversight-board-approved ROPS 20-21 must be submitted to DOF no later than February 1, 2020. In early December, DOF provided the Successor Agency access to an online application with instructions to complete the ROPS. The ROPS is broken down into two six-month periods, “A” and “B”; this represents the six months following each distribution date. The Successor Agency has requested $1,592,738 (non-administrative) in Redevelopment Property Tax Trust Funds (“RPTTF”) for the entire year, and $21,390 for the administrative budget, which is similar to the prior year’s request of $21,330 for the year.
Pursuant to Health and Safety Code section 34182.5, the County Auditor-Controller has reviewed the ROPS in detail. As provided in the letter dated January 7, 2020, attached to this agenda item, the County Auditor-Controller has no objection to the submitted ROPS. Therefore, it is recommended the Oversight Board approve the ROPS as submitted by the Successor Agency.

**BACKGROUND**

In 2011, the Legislature dissolved redevelopment agencies by adopting Assembly Bill X1 26, which was later amended by Assembly Bill 1484 (2012) and Senate Bill 107 (2015) (collectively, the “Dissolution Law”). Successor agencies were created to effectuate the dissolution of the former redevelopment agencies. Successor agencies are required to make payment on the remaining enforceable obligations as defined by Health and Safety Code section 34171(d)(1). All enforceable obligations are required to be reviewed and approved by the oversight board and DOF through the ROPS process, as described above.

The Successor Agency has made significant progress in winding down the former redevelopment agency. There is only one property remaining with the Successor Agency and it is pending the final signature on the compensation agreement; the timing on the completion of this is unknown at this point. In 2016, the bonds were refunded, which was a savings to the affected taxing entities. The only remaining items on the ROPS are related to the bonds and administrative costs.

DOF has the final review on this ROPS after approval of the Oversight Board; the DOF may request additional documentation from the Successor Agency to support any amount listed on the ROPS and may also adjust any amount listed according to the documents received. DOF will issue a determination letter, which will provide the County Auditor-Controller with the final amount to be distributed to the Successor Agency. The next distribution for the first half of the year will be June 1, 2020.

Pursuant to Health and Safety Code section 34191.6, once specified conditions are met, the Successor Agency may submit a Last and Final ROPS, which includes the expected payments through the life of the Successor Agency until complete dissolution. Once the compensation agreement is fully executed, the Successor Agency may submit a Last and Final ROPS.

**CONSEQUENCES OF NEGATIVE ACTION**

The Successor Agency will not receive approval for its expenses for the year, and therefore will not receive any funding in the upcoming year.

**STEPS FOLLOWING APPROVAL**

The Clerk of the Board shall notify James R. Williams, County Counsel; Jacelyn Ma, Controller-Treasurer Division Manager; and Jenny Treis, Program Manager no later than January 31, 2020.

**ATTACHMENTS:**

- Resolution to Approve Campbell ROPS 20-21 (PDF)
- Auditor-Controller Notice of No Objection to Campbell ROPS 20-21 (PDF)
RESOLUTION NO. __________

RESOLUTION OF THE REDEVELOPMENT DISSOLUTION COUNTYWIDE OVERSIGHT BOARD OF SANTA CLARA COUNTY TO APPROVE THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021 FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF CAMPBELL AND AUTHORIZING PAYMENT OF EXPENDITURES FOR THE FUNDING ON THE ITEMS LISTED THEREIN

WHEREAS, all California redevelopment agencies were dissolved by the enactment of ABx1 26 in 2011, subsequently amended by AB 1484 (2012) and SB 107 (2015), which created successor agencies to wind down and dispose of all assets of the former redevelopment agencies;

WHEREAS, the Successor Agency to the Redevelopment Agency of the City of Campbell (the “Successor Agency”) is responsible for winding down all aspects of the former Redevelopment Agency of the City of Campbell, including paying down all remaining enforceable obligations;

WHEREAS, pursuant to Health and Safety Code section 34177(o)(1), the Successor Agency is required to submit the Recognized Obligation Payment Schedule for the period of July 1, 2020 through June 30, 2021 (“ROPS 20-21”) with the expected expenditures to the California Department of Finance (“DOF”) by February 1, 2020;

WHEREAS, the Successor Agency has prepared and submitted ROPS 20-21 in accordance with the instructions provided by DOF;

WHEREAS, the County Auditor-Controller is authorized to review the ROPS and provide objection to any item listed on ROPS 20-21; and,

WHEREAS, the County of Santa Clara Auditor-Controller has provided a no objection letter to the ROPS 20-21 dated January 7, 2020.

Resolution to Approve Campbell ROPS 20-21
NOW, THEREFORE, BE IT RESOLVED that the Redevelopment Dissolution Countywide Oversight Board of Santa Clara County approves the Recognized Obligation Payment Schedule for the Successor Agency to the Redevelopment Agency of the City of Campbell for the period of July 1, 2020 through June 30, 2021 as attached hereto to use funds listed for the expected payments.

PASSED AND ADOPTED by the Redevelopment Dissolution Countywide Oversight Board of Santa Clara County in the County of Santa Clara, State of California, on ________________, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

TONY ESTREMER
Chair, Redevelopment Dissolution Countywide Oversight Board of Santa Clara County

ATTEST:

MEGAN DOYLE
Clerk of the Countywide Oversight Board

APPROVED AS TO FORM AND LEGALITY:

CHRISTOPER R. CHELEDEN
Lead Deputy County Counsel

Attachment: Campbell ROPS 20-21 Form

2155547
Recognized Obligation Payment Schedule (ROPS 20-21) - Summary
Filed for the July 1, 2020 through June 30, 2021 Period

**Successor Agency:** Campbell  
**County:** Santa Clara

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<tr>
<th>Current Period Requested Funding for Enforceable Obligations (ROPS Detail)</th>
<th>20-21A Total (July - December)</th>
<th>20-21B Total (January - June)</th>
<th>ROPS 20-21 Total</th>
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<tr>
<td>A Enforceable Obligations Funded as Follows (B+C+D)</td>
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<td>$</td>
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<td>B Bond Proceeds</td>
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<td>C Reserve Balance</td>
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<td>D Other Funds</td>
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<td>E Redevelopment Property Tax Trust Fund (RPTTF) (F+G)</td>
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<td>G Administrative RPTTF</td>
<td>12,195</td>
<td>9,195</td>
<td>21,390</td>
</tr>
<tr>
<td>H Current Period Enforceable Obligations (A+E)</td>
<td>$807,716</td>
<td>$806,412</td>
<td>$1,614,128</td>
</tr>
</tbody>
</table>

**Certification of Oversight Board Chairman:**

Pursuant to Section 34177 (o) 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 successor agency.

/s/

Signature Date
## Recognized Obligation Payment Schedule (ROPS 20-21) - ROPS Detail
### July 1, 2020 through June 30, 2021

<table>
<thead>
<tr>
<th>Item #</th>
<th>Project Name</th>
<th>Obligation Type</th>
<th>Agreement Execution Date</th>
<th>Agreement Termination Date</th>
<th>Payee</th>
<th>Description</th>
<th>Project Area</th>
<th>Total Outstanding Obligation</th>
<th>Retired</th>
<th>ROPS 20-21 Total</th>
<th>Fund Sources</th>
<th>20-21A Total</th>
<th>Fund Sources</th>
<th>20-21B Total</th>
<th>Fund Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Administrative Cost Allowance</td>
<td>Admin Costs</td>
<td>07/01/2020</td>
<td>06/30/2021</td>
<td>Successor Agency</td>
<td>Administrative Costs/legal counsel for Successor Agency</td>
<td>Central Campbell</td>
<td>21,390</td>
<td>N</td>
<td>$21,390</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12,195</td>
<td>$12,195</td>
</tr>
<tr>
<td>10</td>
<td>2016 Tax Allocation Refunding Bonds</td>
<td>Admin Costs</td>
<td>08/03/2016</td>
<td>04/01/2031</td>
<td>Bank of NY Mellon</td>
<td>Refinancing of 2002 &amp; 2005 TABs</td>
<td>Central Campbell</td>
<td>21,129,369</td>
<td>N</td>
<td>$1,590,738</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>793,521</td>
<td>$793,521</td>
</tr>
<tr>
<td>11</td>
<td>Debt Service Trustee Fees</td>
<td>Admin Costs</td>
<td>07/07/2016</td>
<td>04/01/2031</td>
<td>Bank of NY Mellon</td>
<td>Administrative Fees for servicing debt</td>
<td>Central Campbell</td>
<td>24,000</td>
<td>N</td>
<td>$2,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,000</td>
<td>$2,000</td>
</tr>
</tbody>
</table>

**Total**

- **Bond Proceeds**: $21,174,759
- **Reserve Balance**: $1,614,128
- **Other Funds**: $- $795,521
- **RPTTF Admin RPTTF**: $12,195
- **ROPS 20-21 Total**: $807,716
- **20-21A Total**: $793,521
- **20-21B Total**: $797,217
- **ROPS 20-21A (Jul - Dec)**: $21,390
- **20-21B (Jan - Jun)**: $2,000

---

**RPTTF Admin RPTTF**

- **Bond Proceeds**: $21,174,759
- **Reserve Balance**: $1,614,128
- **Other Funds**: $- $795,521
- **RPTTF Admin RPTTF**: $12,195

**Central Campbell**

- **Bond Proceeds**: $21,174,759
- **Reserve Balance**: $1,614,128
- **Other Funds**: $- $795,521
- **RPTTF Admin RPTTF**: $12,195

---

**Refunding Bonds Issued After 6/27/12**

- **Bank of NY Mellon**: $21,129,369
- **Central Campbell**: $1,590,738
- **Central Campbell**: $2,000

---

**Bank of NY Mellon**

- **Central Campbell**: $21,129,369
- **Central Campbell**: $1,590,738
- **Central Campbell**: $2,000

---

**Successor Agency**

- **Central Campbell**: $21,390
- **Central Campbell**: $12,195
- **Central Campbell**: $9,195

---

**Administrative Costs/legal counsel for Successor Agency**

- **Central Campbell**: $21,390
- **Central Campbell**: $12,195
- **Central Campbell**: $9,195

---

**Refinancing of 2002 & 2005 TABs**

- **Central Campbell**: $1,590,738
- **Central Campbell**: $793,521
- **Central Campbell**: $797,217

---

**Administrative Fees for servicing debt**

- **Central Campbell**: $2,000
- **Central Campbell**: $2,000
- **Central Campbell**: $- $797,217

---

**Resolution to Approve Campbell ROPS 20-21 (99951 : Resolution to Approve Campbell ROPS For Fiscal Year 2020-21)**
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.

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ROPS 17-18 Cash Balances</td>
<td>(07/01/17 - 06/30/18)</td>
<td>Fund Sources</td>
<td>Comments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bond Proceeds</td>
<td>Reserve Balance</td>
<td>Other Funds</td>
<td>RPTTF</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bonds issued on or before 12/31/10</td>
<td>Bonds issued on or after 01/01/11</td>
<td>Prior ROPS RPTTF and Reserve Balances retained for future period(s)</td>
<td>Rent, grants, interest, etc.</td>
<td>Non-Admin and Admin</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Beginning Available Cash Balance (Actual 07/01/17)</td>
<td>RPTTF amount should exclude &quot;A&quot; period distribution amount.</td>
<td>7,654</td>
<td>52,309</td>
<td>$7,654 was erroneously reported as Reserve Balance in prior year Cash Balance Report. Should be Other Funds as it is interest income. Beginning Available Cash Balance for RPTTF decreased from $54,098 to $52,309. It was overstated in prior year Cash Balance Reports.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Revenue/Income (Actual 06/30/18)</td>
<td>RPTTF amount should tie to the ROPS 17-18 total distribution from the County Auditor-Controller</td>
<td>97</td>
<td>1,872,038</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Expenditures for ROPS 17-18 Enforceable Obligations (Actual 06/30/18)</td>
<td></td>
<td>7,751</td>
<td>1,846,306</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Retention of Available Cash Balance (Actual 06/30/18)</td>
<td>RPTTF amount retained should only include the amounts distributed as reserve for future period(s)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ROPS 17-18 RPTTF Prior Period Adjustment</td>
<td>No entry required</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>--------------------------------------</td>
<td>------------------</td>
<td>---</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>RPTTF amount should tie to the Agency's ROPS 17-18 PPA form submitted to the CAC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Ending Actual Available Cash Balance (06/30/18) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)</td>
<td>$- $- $- $- $78,041</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
### Campbell

**Recognized Obligation Payment Schedule (ROPS 20-21) - Notes**

**July 1, 2020 through June 30, 2021**

<table>
<thead>
<tr>
<th>Item #</th>
<th>Notes/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td></td>
</tr>
</tbody>
</table>
NOTICE OF NO OBJECTION TO ROPS

January 7, 2020

City of Campbell Successor Agency
70 North 1st Street
Campbell, CA 95008

Redevelopment Dissolution Countywide Oversight Board of Santa Clara County
70 West Hedding Street
San Jose, CA 95110

Department of Finance
915 L Street
Sacramento, CA 95814

ROPS Period: ROPS 20-21 (July 1, 2020 – June 30, 2021)
Successor Agency: City of Campbell

To the Successor Agency, Countywide Oversight Board, and Department of Finance:

Pursuant to Health and Safety Code section 34182.5, our office has reviewed the Recognized Obligation Payment Schedule (ROPS) submitted by the above-noted successor agency for the above-noted period. After reviewing all items and funding sources, the Santa Clara County Auditor-Controller does not object to any items or funding sources on the submitted ROPS.

Please note that items and/or funding sources not questioned during this review are subject to subsequent review if they are included on a future ROPS. We also reserve the right to object to an item and/or funding source (including, but not limited to, the use of fund balance) on a future ROPS, even if no objection was made on a preceding ROPS.

Sincerely yours,

George P. Doorley
Controller-Treasurer
County of Santa Clara

Attachment: ROPS 20-21 as submitted to the County Auditor-Controller by Successor Agency

Board of Supervisors: Mike Wasserman, Cindy Chavez, Dave Cortese, Susan Ellenberg, S. Joseph Simitian
County Executive: Jeffrey V. Smith
DATE: January 30, 2020

TO: Redevelopment Dissolution Countywide Oversight Board of Santa Clara County

FROM: Alan Minato, Director, Finance Agency
      Jeffrey V. Smith, County Executive

SUBJECT: Resolution to Approve Campbell Administrative Budget for Fiscal Year 2020-21

RECOMMENDED ACTION

Adopt Resolution to approve the Administrative Budget for period July 1, 2020 through June 30, 2021 for the Successor Agency to the Redevelopment Agency of the City of Campbell.

FISCAL IMPLICATIONS

The Administrative Budget for the period of July 1, 2020 through June 30, 2021 (“Admin Budget”) is a list of the administrative costs of the Successor Agency to the Redevelopment Agency of the City of Campbell (“Successor Agency”) to continue winding down the obligations of the former redevelopment agencies, as defined in Health and Safety Code section 34171(a). This amount will be included on the approved Recognized Obligation Payment Schedule (“ROPS”) for the period of July 1, 2020 through June 30, 2021. The County Auditor-Controller will distribute the amount approved on the ROPS to the Successor Agency.

REASONS FOR RECOMMENDATION

Health and Safety Code section 34171(b) requires the administrative cost allowance to be approved by the Oversight Board. Such costs shall not include employee costs that are associated with work on specific projects. The Admin Budget is capped at the greater of 3 percent of the Redevelopment Property Tax Trust Fund distributed by the County Auditor-Controller or $250,000, but may be reduced by the Oversight Board. Therefore, it is appropriate for the Oversight Board to require justification for the costs requested. The approved amount will be included in the ROPS which is addressed at this same meeting.

The Successor Agency has requested $21,390 for its Admin Budget. This is composed of mostly staffing costs to complete future ROPS and continue wind down efforts.

Pursuant to Health and Safety Code section 34182.5, the County Auditor-Controller has reviewed the ROPS in detail. As provided in the letter dated January 7, 2020, attached to this
agenda item, the County Auditor-Controller has no objection to the submitted ROPS.

**BACKGROUND**

In 2011, the Legislature dissolved redevelopment agencies by adopting Assembly Bill X1 26, which was later amended by Assembly Bill 1484 (2012) and Senate Bill 107 (2015) (collectively, the “Dissolution Law”). Successor agencies were created to effectuate the dissolution of the former redevelopment agencies. Successor agencies are required to make payment on the remaining enforceable obligations as defined by Health and Safety Code section 34171(d)(1). All enforceable obligations and administrative costs are required to be reviewed and approved by the oversight board and the California Department of Finance through the ROPS process.

Pursuant to Health and Safety Code section 34191.6, once specified conditions are met, the Successor Agency may submit a Last and Final ROPS, which includes the expected payments through the life of the Successor Agency until complete dissolution. It is the hope that in the near future, the Successor Agency will be ready to submit a Last and Final ROPS. Once completed, the admin costs will reduce even further given the reduced time required to be spent on the Successor Agency.

**CONSEQUENCES OF NEGATIVE ACTION**

The Successor Agency will not receive approval for its expenses for the year, and therefore will not receive any funding in the upcoming year.

**STEPS FOLLOWING APPROVAL**

The Clerk of the Board shall notify James R. Williams, County Counsel; Jacelyn Ma, Controller-Treasurer Division Manager; and Jenny Treis, Program Manager of the signed resolution no later than January 31, 2020.

**ATTACHMENTS:**

- Resolution to Approve Campbell Admin Budget 20-21 (PDF)
- Auditor-Controller Notice of No Objection to Campbell ROPS 20-21 (PDF)
RESOLUTION NO. __________

RESOLUTION OF THE REDEVELOPMENT DISSOLUTION COUNTYWIDE OVERSIGHT BOARD OF SANTA CLARA COUNTY TO APPROVE THE ADMINISTRATIVE BUDGET FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021 FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF CAMPBELL

WHEREAS, all California redevelopment agencies were dissolved by the enactment of ABx1 26 in 2011, subsequently amended by AB 1484 (2012) and SB 107 (2015), which created successor agencies to wind down and dispose of all assets of the former redevelopment agencies;

WHEREAS, the Successor Agency to the Redevelopment Agency of the City of Campbell (the “Successor Agency”) is responsible for winding down all aspects of the former Redevelopment Agency of the City of Campbell, including paying down all remaining enforceable obligations;

WHEREAS, pursuant to Health and Safety Code section 34171, the Successor Agency is required to submit the administrative cost allowance for the period of July 1, 2020 through June 30, 2021 (“Admin Budget”) to be included on the Recognized Obligation Payment Schedule (“ROPS 20-21”), which is due to the California Department of Finance (“DOF”) by February 1, 2020;

WHEREAS, the Successor Agency has prepared and submitted the Admin Budget with the ROPS in accordance with the instructions provided by DOF;

WHEREAS, the County Auditor-Controller is authorized to review the ROPS and provide objection to any item listed on ROPS 20-21; and,

WHEREAS, the County of Santa Clara Auditor-Controller has provided a no objection letter to the ROPS 20-21 dated January 7, 2020.
NOW, THEREFORE, BE IT RESOLVED that the Redevelopment Dissolution Countywide Oversight Board of Santa Clara County approves the Administrative Budget for the Successor Agency to the Redevelopment Agency of the City of Campbell for the period of July 1, 2020 through June 30, 2021 as attached hereto.

PASSED AND ADOPTED by the Redevelopment Dissolution Countywide Oversight Board of Santa Clara County in the County of Santa Clara, State of California, on ________________, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

______________________________
TONY ESTREMER
Chair, Redevelopment Dissolution Countywide Oversight Board of Santa Clara County

ATTEST:

______________________________
MEGAN DOYLE
Clerk of the Countywide Oversight Board

APPROVED AS TO FORM AND LEGALITY:

______________________________
CHRISTOPHER R. CHELEDEN
Lead Deputy County Counsel

Attachment: Campbell Admin Budget 20-21
## Campbell Successor Agency
### Proposed Administrative Budget

<table>
<thead>
<tr>
<th>Staff Costs:</th>
<th>Hours</th>
<th>Salary</th>
<th>Benefits</th>
<th>Est Cost</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Manager</td>
<td>3</td>
<td>$306</td>
<td>1.4</td>
<td>$429</td>
<td>0.00</td>
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<tr>
<td>Exec Asst to CM</td>
<td>2</td>
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<td>1.4</td>
<td>$145</td>
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<tr>
<td>Finance Director</td>
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<td>$1,115</td>
<td>1.4</td>
<td>$1,561</td>
<td>0.01</td>
</tr>
<tr>
<td>Finance Manager</td>
<td>10</td>
<td>$779</td>
<td>1.4</td>
<td>$1,091</td>
<td>0.01</td>
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<tr>
<td>Accountant</td>
<td>8</td>
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<td>1.4</td>
<td>$616</td>
<td>0.01</td>
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<tr>
<td>Accounting Clerk II</td>
<td>6</td>
<td>$265</td>
<td>1.4</td>
<td>$371</td>
<td>0.01</td>
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<tr>
<td>Exec Asst</td>
<td>6</td>
<td>$272</td>
<td>1.4</td>
<td>$381</td>
<td>0.01</td>
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<tr>
<td>I.T. Overhead</td>
<td></td>
<td></td>
<td></td>
<td>$2,601</td>
<td></td>
</tr>
</tbody>
</table>

**Sub-Total Staff Costs** $7,195

### Other Costs:
- Consultant: $1,000
- Legal Counsel: $1,000
- Financial Reporting/Audit: $3,000

**Sub-Total Other Costs** $5,000

**Total Budgeted Costs** $12,195

**Requested Administrative Cost Allowance** $12,195
<table>
<thead>
<tr>
<th>Hours</th>
<th>Salary</th>
<th>Benefits</th>
<th>Est Cost</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>$306</td>
<td>1.4</td>
<td>$429</td>
<td>0.00</td>
</tr>
<tr>
<td>2</td>
<td>$103</td>
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<td>$145</td>
<td>0.00</td>
</tr>
<tr>
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<td>$1,115</td>
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<tr>
<td>8</td>
<td>$440</td>
<td>1.4</td>
<td>$616</td>
<td>0.01</td>
</tr>
<tr>
<td>6</td>
<td>$265</td>
<td>1.4</td>
<td>$371</td>
<td>0.01</td>
</tr>
<tr>
<td>6</td>
<td>$272</td>
<td>1.4</td>
<td>$381</td>
<td>0.01</td>
</tr>
</tbody>
</table>

$2,601

$7,195

$1,000

$1,000

$-

$2,000

$9,195

$9,195
NOTICE OF NO OBJECTION TO ROPS

January 7, 2020

City of Campbell Successor Agency
70 North 1st Street
Campbell, CA 95008

Redevelopment Dissolution Countywide Oversight Board of Santa Clara County
70 West Hedding Street
San Jose, CA 95110

Department of Finance
915 L Street
Sacramento, CA 95814

ROPs Period: ROPS 20-21 (July 1, 2020 – June 30, 2021)
Successor Agency: City of Campbell

To the Successor Agency, Countywide Oversight Board, and Department of Finance:

Pursuant to Health and Safety Code section 34182.5, our office has reviewed the Recognized Obligation Payment Schedule (ROPs) submitted by the above-noted successor agency for the above-noted period. After reviewing all items and funding sources, the Santa Clara County Auditor-Controller does not object to any items or funding sources on the submitted ROPS.

Please note that items and/or funding sources not questioned during this review are subject to subsequent review if they are included on a future ROPS. We also reserve the right to object to an item and/or funding source (including, but not limited to, the use of fund balance) on a future ROPS, even if no objection was made on a preceding ROPS.

Sincerely yours,

George P. Doorley
Controller-Treasurer
County of Santa Clara

Attachment: ROPS 20-21 as submitted to the County Auditor-Controller by Successor Agency

Board of Supervisors: Mike Wasserman, Cindy Chavez, Dave Cortese, Susan Ellenberg, S. Joseph Simitian
County Executive: Jeffrey V. Smith
DATE: January 30, 2020
TO: Redevelopment Dissolution Countywide Oversight Board of Santa Clara County
FROM: Alan Minato, Director, Finance Agency
Jeffrey V. Smith, County Executive
SUBJECT: Resolution to Approve Milpitas ROPS For Fiscal Year 2020-21

RECOMMENDED ACTION
Adopt Resolution to approve the Recognized Obligation Payment Schedule for period July 1, 2020 through June 30, 2021 for the Successor Agency to the Redevelopment Agency of the City of Milpitas.

FISCAL IMPLICATIONS
The Recognized Obligation Payment Schedule (“ROPS”) is a list of the expected payments required of the Successor Agency to the Redevelopment Agency of the City of Milpitas (“Successor Agency”) for the year. The County Auditor-Controller will distribute the amount approved on the ROPS for the period of July 1, 2020 through June 30, 2021 (“ROPS 20-21”) to the Successor Agency and all remaining funds will be distributed to the affected taxing entities. As the Successor Agency winds down and the work is limited to fixed payments, the residual amounts distributed to the affected taxing entities should increase.

REASONS FOR RECOMMENDATION
Pursuant to Health and Safety Code section 34177(o), the Successor Agency is required to submit ROPS 20-21 to this Oversight Board which includes all the expected payments for the upcoming year beginning on July 1, 2020 through June 30, 2021. The ROPS is required to be approved by this Oversight Board and then submitted to the California Department of Finance (“DOF”) for approval. The oversight-board-approved ROPS 20-21 must be submitted to DOF no later than February 1, 2020. In early December, DOF provided the Successor Agency access to an online application with instructions to complete the ROPS. The ROPS is broken down into two six-month periods, “A” and “B”; this represents the six months following each distribution date. The Successor Agency has requested $17,817,500 (non-administrative) in Redevelopment Property Tax Trust Funds (“RPTTF”) for the entire year and has reduced the administrative budget amount from the prior year down to $36,550 for the year.
Pursuant to Health and Safety Code section 34182.5, the County Auditor-Controller has reviewed the ROPS in detail. As provided in the letter dated January 7, 2020, attached to this agenda item, the County Auditor-Controller has no objection to the submitted ROPS. Therefore, it is recommended that the Oversight Board approve the ROPS as submitted by the Successor Agency.

**BACKGROUND**

In 2011, the Legislature dissolved redevelopment agencies by adopting Assembly Bill X1 26, which was later amended by Assembly Bill 1484 (2012) and Senate Bill 107 (2015) (collectively, the “Dissolution Law”). Successor agencies were created to effectuate the dissolution of the former redevelopment agencies. Successor agencies are required to make payment on the remaining enforceable obligations as defined by Health and Safety Code section 34171(d)(1). All enforceable obligations are required to be reviewed and approved by the oversight board and DOF through the ROPS process, as described above.

The Successor Agency has made significant progress in winding down the former redevelopment agency. All properties have been sold with proceeds distributed to the affected taxing entities. The only enforceable obligations remaining are related to outstanding bond debt and a contractual agreement. In 2015, the bonds were refunded, which was a savings to the affected taxing entities.

DOF has the final review on this ROPS after approval of the Oversight Board. It may request additional documentation from the Successor Agency to support any amount listed on the ROPS and may also adjust any amount listed according to the documents received. DOF will issue a determination letter, which will provide the County Auditor-Controller with the final amount to be distributed to the Successor Agency. The next distribution for the first half of the year will be June 1, 2020.

Pursuant to Health and Safety Code section 34191.6, once specified conditions are met, the Successor Agency may submit a Last and Final ROPS, which includes the expected payments through the life of the Successor Agency until complete dissolution. The Successor Agency has met all these conditions and it is anticipated to complete this in the near future. This will have to be approved by the Oversight Board prior to submission to DOF, similar to the annual ROPS process.

**CONSEQUENCES OF NEGATIVE ACTION**

The Successor Agency will not receive approval for its expenses for the year, and therefore will not receive any funding in the upcoming year.

**STEPS FOLLOWING APPROVAL**

The Clerk of the Board shall notify James R. Williams, County Counsel; Jacelyn Ma, Controller-Treasurer Division Manager; and Jenny Treis, Program Manager no later than January 31, 2020.

**ATTACHMENTS:**

- Resolution to Approve Milpitas ROPS 20-21 (PDF)
- Auditor-Controller Notice of No Objection to Milpitas ROPS 20-21 (PDF)
RESOLUTION NO. __________

RESOLUTION OF THE REDEVELOPMENT DISSOLUTION COUNTYWIDE OVERSIGHT BOARD OF SANTA CLARA COUNTY TO APPROVE THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021 FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF MILPITAS AND AUTHORIZING PAYMENT OF EXPENDITURES FOR THE FUNDING ON THE ITEMS LISTED THEREIN

WHEREAS, all California redevelopment agencies were dissolved by the enactment of ABx1 26 in 2011, subsequently amended by AB 1484 (2012) and SB 107 (2015), which created successor agencies to wind down and dispose of all assets of the former redevelopment agencies;

WHEREAS, the Successor Agency to the Redevelopment Agency of the City of Milpitas (the “Successor Agency”) is responsible for winding down all aspects of the former Redevelopment Agency of the City of Milpitas, including paying down all remaining enforceable obligations;

WHEREAS, pursuant to Health and Safety Code section 34177(o)(1), the Successor Agency is required to submit the Recognized Obligation Payment Schedule for the period of July 1, 2020 through June 30, 2021 (“ROPS 20-21”) with the expected expenditures to the California Department of Finance (“DOF”) by February 1, 2020;

WHEREAS, the Successor Agency has prepared and submitted ROPS 20-21 in accordance with the instructions provided by DOF;

WHEREAS, the County Auditor-Controller is authorized to review the ROPS and provide objection to any item listed on ROPS 20-21; and,

WHEREAS, the County of Santa Clara Auditor-Controller has provided a no objection letter to the ROPS 20-21 dated January 7, 2020.

Resolution to Approve Milpitas ROPS 20-21
NOW, THEREFORE, BE IT RESOLVED that the Redevelopment Dissolution Countywide Oversight Board of Santa Clara County approves the Recognized Obligation Payment Schedule for the Successor Agency to the Redevelopment Agency of the City of Milpitas for the period of July 1, 2020 through June 30, 2021 as attached hereto to use funds listed for the expected payments.

PASSED AND ADOPTED by the Redevelopment Dissolution Countywide Oversight Board of Santa Clara County in the County of Santa Clara, State of California, on __________________________, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____________________________
TONY ESTREMERA
Chair, Redevelopment Dissolution Countywide Oversight Board of Santa Clara County

ATTEST:

_____________________________
MEGAN DOYLE
Clerk of the Countywide Oversight Board

APPROVED AS TO FORM AND LEGALITY:

_____________________________
CHRISTOPHER R. CHELEDEN
Lead Deputy County Counsel

Attachment: Milpitas ROPS 20-21 Form
Recognized Obligation Payment Schedule (ROPS 20-21) - Summary
Filed for the July 1, 2020 through June 30, 2021 Period

Successor Agency: Milpitas
County: Santa Clara

<table>
<thead>
<tr>
<th>Current Period Requested Funding for Enforceable Obligations (ROPS Detail)</th>
<th>20-21A Total (July - December)</th>
<th>20-21B Total (January - June)</th>
<th>ROPS 20-21 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Enforceable Obligations Funded as Follows (B+C+D)</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>B Bond Proceeds</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>C Reserve Balance</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>D Other Funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>E Redevelopment Property Tax Trust Fund (RPTTF) (F+G)</td>
<td>$ 5,926,465</td>
<td>$ 11,927,585</td>
<td>$ 17,854,050</td>
</tr>
<tr>
<td>F RPTTF</td>
<td>5,908,375</td>
<td>11,909,125</td>
<td>17,817,500</td>
</tr>
<tr>
<td>G Administrative RPTTF</td>
<td>18,090</td>
<td>18,460</td>
<td>36,550</td>
</tr>
<tr>
<td>H Current Period Enforceable Obligations (A+E)</td>
<td>$ 5,926,465</td>
<td>$ 11,927,585</td>
<td>$ 17,854,050</td>
</tr>
</tbody>
</table>

Certification of Oversight Board Chairman:
Pursuant to Section 34177 (o) 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 successor agency.

/s/ Signature
Name
Title
Date

Attachment: Resolution to Approve Milpitas ROPS 20-21 (99933 : Resolution to Approve Milpitas ROPS For Fiscal Year 2020-21)
# Recognized Obligation Payment Schedule (ROPS 20-21)

**ROPS Detail**

**July 1, 2020 through June 30, 2021**

<table>
<thead>
<tr>
<th>Item #</th>
<th>Project Name</th>
<th>Obligation Type</th>
<th>Agreement Execution Date</th>
<th>Agreement Termination Date</th>
<th>Payee</th>
<th>Description</th>
<th>Project Area</th>
<th>Total Outstanding Obligation</th>
<th>Retired</th>
<th>ROPS 20-21 Total</th>
<th>Fund Sources</th>
<th>ROPS 20-21B (Jan - Jun)</th>
<th>20-21A Total</th>
<th>Fund Sources</th>
<th>ROPS 20-21B Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Agreement of Purchase and Sale</td>
<td>Miscellaneous</td>
<td>08/03/2003</td>
<td>06/17/2034</td>
<td>County of Santa Clara</td>
<td>Land Purchase</td>
<td>Project Area #1</td>
<td>48,000,000</td>
<td>N</td>
<td>$6,000,000</td>
<td>$5,908,375</td>
<td>$18,090</td>
<td>$5,926,465</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>9</td>
<td>Administrative Costs of Successor Agency</td>
<td>Admin Costs</td>
<td>07/01/2020</td>
<td>06/30/2021</td>
<td>City of Milpitas</td>
<td>Administrative costs to wind down RDA</td>
<td>Project Area #1</td>
<td>36,550</td>
<td>N</td>
<td>$36,550</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$18,090</td>
<td>-</td>
</tr>
<tr>
<td>15</td>
<td>2015 Tax Allocation Refunding Bd</td>
<td>Refunding Bonds Issued After 6/27/12</td>
<td>02/18/2015</td>
<td>09/01/2032</td>
<td>US Bank</td>
<td>Bonds issued to refund 2003 Tax Allocation Bonds</td>
<td>Project Area #1</td>
<td>119,785,625</td>
<td>N</td>
<td>$11,817,500</td>
<td>-</td>
<td>-</td>
<td>5,908,375</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

---

**Fund Sources**

- **Bond Proceeds**
- **Reserve Balance**
- **Other Funds**
- **RPTTF**
- **Admin RPTTF**

---

**ROPS 20-21 Total**

- **Bond Proceeds**
- **Reserve Balance**
- **Other Funds**
- **RPTTF**
- **Admin RPTTF**

---

**ROPS 20-21B Total**

- **Bond Proceeds**
- **Reserve Balance**
- **Other Funds**
- **RPTTF**
- **Admin RPTTF**

---

**Total Outstanding Obligation**

- **Retired**
- **ROPS 20-21 Total**
- **Fund Sources**
- **20-21A Total**
- **Fund Sources**
- **20-21B Total**
**Milpitas**  
**Recognized Obligation Payment Schedule (ROPS 20-21) - Report of Cash Balances**  
**July 1, 2017 through June 30, 2018**  
(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.

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
</tr>
</thead>
</table>
| ROPS 17-18 Cash Balances  
(07/01/17 - 06/30/18) | Fund Sources | Comments |
<p>| | Bond Proceeds | Reserve Balance | Other Funds | RPTTF |</p>
<table>
<thead>
<tr>
<th></th>
<th>Bonds issued on or before 12/31/10</th>
<th>Bonds issued on or after 01/01/11</th>
<th>Prior ROPS RPTTF and Reserve Balances retained for future period(s)</th>
<th>Rent, grants, interest, etc.</th>
<th>Non-Admin and Admin</th>
</tr>
</thead>
</table>
| 1 | Beginning Available Cash Balance (Actual 07/01/17)  
RPTTF amount should exclude "A" period distribution amount. | 13 | - | 3,253,900 |
| 2 | Revenue/Income (Actual 06/30/18)  
RPTTF amount should tie to the ROPS 17-18 total distribution from the County Auditor-Controller | 640 | 76,458 | 16,927,456 |
| 3 | Expenditures for ROPS 17-18 Enforceable Obligations  
(Actual 06/30/18) | 470 | 76,458 | 16,696,518 |
| 4 | Retention of Available Cash Balance (Actual 06/30/18)  
RPTTF amount retained should only include the amounts distributed as reserve for future period(s) | 183 | 3,484,838 |
| 5 | ROPS 17-18 RPTTF Prior Period Adjustment  
RPTTF amount should tie to the Agency's ROPS 17-18 PPA form submitted to the CAC | No entry required |
| 6 | Ending Actual Available Cash Balance (06/30/18)  
C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5) | $- | $- | $- | $- | $- |

---

Packet Pg. 159
### Milpitas

**Recognized Obligation Payment Schedule (ROPS 20-21) - Notes**  
**July 1, 2020 through June 30, 2021**

<table>
<thead>
<tr>
<th>Item #</th>
<th>Notes/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td></td>
</tr>
</tbody>
</table>
NOTICE OF NO OBJECTION TO ROPS

January 7, 2020

City of Milpitas Successor Agency
455 E Calaveras Blvd
Milpitas, CA 95035

Redevelopment Dissolution Countywide Oversight Board of Santa Clara County
70 West Hedding Street
San Jose, CA 95110

Department of Finance
915 L Street
Sacramento, CA 95814

ROPS Period: ROPS 20-21 (July 1, 2020 – June 30, 2021)
Successor Agency: City of Milpitas

To the Successor Agency, Countywide Oversight Board, and Department of Finance:

Pursuant to Health and Safety Code section 34182.5, our office has reviewed the Recognized Obligation Payment Schedule (ROPS) submitted by the above-noted successor agency for the above-noted period. After reviewing all items and funding sources, the Santa Clara County Auditor-Controller does not object to any items or funding sources on the submitted ROPS.

Please note that items and/or funding sources not questioned during this review are subject to subsequent review if they are included on a future ROPS. We also reserve the right to object to an item and/or funding source (including, but not limited to, the use of fund balance) on a future ROPS, even if no objection was made on a preceding ROPS.

Sincerely yours,

George P. Doorley
Controller-Treasurer
County of Santa Clara

Attachment: ROPS 20-21 as submitted to the County Auditor-Controller by Successor Agency

Board of Supervisors: Mike Wasserman, Cindy Chavez, Dave Cortese, Susan Ellenberg, S. Joseph Simitian
County Executive: Jeffrey V. Smith
DATE: January 30, 2020

TO: Redevelopment Dissolution Countywide Oversight Board of Santa Clara County

FROM: Alan Minato, Director, Finance Agency
       Jeffrey V. Smith, County Executive

SUBJECT: Resolution to Approve Milpitas Administrative Budget for Fiscal Year 2020-21

RECOMMENDED ACTION

Adopt Resolution to approve the Administrative Budget for period July 1, 2020 through June 30, 2021 for the Successor Agency to the Redevelopment Agency of the City of Milpitas.

FISCAL IMPLICATIONS

The Administrative Budget for the period of July 1, 2020 through June 30, 2021 (“Admin Budget”) is a list of the administrative costs of the Successor Agency to the Redevelopment Agency of the City of Milpitas (“Successor Agency”) to continue winding down the obligations of the former redevelopment agencies, as defined in Health and Safety Code section 34171(a). This amount will be included on the approved Recognized Obligation Payment Schedule (“ROPS”) for the period of July 1, 2020 through June 30, 2021. The County Auditor-Controller will distribute the amount approved on the ROPS to the Successor Agency.

REASONS FOR RECOMMENDATION

Health and Safety Code section 34171(b) requires the administrative cost allowance to be approved by the Oversight Board. Such costs shall not include employee costs that are associated with work on specific projects. The Admin Budget is capped at the greater of 3 percent of the Redevelopment Property Tax Trust Fund distributed by the County Auditor-Controller or $250,000, but may be reduced by the Oversight Board. Therefore, it is appropriate for the Oversight Board to require justification for the costs requested. The approved amount will be included in the ROPS which is addressed at this same meeting.

The Successor Agency has requested $36,550 for its Admin Budget, a nearly 20 percent decrease from its prior year’s request. Attached is the breakdown in Admin Budget and Staff Costs provided by the Successor Agency.

Pursuant to Health and Safety Code section 34182.5, the County Auditor-Controller has reviewed the ROPS in detail. As provided in the letter dated January 7, 2020, attached to this
agenda item, the County Auditor-Controller has no objection to the submitted ROPS.

BACKGROUND
In 2011, the Legislature dissolved redevelopment agencies by adopting Assembly Bill X1 26, which was later amended by Assembly Bill 1484 (2012) and Senate Bill 107 (2015) (collectively, the “Dissolution Law”). Successor agencies were created to effectuate the dissolution of the former redevelopment agencies. Successor agencies are required to make payment on the remaining enforceable obligations as defined by Health and Safety Code section 34171(d)(1). All enforceable obligations and administrative costs are required to be reviewed and approved by the oversight board and California Department of Finance through the ROPS process.

Pursuant to Health and Safety Code section 34191.6, once specified conditions are met, the Successor Agency may submit a Last and Final ROPS, which includes the expected payments through the life of the Successor Agency until complete dissolution. The Successor Agency has met all these conditions and it is anticipated to complete this in the near future. It is expected that with a Last and Final ROPS, the administrative costs will reduce even further given the reduced time required to be spent on the Successor Agency.

CONSEQUENCES OF NEGATIVE ACTION
The Successor Agency will not receive approval for its expenses for the year, and therefore will not receive any funding in the upcoming year.

STEPS FOLLOWING APPROVAL
The Clerk of the Board shall notify James R. Williams, County Counsel; Jacelyn Ma, Controller-Treasurer Division Manager; and Jenny Treis, Program Manager no later than January 31, 2020.

ATTACHMENTS:

- Resolution to Approve Milpitas Admin Budget 20-21 (PDF)
- Auditor-Controller Notice of No Objection to Milpitas ROPS 20-21 (PDF)
RESOLUTION NO. __________

RESOLUTION OF THE REDEVELOPMENT DISSOLUTION COUNTYWIDE
Oversight Board of Santa Clara County to Approve the
Administrative Budget for the Period of July 1, 2020 Through
June 30, 2021 for the Successor Agency to the Redevelopment
Agency of the City of Milpitas

WHEREAS, all California redevelopment agencies were dissolved by the enactment of
ABx1 26 in 2011, subsequently amended by AB 1484 (2012) and SB 107 (2015), which created
successor agencies to wind down and dispose of all assets of the former redevelopment agencies;

WHEREAS, the Successor Agency to the Redevelopment Agency of the City of Milpitas
(the “Successor Agency”) is responsible for winding down all aspects of the former
Redevelopment Agency of the City of Milpitas, including paying down all remaining
enforceable obligations;

WHEREAS, pursuant to Health and Safety Code section 34171, the Successor Agency is
required to submit the administrative cost allowance for the period of July 1, 2020 through June
30, 2021 (“Admin Budget”) to be included on the Recognized Obligation Payment Schedule
(“ROPS 20-21”), which is due to the California Department of Finance (“DOF”) by February 1,
2020;

WHEREAS, the Successor Agency has prepared and submitted the Admin Budget with
the ROPS in accordance with the instructions provided by DOF;

WHEREAS, the County Auditor-Controller is authorized to review the ROPS and
provide objection to any item listed on ROPS 20-21; and,

WHEREAS, the County of Santa Clara Auditor-Controller has provided a no objection

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//
//
//
//
//
//
NOW, THEREFORE, BE IT RESOLVED that the Redevelopment Dissolution Countywide Oversight Board of Santa Clara County approves the Administrative Budget for the Successor Agency to the Redevelopment Agency of the City of Milpitas for the period of July 1, 2020 through June 30, 2021 as attached hereto.

PASSED AND ADOPTED by the Redevelopment Dissolution Countywide Oversight Board of Santa Clara County in the County of Santa Clara, State of California, on ________________, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

__________________________
TONY ESTREMER
Chair, Redevelopment Dissolution Countywide Oversight Board of Santa Clara County

ATTEST:

__________________________
MEGAN DOYLE
Clerk of the Countywide Oversight Board

APPROVED AS TO FORM AND LEGALITY:

__________________________
CHRISTOPHER R. CHELEDEN
Lead Deputy County Counsel

Attachment: Milpitas Admin Budget ROPS 20-21

2155545
<table>
<thead>
<tr>
<th>Payee</th>
<th>Description</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Milpitas</td>
<td>Successor Agency Admin Costs - Staff</td>
<td>16,880</td>
</tr>
<tr>
<td>Maze &amp; Assoc.</td>
<td>Audit Costs</td>
<td>6,200</td>
</tr>
<tr>
<td>US Bank</td>
<td>Adm. Fee for debt services</td>
<td>3,820</td>
</tr>
<tr>
<td>Dreyfus</td>
<td>Investment fees</td>
<td>1,560</td>
</tr>
<tr>
<td>Wells Fargo Bank</td>
<td>Bank fee for checking account</td>
<td>960</td>
</tr>
<tr>
<td>ACS</td>
<td>Arbitrage Calculation</td>
<td>2,060</td>
</tr>
<tr>
<td>HDL</td>
<td>Statistics data</td>
<td>370</td>
</tr>
<tr>
<td>Willdan Financial</td>
<td>Bond Continued disclosure</td>
<td>4,700</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$ 36,550</strong></td>
</tr>
</tbody>
</table>
# City of Milpitas successor Agency
## Staff Cost Summary
### ROPS 20-21

<table>
<thead>
<tr>
<th>Title/Position</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td>$4,350</td>
</tr>
<tr>
<td>Senior Accountants, Account Analyst &amp;</td>
<td>11,280</td>
</tr>
<tr>
<td>Accounting Technicians</td>
<td></td>
</tr>
<tr>
<td>Fiscal Services</td>
<td>1,250</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$16,880</strong></td>
</tr>
</tbody>
</table>
NOTICE OF NO OBJECTION TO ROPS

January 7, 2020

City of Milpitas Successor Agency
455 E Calaveras Blvd
Milpitas, CA 95035

Redevelopment Dissolution Countywide Oversight Board of Santa Clara County
70 West Hedding Street
San Jose, CA 95110

Department of Finance
915 L Street
Sacramento, CA 95814

ROPS Period: ROPS 20-21 (July 1, 2020 – June 30, 2021)
Successor Agency: City of Milpitas

To the Successor Agency, Countywide Oversight Board, and Department of Finance:

Pursuant to Health and Safety Code section 34182.5, our office has reviewed the Recognized Obligation Payment Schedule (ROPS) submitted by the above-noted successor agency for the above-noted period. After reviewing all items and funding sources, the Santa Clara County Auditor-Controller does not object to any items or funding sources on the submitted ROPS.

Please note that items and/or funding sources not questioned during this review are subject to subsequent review if they are included on a future ROPS. We also reserve the right to object to an item and/or funding source (including, but not limited to, the use of fund balance) on a future ROPS, even if no objection was made on a preceding ROPS.

Sincerely yours,

George P. Doorley
Controller-Treasurer
County of Santa Clara

Attachment: ROPS 20-21 as submitted to the County Auditor-Controller by Successor Agency
Board of Supervisors: Mike Wasserman, Cindy Chavez, Dave Cortese, Susan Ellenberg, S. Joseph Simitian
County Executive: Jeffrey V. Smith