

County of Santa Clara

Finance Agency
Controller-Treasurer

County Government Center
70 West Hedding Street, East Wing 2nd floor
San Jose, California 95110-1705
(408) 299-5206 FAX 287-7629



NOTICE OF NO OBJECTION TO ROPS

August 26, 2015

City of Morgan Hill Successor Agency
17575 Peak Avenue
Morgan Hill, CA 95037

City of Morgan Hill Oversight Board
17575 Peak Avenue
Morgan Hill, CA 95037

Department of Finance
915 L Street
Sacramento, CA 95814

ROPS Period: ROPS 15-16B (January 1, 2016 – June 30, 2016)

Successor Agency: City of Morgan Hill

To the Successor Agency, 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.

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

Successor Agency: City of Morgan Hill
Notice of No Objection to ROPS
August 26, 2015

Additionally, pursuant to Health and Safety Code section 34186(a), the County Auditor-Controller may audit the prior period payments and the prior period estimated versus actual payments reported on the ROPS. This audit is ongoing, and this letter does not apply to the true-up of prior period payments. In addition, my office is continuing its review of the cash balances reported by the successor agency on the ROPS. The results of this review will be transmitted to the Department of Finance as soon as possible.

Sincerely yours,



Alan Minato
Controller-Treasurer
County of Santa Clara

Attachment: ROPS 15-16B as submitted to the County Auditor-Controller by Successor Agency

Recognized Obligation Payment Schedule (ROPS 15-16B) - Summary

Filed for the January 1, 2016 through June 30, 2016 Period

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

Current Period Requested Funding for Outstanding Debt or Obligation	Six-Month Total
Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding	
A Sources (B+C+D):	\$ 64,998
B Bond Proceeds Funding (ROPS Detail)	4,157
C Reserve Balance Funding (ROPS Detail)	-
D Other Funding (ROPS Detail)	60,841
E Enforceable Obligations Funded with RPTTF Funding (F+G):	\$ 8,358,803
F Non-Administrative Costs (ROPS Detail)	8,233,803
G Administrative Costs (ROPS Detail)	125,000
H Total Current Period Enforceable Obligations (A+E):	\$ 8,423,801

Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding

I Enforceable Obligations funded with RPTTF (E):	8,358,803
J Less Prior Period Adjustment (Report of Prior Period Adjustments Column S)	(216,231)
K Adjusted Current Period RPTTF Requested Funding (I-J)	\$ 8,142,572

County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding

L Enforceable Obligations funded with RPTTF (E):	8,358,803
M Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA)	-
N Adjusted Current Period RPTTF Requested Funding (L-M)	8,358,803

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

Name	Title
/s/	
Signature	Date

Morgan Hill Recognized Obligation Payment Schedule (ROPS 15-16B) - ROPS Detail
 January 1, 2016 through June 30, 2016
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K					P				
										M									
										Nondiscretionary						O		P	
										Funding Source						RPTTF		Six-Month Total	
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)		RPTTF		Six-Month Total					
										Bond Proceeds	Reserve Balance	Other Funds	Non-Admin		Admin				
								\$ 131,739,634		\$ 4,157	\$ -	\$ 60,841	\$ 8,233,803	\$ 125,000	\$ 8,423,801				
17	Parking lot lease	Miscellaneous	2/11/2000	2/11/2100	Gayle Richter	Public Parking lot in downtowr	Ojo de Agua	249,549	N				17,444		\$ 17,444				
19	SERAF	SERAF/ERAF	2/2/2011	6/30/2016	Morgan Hill Housing Agency	Loan to meet state requirement	Ojo de Agua	1,825,339	N				1,177,918		\$ 1,177,918				
20	SERAF	SERAF/ERAF	2/17/2010	6/30/2015	Morgan Hill Housing Agency	Loan to meet state requirement	Ojo de Agua	4,311,000	N						\$ -				
39	Administrative Allowance	Admin Costs	1/1/2016	6/30/2016	Successor Agency	Administrative allowance	Ojo de Agua	125,000	N					125,000	\$ 125,000				
99	Investment with Private Development	Miscellaneous	1/1/2014	12/31/2015	Successor Agency	Provide financial assistance with downtown development projects	Ojo de Agua		Y						\$ -				
101	Parking Structure	Improvement/Infrastructure	1/1/2014	12/31/2015	Successor Agency	Construct multi-level parking structure	Ojo de Agua		Y						\$ -				
104	Downtown Parking Lots	Improvement/Infrastructure	1/1/2014	12/31/2015	Successor Agency	Update and renovate city-owned downtown parking lots	Ojo de Agua		Y						\$ -				
105	Monterey Road Streetscape Improvements	Improvement/Infrastructure	1/1/2014	12/31/2015	Successor Agency	Smaller scale streetscape improvements primarily in the sidewalk areas, which will provide a facelift to the sidewalk/dining areas and provide pedestrian amenities	Ojo de Agua		Y						\$ -				
106	Downtown Side Street Renovation	Improvement/Infrastructure	1/1/2014	12/31/2015	Successor Agency	Repair roadway, construct new sidewalks, improve lighting, and miscellaneous utility repair for Downtown side streets	Ojo de Agua		Y						\$ -				
109	Economic Analysis LRPMP	Property Dispositions	11/3/2014	6/30/2016	Keyser Marston and Associates	Economic Analysis	Ojo De Agua	10,000	N				10,000		\$ 10,000				
110	Appraisals for LRPMP	Property Dispositions	1/1/2016	6/30/2016	Valbridge/Hulberg and Associates	Appraisals for LRPMP	Ojo De Agua	14,000	N				14,000		\$ 14,000				
111	Environmental Reports	Property Dispositions	5/22/2015	6/30/2016	AEI	Phase I/II Environmental Analysis for LRPMP	Ojo de Agua	5,000	N				5,000		\$ 5,000				
113	Survey Services for LRPMP	Property Dispositions	1/1/2016	6/30/2016	MH Engineering	Survey Services for LRPMP	Ojo De Agua	8,000	N				8,000		\$ 8,000				
114	Title Services for LRPMP	Property Dispositions	1/1/2016	6/30/2016	Chicago Title/First American	Title Services for LRPMP	Ojo De Agua	4,000	N				4,000		\$ 4,000				
116	Refunding Revenue Bonds, Series 2013A & B	Bonds Issued After 12/31/10	12/31/2013	9/1/2033	Bank of New York Mellon	Principal payments	Ojo de Agua	81,560,000	N				3,100,000		\$ 3,100,000				
117	Refunding Revenue Bonds, Series 2013A & B	Bonds Issued After 12/31/10	12/31/2013	9/1/2033	Bank of New York Mellon	Interest payments	Ojo de Agua	43,243,422	N				3,835,180		\$ 3,835,180				
129	Tenant Lease Restructuring/Eviction Counsel	Property Dispositions	5/22/2015	6/30/2016	Strombotne Law	Outside counsel for tenant lease restructuring	Ojo de Agua	12,000	N				12,000		\$ 12,000				
130	Successor agency owned property management expenses	Property Maintenance	1/1/2016	6/30/2016	Smith Commercial Property Management	Successor agency owned property management expenses	Ojo de Agua	60,841	N			60,841			\$ 60,841				
132	Legal services for LRPMP	Legal	2/26/2015	6/30/2016	Burke, Williams Sorensen, LLP	Legal services for LRPMP	Ojo de Agua	10,000	N				10,000		\$ 10,000				
134	Refunding Revenue Bonds, Series 2013A & B	Fees	10/28/2014	6/30/2017	Fraser & Associates	Independent financial consultant, per trust indenture	Ojo de Agua	42,712	N				4,000		\$ 4,000				
135	Refunding Revenue Bonds, Series 2013A & B	Fees	12/4/2013	9/1/2033	Bank of New York Mellon	Trustee bank fee	Ojo de Agua	31,200	N				5,000		\$ 5,000				
138	Refunding Revenue Bonds, Series 2013A & B	Fees	1/1/2016	9/1/2033	Standard & Poor's	Bond rating surveillance fee	Ojo de Agua	90,000	N				5,000		\$ 5,000				
139	Refunding Revenue Bonds, Series 2013A & B	Fees	1/1/2016	9/1/2033	Fitch Ratings	Bond rating surveillance fee	Ojo de Agua	90,000	N				5,000		\$ 5,000				

Morgan Hill Recognized Obligation Payment Schedule (ROPS 15-16B) - ROPS Detail
 January 1, 2016 through June 30, 2016
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K				L	M	N	O	P
										Funding Source								
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)		RPTTF						
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	Six-Month Total			
140	Refunding Revenue Bonds, Series 2013A & B	Fees	12/6/2012	9/1/2033	Norton Rose Fulbright	Bond counsel	Ojo de Agua	42,153	N				20,000		\$ 20,000			
143	Relocation for Opportunity Sites	Property Dispositions	1/1/2015	6/30/2015	Overland, Pacific, and Cutler, Inc. and Opportunity Site Tenants	Relocation for Opportunity Sites	Ojo de Agua		Y						\$ -			
144	Business Journal Marketing	Property Dispositions	1/1/2015	6/30/2015	Silicon Valley Business Journal	Marketing services for LRPMP opportunity sites	Ojo de Agua		Y						\$ -			
146	Real Estate Signage	Property Dispositions	1/1/2015	6/30/2015	Chaparral Signs & Auto Graphics	Real estate signage for opportunity site - North of El Capri	Ojo de Agua		Y						\$ -			
147	Urban Design Services	Property Dispositions	1/1/2015	6/30/2015	Field Paoli Architects	Design Concept Review	Ojo de Agua		Y						\$ -			
150	Relocation for "Booksmart" Site	Property Dispositions	7/1/2015	12/31/2015	Overland, Pacific, and Cutler, Inc. and "Booksmart" Site Tenants	Relocation for "Booksmart" Site	Ojo de Agua		Y						\$ -			
151	Urban Design Services	Property Dispositions	2/4/2015	12/23/2015	Urban Field Studio	Design Concept Review	Ojo de Agua		Y						\$ -			
152	ROPS II Actual CIP Implementation and Delivery (Exhibit C)	Project Management Costs	7/1/2012	12/31/2012	Successor Agency	This is item #38 for 14-15B Prior Period Adjustments (PPA)	Ojo de Agua		Y						\$ -			
153	ROPS I Butterfield Blvd-property acquisition	Improvement/Infrastructure	1/1/2012	6/30/2012	Gallo	This is item #62 for 14-15B Prior Period Adjustments (PPA)	Ojo de Agua		Y						\$ -			
154	ROPS I Butterfield Blvd-property acquisition	Improvement/Infrastructure	1/1/2012	6/30/2012	Ray-Will	This is item #63 for 14-15B Prior Period Adjustments (PPA)	Ojo de Agua		Y						\$ -			
155	ROPS I Butterfield Blvd-property acquisition	Improvement/Infrastructure	1/1/2012	6/30/2012	Royal Oaks	This is item #64 for 14-15B Prior Period Adjustments (PPA)	Ojo de Agua		Y						\$ -			
156	ROPS I Butterfield Blvd-property acquisition	Improvement/Infrastructure	1/1/2012	6/30/2012	Lieu Quan	This is item #65 for 14-15B Prior Period Adjustments (PPA)	Ojo de Agua		Y						\$ -			
157	Tennant Ave/Hwy 101 Engineering	Improvement/Infrastructure	12/23/2009	6/30/2011	MARK THOMAS & CO, INC	This is item #68 for 14-15B Prior Period Adjustments (PPA)	Ojo de Agua		Y						\$ -			
158	ROPS 13-14A Actual and Projected CIP Implementation and Delivery (Exhibit C)	Project Management Costs	7/1/2013	12/31/2013	Successor Agency	This is item #82 for 14-15B Prior Period Adjustments (PPA)	Ojo de Agua		Y						\$ -			
159	ROPS I Actual CIP Implementation and Delivery (Exhibit C)	Project Management Costs	5/21/2013	5/21/2013	Successor Agency	This is item #95 for 14-15B Prior Period Adjustments (PPA)	Ojo de Agua		Y						\$ -			
160	ROPS III Actual CIP Implementation and Delivery (Exhibit C)	Project Management Costs	5/21/2013	5/21/2013	Successor Agency	This is item #96 for 14-15B Prior Period Adjustments (PPA)	Ojo de Agua		Y						\$ -			
161	Cost/Expenses of the MHEDC (Exhibit B)	Property Maintenance	5/21/2013	5/21/2013	City of Morgan Hill/Successor Agency	This is item #97 for 14-15B Prior Period Adjustments (PPA)	Ojo de Agua		Y						\$ -			
162	ROPS I Actual CIP Implementation and Delivery	Project Management Costs	1/1/2012	6/30/2012	Successor Agency	This is item #123 for 14-15B Prior Period Adjustments (PPA)	Ojo de Agua		Y						\$ -			
163	Refunding Revenue Bonds, Series 2013A & B	Fees	1/1/2016	6/30/2016	Bank of New York Mellon	This is the difference between the authorized and actual dollars from the 14-15B Prior Period Adjustment (PPA) line item #135	Ojo de Agua	1,261	N				1,261		\$ 1,261			
164	Butterfield Boulevard Phase V	Improvement/Infrastructure	1/1/2016	6/30/2016	Successor Agency	This is dollars that have already been paid for the Butterfield Boulevard , Phase V, project. This was paid during the ROPS 14-15B period.	Ojo de Agua	4,157	N	4,157					\$ 4,157			

Morgan Hill Recognized Obligation Payment Schedule (ROPS 15-16B) - Report of Cash Balances
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [\[INSERT URL LINK TO CASH BALANCE TIPS SHEET \]](#)

A	B	C	D	E	F	G	H	I	
		Fund Sources							
		Bond Proceeds		Reserve Balance		Other	RPTTF		
	Cash Balance Information by ROPS Period	Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, Grants, Interest, Etc.	Non-Admin and Admin	Comments	
ROPS 14-15B Actuals (01/01/15 - 06/30/15)									
1	Beginning Available Cash Balance (Actual 01/01/15)	26,050,625				307,474	758,236		
2	Revenue/Income (Actual 06/30/15) RPTTF amounts should tie to the ROPS 14-15B distribution from the County Auditor-Controller during January 2015	25,871				666,397	7,361,911		
3	Expenditures for ROPS 14-15B Enforceable Obligations (Actual 06/30/15) RPTTF amounts, H3 plus H4 should equal total reported actual expenditures in the Report of PPA, Columns L and Q	4,542,863				652,104	7,146,940	Property sale proceeds of \$525,000 wired to County on 7/23/15.	
4	Retention of Available Cash Balance (Actual 06/30/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	6,937,646						Debt service reserve funds held by Fiscal Agent	
5	ROPS 14-15B RPTTF Prior Period Adjustment RPTTF amount should tie to the self-reported ROPS 14-15B PPA in the Report of PPA, Column S			No entry required				216,231	
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ 14,595,987	\$ -	\$ -	\$ -	\$ 321,767	\$ 756,976		
ROPS 15-16A Estimate (07/01/15 - 12/31/15)									
7	Beginning Available Cash Balance (Actual 07/01/15) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ 21,533,633	\$ -	\$ -	\$ -	\$ 321,767	\$ 973,207		
8	Revenue/Income (Estimate 12/31/15) RPTTF amounts should tie to the ROPS 15-16A distribution from the County Auditor-Controller during June 2015						385,464		
9	Expenditures for ROPS 15-16A Enforceable Obligations (Estimate 12/31/15)	14,595,987				118,586	682,640		
10	Retention of Available Cash Balance (Estimate 12/31/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	6,937,646						Debt service reserve funds held by Fiscal Agent	
11	Ending Estimated Available Cash Balance (7 + 8 - 9 -10)	\$ -	\$ -	\$ -	\$ -	\$ 203,181	\$ 676,031		

Morgan Hill Recognized Obligation Payment Schedule (ROPS 15-16B) - Notes
January 1, 2016 through June 30, 2016

Item #	Notes/Comments
110	We would enter into a new agreement, if needed.
113	We would enter into a new agreement, if needed.
114	We would enter into a new agreement, if needed.
138	Changed the Contract Term Date to match the term of the bonds. Per Bond Counsel, an annual bond rating surveillance fee may be required in order to maintain our rating's on the bonds.
139	Changed the Contract Term Date to match the term of the bonds. Per Bond Counsel, an annual bond rating surveillance fee may be required in order to maintain our rating's on the bonds.
140	We anticipate we may need to consult with bond counsel through the end of this year and may not see invoices for services rendered in December until the beginning of 2016.
163	This is the difference between the authorized and actual dollars from the 14-15B Prior Period Adjustment (PPA) line item #135
164	This is expenditures that have already been paid for the Butterfield Boulevard , Phase V, project. This was paid during the ROPS 14-15B period.