

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 OBJECTION TO ROPS

January 17, 2019

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 19-20 (July 1, 2019 – June 30, 2020)
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 269 – Administrative Expenses for Successor Agency

The Successor Agency has requested administrative costs totaling \$696,018 for the fiscal year, of which \$530,838 is requested from Administrative Redevelopment Property Tax Trust Fund. 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. Given the number and nature of the remaining obligations listed on the ROPS, the administrative cost should be reduced accordingly.

Successor Agency: City of San José
Notice of Objection to ROPS 19-20
January 17, 2019

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,

A handwritten signature in black ink that reads "Alan Minato". The signature is written in a cursive style with a long, sweeping tail on the final letter.

Alan Minato
Director of Finance
County of Santa Clara

Attachments: ROPS 19-20 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

**Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period**

Successor Agency: San Jose
County: Santa Clara

| Current Period Requested Funding for Enforceable Obligations (ROPS Detail) | 19-20A Total (July - December) | 19-20B Total (January - June) | ROPS 19-20 Total |
|---|---|--|-------------------------|
| A Enforceable Obligations Funded as Follows (B+C+D): | \$ 45,462,590 | \$ 82,590 | \$ 45,545,180 |
| B Bond Proceeds | - | - | - |
| C Reserve Balance | 45,380,000 | - | 45,380,000 |
| D Other Funds | 82,590 | 82,590 | 165,180 |
| E Redevelopment Property Tax Trust Fund (RPTTF) (F+G): | \$ 117,320,968 | \$ 74,831,101 | \$ 192,152,069 |
| F RPTTF | 117,020,543 | 74,600,688 | 191,621,231 |
| G Administrative RPTTF | 300,425 | 230,413 | 530,838 |
| H Current Period Enforceable Obligations (A+E): | \$ 162,783,558 | \$ 74,913,691 | \$ 237,697,249 |

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.

Tony Estremera Chair
Name Title
/s/ _____ 1/23/2019
Signature Date

San Jose Recognized Obligation Payment Schedule (ROPS 19-20) - ROPS Detail

July 1, 2019 through June 30, 2020

(Report Amounts in Whole Dollars)

| A | B | C | D | E | F | G | H | I | J | K | 19-20A (July - December) | | | | | 19-20B (January - June) | | | | | W | |
|--------|---|--|-----------------------------------|-------------------------------------|--|---|--------------|--------------------------------------|---------|------------------|--------------------------|-----------------|-------------|----------------|-------------|-------------------------|---------------|-----------------|-------------|---------------|-------------|---------------|
| | | | | | | | | | | | Fund Sources | | | | | Fund Sources | | | | | | |
| | | | | | | | | | | | L | M | N | O | P | Q | R | S | T | U | | V |
| 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 | ROPS 19-20 Total | Bond Proceeds | Reserve Balance | Other Funds | RPTTF | Admin RPTTF | 19-20A Total | Bond Proceeds | Reserve Balance | Other Funds | RPTTF | Admin RPTTF | 19-20B Total |
| | | | | | | | | \$ 2,798,245,998 | | \$ 237,697,249 | \$ 0 | \$ 45,380,000 | \$ 82,590 | \$ 117,020,543 | \$ 300,425 | \$ 162,783,558 | \$ 0 | \$ 0 | \$ 82,590 | \$ 74,600,688 | \$ 230,413 | \$ 74,913,691 |
| 65 | HUD Section 108 Note (CIM Block) | Third-Party Loans | 1/30/2006 | 8/1/2025 | Bank of New York | Loan from the U.S. Department of Housing and Urban Development (HUD) for Section 108 Loans. | Merged | | Y | \$ - | | | | | | \$ - | | | | | | \$ - |
| 66 | HUD Section 108 Note (Story/King Retail) | Third-Party Loans | 1/9/2008 | 8/1/2025 | Bank of New York | Loan from the U.S. Department of Housing and Urban Development (HUD) for Section 108 Loans. | Merged | | Y | \$ - | | | | | | \$ - | | | | | | \$ - |
| 69 | Successor Agency Bond Activities | Professional Services | 1/1/2014 | 6/30/2023 | BLX Group, LLC | Arbitrage rebate calculation services | Merged | 42,375 | N | \$ 10,000 | | | | 10,000 | | \$ 10,000 | | | | | | \$ - |
| 70 | San Jose Redevelopment Agency vs Solis, Torrez dba Patty's Inn | Miscellaneous | 3/2/2011 | 6/30/2012 | Kenneth F. Solis or Bonnie C. Torrez dba Patty's Inn | Settlement Agreement & General Release | Merged | | Y | \$ - | | | | | | \$ - | | | | | | \$ - |
| 71 | IDT Lease (refer to "Notes" section) | Miscellaneous | 12/14/2004 | 7/1/2022 | Integrated Device Technology, Inc. | Parking Covenants - 6024 Silver Creek Road | Merged | | Y | \$ - | | | | | | \$ - | | | | | | \$ - |
| 72 | IDT Lease with Option to Purchase (refer to "Notes" section) | Miscellaneous | 3/2/2010 | 6/30/2023 | Integrated Device Technology, Inc. | Lease of Riparian Property | Merged | | Y | \$ - | | | | | | \$ - | | | | | | \$ - |
| 78 | Automatic Public Toilets (refer to "Notes" section) | Miscellaneous | 3/20/1998 | 1/12/2021 | JCDecaux San Francisco, LLC & Utility Companies | Rental - Seven Automatic Public Toilets | Merged | 185,335 | N | \$ 127,438 | | | | 73,782 | | \$ 73,782 | | | | 53,656 | | \$ 53,656 |
| 84 | Property-Based Business Improvement District (refer to "Notes" section) | Property Maintenance | 1/15/2008 | 12/31/2022 | Property and Business Improvement District | Payment of Downtown San Jose Property-Based Business Improvement District assessments per the agreement between the City of San Jose and the San Jose Downtown Property Owner's Association | Merged | | N | \$ - | | | | | | \$ - | | | | | | \$ - |
| 85 | Asset Management/Successor Agency's Lease Obligations (refer to "Notes" section) | Property Maintenance | 1/1/2014 | 6/30/2020 | Miscellaneous Vendors | Utilities, insurance and maintenance for Successor Agency Properties | Merged | 27,000 | N | \$ 27,000 | | | | 27,000 | | \$ 27,000 | | | | | | \$ - |
| 101 | Purchase & Sale Agreement (refer to "Notes" section) | OPA/DDA/Construction | 7/27/1998 | 6/30/2019 | Vendor or Contractor | Escrowed funds for CET Properties Environmental Clean-Up | Merged | | Y | \$ - | | | | | | \$ - | | | | | | \$ - |
| 138 | Successor Agency operations (refer to "Notes" section) | Admin Costs | 7/1/2018 | 6/30/2023 | Ross Financial | Ongoing financial advisor services on an as-needed basis | Merged | 80,000 | N | \$ 5,000 | | | | 5,000 | | \$ 5,000 | | | | | | \$ - |
| 143 | Successor Agency Bond Activities | Professional Services | 7/1/2018 | 6/30/2020 | Urban Analytics, LLC | Fiscal consultant services including analysis of tax increment data | Merged | 53,000 | N | \$ 23,000 | | | | 23,000 | | \$ 23,000 | | | | | | \$ - |
| 144 | May 2001 Amended & Restated Agreement (refer to "Notes" section) | Miscellaneous | 5/22/2001 | 6/30/2035 | County of Santa Clara | County Pass-Through Payments - annual formula based on tax increment growth. | Merged | | N | \$ - | | | | | | \$ - | | | | | | \$ - |
| 149 | Jones Hall-Successor Agency SARA Activities (refer to "Notes" section) | Legal | 10/1/2010 | 6/30/2023 | Jones Hall | Legal services on an as-needed basis to support bond and administrative issues. | Merged | 32,000 | N | \$ 5,000 | | | | 5,000 | | \$ 5,000 | | | | | | \$ - |
| 160 | Successor Agency operations (refer to "Notes" section) | Admin Costs | 6/26/2014 | 6/30/2018 | Montoy Law Corporation | Oversight Board legal services on an as-needed basis | Merged | | Y | \$ - | | | | | | \$ - | | | | | | \$ - |
| 162 | Property Disposition Costs (refer to "Notes" section) | Property Maintenance | 7/1/2014 | 6/30/2020 | Miscellaneous Vendors | Potential solicitation expenses associated with the disposition of Agency-owned properties as approved in the Successor Agency's Long Range Property Management Plan. | Merged | 8,000 | N | \$ 8,000 | | | | 8,000 | | \$ 8,000 | | | | | | \$ - |
| 164 | RDA HUD Custodial Fees (refer to "Notes" section) | Fees | 5/16/2006 | 8/1/2025 | U.S. Bank | Custodial Agreement fees associated with the safekeeping of original HUD 108 documents required by HUD. Charges are \$150 per ROPS period | Merged | | Y | \$ - | | | | | | \$ - | | | | | | \$ - |
| 244 | North San Pedro Housing - Prop 1C (refer to "Notes" section) | OPA/DDA/Construction | 9/1/2012 | 6/30/2019 | Miscellaneous Vendors | North San Pedro Residential Project - Infill Infrastructure Grant Program Disbursement Agreement | Merged | | Y | \$ - | | | | | | \$ - | | | | | | \$ - |
| 245 | Transfer of Asset Audit Recovery (refer to "Notes" section) | Dissolution Audits | 7/1/2012 | 3/27/2013 | State of California Controller's Office | Transfer of Asset audit recovery pursuant to Health and Safety Code 34183 (d) | Merged | | Y | \$ - | | | | | | \$ - | | | | | | \$ - |
| 253 | Long-Term Reimbursement (2016-2017) - Administrative Costs (refer to "Notes" section) | City/County Loans After | 6/27/11 | 6/30/2042 | City of San Jose | 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. | Merged | | Y | \$ - | | | | | | \$ - | | | | | | \$ - |
| 254 | 2011 Housing Fund SERAF Loan | City/County Loan (Prior 06/28/11), 3rd party agmt-infrastructure | 5/26/2016 | 6/30/2020 | City of San Jose/Low Mod Income Housing Fund | Repayment of \$12,815,668 plus accrued interest pursuant to Health and Safety Code 34171(d) (1) (G). | Merged | 15,945,149 | N | \$ 15,945,149 | | | | 15,945,149 | | \$ 15,945,149 | | | | | | \$ - |
| 255 | 2010 Inter-Fund SERAF Loan | City/County Loan (Prior 06/28/11), 3rd party agmt-infrastructure | 5/26/2016 | 6/30/2020 | City of San Jose | Reinstatement of the original Inter-Fund Loan portion of the 2010 SERAF Loan (\$10 million plus accrued interest). | Merged | 12,741,918 | N | \$ 12,741,918 | | | | 12,741,918 | | \$ 12,741,918 | | | | | | \$ - |
| 256 | City of San Jose Parking Fund Loans | City/County Loan (Prior 06/28/11), 3rd party agmt-infrastructure | 1/12/2017 | 6/30/2020 | City of San Jose | Payment to City of San Jose's Parking Funds for loans that were made to pay for previous debt service obligations pre-dissolution. | Merged | 18,397,367 | N | \$ 18,397,367 | | | | 16,000,000 | | \$ 16,000,000 | | | | 2,397,367 | | \$ 2,397,367 |
| 259 | Arbitrage Rebate | Bonds Issued On or Before 12/31/10 | 7/1/2017 | 6/30/2020 | Internal Revenue Service | Positive arbitrage payment from RDA Bonds | Merged | | N | \$ - | | | | | | \$ - | | | | | | \$ - |
| 260 | 2017 Successor Agency Senior Refunding Bonds Series A | Refunding Bonds Issued After 6/27/12 | 12/21/2017 | 8/1/2035 | Wilmington Trust | 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) | Merged | 144,379,875 | N | \$ 3,991,250 | | | | 1,995,625 | | \$ 1,995,625 | | | | 1,995,625 | | \$ 1,995,625 |
| 261 | 2017 Successor Agency Senior Refunding Bonds Series A-T | Refunding Bonds Issued After 6/27/12 | 12/21/2017 | 8/1/2034 | Wilmington Trust | This authorizes the issuance of \$264,390,000 aggregate principal amount (Tax Allocation Refunding Bonds) | Merged | 1,564,058,836 | N | \$ 107,368,109 | | 45,380,000 | | 43,959,194 | | \$ 89,339,194 | | | | 18,028,915 | | \$ 18,028,915 |

San Jose Recognized Obligation Payment Schedule (ROPS 19-20) - ROPS Detail

July 1, 2019 through June 30, 2020

(Report Amounts in Whole Dollars)

| A | B | C | D | E | F | G | H | I | J | K | 19-20A (July - December) | | | | | Q | 19-20B (January - June) | | | | | W |
|--------|--|--------------------------------------|-----------------------------------|-------------------------------------|--------------------------|---|--------------|--------------------------------------|---------|------------------|--------------------------|-----------------|-------------|------------|-------------|---------------|-------------------------|-----------------|-------------|------------|-------------|---------------|
| | | | | | | | | | | | Fund Sources | | | | | | Fund Sources | | | | | |
| | | | | | | | | | | | L | M | N | O | P | | R | S | T | U | V | |
| 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 | ROPS 19-20 Total | Bond Proceeds | Reserve Balance | Other Funds | RPTTF | Admin RPTTF | 19-20A Total | Bond Proceeds | Reserve Balance | Other Funds | RPTTF | Admin RPTTF | 19-20B Total |
| 262 | 2017 Successor Agency Subordinate Refunding Bonds Series B | Refunding Bonds Issued After 6/27/12 | 12/21/2017 | 8/1/2029 | Wilmington Trust | This authorizes the issuance of \$264,390,000 aggregate principal amount (Tax Allocation Refunding Bonds) | Merged | 302,657,125 | N | \$ 31,693,000 | | | | 26,193,875 | | \$ 26,193,875 | | | | 5,499,125 | | \$ 5,499,125 |
| 263 | Series 2017 Refunding Bonds ("Merged Area") | Fees | 12/21/2017 | 8/1/2035 | Wilmington Trust | Fiscal Agent Fees for bond administrative services | Merged | 51,000 | N | \$ 3,000 | | | | 3,000 | | \$ 3,000 | | | | | | \$ - |
| 264 | Escrow Agent Services for Refunded RDA Bonds | Fees | 12/21/2017 | 12/31/2020 | Wells Fargo Bank | Escrow Agent Fees for Series 2010A | Merged | 1,000 | N | \$ 1,000 | | | | | | \$ - | | | | 1,000 | | \$ 1,000 |
| 265 | Allowable Bond Reserve-Pursuant to Health and Safety Code §34171(d)(1)(A). | Refunding Bonds Issued After 6/27/12 | 12/21/2017 | 8/1/2035 | Wilmington Trust | Per indenture, the Agency is required to reserve 50% of principal paid in Aug debt service period in the January RPTTF distribution | Merged | 738,410,000 | N | \$ 46,625,000 | | | | | | \$ - | | | | 46,625,000 | | \$ 46,625,000 |
| 266 | Long-Term Reimbursement (2017-2018) - Unsecured Enforceable Obligations (refer to "Notes" section) | City/County Loans After 6/27/11 | 7/1/2017 | 6/30/2042 | City of San Jose | 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. | Merged | | Y | \$ - | | | | | | \$ - | | | | | | \$ - |
| 267 | Long-Term Reimbursement (2017-2018) - Administrative Costs (refer to "Notes" section) | City/County Loans After 6/27/11 | 7/1/2017 | 6/30/2042 | City of San Jose | 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. | Merged | | Y | \$ - | | | | | | \$ - | | | | | | \$ - |
| 268 | Series 2017A, Series 2017A-T, Series 2017B (Merged Area) | Fees | 12/21/2017 | 8/1/2035 | Standard & Poor's, Fitch | Annual analytical review of Ratings Agencies | Merged | 480,000 | N | \$ 30,000 | | | | 30,000 | | \$ 30,000 | | | | | | \$ - |
| 269 | Administrative Expenses for Successor Agency | Admin Costs | 7/1/2019 | 6/30/2020 | Various Vendors | Annual administrative fees for SARA operations | Merged | 696,018 | N | \$ 696,018 | | | 82,590 | | 300,425 | \$ 383,015 | | | 82,590 | | 230,413 | \$ 313,003 |
| 273 | | | | | | | | | N | \$ - | | | | | | \$ - | | | | | | \$ - |
| 274 | | | | | | | | | N | \$ - | | | | | | \$ - | | | | | | \$ - |
| 275 | | | | | | | | | N | \$ - | | | | | | \$ - | | | | | | \$ - |
| 276 | | | | | | | | | N | \$ - | | | | | | \$ - | | | | | | \$ - |
| 277 | | | | | | | | | N | \$ - | | | | | | \$ - | | | | | | \$ - |
| 278 | | | | | | | | | N | \$ - | | | | | | \$ - | | | | | | \$ - |

San Jose Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

| 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 Cash Balance Tips Sheet . | | | | | | | |
|--|---|------------------------------------|-----------------------------------|---|------------------------------|---------------------|--|
| A | B | C | D | E | F | G | H |
| | | Fund Sources | | | | | |
| | | Bond Proceeds | | Reserve Balance | Other Funds | RPTTF | |
| | ROPS 16-17 Cash Balances (07/01/16 - 06/30/17) | Bonds issued on or before 12/31/10 | Bonds issued on or after 01/01/11 | Prior ROPS RPTTF and Reserve Balances retained for future period(s) | Rent, Grants, Interest, etc. | Non-Admin and Admin | Comments |
| 1 | Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount | 37,808,349 | | 53,346,419 | 19,993,383 | 0 | All Beginning Cash Balances in G/L as of 6/30/2016 minus the June 2016 RPTTF Distribution which is in cell G2 |
| 2 | Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller | 179,590 | | 152,243 | 269,426,490 | 183,735,689 | All Revenue and Interest earned. There are also transfers between accounts in the Other Funds column and property sales that were applied to paying down 2003A (line 32 on ROPS) bonds in the Other Funds column. |
| 3 | Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17) | 54,758 | | 53,151,731 | 272,662,786 | 126,791,933 | In E3, \$1,258,068 is deducted from total because it was given in June RPTTF showing in G2 for 2010C bonds. There are transfers between accounts in the Other Funds column and property sales proceeds that were applied to paying down 2003A bonds (line 32 on ROPS) in the Other Funds column. |
| 4 | Retention of Available Cash Balance (Actual 06/30/17) RPTTF amount retained should only include the amounts distributed as reserve for future period(s) | 37,933,181 | | 346,931 | 16,757,087 | 56,943,756 | All funds in reserve and other funds are being retained for future bond payments due to insufficiency. |
| 5 | ROPS 16-17 RPTTF Prior Period Adjustment RPTTF amount should tie to the Agency's ROPS 16-17 PPA form submitted to the CAC | No entry required | | | | | |
| 6 | Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | |

San Jose Recognized Obligation Payment Schedule (ROPS 19-20) - Notes July 1, 2019 through June 30, 2020

| Item # | Notes/Comments |
|---------------|--|
| 85 | Annual insurance costs for SARA property California Theater and Billy D Frank. |
| 162 | Two properties remain to be transferred. There may be closing costs involved for Billy D Frank and California Theater. |
| | |
| | |
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| | |