

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

Wednesday, September 17, 2014

Santa Clara Successor Agency
1500 Warburton Avenue
Santa Clara, CA 95050

Santa Clara Oversight Board
1500 Warburton Avenue
Santa Clara, CA 95050

Department of Finance
915 L Street
Sacramento, CA 95814

ROPS Period: ROPS 14-15B (January 1, 2015 – June 30, 2015)
Successor Agency: City of Santa Clara

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

Pursuant to Health and Safety Code section 34182.5, the Santa Clara County Auditor-Controller (Auditor-Controller) 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 items and/or funding sources on the submitted ROPS:

Item 13 – Administrative Cost

The Successor Agency requested an administrative cost amount of \$352,107 for this line item, which exceeds the proposed administrative budget of \$314,300 for ROPS 14-15B. The Successor Agency is seeking to carry over the available fiscal year 2014-2015 administrative cost allowance based on the administrative budget from the prior ROPS 14-15A. However, at the February 27, 2014 Oversight Board Meeting, the Oversight Board specifically capped the administrative cost allowance for ROPS 14-15A at \$202,840, with "no liability" to the RPTTF for any additional amount. The carryover request would circumvent the Oversight Board's approved action; therefore, we object to the requested amount. This line item should be reduced

Successor Agency: City of Santa Clara
Notice of Objection to ROPS
Wednesday, September 17, 2014

and adjusted to reflect the Oversight Board approved administrative budget amount within the allowed administrative cost allowance.

Item 32 – Martinson Child Development Center, 1350 Hope Drive (APN 097-08-053)

The Successor Agency has requested a reimbursement to the City of Santa Clara (City) in the amount of \$4,999 for already-incurred property maintenance costs for the Martinson Child Development Center (MCDC). We object to this item because the Successor Agency does not hold title to the MCDC.

It is an axiomatic rule of accounting that liabilities and assets follow each other. On December 17, 2012, the Auditor-Controller reported in its Agreed Upon Procedures (AUP) report that the former Santa Clara Redevelopment Agency (RDA) transferred title of the MCDC to the City on March 8, 2011. Subsequently, the State Controller's Asset Transfer Review issued on September 10, 2013 determined that the transfer of the MCDC was unallowable. Therefore, the State Controller ordered the City to immediately reverse the transfer of the MCDC and return it to the Successor Agency. As of today, the City has not complied with the State Controller's order to return title to the Successor Agency.

In response to our inquiry regarding the return of title to this property, Successor Agency staff asserted that the reason the City has not returned the property was because of the preliminary injunction issued by the Sacramento Superior Court against the City in August 2013.¹ Specifically, the City asserted that the injunction (1) prevents it from transferring the property to the Successor Agency and (2) does not allow the City to access the lease revenues that would otherwise cover the cost of property maintenance for this site. Neither assertion withstands scrutiny.

First, the signed preliminary injunction order (see attached) states: "Notwithstanding this injunction, City Respondents may (1) transmit any real property, cash, or account receivable described on Exhibit A, B, or C to the Successor Agency of the Santa Clara Redevelopment Agency in accordance with the Redevelopment Dissolution Law, Health & Saf. Code § 34161 *et seq.*;" Accordingly, the City can and should return these assets to the Successor Agency pursuant to the order of the State Controller.

Second, the lease revenue from this site is only \$1 per year. It could never be a meaningful source of funds for this payment, irrespective of any injunction.

For all these reasons, the Auditor-Controller objects to this item until the City returns the property to the Successor Agency.

¹ In order to prohibit the City from further depleting former RDA assets the Santa Clara County Office of Education, County of Santa Clara, Santa Clara Unified School District, and Auditor-Controller filed a motion for a preliminary injunction on May 13, 2013. On August 8, 2013, the preliminary injunction was granted in favor of the Petitioners, and the City was enjoined from "selling, transferring, encumbering, spending, or otherwise depleting or wasting" assets received from the former RDA after January 1, 2011.

Successor Agency: City of Santa Clara
Notice of Objection to ROPS
Wednesday, September 17, 2014

In accordance with Health and Safety Code section 34182.5, if the Oversight Board disputes any of these objections, it may choose to refer such disputed findings to the Department of Finance for final determination.

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.

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.

Sincerely yours,



Irene Lui, C.P.A.
Controller-Treasurer
County of Santa Clara

Attachment: ROPS 14-15B as submitted to the County Auditor-Controller by Successor Agency
Preliminary Injunction Order

Recognized Obligation Payment Schedule (ROPS 14-15B) - Summary

Filed for the January 1, 2015 through June 30, 2015 Period

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

Current Period Requested Funding for Outstanding Debt or Obligation		Six-Month Total
Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding Sources (B+C+D):		\$ -
A	Bond Proceeds Funding (ROPS Detail)	-
C	Reserve Balance Funding (ROPS Detail)	-
D	Other Funding (ROPS Detail)	-
E Enforceable Obligations Funded with RPTTF Funding (F+G):		\$ 12,088,994
F	Non-Administrative Costs (ROPS Detail)	11,736,887
G	Administrative Costs (ROPS Detail)	352,107
H Current Period Enforceable Obligations (A+E):		\$ 12,088,994
Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding		
I	Enforceable Obligations funded with RPTTF (E):	12,088,994
J	Less Prior Period Adjustment (Report of Prior Period Adjustments Column S)	(2,632,250)
K Adjusted Current Period RPTTF Requested Funding (I-J)		\$ 9,456,744
County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding		
L	Enforceable Obligations funded with RPTTF (E):	12,088,994
M	Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA)	-
N Adjusted Current Period RPTTF Requested Funding (L-M)		12,088,994

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

Recognized Obligation Payment Schedule (ROPS 14-15B) - ROPS Detail
January 1, 2015 through June 30, 2015
(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K					P			
										L						M	N	O
										Funding Source								
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			
								\$ 192,476,598		\$ -	\$ -	\$ -	\$ 11,736,887	\$ 352,107	\$ 12,088,994			
1	1999 Tax Allocation Bonds Series A	Bonds Issued On or Before 12/31/10	8/3/1999	6/1/2023	Bank of New York	Bond issue to fund non-housing projects	Bayshore North	41,807,469	N				854,431		854,431			
2	1999 Tax Allocation Bonds Series B	Bonds Issued On or Before 12/31/10	8/18/1999	6/1/2017	Bank of New York	Bond issue to fund non-housing projects	Bayshore North	10,987,119	N				4,191,650		4,191,650			
4	2003 Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	4/30/2003	6/1/2023	Bank of New York	Bond issue to fund non-housing projects	Bayshore North	54,589,000	N				4,904,000		4,904,000			
5	2011 Tax Allocation Bonds	Bonds Issued After 12/31/10	5/11/2011	6/1/2026	Bank of New York	Bond issue to fund non-housing projects	Bayshore North	60,257,044	N				1,775,307		1,775,307			
6	Miscellaneous Bond Costs	Fees	8/3/1999	6/1/2026	Various	Fiscal Agent Fees, Arbitrage Fees, etc.	Bayshore North	169,200	N				6,500		6,500			
7	2002 Series B COPS (Agency Share)	Bonds Issued On or Before 12/31/10	3/1/1989	2/1/2014	City of Santa Clara	Reimbursement Agreement - Agency/City	Bayshore North		N						-			
8	2011 Cooperation and Predevelopment Funding Agreement, as modified by First Amendment thereto	Third-Party Loans	2/22/2011	7/31/2017	Forty Niners SC Stadium Company LLC	Repayment of a loan to assist a publicly owned stadium	Bayshore North	19,055,652	N						-			
11	City ROPS Loan	City/County Loans After 6/27/11	5/22/2012	12/31/9999	City of Santa Clara	Cash Flow Loan for ROPS payments	Bayshore North		N						-			
12	Independent Legal Counsel	Legal	7/17/2012	12/31/9999	Hilda Cantu Montoy	Legal Counsel for Oversight Board	All	-	N						-			
13	Administrative Cost Allowance	Admin Costs	1/1/2015	6/30/2015	City of Santa Clara	Reimbursement for Administrative Expenses	All	5,606,115	N					352,107	352,107			
14	Defense of Lawsuit Filed by County	Legal	1/8/2013	6/30/2014	Gibson, Dunn & Crutcher LLP/Goldfarb & Lipman LLP	Payment of legal fees to defend lawsuits	All		N						-			
16	Private Letter Ruling and related document preparation	Legal	8/16/2013	12/31/9999	Jones Hall	IRS letter ruling regarding use of 2011 Bond Proceeds	Bayshore North	-	Y						-			
17	Ruling request fee required by IRS	Legal	8/16/2013	12/31/9999	IRS	IRS letter ruling fee regarding use of 2011 Bond Proceeds	Bayshore North	-	Y						-			
31	Subleasehold Interest - Sports and Open Space Authority (SOSA)	Miscellaneous	3/22/1995	3/22/2050	City of Santa Clara and Sports and Open Space Authority	Per Other Funds DDR Attachment D, Item 29a and 29b per pre-meet and confer advice from DOF.	Bayshore North		N						-			
32	Martinson Child Development Center, 1350 Hope Drive	Property Maintenance	11/18/2003	11/17/2038	United Fire Safety	Repairs and maintenance for Martinson Child Development Center, 1350 Hope Drive	Bayshore North	4,999	N				4,999		4,999			
33									N						-			

Recognized Obligation Payment Schedule (ROPS 14-15B) - 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 https://rad.dof.ca.gov/rad-sa/pdf/Cash_Balance_Agency_Tips_Sheet.pdf .									
A	B	C	D	E	F	G	H	I	
Cash Balance Information by ROPS Period		Fund Sources						Comments	
		Bond Proceeds		Reserve Balance		Other	RPTTF		
		Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	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		
ROPS 13-14B Actuals (01/01/14 - 06/30/14)									
1	Beginning Available Cash Balance (Actual 01/01/14)							H1) Consists of: a) \$65,802 cash deficit RPTTF funding shortage to meet the debt payments approved on ROPS 2, b) \$267,759 DOF disallowed Administrative Cost Allowance for ROPS 3, and c) \$2,930 true-up for ROPS 3; a and b used to offset the ROPS 13-14B RPTTF distribution.	
		12,784,278	27,768,414	3,728,175	-	-	204,887		
2	Revenue/Income (Actual 06/30/14) RPTTF amounts should tie to the ROPS 13-14B distribution from the County Auditor-Controller during January 2014							C2) Transfer \$8,000,000 pre-2011 bond proceeds from the City to the Successor Agency to hold for settlement of the OFA DDR. Restricted interest earnings of \$986. D2) Restricted interest earnings of \$5.	
		8,000,986	5				11,523,027		
3	Expenditures for ROPS 13-14B Enforceable Obligations (Actual 06/30/14) RPTTF amounts, H3 plus H4 should equal total reported actual expenditures in the Report of PPA, Columns L and Q							C3) Pre-2011 parity reserve of \$2,587,287 was used for final debt service of the 2002 TARBs.	
		2,587,287					9,161,466		
4	Retention of Available Cash Balance (Actual 06/30/14) RPTTF amount retained should only include the amounts distributed for debt service reserve(s) approved in ROPS 13-14B							C4) Parity reserve of \$7,084,821. Bond proceeds of \$11,113,156 held for settlement of the OFA DDR. D4) Parity reserve of \$2,767,859. Bond proceeds of \$25,000,560 required to be retained until the State issues a Finding of Completion. All funds are subject to the court ordered preliminary injunction. E4) OFA DDR of \$3,728,175 required by the DOF to be used for funding ROPS 14-15A debt payments.	
		18,197,977	27,768,419	3,728,175					
5	ROPS 13-14B RPTTF Prior Period Adjustment RPTTF amount should tie to the self-reported ROPS 13-14B PPA in the Report of PPA, Column S	No entry required						2,632,250	
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)							H6) \$65,802 cash deficit is the RPTTF funding shortage to meet the debt payments approved on ROPS 2.	
		-	-	-	-	-	(65,802)		
ROPS 14-15A Estimate (07/01/14 - 12/31/14)									
7	Beginning Available Cash Balance (Actual 07/01/14) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)								
		18,197,977	27,768,419	3,728,175	-	-	2,566,448		
8	Revenue/Income (Estimate 12/31/14) RPTTF amounts should tie to the ROPS 14-15A distribution from the County Auditor-Controller during June 2014								
							3,235,985		
9	Expenditures for ROPS 14-15A Enforceable Obligations (Estimate 12/31/14)							E9) OFA DDR of \$3,728,175 required by the DOF to be used for funding ROPS 14-15A debt payments.	
				3,728,175			3,235,985		
10	Retention of Available Cash Balance (Estimate 12/31/14) RPTTF amount retained should only include the amount distributed for debt service reserve(s) approved in ROPS 14-15A							C10) Parity reserve of \$7,084,821. Bond proceeds of \$11,113,156 held for settlement of the OFA DDR. D10) Parity reserve of \$2,767,859. Bond proceeds of \$25,000,560 required to be retained until the State issues a Finding of Completion. All funds are subject to the court ordered preliminary injunction.	
		18,197,977	27,768,419						
11	Ending Estimated Available Cash Balance (7 + 8 - 9 -10)								
		-	-	-	-	-	2,566,448		

Recognized Obligation Payment Schedule (ROPS 14-15B) - Report of Prior Period Adjustments
 Reported for the ROPS 13-14B (January 1, 2014 through June 30, 2014) Period Pursuant to Health and Safety Code (HSC) section 34186 (a)
 (Report Amounts in Whole Dollars)

ROPS 13-14B Successor Agency (SA) Self-reported Prior Period Adjustments (PPA): Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS 13-14B (January through June 2014) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 14-15B (January through June 2015) period will be offset by the SA's self-reported ROPS 13-14B prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
Item #	Project Name / Debt Obligation	Non-RPTTF Expenditures						RPTTF Expenditures										Net SA Non-Admin and Admin PPA (Amount Used to Offset ROPS 14-15B Requested RPTTF)	SA Comments
		Bond Proceeds		Reserve Balance		Other Funds		Non-Admin					Admin						
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Available RPTTF (ROPS 13-14B distributed + all other available as of 01/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If K is less than L, the difference is zero)	Authorized	Available RPTTF (ROPS 13-14B distributed + all other available as of 01/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If total actual exceeds total authorized, the total difference is zero)		
		\$ -	\$ 2,587,287	\$ 12,000,000	\$ 12,000,000	\$ 17,689,900	\$ 17,689,900	\$ 11,489,053	\$ 11,489,053	\$ 11,489,053	\$ 8,856,803	\$ 2,632,250	\$ 304,663	\$ 304,663	\$ 304,663	\$ 304,663	\$ -	\$ 2,632,250	
1	1999 Tax Allocation Bonds Series A	-	-	-	-	-	-	854,431	854,431	854,431	854,431	-	-	-	-	-	-	-	-
2	1999 Tax Allocation Bonds Series B	-	-	-	-	-	-	2,119,891	2,119,891	2,119,891	2,119,891	-	-	-	-	-	-	-	-
3	2002 Tax Allocation Refunding Bonds	-	2,587,287	-	-	-	-	5,825,925	5,825,925	5,825,925	3,238,638	2,587,287	-	-	-	-	-	2,587,287	Use of parity reserve on TAB 2002 payoff resulted in non-use of the RPTTF monies.
4	2003 Tax Allocation Bonds	-	-	-	-	-	-	1,099,000	1,099,000	1,099,000	1,099,000	-	-	-	-	-	-	-	-
5	2011 Tax Allocation Bonds	-	-	-	-	-	-	1,490,306	1,490,306	1,490,306	1,490,306	-	-	-	-	-	-	-	-
6	Miscellaneous Bond Costs	-	-	-	-	-	-	6,500	6,500	6,500	5,720	780	-	-	-	-	-	780	Actuals varied from estimate for Miscellaneous Bond Cost.
7	2002 Series B COPS (Agency Share)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	2011 Cooperation and Predevelopment Funding Agreement, as modified by First Amendment thereto	-	-	12,000,000	12,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	County paid directly.
11	City ROPS Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Independent Legal Counsel	-	-	-	-	-	-	50,000	50,000	50,000	23,817	26,183	-	-	-	-	-	26,183	Actuals varied from estimate for Independent Legal Counsel.
13	Administrative Cost Allowance	-	-	-	-	-	-	-	-	-	-	-	-	304,663	-	304,663	-	-	-
14	Defense of Lawsuit Filed by County	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Private Letter Ruling and related document preparation	-	-	-	-	-	-	25,000	25,000	25,000	25,000	-	-	-	-	-	-	-	-
17	Ruling request fee required by IRS	-	-	-	-	-	-	18,000	18,000	18,000	-	18,000	-	-	-	-	-	18,000	Not pursuing IRS ruling after preliminary discussions with IRS.

Recognized Obligation Payment Schedule (ROPS 14-15B) - Notes

January 1, 2015 through June 30, 2015

Item #	Notes/Comments
6	Miscellaneous Bond Costs of \$6,500 for 14-15B is an estimate which may require a true-up on a future ROPS.
All	Since the form requires that the Contract/Agreement Termination Date be filled in, we have entered 12/31/9999 for line items where no contract or agreement termination date exists.

42

FILED / ENDORSED
AUG 29 2013
By *[Signature]* Deputy Clerk

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San Francisco, CA 94104
(415) 357-1234

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7 ORRY P. KORB, State Bar No. 114399
County Counsel
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9 OFFICE OF THE COUNTY COUNSEL
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12 Attorneys for Petitioners/Plaintiffs
13 VINOD K. SHARMA, in his official capacity
as the County of Santa Clara Auditor-Controller,
14 SANTA CLARA COUNTY OFFICE OF
EDUCATION, SANTA CLARA UNIFIED SCHOOL
15 DISTRICT; and COUNTY OF SANTA CLARA

16 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
17 COUNTY OF SACRAMENTO

18 VINOD K. SHARMA, in his official capacity as
the County of Santa Clara Auditor-Controller;
19 SANTA CLARA COUNTY OFFICE OF
EDUCATION; SANTA CLARA UNIFIED
20 SCHOOL DISTRICT; and COUNTY OF SANTA
CLARA,

21 Petitioners and Plaintiffs,

22 v.

23 SUCCESSOR AGENCY TO THE
24 REDEVELOPMENT AGENCY OF THE CITY
OF SANTA CLARA; CITY OF SANTA
25 CLARA; HOUSING AUTHORITY OF THE
CITY OF SANTA CLARA; SANTA CLARA
26 STADIUM AUTHORITY; SPORTS & OPEN
SPACE AUTHORITY OF THE CITY OF
27 SANTA CLARA; and DOES 1-100 inclusive,

28 Respondents and Defendants,

Case No.: 34-2013-80001396-CU-WM-GDS
~~PROPOSED~~ ORDER PRELIMINARILY
ENJOINING USE AND DISPOSITION OF
ASSETS, FUNDS, LEASE REVENUE,
RECEIVABLES, AND REAL PROPERTY
TRANSFERRED FROM THE SANTA
CLARA REDEVELOPMENT AGENCY

Date: July 26, 2013
Time: 1:30 p.m.
Courtroom: Dept. 42

Assigned for All Purposes:
Hon. Allen H. Sumner

"Fay File"

NEWDORF LEGAL
220 Montgomery St., Suite 1850
San Francisco, CA 94104
(415) 357-1234

1 ANA J. MATOSANTOS, in her official capacity
2 as Director of the Department of Finance of the
3 State of California; STATE OF CALIFORNIA
4 DEPARTMENT OF FINANCE; OFFICE OF
5 THE STATE CONTROLLER of the State of
6 California; JOHN CHIANG, in his official
7 capacity as the State Controller of the State of
8 California; and ROES 1-100, inclusive,

Real Parties in Interest.

9 Petitioners' motion for a preliminary injunction was duly noticed, briefed and came on for
10 hearing July 26, 2013, in Department 42 of the above-captioned Court. All parties were
11 represented through counsel at the hearing. After considering the briefs, declarations, and
12 arguments of counsel and for good cause appearing, the Petitioners' motion for a preliminary
13 injunction was granted as stated in the Court's written order filed August 8, 2013.

14 To implement the Court's Order, the Court further ORDERS as follows:

15 Pending resolution of this case, Respondents City of Santa Clara, Housing Authority of the
16 City of Santa Clara, Santa Clara Stadium Authority, and Sports & Open Space Authority of the
17 City of Santa Clara (collectively, "City Respondents") are ENJOINED from selling, transferring,
18 encumbering, spending, or otherwise depleting or wasting any real property interests received
19 from the Santa Clara Redevelopment Agency and described on Exhibit A attached hereto.

20 In addition, beginning July 27, 2013, and pending resolution of this case, City Respondents
21 are ENJOINED from commingling, using, transferring, encumbering, spending, or otherwise
22 depleting or wasting any cash or other funds received since January 1, 2011, as rent or other
23 payments on the leases and subleases described on Exhibit B attached hereto that have been
24 preserved separate from and not commingled with the City's General Fund. City Respondents are
25 further ENJOINED to preserve all lease and sublease payments received on and after July 27,
26 2013, in a separate account without spending or otherwise depleting these funds (or any interest
27 earned thereon) and without commingling them with other funds in Respondents' possession or
28 control. City Respondents may accomplish this preservation by establishing segregated accounts
in City Respondents' accounting records for such funds, or by any other reasonable and

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convenient method permitting ready identification, segregation, and preservation of these funds and of any interest earned thereon. This Order requires City Respondents to preserve these funds only if, when, and to the extent City Respondents actually receive them. City Respondents are required to use reasonable efforts to collect the lease and sublease payments listed on Exhibit B.

In addition, beginning July 27, 2013, and pending resolution of this case, City Respondents are ENJOINED from commingling, using, transferring, encumbering, spending, or otherwise depleting or wasting any bond proceeds, tax increment, cash or other funds received since January 1, 2011, from the Santa Clara Redevelopment Agency and described on Exhibit C attached hereto, including any interest earned on these funds. For purposes of this injunction, "bond proceeds" includes funds held by the City Respondents or by a fiscal agent. City Respondents may accomplish this preservation by establishing or continuing segregated accounts in City Respondents' accounting records for such funds, or by any other reasonable and convenient method permitting ready identification, segregation, and preservation of these funds and of any interest earned thereon.

Notwithstanding this injunction, City Respondents may (1) transmit any real property, cash, or account receivable described on Exhibit A, B, or C to the Successor Agency of the Santa Clara Redevelopment Agency in accordance with the Redevelopment Dissolution Law, Health & Saf. Code § 34161 *et seq.*; or (2) sell, transfer, encumber, spend, or otherwise dispose of all or part of any real property, cash, or account receivable described on Exhibit A, B, or C in accordance with the Redevelopment Dissolution Law, Health & Saf. Code § 34161 *et seq.* if all parties (including the Department of Finance and State Controller's Office) consent in writing to such disposition. In addition, notwithstanding this injunction, the City Respondents' fiscal agent may use bond proceeds held in reserve by the fiscal agent to make payments to bond holders necessary to prevent bonds from going into default, in accordance with bond indentures governing those reserves, if the obligation is listed on a Recognized Obligation Payment Schedule approved by the Oversight Board and Department of Finance.

Should City Respondents wish to sell, transfer, encumber, spend, or otherwise dispose of all or any part of any real property, cash, or account receivable described on Exhibit A, B, or C but

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1 are unable to secure all parties' written consent to such disposition, City Respondents may move
2 to this Court for such permission. Before filing any motion regarding this preliminary injunction
3 or any modification hereto, counsel for all parties must meet and confer in person and file with any
4 motion a joint statement explaining the results of such efforts.

5 This injunction is not intended to require supervision by the Court or involvement of any
6 party other than City Respondents in the day-to-day management of the real property interests
7 described on Exhibit A and subject to the injunction. In particular, the City Respondents retain
8 authority to approve transactions permitted or required under the existing ground leases and
9 subleases, such as transfers and assignments by a ground lessee or approval of refinancing of
10 ground lessee improvements; provided, however, that (i) such transactions do not change any
11 terms of the existing leases or subleases; (ii) such transactions do not sell, transfer, encumber,
12 spend or otherwise dispose of any real property interests subject to this injunction; and (iii) City
13 Respondents provide 10 days' written notice to the parties of their intent to approve any such
14 transaction.

15 On or before September 15, 2013, City Respondents shall file an Opening Status Report
16 with the Court, verified under oath by an authorized employee of City Respondents. For the Lease
17 Revenues described on Exhibit B, the Opening Status Report shall state the total amount placed in
18 segregated accounts, including any rent or other payments on the leases and subleases that City
19 Respondents had preserved, as of July 26, 2013, separate from and not commingled with the
20 City's General Fund. In addition, the Opening Status Report shall describe the method City
21 Respondents will use to segregate all such lease and sublease revenues actually received on and
22 after July 27, 2013. Finally, for the cash accounts described on Exhibit C, the Opening Status
23 Report shall state the balance of each fund or account as of July 27, 2013, including any accrued
24 interest.

25 At quarterly intervals thereafter, Respondents shall file a Status Report with the Court
26 stating the balances of funds and interest preserved and segregated pursuant to this Order. Such
27 quarterly reports shall be filed at the end of the month following the end of each calendar quarter,
28 with the first such report due on or before January 31, 2014. Such quarterly reports shall state the

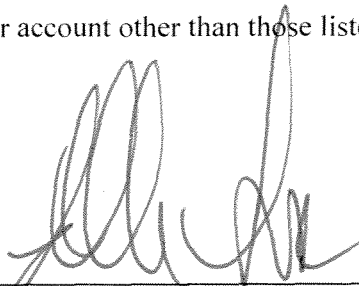
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balances as of the end of each calendar quarter, with the first such report stating balances as of December 31, 2013. Each status report shall certify that no cash, bond proceeds, tax increment or lease revenue from the former Santa Clara Redevelopment Agency that had not been spent as of July 27, 2013 has been placed in any fund or account other than those listed on an exhibit to this order.

IT IS SO ORDERED.

Dated: August 29, 2013



HON. ALLEN H. SUMNER
Judge of the Superior Court

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Exhibit A

(Real Property Interests Subject to Preliminary Injunction)

Site Description	APN(s)	Record Title Holder	Interests Affected
Gateway Property Parcel #2	104-01-100	Fee Simple: City of Santa Clara	Fee Simple, Subject to Ground Lease
Hyatt Regency Santa Clara, 5105 Great America Parkway	104-55-005, 104-55-012	Fee Simple: City of Santa Clara	Fee Simple, Subject to Ground Lease
Techmart Meeting Center & Office Complex, 5201 Great America Parkway	104-55-013	Fee Simple: City of Santa Clara	Fee Simple, Subject to Ground Lease
Land Surrounding Santa Clara Convention Center, 5001 Great America Parkway	104-55-016	Fee Simple: City of Santa Clara	Fee Simple
Santa Clara Convention Center, 5001 Great America Parkway	104-55-017	Fee Simple: City of Santa Clara	Fee Simple
Pedestrian Bridge Between Convention Center and Golf Course	104-43-025	Fee Simple: City of Santa Clara	Fee Simple
Hilton Santa Clara, 4949 Great America Parkway	104-43-042, 104-43-054	Fee Simple: City of Santa Clara	Fee Simple, Subject to Ground Lease
Great America Theme Park parking (adjacent to the Hilton Hotel)	104-43-051	Fee Simple: City of Santa Clara	Fee Simple, Subject to Ground Lease and Parking Agreements.

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Site Description	APN(s)	Record Title Holder	Interests Affected
Great America Theme Park parking	104-43-052	Fee Simple: City of Santa Clara Leasehold: City of Santa Clara	Leasehold, Subject to Sublease and Parking Agreements
Great America Theme Park, 4701 Great America Parkway	104-42-014, 104-42-019	Fee Simple: City of Santa Clara	Fee Simple, Subject to Ground Lease With Right of First Refusal
Martinson Child Development Center, 1350 Hope Street	097-08-053	Fee Simple: City of Santa Clara	Fee Simple, Subject to Ground Lease
Fairway Glen Parcel R-3	097-05-105	Fee Simple: Sports and Open Space Authority Leasehold: City of Santa Clara	Ground Leasehold, Subject to Ground Sublease

1 **Exhibit B**

2 **(Lease and Sublease Revenue Subject to Preliminary Injunction)**

3

Description	APN
Lease Revenue, Gateway Property Parcel #2	104-01-100
Lease Revenue, Hyatt Regency Santa Clara, 5105 Great America Parkway	104-55-005, 104-55-012
Lease Revenue, Techmart Meeting Center & Office Complex, 5201 Great America Parkway	104-55-013
Lease Revenue, Hilton Santa Clara, 4949 Great America Parkway	104-43-042, 104-43-054
Lease Revenue, Great America Theme Park parking (adjacent to the Hilton Hotel)	104-43-051
Sublease Revenue, Great America Theme Park parking	104-43-052
Lease Revenue, Great America Theme Park, 4701 Great America Parkway	104-42-014, 104-42-019
Lease Revenue, Martinson Child Development Center, 1350 Hope Street	097-08-053
Sublease Revenue, Fairway Glen Parcel R-3	097-05-105

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1 **Exhibit C**

2 **(Bond Proceeds and Cash Subject to Preliminary Injunction)**

3 **Bond Proceeds Held by City Respondents or Fiscal Agent**

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City Fund No.	Origin
939	1999 Tax Allocation Bonds Series A
939	1999 Tax Allocation Bonds Series B
939	2002 Tax Allocation Refunding Bonds
939	2003 Tax Allocation Bonds
939	2011 Tax Allocation Bonds

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11 **Other Cash Held by City Respondents**

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City Fund No.	Description
902	Project Area CIP Fund (University)
938	Project Area CIP Fund (University)
939	Project Area CIP Fund (Bayshore North)
910	Housing (including any tax increment)
915	Housing (including any tax increment)
920	Housing (including any tax increment)

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