

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



CONTINUING REVIEW/NOTICE OF OBJECTION TO ROPS

Friday, February 27, 2015

City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

Successor Agency to the Redevelopment Agency
of the City of Santa Clara and Oversight Board
1500 Warburton Avenue
Santa Clara, CA 95050

Department of Finance
915 L Street
Sacramento, CA 95814

ROPS Period: ROPS 15-16A (July 1, 2015 – December 31, 2015)
Successor Agency: City of Santa Clara

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

Consistent with its statutory duties pursuant to Health and Safety Code section 34182.5, the Santa Clara County Auditor-Controller (Auditor-Controller) respectfully submits the following general objections to the entire above-referenced Recognized Obligation Payment Schedule (ROPS) identified as Agenda Item #6A at the Oversight Board meeting of February 27, 2015.

Contrary to basic principles of transparency and good government, and notwithstanding the numerous requests by the Auditor-Controller and others over the past few weeks, the complete ROPS and related materials, including the Agenda Report dated February 26, 2015, were not submitted or available for review until late afternoon on February 26, 2015. Upon receipt, our office promptly requested supporting documents from the Successor Agency for the nine new line items, the administrative budget and the bond defeasance items. A response to our request referencing the posted agenda was received after 7:00 pm. However, the Successor Agency did not provide documents to substantiate the amounts requested for funding on the ROPS such as financial statements, invoices, third-party payments or other similar documents.

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In addition, our records show that the official transmittal of the Agenda Packet for the February 27, 2015 Oversight Board meeting did not occur until after the close of business at 5:08 pm on Thursday, February 26, 2015. This distribution excluded the Auditor-Controller in direct violation of Health and Safety Code section 34180(j), which mandates that "(a)ny document submitted by a successor agency to an oversight board for approval by any provision of this part shall also be submitted to the county administrative officer, the county auditor-controller, and the Department of Finance at the same time that the successor agency submits the document to the oversight board."

Notwithstanding that Agenda Item #6A implicates the potential expenditure of tens of millions of dollars of public funds, the written materials were provided less than 24 hours prior to the publicly-noticed meeting of the Oversight Board on February 27, 2015 at 2:00 pm. This late distribution has deprived the Auditor-Controller of adequate time to review the purported ROPS items and fulfill its statutory duties to review the ROPS consistent with State Law.

Accordingly, the Auditor-Controller objects to Items 35-43; the funding sources for all items except Items 13, 33 and 34; and the amounts listed for Items 13 and 35-43. The Auditor-Controller also makes these objections because insufficient documentation exists to support Items 35-43 as enforceable obligations pursuant to the Redevelopment Dissolution Law.

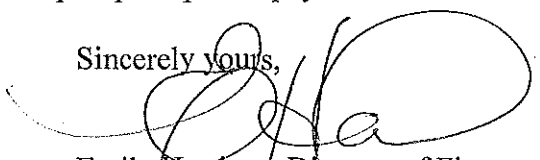
After the Auditor-Controller has sufficient time to review the information belatedly provided, and as additional information becomes available, it is anticipated that the Auditor-Controller will file a more comprehensive Notice of Objection, and the Auditor-Controller specifically reserves its rights to file additional objections as necessary.

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 review is ongoing, and this letter does not apply to the true-up of prior period payments.

Sincerely yours,



Emily Harrison, Director of Finance
County of Santa Clara