

# County of Santa Clara

Finance Agency

County Government Center  
70 West Hedding Street, East Wing, 2nd Floor  
San Jose, California 95110-1705  
(408) 299-5205 FAX: (408) 287-7629



Wednesday, December 19, 2012

Hon. John Chiang, State Controller  
P.O. Box 942850  
Sacramento, CA 94250

Ms. Ana Matosantos, Director  
Department of Finance  
915 L Street  
Sacramento, CA 95814

Oversight Board for the Santa Clara Successor Agency  
1500 Warburton Ave.  
Santa Clara, CA 95050

City of Santa Clara Successor Agency  
1500 Warburton Ave.  
Santa Clara, CA 95050

**Re: Santa Clara Successor Agency Due Diligence Review for Low and Moderate Income Housing Funds Pursuant to Health and Safety Code Section 34179.5**

Dear State Controller, Department of Finance, Oversight Board, and Successor Agency:

We present this Due Diligence Report for the Santa Clara Successor Agency ("Agency") in accordance with Health and Safety Code section 34179.5. The agreed upon procedures were completed by Macias Gini & O'Connell, retained under contract by the Santa Clara County Finance Agency. Management of the Successor Agency is responsible for the accounting records.

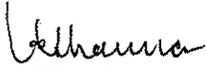
The information presented in this report meets the requirements of Health and Safety Code section 34179.5 for the Low and Moderate Income Housing Funds of the Agency. The County Finance Agency has verified all information with the establishment of assets and liabilities per the agreed upon procedures report issued on December 17, 2012, pursuant to Health and Safety Code section 34182.

As shown on Attachment B, the entire amount to be remitted is due to unallowable asset transfers from the former RDA to the City and its component unit (the City's Housing Authority). The Successor Agency disagrees with the amount to be remitted primarily because

the Housing Authority has expended or committed the vast majority of the transferred cash, as shown in the reconciliation on Attachment B. However, as explained in greater detail in the comprehensive AUP report, these are not allowable offsets, although a portion of the amounts may be recovered on future ROPS.

The amount to be remitted to the Auditor-Controller for distribution to taxing entities pursuant to Health and Safety Code section 34179.6 is shown in Attachment B as **\$63,179,968** as of June 30, 2012, plus interest earned on the entire amount from June 30, 2012, through the date of remittance.

Respectfully submitted,



Vinod K. Sharma, C.P.A.  
Director of Finance  
County of Santa Clara

Attachments:

- Attachment A – Agreed-Upon Procedures and Findings
- Attachment B – Summary of Balances Available for Allocation
- Attachment C – Asset Transfers
- Attachment C1 – Description of Disbursements

**City of Santa Clara, Successor Agency to the  
Redevelopment Agency of the City of Santa Clara**

**Attachment A – Agreed-Upon Procedures and Findings  
Low and Moderate Income Housing Funds**

The agreed-upon procedures, as it relates to the Low and Moderate Income Housing Funds of the former Agency and the Successor Agency, and findings are as follows:

1. Obtain from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency to the Successor Agency on or about February 1, 2012. Agree the amounts on this listing to account balances established in the accounting records of the Successor Agency. Identify in the Agreed-Upon Procedures (AUP) report the amount of the assets transferred to the Successor Agency as of that date.

**Finding:** We obtained from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency to the Successor Agency on or about February 1, 2012 and agreed the assets listed to the recorded balances reflected in the accounting records of the Successor Agency. The Successor Agency reported no assets that were transferred from the former redevelopment agency to the Successor Agency on or about February 1, 2012

2. If the State Controller’s Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report.

**Finding:** The State Controller’s Office has not completed its review of transfers required under both Sections 34167.5 and 34178.8, nor issued its report regarding such review.

If this has not yet occurred, perform the following procedures:

- A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to the city, county, or city and county that formed the redevelopment agency for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency’s enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

**Finding:** We obtained a listing prepared by the Successor Agency of transfers from the former redevelopment agency to the City of Santa Clara (City) for the period from January 1, 2011 through January 31, 2012 and noted that the former Agency transferred assets in the amount of \$136,899,997, of which \$59,782,871 represented cash assets to the Housing Authority of the City of Santa Clara, a component unit of the City. See Attachment C for the listing of the assets transferred with descriptions of the purpose and in what sense the transfer was required by one of the former Agency’s enforceable obligations or other legal requirements.

- B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to the city, county, or city and county that formed the redevelopment agency for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency’s enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

**Finding:** We obtained a listing prepared by the Successor Agency of transfers from the former redevelopment agency to the City and noted that the Successor Agency did not list any transfers to the City for the period from February 1, 2012 through June 30, 2012.

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**Attachment A – Agreed-Upon Procedures and Findings  
Low and Moderate Income Housing Funds**

- C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

**Findings:** As described in Attachment C, at June 30, 2012 cash in the amount of \$63,179,968 was not required by enforceable obligations or other legal requirements, and therefore, should be remitted to the County Auditor-Controller for disbursement to taxing entities. As summarized in Attachment C1, the Successor Agency and/or the Housing Authority of the City of Santa Clara listed obligations and expenditures in the amount of \$17,716,867 representing enforceable obligations for the period June 28, 2011 through June 30, 2012 that may be included in future Recognized Obligation Payment Schedules and subject to the approval by the State and the Oversight Board. The Successor Agency applied the amount of \$17,716,867 against the cash to be remitted to the County Auditor-Controller for disbursement to taxing entities of \$63,179,968 as discussed in Procedure 10.

At June 30, 2012 the Housing Authority of the City of Santa Clara has cash available in the amount of \$35,212,462 to remit to the County Auditor-Controller for disbursement to taxing entities. See reconciliation of the cash balance available at June 30, 2012.

3. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report.

**Finding:** The State Controller's Office has not completed its review of transfers required under both Sections 34167.5 and 34178.8 nor issued its report regarding such review.

If this has not yet occurred, perform the following procedures:

- A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

**Finding:** We obtained a listing prepared by the Successor Agency of transfers from the former redevelopment agency to any other public agency or to private parties and noted that the Successor Agency did not list any transfers for the period from January 1, 2011 through January 31, 2012.

- B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to any other public agency or private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

**Finding:** We obtained a listing prepared by the Successor Agency of transfers from the Successor Agency to any other public agency or to private parties and noted that the Successor Agency did not list any transfers during the period from February 1, 2012 through June 30, 2012.

**City of Santa Clara, Successor Agency to the  
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**Attachment A – Agreed-Upon Procedures and Findings  
Low and Moderate Income Housing Funds**

- C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

**Findings:** The procedure is not applicable. The Successor Agency did not list any transfers of assets to any other public agency or to private parties for the period January 1, 2011 to June 30, 2012.

4. Perform the following procedures:

- A. Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the format set forth in the attached schedule for the fiscal periods indicated in the schedule. For purposes of this summary, the financial transactions should be presented using the modified accrual basis of accounting. End of year balances for capital assets (in total) and long-term liabilities (in total) should be presented at the bottom of this summary schedule for information purposes.
- B. Ascertain that for each period presented, the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous fiscal period.
- C. Compare amounts in the schedule relevant to the fiscal year ended June 30, 2010, to the state controller's report filed for the Redevelopment Agency for that period.
- D. Compare amounts in the schedule for the other fiscal periods presented to account balances in the accounting records or other supporting schedules. Describe in the report the type of support provided for each fiscal period.

**Finding:** This procedure pertains to the Successor Agency as a whole as such this procedure will be addressed in the agreed-upon procedures report that is due on December 15, 2012, pursuant to guidance provided by the Department of Finance.

5. Obtain from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund as of June 30, 2012 for the report that is due October 1, 2012 and a listing of all assets of all other funds of the Successor Agency as of June 30, 2012 (excluding the previously reported assets of the Low and Moderate Income Housing Fund) for the report that is due December 15, 2012. When this procedure is applied to the Low and Moderate Income Housing Fund, the schedule attached as an exhibit will include only those assets of the Low and Moderate Income Housing Fund that were held by the Successor Agency as of June 30, 2012 and will exclude all assets held by the entity that assumed the housing function previously performed by the former redevelopment agency. Agree the assets so listed to recorded balances reflected in the accounting records of the Successor Agency. The listings should be attached as an exhibit to the appropriate AUP report.

**Finding:** We obtained from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund as of June 30, 2012 and agreed the assets listed to the recorded balances reflected in the accounting records of the Successor Agency. The Successor Agency reported no assets of the Low and Moderate Income Housing Fund held by the Successor Agency at June 30, 2012.

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**Attachment A – Agreed-Upon Procedures and Findings  
Low and Moderate Income Housing Funds**

6. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012 that are restricted for the following purposes:
  - A. Unspent bond proceeds:
    - i. Obtain the Successor Agency’s computation of the restricted balances (e.g., total proceeds less eligible project expenditures, amounts set aside for debt service payments, etc.)
    - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
    - iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.
  - B. Grant proceeds and program income that are restricted by third parties:
    - i. Obtain the Successor Agency’s computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
    - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
    - iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.
  - C. Other assets considered to be legally restricted:
    - i. Obtain the Successor Agency’s computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
    - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
    - iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by Successor the Agency as restricted.
  - D. Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report. For each restriction identified on these schedules, indicate in the report the period of time for which the restrictions are in effect. If the restrictions are in effect until the related assets are expended for their intended purpose, this should be indicated in the report.

**Finding:** We noted the Successor Agency did not have asset balances of the Low and Moderate Income Housing Fund held by the Successor Agency on June 30, 2012 and thus did not have asset balances that are restricted.

7. Perform the following procedures:
  - A. Obtain from the Successor Agency a listing of assets as of June 30, 2012 that are **not** liquid or otherwise available for distribution (such as capital assets, land held for resale, long-term receivables, etc.) and ascertain if the values are listed at either purchase cost (based on book value reflected in the accounting records of the Successor Agency) or market value as recently estimated by the Successor Agency.

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**Attachment A – Agreed-Upon Procedures and Findings  
Low and Moderate Income Housing Funds**

- B. If the assets listed at 7.A. are listed at purchase cost, trace the amounts to a previously audited financial statement (or to the accounting records of the Successor Agency) and note any differences.
- C. For any differences noted in 7.B., inspect evidence of disposal of the asset and ascertain that the proceeds were deposited into the Successor Agency trust fund. If the differences are due to additions (this generally is not expected to occur), inspect the supporting documentation and note the circumstances.
- D. If the assets listed at 7.A. are listed at recently estimated market value, inspect the evidence (if any) supporting the value and note the methodology used. If no evidence is available to support the value and/or methodology, note the lack of evidence.

**Finding:** We noted the Successor Agency did not have asset balances of the Low and Moderate Income Housing Fund held by the Successor Agency on June 30, 2012 and thus did not have asset balances that are not liquid or otherwise available for distribution.

8. Perform the following procedures:

- A. If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.
  - i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.
  - ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
  - iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
  - iv. Attach as an exhibit to the report the listing obtained from the Successor Agency. Identify in the report any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.
- B. If the Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:
  - i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012 through June 30, 2012 and for the six month period July 1, 2012 through December 31, 2012.
  - ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.

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**Attachment A – Agreed-Upon Procedures and Findings  
Low and Moderate Income Housing Funds**

- a. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.
- iii. For the forecasted annual revenues:
  - a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.
- C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule:
  - i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
  - ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
  - iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.
- D. If procedures A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures.
  - i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.
  - ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.
  - iii. Include the calculation in the AUP report.

**Finding:** We noted the Successor Agency did not have asset balances of the Low and Moderate Income Housing Fund held by the Successor Agency on June 30, 2012 and thus did not have asset balances that need to be retained to satisfy enforceable obligations. As such the procedures listed are not applicable.

- 9. If the Successor Agency believes that cash balances as of June 30, 2012 need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through June 30, 2013, obtain a copy of the final ROPS for the period of July 1, 2012 through December 31, 2012 and a copy of the final ROPS for the period January 1, 2013 through June 30, 2013. For each obligation listed on the ROPS, the Successor Agency should add columns identifying (1) any dollar amounts of existing cash that are needed to satisfy that obligation and (2) the Successor Agency's explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation. Include this schedule as an attachment to the AUP report.

**Finding:** We noted the Successor Agency does not have cash balances as of June 30, 2012 that need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule for the period of July 1, 2012 through June 30, 2013.

**City of Santa Clara, Successor Agency to the  
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**Attachment A – Agreed-Upon Procedures and Findings  
Low and Moderate Income Housing Funds**

10. Include (or present) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities. Amounts included in the calculation should agree to the results of the procedures performed in each section above. The schedule should also include a deduction to recognize amounts already paid to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance. The amount of this deduction presented should be agreed to evidence of payment. The attached example summary schedule may be considered for this purpose. Separate schedules should be completed for the Low and Moderate Income Housing Fund and for all other funds combined (excluding the Low and Moderate Income Housing Fund).

**Finding:** See Attachment B for the results of this procedure for the Low and Moderate Income Housing Fund. As described in Attachment C, at June 30, 2012 cash in the amount of \$63,179,968 was not required by enforceable obligations or other legal requirements, and therefore, should be remitted to the County Auditor-Controller for disbursement to taxing entities.

As discussed at Procedure 2, the Housing Authority of the City of Santa Clara has cash available in the amount of \$35,212,462 at June 30, 2012. As described in Attachment B, the Successor Agency believes that the amount to be remitted to the County Auditor-Controller for disbursement to taxing entities should also factor the following activities:

- 1) Obligations and expenditures on enforceable obligations during the period from June 28, 2011 to June 30, 2012 that may be included in future Recognized Obligation Payment Schedules in the amount of \$17,716,867;
- 2) Loan disbursed from the Housing Authority of the City of Santa Clara to City / Successor Agency in the amount of \$5,900,000;
- 3) Balances denied by the DOF in which the City had requested to initiate the Meet and Confer process to object the DOF's denial in the amount of \$17,060,859; and
- 4) Balances denied by the DOF in which the City has not requested to initiate the Meet and Confer process but subsequently decided to object the DOF's denial in the amount of \$6,907,667.

See the computation of the amount to be remitted to the County Auditor-Controller for disbursement to taxing entities of \$63,179,968 and the computation of the amount to be remitted to the County for disbursement to taxing entities as calculated by the Successor Agency of \$15,594,575 at Attachment B.

11. Obtain a representation letter from Successor Agency management acknowledging their responsibility for the data provided to the practitioner and the data presented in the report or in any attachments to the report. Included in the representations should be an acknowledgment that management is not aware of any transfers (as defined by Section 34179.5) from either the former redevelopment agency or the Successor Agency to other parties for the period from January 1, 2011 through June 30, 2012 that have not been properly identified in the AUP report and its related exhibits. Management's refusal to sign the representation letter should be noted in the AUP report as required by attestation standards.

**Finding:** No exceptions noted as a result of this procedure.

**REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA**

**ATTACHMENT B - LOW AND MODERATE INCOME HOUSING FUND ASSETS TRANSFERRED TO THE SUCCESSOR AGENCY THAT ARE AVAILABLE TO DISTRIBUTE TO AFFECTED TAXING ENTITIES**

**SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES**

Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$	-
Add the amount of any assets transferred to the city or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (procedures 2 and 3)		63,179,968
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)		-
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)		-
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (procedure 8)		-
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)		-
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance		-
<b>Amount to be remitted to the County Auditor-Controller for disbursement to taxing entities</b>	<b>\$</b>	<b><u>63,179,968</u></b>

***Reconciliation of amount per Due Diligence Review to the amount per City of Santa Clara:***

		<b>Notes</b>
Amount to be remitted to county for disbursement to taxing entities as calculated above	\$ 63,179,968	Based on calculation above
Less: Obligations and expenditures subject to inclusion on future ROPS	(17,716,867)	See details at Attachment C1.
Less: Loan from Housing Authority to City / Successor Agency	(5,900,000)	See discussion at Attachment C1, item #18. Amount represents the total loan amount.
Less: Balances denied by the DOF in which the City has requested to initiate the Meet and Confer process to object the DOF's denial.	(17,060,859)	See details at Attachment C1.
Less: Balances denied by the DOF in which the City has <b>not</b> requested to initiate the Meet and Confer process.	(6,907,667)	See discussion at Attachment C1, item #9. Amount represents total remaining encumbrance plus amount disbursed from June 28, 2011 to June 30, 2012
<b>Amount to be remitted to the County Auditor-Controller for disbursement to taxing entities per City of Santa Clara</b>	<b>\$ <u>15,594,575</u></b>	

**REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA**

**Attachment C - Low and Moderate Income Housing Funds  
Asset Transfers to the Housing Authority of the City of Santa Clara for the Period of January 1, 2011 through January 31, 2012**

<u>Asset Description</u>	<u>Name of the recipient</u>	<u>Date of Transfer</u>	<u>Book value of asset at date of transfer</u>	<u>Describe the purpose of the transfer and specify the enforceable obligation or other legal requirement requiring such transfer and the date of such requirement.</u>	<u>Finding</u>
Cash	Housing Authority of the City of Santa Clara	3/8/2011	\$ 59,782,871	Assets listed are subject to the Cooperation Agreement For Payment of Costs	The transfers between the former Agency and the Housing Authority of the City of Santa Clara on March 8, 2011 under the Cooperation Agreement dated February 8, 2011 summarized are subject to review by the State Controller's Office (SCO). The SCO will make the final determination as to the enforceability of the obligations under the Cooperation Agreement.
GASB 31 Unrealized Gain/Loss	Housing Authority of the City of Santa Clara	3/8/2011	1,100,604	Associated With Certain Redevelopment Agency Funded Low and Moderate	
Acct Rec Accrued Int-Bank	Housing Authority of the City of Santa Clara	3/8/2011	69,815	Income Housing Projects, entered into between the City of Santa Clara and	
AR Housing 1st Time Home Lo	Housing Authority of the City of Santa Clara	3/8/2011	12,004,765	Redevelopment Agency of the City of Santa Clara, dated February 8, 2011, and	
NCIP Loans	Housing Authority of the City of Santa Clara	3/8/2011	341,182	the Assignment and Assumption Agreement (Cooperation Agreement for Payment	
Loans Receivable	Housing Authority of the City of Santa Clara	3/8/2011	56,496,990	of Costs Associated with Certain Redevelopment Agency Funded Low and	
Land held for resale	Housing Authority of the City of Santa Clara	3/8/2011	7,103,770	Moderate Income Housing Projects between the City of Santa Clara and City of	
	<b>Total Housing Assets Transferred on March 8, 2011</b>		<b>136,899,997</b>		
	Less non-liquid assets		<u>(77,117,126)</u>		
	<b>Total cash transferred on March 8, 2011</b>		<b><u>\$ 59,782,871</u></b>		

		<u>Transaction</u>		
		<u>Date</u>	<u>Cash Balance</u>	<u>Description</u>
<b>Summary of cash activity from March 8, 2011 through June 30, 2012:</b>		3/8/2011	\$ 59,782,871	Total cash transferred from the former Agency to the Housing Authority of the County of Santa Clara (Housing Authority)
Add: Cash received by Housing Authority of City of Santa Clara		3/8/11 - 6/27/11	(1,445,217)	Less allowable cash expenditures for the period 3/8/11 through 6/27/11 (See details at Attachment C1)
		3/8/11 - 6/27/11	2,844,280	Transfer of 20% set-aside property tax increment to the Housing Authority.
		3/8/11 - 6/27/11	687,678	Cash received on interest from cash and investments.
		3/8/11 - 1/31/12	302,804	Program income received by the Housing Authority before dissolution.
				Transfer of 20% set-aside property tax increment to the Housing Authority. The Housing Authority subsequently transferred back the cash received to the Agency.
		6/28/11 - 6/30/12	3,085,698	Cash received on interest from cash and investments
		6/28/11 - 6/30/12	1,007,552	Successor Agency and Oversight Board approved transfer from Housing Authority to Successor Agency on 5-22-2012 in the amount of \$3,082,026 to pay debt service payment on ROPS 1 due May 25, 2012 to fiscal agent. Difference between what is on books and agenda report is due to a County error on the tax increment remittance that was correct in August 2012. Transfer made to avoid default on all bonds.
Less: Return of cash previously received by the Housing Authority of Santa Clara		11/15/11 - 1/23/12	<u>(3,085,698)</u>	
<b>Total cash transferred to the Authority for which an enforceable obligation with a 3rd party requiring such a transfer did not exist.</b>			<b><u>63,179,968</u></b>	
Total amount disbursed from June 28, 2011 to June 30, 2012			(28,309,492)	
Other program income and reconciling items			<u>341,986</u>	
Deficit of cash to be remitted to County Auditor-Controller for disbursement to taxing entities at June 30, 2012			<u>(27,967,506)</u>	
Cash held by the Housing Authority of the City of Santa Clara at June 30, 2012 per accounting records			<b><u>\$ 35,212,462</u></b>	

REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA

Attachment C1 - Low and Moderate Income Housing Funds  
Description of Disbursements and Enforceable Obligations for the Period of March 8, 2011 through June 30, 2012

#	Description of the Enforceable Obligation	Encumbered balance per Cooperation Agreement dated 3/8/2011	Encumbered balance at 6/30/2012 per City's accounting records	Cash disbursed on enforceable obligations through June 27, 2011	Obligations and expenditures subject to inclusion on future ROPS	Total amount disbursed from June 28, 2011 to June 30, 2012	Amount subject to Meet and Confer with the State per City	City identified as specific enforceable obligation	Findings	Obligations listed on the ROPS/ EOOPS?	Housing Asset Transfer Form (HAT) objection by DOF?	City's response to HAT Form objection
1	910-9110 CIP Housing Administration and Grants to Non-Profit Housing Service Providers	2,436,000	2,274,403	\$ 188,559	\$ 179,432	\$ 564,982	\$ -	N/A	3-year contract signed between the former Agency and seven third parties during FY 2010 with renewable options for FY 2011 and FY2012. Renewal request from third parties received by the City during November 2010 for the extension for the FY 2012 contract term. Total grant amount for FY 2012 is \$179,432. Administrative cost incurred before June 28, 2011 for these activities are considered allowable. Based on City's accounting records, the total administrative cost and grants incurred before June 28, 2011 was \$188,559. The \$428,632 administrative costs incurred since June 28, 2011 are not considered an enforceable obligation unless they are directly related to the administration of enforceable housing obligations.	NO	Objected by DOF - item #9	No objection to DOF's objection
2	910-9159 CIP First Time Homebuyers Financing Program	3,800,520	2,411,741	320,000	-	1,048,455	3,460,196	Secondary mortgage loans, funds obligated by Operating Agreements with primary mortgage lenders, JP Morgan Chase (WAMU) and Neighborhood Housing Services Silicon Valley	Pursuant to Operating Agreements between the former Agency and two primary mortgage lenders, JP Morgan Chase (WAMU) and Neighborhood Housing Services Silicon Valley dated before 1/1/2011. No specific terms (length of contract or total amount committed) stated on the Operating Agreement. It appears that amount encumbered will be dependent on project specific agreement with third party but not the Operating Agreements. No project specific agreement between former Agency and third party was provided.	NO	Objected by DOF - item #8	Meet and Confer #5
3	910-9160 and 915-9301 CIP BAREC Senior Housing	19,999,000	8,010,911	-	11,666,211	11,691,861	8,036,561	Land acquisition and development of housing subject to the Purchase and Sale Agreement between RDA and CA Dept. of General Services (7-5-2005), Development Agreement between City of SC, RDA, CA Dept. of General Services, and Summer hill Winchester, LLC (6-19-2007), and First Amendment to Purchase and Sale Agreement (12-13-2011). Land transfer (Grant Deed) completed 12-21-2011. Use requirement impractical without budget appropriations.	Pursuant to Purchase and Sale Agreement (PSA) between Agency and State Department of General Services (State) dated July 5, 2005, the maximum purchase price for the land acquisition was \$11,684,275. The actual disbursement for the land acquisition was \$11,666,211 made during January 2012. On June 19, 2007, the City, former RDA, State, and a third party entered into a Development Agreement. No specific commitment amount was stated on the Development Agreement. On December 13, 2011, the Housing Authority and the State entered into the First Amendment to Purchase and Sale Agreement (Amended PSA) and amended the terms of the original agreement. No specific commitment amount was stated on the Amended PSA. Pursuant to the PSA Section 2.2, entitled "Agency Costs in Addition to Price", the Agency shall be responsible for all costs relating to the transfer of title and/or development of the property/project. The Agency estimated the cost for the development of the project to be \$8 million and included the balance on its Housing Asset Transfer (HAT) Form. The Department of Finance has reviewed the HAT form and objected to the \$8 million transfer of encumbrance for the project as stated in its letter dated August 30, 2012. The City has requested to initiate the Meet and Confer Process regarding this obligation through its letter dated September 4, 2012. The approval of this balance is subject to final determination by the State.	NO	Objected by DOF - item #2 and #6	Meet and Confer #1 and #4
4	910-9163 CIP Sacco Surplus Site Monroe/San Tomas Expressway Housing Project	4,579,000	4,559,610	9,505	-	4,492	4,564,102	Grant Deed from RDA to HA for affordable housing development subject to enforceable obligation of Agreement For Purchase Of Real Property between RDA and County of Santa Clara (12-14-2004)	Pursuant to an Agreement for Purchase of Real Property between the Agency and the County of Santa Clara (County) and the Grant Deed recorded on January 11, 2005, the Agency purchased a property from the County. As stated on the Agreement for Purchase of Real Property between the Agency and the County, the County desired to sell the property to be utilized for affordable housing purpose, and the Agency expressed to the County its desire to purchase the property utilizing its Affordable Housing Fund. There's nothing stated in the agreement that requires the Agency to commit funds for the development of affordable housing. The Agency did not enter into agreement with a third party as of June 28, 2011.	NO	Objected by DOF - item #5	Meet and Confer #3
5	910-9172 CIP First Time Homebuyer Program for Condominium Conversions	1,000,000	1,000,000	-	-	-	1,000,000	Funds appropriated for mortgage financing for renters displaced by condominium conversion projects.	There was not an executed contract or agreement between the Agency and the third party entered into before June 28, 2011 in place to substantiate the Agency's obligation.	NO	Objected by DOF - item #12	Meet and Confer #6
6	910-9182 CIP Bill Wilson Center - The Commons Project	-	577,501	141,719	1,258,497	680,996	-	Acquisition and major rehabilitation of an existing 28-unit apartment facility subject to a Pride Gamut (10-10-2006), Afford House Gamut (4-17-2007), 1st Amend (6-23-2009), and 2nd Amend (3-30-2010).	Pursuant to Affordable Housing Loan Agreement dated April 17, 2007, the Agency agreed to loan up to \$3,500,000 to the third party. Pursuant to First Amendment to the Affordable Housing Loan Agreement dated June 23, 2009, the Agency agreed to loan an additional \$805,956 to the third party. Pursuant to Second Amendment to the Affordable Housing Loan Agreement dated March 30, 2010, the Agency agreed to loan an additional \$461,609 to the third party, which brings the total loan amount to \$4,767,565. Based on the Agency's accounting records, as of March 8, 2011, the total loan disbursement made was \$3,367,349 and remaining undisbursed loan commitment of \$1,400,216 is considered an enforceable obligation.	NO	Objected by DOF - item #4	Meet and Confer #2

REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA

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7	910-9186 CIP Downtown Housing	8,500,000	7,158,618	-	-	-	-	Funds appropriated for affordable housing development to be located in the University Project Area.	There was not an executed contract or agreement between the Agency and the third party entered into before June 28, 2011 in place to substantiate the Agency's obligation.	NO	N/A	N/A
8	915-9308 CIP Downtown Housing		4,000,000	-	-	-	-	Funds appropriated for affordable housing development to be located in the University Project Area.	There was not an executed contract or agreement between the Agency and the third party entered into before June 28, 2011 in place to substantiate the Agency's obligation.	NO	N/A	N/A
9	910-9187 CIP ROEM Senior Housing Project 2525 El Camino Real	7,000,000	2,638	92,334	157,091	6,905,029	-	Financing for predevelopment, land acquisition and construction of a 48-unit apartment project, project introduction to Council (Jan 12, 2011), Pride Loan Gamut (Apr 19, 2011), Acquits Loan Gamut (July 12, 2011), AHA (Jan 24, 2012).	Pursuant to Predevelopment Loan Agreement dated April 19, 2011, the Agency agreed to loan up to \$249,425 to the third party. Pursuant to the Acquisition Loan Agreement dated July 12, 2011, the Authority agreed to loan the third party \$3,795,000 for site acquisition and additional predevelopment costs. The agreement also further committed the Authority to loan additional funds up to \$7,000,000. The Acquisition Loan Agreement was entered into after June 28, 2011 and does not constitute an enforceable obligation of the Agency.	NO	Objected by DOF - item #10	No objection to DOF's objection
10	910-9188 CIP Charities Housing Acquisition-Rehab Project	4,000,000	4,000,000	-	-	-	-	Funds appropriated for costs associated with acquisition and rehabilitation of an existing apartment facility in substandard condition.	There was not an executed contract or agreement between the Agency and the third party entered into before June 28, 2011 in place to substantiate the Agency's obligation.	NO	N/A	N/A
11	915-9300 CIP Unallocated for difference between Cash and Unspent Appropriations	-	653,309	-	-	-	-	N/A	There was not an executed contract or agreement between the Agency and the third party entered into before June 28, 2011 in place to substantiate the Agency's obligation.	NO	N/A	N/A
12	915-9302 CIP Purchase Old Fire Station #6 Site Montague Habitat for Humanity	391,000	376,856	400	-	4,833	-	Habitat Loan Agreement with City (August 17, 2010) for federal HOME funding predicated on HA financing and site transfer. Use requirement as affordable housing impractical without budgeted appropriations.	Pursuant to a HOME Capital Loan Agreement between the City of Santa Clara and the third party dated August 17, 2010. As such, this did not constitute an enforceable obligation of the Agency. During the period March 8, 2011 to June 28, 2011, the Agency disbursed \$4,433 pursuant to the 2011 Cooperation Agreement between the City and the Agency, which is considered an allowable pre-freeze expenditure.	NO	Objected by DOF - item #7	No objection to DOF's objection
13	915-9305 CIP Neighborhood Conservation & Improvement Program (NCIP)	1,263,950	619,393	94,254	-	470,645	-	Grants to homeowners for needed home repairs, including housing rehabilitation for handicap accessibility.	There was not an executed contract or agreement between the Agency and the third party entered into before June 28, 2011 in place to substantiate the Agency's obligation. During the period March 8, 2011 to June 28, 2011, the Agency disbursed funds pursuant to the Cooperation Agreement between the City and the Agency, which is considered an allowable pre-freeze expenditure.	NO	N/A	N/A
14	915-9306 CIP 1430 El Camino Real Housing Project Presidio	3,860,000	33,015	598,446	4,455,636	4,422,621	-	Pride Loan Gamut between RDA and CORE Affordable Housing LLC (5-11-10), Acquisition Loan Gamut (2-8-11), and Affordable Housing Loan Gamut (8-30-11).	Pursuant to Affordable Housing Loan Agreement dated May 11, 2010, the Agency agreed to loan up to \$200,000 to the third party. Pursuant to Acquisition Loan Agreement dated February 8, 2011, the Agency agreed to loan up to \$4,240,000 to the third party. The agreement also further committed the Agency to loan additional funds up to a total (all inclusive) maximum of \$8,000,000. As of June 28, 2011, \$598,446 was disbursed. The Agency disbursed an additional \$4,422,621 during the period from June 28, 2011 to June 30, 2012, and remaining encumbered balance based on the City's accounting record was \$33,015 and these balance are considered potentially allowable for future ROPS.	NO	N/A	N/A
15	915-9309 CIP Acquisition of City Housing	2,000,000	2,000,000	-	-	-	-	Funds appropriated for acquisition of four single-family homes currently owned by the City and used for affordable housing purposes through existing lease agreements.	There was not an executed contract or agreement between the Agency and the third party entered into before June 28, 2011 in place to substantiate the Agency's obligation.	NO	N/A	N/A
16	CitiMortgage FTHB overpayment	-	50,000	-	-	-	-	Unidentified overpayment by Citi Mortgage on First Time Home Buyer Program. Overpayment by Citi Mortgage made to RDA Housing made via wire on 2/5/08 and this obligation needs to be resolved and refunded. Investigation process is on going with Citi Mortgage.	There was not an executed contract or agreement between the Agency and the third party entered into before June 28, 2011 in place to substantiate the Agency's obligation. Based on the City's assertion and the documents provided, the third party overpaid \$50,000 to the former Agency in August 2008 and as of the report date, the investigation is still in process.	NO	N/A	N/A
17	Accounts Payable	-	45	-	-	-	-	N/A	There was not an executed contract or agreement between the Agency and the third party entered into before June 28, 2011 in place to substantiate the Agency's obligation.	NO	N/A	N/A

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18	Loan from Housing Authority to City / Successor Agency	-	3,384,422	-	-	2,515,578	-	The amount of the City Advance shall be determined based on the cash flow shortfall of the Successor Agency and shall be made at such times as to ensure that payment due by the Successor Agency are made in a timely fashion. Loan up to \$5.9M from Housing Authority to City to Successor Agency approved by Successor Agency and Oversight Board on 5-22-2012 . Loan to avoid default on all TABs for May 2012 payment. Also, loan was used to make true-up payment to County Auditor-Controller in July 2012 and balance to be used for Nov 2012 TAB debt payments.	On May 28, 2012, the Oversight Board approved a loan from the Housing Authority to the City/Successor Agency for up to \$5.9 million to pay the enforceable obligations of the Successor Agency. As of June 30, 2012, \$2,515,578 was disbursed to the City/Successor Agency. As of the report date, the full \$5,900,000 approved loan amount was disbursed to the City/Successor Agency to pay for enforceable obligations per City's assertion. The loan disbursement is not considered an enforceable obligation for housing, but instead represents a cash flow loan from the Housing Authority to the City/Successor Agency. The Successor Agency's disbursement of the cash received through this loan will be considered allowable for usage of the non-housing assets given that it's used to pay enforceable obligations listed on the ROPS. The repayment of this loan was disallowed by DOF on ROPS III.	NO	N/A	N/A
Total		\$ 58,829,470	\$ 41,112,462	\$ 1,445,217	\$ 17,716,867	\$ 28,309,492	\$ 17,060,859					