

**County of Santa Clara**  
Finance Agency  
Controller-Treasurer

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



## **NOTICE OF CONTINUED REVIEW OF ROPS**

Tuesday, September 10, 2013

City of Sunnyvale Successor Agency  
650 W Olive Avenue  
Sunnyvale, CA 94088

City of Sunnyvale Oversight Board  
650 W Olive Avenue  
Sunnyvale, CA 94088

**ROPS Period:** January 1, 2014 to June 30, 2014 - ROPS 13-14B

**Successor Agency:** City of Sunnyvale

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

Pursuant to Health and Safety Code section 34182.5, my office is reviewing the Recognized Obligation Payment Schedule (ROPS) submitted by the above-noted successor agency for the above-noted period. Unfortunately, because of complexity, time constraints, the need to review additional documentation, submission by the Successor Agency with inadequate time for review, or other reasons, we have been unable to complete the review of all items on the ROPS in time for inclusion in the Oversight Board packet.

We, therefore, will continue to review the ROPS, as allowed by statute, with a final decision no later than 60 days prior to the scheduled property tax distribution date. We will continue working with Successor Agency staff to try to informally resolve any concerns. Although we reserve the right to continue to review all items and funding sources, our continuing review is focused on the following items:

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

Successor Agency: City of Sunnyvale  
 Notice of Continued Review - ROPS 13-14B  
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<u>Item No.</u>	<u>Project Name /Description</u>	<u>Funding Source:</u>	<u>Reason for Objection:</u>
2, 10	1998 Certificate of Participation (Parking Facility Refunding); Amended and Restated Reimbursement Agreement for 1998 Certificates of Participation	Other Funds; Non-Admin RPTTF	<p>The Department of Finance (DOF) continues to deny the 1998 Certificate of Participation (Parking Facility Refunding) after meet-and-confer sessions on ROPS 13-14A and ROPS III. (See attached DOF letters.)</p> <p>The Amended and Restated Reimbursement Agreement for 1998 Certificates of Participation was entered on April 24, 2012, between the City and the Successor Agency. This agreement is not valid as Health and Safety Code (HSC) section 34177.3(a) prohibits successor agencies from creating new enforceable obligations and the Reimbursement Agreement is a new enforceable obligation. (See attached DOF letter.) HSC sections 34180(a) &amp; (h) also prohibit the reestablishment of loan agreements with the City except pursuant to HSC section 34191.1 <i>et seq.</i>, and no Finding of Completion has been issued as required by the statute.</p>
4	1977 Repayment Agreement	Non-Admin RPTTF	<p>This is a loan agreement between the former RDA and the City. Per HSC sections 34171(d)(2) and 34178(a), this is not an enforceable obligation. Further per HSC sections 34180(a) &amp; (h), the Oversight Board cannot reestablish such loans, except after a Finding of Completion, which has not been received by the Successor Agency. (See also attached DOF letter.)</p> <p>The County Auditor-Controller continues to object to this item based on the thorough review of all supporting documentation related to this item and issued the attached detailed objection letter on this item on September 17, 2012.</p>
11	Legal fees	Non-Admin RPTTF	These costs do not qualify for the ROPS unless the Successor Agency can demonstrate why the costs constitute litigation expenses related to the Successor Agency's assets or obligations. (See HSC § 34171(d)(1)(F).) This line item

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			<p>presumably pertains to a lawsuit filed by the Successor Agency and City of Sunnyvale against the California Department of Finance (“DOF”) and the County Auditor-Controller on May 23, 2013 (Sacramento County Superior Court Case No. 34-2013-80001499 (“Lawsuit I”)). Lawsuit I challenges DOF’s determinations that the City is not entitled to reimbursement for payments related to the financing of parking facilities for the Town Center Project and the 1977 Loan Agreement. On September 4, 2013, two affected taxing entities – the County Office of Education and Fremont Union High School District – filed a second lawsuit against the Successor Agency, City and DOF (Sacramento County Superior Court Case No. 34-2013-80001627 (“Lawsuit II”)). Lawsuit II seeks a court order invalidating a \$3,884,706 payment to the City on or about January 31, 2012 pursuant to the 1977 Loan, and requiring the Successor Agency to comply with its statutory duty to remit unobligated balances determined through the Due Diligence Review process to the County Auditor-Controller for distribution to the affected taxing entities. Both lawsuits share common legal questions and facts, and a “Notice of Related Cases” has been filed to coordinate Lawsuit I and Lawsuit II.</p> <p>The Successor Agency’s role is to perform its ministerial duties under the Redevelopment Dissolution Law. These duties include “[e]nforc[ing] all former redevelopment agency rights for the benefit of the taxing entities . . .” (HSC § 34177(f).) In short, the Successor Agency has interests and statutory duties to the affected taxing entities that are different from those of the City. In both lawsuits, this puts the interests of the taxing entities (and the Successor Agency in its role as fiduciary for all the taxing entities) in direct conflict with the interests of the City of Sunnyvale. Thus, the Successor Agency and City should be represented by separate counsel in the Lawsuits. Despite this clear conflict, the Successor Agency and City are</p>
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		<p>represented by the same law firm. This shared counsel situation makes it difficult or impossible to determine the share of legal fees that relate to representation of the Successor Agency's legitimate interests in the Lawsuits versus those that relate to the cost of representing the City's interests.</p> <p>Moreover, given that the City is the real party in interest affected by the Lawsuits, it is inappropriate for the affected taxing entities to be funding the City's defense through litigation costs paid from the RPTTF.</p> <p>If, for some reason, the Successor Agency and City have a plausible explanation for why this joint representation does not pose a conflict of interest, then they should clearly explain how the litigation costs are to be divided between the Successor Agency and the City (something they have failed to do at present).</p>
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Additionally, per HSC section 34177(d), the Successor Agency must remit to the County Auditor-Controller the unclaimed property that became available in August 2013, in the amount of \$63,388 (plus any earned interest) as identified in the DOF Other Funds and Accounts Due Diligence Review determination letter dated May 5, 2013 for distribution to the taxing entities. (See attached DOF letter.)

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.

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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

Attachments:

- Department of Finance Letters regarding Meet-and-Confer (Dec. 18, 2012 & May 17, 2013)
- County Auditor-Controller Objection to Sunnyvale ROPS III, Item 4 (Sept. 17, 2012)
- Department of Finance Letters regarding Other Funds and Accounts Due Diligence Review (May 5, 2013)
- ROPS 13-14B as submitted to the County Auditor-Controller by Successor Agency



DEPARTMENT OF  
**FINANCE**

EDMUND G. BROWN JR. - GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ [www.dof.ca.gov](http://www.dof.ca.gov)

December 18, 2012

Mr. Brice McQueen, Successor Agency Manager  
City of Sunnyvale  
650 W. Olive Ave.  
Sunnyvale, CA 94088

Dear Mr. McQueen:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 14, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Sunnyvale Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 30, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 14, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on November 27, 2012.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific item being disputed.

- Item No. 2 – 1998 Certificates of Participation (Parking Facility Funding) in the amount of \$13.4 million. Finance continues to deny the item. The certificates are enforceable obligations; however, Finance denied the item as payment is pledged and secured by rental payments required by the City of Sunnyvale. The Agency contends the item is an enforceable obligation because the 1977 First Amended Repayment Contract is a valid enforceable obligation pursuant to HSC Sections 34171 (d) (2) and 34178 (b) (1) because it is a duly authorized written agreement that was entered into at the time of issuance, but in no event later than December 31, 2010, of indebtedness obligations, and solely for the purpose of securing or repaying those indebtedness obligations. However, in the Trust Agreement and the Facility Lease dated March 1, 1998, the City pledged funds for the rental payments. The Amended and Restated Reimbursement Agreement for 1998 Certificates of Participation was entered into on April 24, 2012, between the City and the Agency. The agreement is not valid as HSC section 34177.3 (a) prohibits successor agencies from creating new enforceable obligations and the Reimbursement Agreement is a new enforceable obligation. Therefore, the item is not an enforceable obligation.
- Item No. 4 – 1977 Loan Repayment Agreement in the amount of \$28.2 million. Finance continues to deny the item at this time. Finance denied the item as HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created

the redevelopment agency (RDA) and the former RDA are not enforceable. This agreement was not made within the first two years of the creation of the RDA. The Agency contends the item is an enforceable obligation because the Repayment Contract is an authorized written agreement entered into at the time of issuance, but in no event later than December 31, 2010, of indebtedness obligations, and solely for the purpose of securing or repaying those indebtedness obligations as set forth in HSC Sections 34171 (d) (2) and 34178 (b) (1). However, the City loaned funds to the former RDA, so the former RDA could make the debt service payments on their indebtedness obligations. The City was providing the security or repayment of the indebtedness obligations, not the former RDA. Furthermore, the 1977 Lease Revenue Bonds have since been refunded and no further payments are necessary. Finance has not issued a Finding of Completion to the Agency; therefore, the provisions of HSC section 34171 apply. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the RDA and the former RDA are not enforceable obligations. Therefore, the item is currently not an enforceable obligation.

- Item 5 – 2010 Amended Disposition and Development and Owner Participation Agreement (ADDOPA) in the amount of \$52.8 million. Finance continues to deny the item at this time. Finance denied the item as payment is not required for this project during the ROPS III period. The Agency contends the item is an enforceable obligation because the ADDOPA obligates the Successor Agency to make a known payment (\$2,047,984) for Fiscal Year 2012-13 as it is expected that the milestones that trigger this payment will be met during the January through June 2013 period. However, the milestones have not been triggered and no amounts are currently due. If the milestones were to be triggered during the January through June 2013 period, the amount due should be placed on a subsequent ROPS for payment. Therefore, the item is currently not an enforceable obligation.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$683,232 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2013</b>		
Total RPTTF funding requested for obligations	\$	4,826,000
Less: Six-month total for item(s) denied or reclassified as administrative cost		
Item No. 2		239,564
Item No. 4		2,000,000
Item No. 5		2,047,984
Total approved RPTTF for enforceable obligations	\$	538,452
Plus: Allowable RPTTF distribution for administrative cost for ROPS III		144,780
<b>Total RPTTF approved:</b>	<b>\$</b>	<b>683,232</b>

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

Mr. McQueen  
December 18, 2012  
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The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS III. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not questioned on this ROPS or a preceding ROPS.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,

  
STEVE SZALAY  
Local Government Consultant

cc: Ms. Grace K. Leung, Director of Finance, City of Sunnyvale  
Ms. Irene Lui, Controller Treasurer, County of Santa Clara  
California State Controller's Office



**DEPARTMENT OF  
FINANCE**

EDMUND G. BROWN JR. ■ GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

May 17, 2013

Mr. Brice McQueen, Successor Agency Manager  
City of Sunnyvale Successor Agency  
650 West Olive Avenue  
Sunnyvale, CA 94088

Dear Mr. McQueen:

Subject: Recognized Obligation Payment Schedule

This letter supersedes California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS 13-14A) letter dated April 14, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Sunnyvale Successor Agency (Agency) submitted ROPS 13-14A to Finance for the period of July through December 2013. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on April 25, 2013.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific items being disputed.

- Item No. 2 – 1998 Certificates of Participation (Parking Facility Funding) in the amount of \$12,214,314. Finance continues to deny this item. The certificates are enforceable obligations; however, Finance denied the item as the payment is pledged and secured by rental payments required by the City of Sunnyvale (City), and not Redevelopment Property Tax Trust Fund (RPTTF) funding.

The Agency contends the item is an enforceable obligation and eligible for payment from RPTTF because the 1977 First Amended Repayment Contract is a valid enforceable obligation pursuant to HSC Sections 34171 (d) (2) and 34178 (b) (1), and because it is a duly authorized written agreement that was entered into at the time of issuance, but in no event later than December 31, 2010, of indebtedness obligations, and solely for the purpose of securing or repaying those indebtedness obligations.

However, in the Trust Agreement and the Facility Lease dated March 1, 1998, the City pledged funds for the rental payments. The Amended and Restated Reimbursement Agreement for 1998 Certificates of Participation was entered into on April 24, 2012, between the City and the Agency. That agreement is not valid as HSC section 34177.3 (a) prohibits successor agencies from creating new enforceable obligations and the Reimbursement Agreement is a new enforceable obligation. Therefore, the amended and restated agreement is not an enforceable obligation, and not eligible for RPTTF funding.

- Item No. 4 – 1977 Loan Repayment Agreement in the amount of \$28,210,296. Finance continues to deny this item at this time. Finance denied the item as HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable. This agreement was not made within the first two years of the creation of the RDA.

The Agency contends this item is an enforceable obligation because the Repayment Contract is an authorized written agreement entered into at the time of issuance, but in no event later than December 31, 2010, of indebtedness obligations, and solely for the purpose of securing or repaying those indebtedness obligations as set forth in HSC Sections 34171 (d) (2) and 34178 (b) (1).

However, the City loaned funds to the former RDA to enable the former RDA to make the debt service payments on their indebtedness obligations. The City was providing the security or repayment of the indebtedness obligations, not the former RDA. Additionally, the 1977 Lease Revenue Bonds have since been refunded and no further payments are necessary. Additionally, Finance has not issued a Finding of Completion to the Agency; therefore, the provisions of HSC section 34171 apply. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the RDA and the former RDA are not enforceable obligations. Therefore, this item is currently not an enforceable obligation, and not eligible for RPTTF funding.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$533,758 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of July through December 2013</b>	
Total RPTTF funding requested for obligations	\$ 3,570,754
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 2	984,564
Item 4	2,000,000
Total approved RPTTF for enforceable obligations	\$ 586,190
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	125,000
Minus: ROPS II prior period adjustment	(177,432)
<b>Total RPTTF approved for distribution:</b>	<b>\$ 533,758</b>

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the above table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/>

Mr. McQueen  
May 17, 2013  
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This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Nichelle Thomas, Supervisor or Alex Watt, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Ms. Grace Leung, Director of Finance, City of Sunnyvale  
Ms. Irene Lui, Controller Treasurer, County of Santa Clara  
California State Controller's Office

# 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



September 17, 2012

Redevelopment Successor Agency of the City of Sunnyvale  
650 W. Olive Avenue  
Sunnyvale, CA 94088

City of Sunnyvale Oversight Board  
659 W. Olive Avenue  
Sunnyvale CA 94088

Department of Finance – Attention Robert Scott  
915 L Street  
Sacramento CA 95814

Subject: Objection to Sunnyvale Successor Agency third ROPS

In our Notice of Objection dated August 28, 2012, objection was made to line 4 of the subject ROPS. Please find enclosed our position paper as to why the subject City Loan does not qualify as an exemption under Health and Safety Code Section 34171 (d) (2).

While the transaction appears at first to be a little layered, the exhibits A and B help unravel the complexity and ultimately this matter is very straight forward. Please contact our AB X1-26 Audit Manager John Guthrie at 408-299-5246 (or [John.guthrie@fin.sccgov.org](mailto:John.guthrie@fin.sccgov.org)) if you have any questions.

Respectfully submitted,



Vinod Sharma  
Director Finance Agency  
Santa Clara County

cc: Grace Leung  
Brice McQueen  
Kathy Berry

## RDA Loan from the City of Sunnyvale per 1977 Reimbursement Contract

### Question:

Does the Loan from the City of Sunnyvale to its RDA pursuant to the 1977 Reimbursement Contract Qualify as an “Enforceable Obligation” under Health and Safety Code Section 34171(d)(2)?

### Answer:

Based upon a detailed review of the transaction, it does not.

### Background:

On May 1, 1977 the City and the RDA entered into a lease for a parking facility to be constructed (project lease) and, based on this lease, the RDA sold \$11.2 million Series A Parking Lease Revenue Bonds. Simultaneously, the Sunnyvale RDA entered a Reimbursement Contract with the City to provide reimbursement to the City for amounts paid out by the City to the RDA for rental payments made under the project lease and for all “contributions” (including future contributions) made by the City to the Agency. At the time, the City also transferred assets to the Agency without consideration.

On May 1, 1978 the City sold property to the Agency for \$1,360,673, which was recorded as the first amount due under the Reimbursement Contract and, that same day, the RDA sold \$11.1 million of Series B Parking Lease Revenue Bonds. Debt service of \$1.73 million annually commenced on the two series in 1980, and City rent payments paid under the project lease were recorded as loan additions due to the City under the Reimbursement Contract.

The Reimbursement Contract calls for an interest rate of 8% and the City has provided a spreadsheet showing all loan additions, interest accruals and repayments by the Agency. On that schedule, it should be noted that in 2009 the City made a contribution to the Agency, which was listed as a project payment of \$6.8 million. According to the City, this contribution has since been paid off. The current outstanding balance of the Reimbursement Contract is \$26.8 million and it is listed on the ROPS as \$ 41.6 million, which includes estimated additional interest at 8% until 2018 when it is estimated to be paid off.

Health and Safety (H&S) Code sections 34171 and 34178(a) state that City-RDA agreements are not enforceable obligations. The Reimbursement Contract is a City-RDA agreement, and hence may not be currently enforced as a matter of law. However, the legislation provides a specific vehicle for reinstating such loans, by allowing their restoration by the oversight board if the successor agency receives a “finding of completion” from the State Department of Finance. All such loans, however, must be recomputed at Local Agency Investment Fund (LAIF) interest rates from inception. Our calculations indicate that reducing interest from the 8% rate per the agreement to LAIF rates would decrease the current loan balance from \$26.8 million to \$220,684. In other words, at LAIF rates the loan would be near the point of being paid off.

Lease Obligation Bond Structure:

Exhibit A shows the basic lease obligation bond structure that the City and RDA used to sell the bonds. Specifically, (1) the City entered a parking facilities lease with the RDA promising to pay up \$2 million dollars a year in rent payments for the use of a (to be developed) parking facility. Based upon this pledge (2) the RDA sold \$11.2 million of Series A lease obligation bonds and (3) used the proceeds to (4) construct the facility. One year later a second Series B for \$11.1 million was also issued for the facility which was also covered under the parking facility lease. In 1980 the facility was completed and (5) annual lease payments commenced from the City to the RDA of \$1.73 million, which (6) the RDA used to make debt payments to the bond holders.

This describes the complete transaction as it was used for the issuance of debt and as it was disclosed in the Series A Official Statement.

Exhibit B shows the previously described basic transaction plus the addition of a separate agreement between the City and the RDA: the (7) Reimbursement Contract (*i.e.*, the agreement at issue here). Under this agreement each lease payment made by the City to the RDA under the parking facility lease would simultaneously (8) be added to the balance due on an escalating City loan to the RDA. Additionally this agreement provided for (9) the inclusion of other future "contributions" to be added to the loan balance and also included an 8% interest rate on the unpaid balance. The RDA was to pay the loan off from (10) excess tax increments after payment of senior bond debt and ongoing project costs.

Discussion:

City of Sunnyvale and its consultants Goldfarb and Lipman have stated to the Oversight Board that the City loan is an exception to the general rule under H&S Code section 34171(d)(2) that contracts between the redevelopment agency city that created it do not constitute "enforceable obligations." This section states that written agreements may be exempt from this exclusion if they were "entered into (A) at the time of issuance . . . of indebtedness obligations, and (B) solely for the purpose of securing or repaying those debt obligations . . . ."

This H&S code section provides a very narrow window for exceptions and is clearly intended to protect lease obligation financing between two agencies under existing rental agreements. The purpose here is to protect debt holders from any interruption of debt payments. To qualify for this exception, both of the requirements (A) and (B) must be met. We will examine each in turn.

The first question is whether this Reimbursement Contract meets the requirements of subsection (A) as having been entered into *at the time* of debt issuance of indebtedness obligations. Since the agreement was entered into the same day as the first debt issuance, it arguably could meet this requirement with respect to the Series A Parking Lease Revenue Bonds. But it would not meet the requirements for any of the other transactions covered by this agreement.

On the second element—whether the loan was entered into "solely for the purpose of securing or repaying those debt obligations"—the Reimbursement Contract fails on several levels.

Specifically:

1. As described above under Lease Obligation Bond Structure, the Reimbursement Contract is independent of the actual issuance of debt and had no role in securing or repaying the two debt issues. Instead, the Reimbursement Contract's sole purpose was to provide for the eventual return of rental payments and contributions from future excess tax increments to the City. As this purpose was solely to protect the City's interest, it may have been necessary in order to obtain City Council approval for the financing, but it had no role in securing or repaying the actual debt issuances themselves. In fact, it was the project lease that was the key vehicle for securing and repaying the debt obligations but the project lease did not nor could not result in an RDA debt to the City. Instead, the project lease created an obligation of the City to the RDA. This can be clearly seen by comparing Exhibits A and B.

Further proof of this can be found in the official statements for the debt issues. The Series A Official Statement describes the project lease agreement in detail (as would be expected in such an arrangement) but does not even mention the repayment contract. One year later, the Series B Official Statement again describes the project lease agreement as the basis of the security and only casually mentions the Reimbursement Contract. Specifically it stated that:

*Pursuant to a reimbursement agreement between the Agency and the City any surplus tax increment revenues received by the Agency (in excess of debt service requirements on outstanding 1977 Bonds) may be applied (but are not pledged) to city lease payments for application of debt service on the debt described herein.*

What investors were told here was that surplus tax increments could be applied to city lease payments. No investor would have relied on this non-pledge as securing or paying either debt issuance. The City was already responsible for the lease payments via the lease.

2. The Reimbursement Contract itself was not intended to be used solely for securing or repaying debt issuances since it includes the provision for repayment of past and future "contributions" related to the subject project. Records show that over the three and a half decades, it was used as a utility vehicle for several different loan transactions between the City and RDA, including the original loan balance from the sale of land of \$1.36 million and the \$6.8 million project payment mentioned above and the add-on of the Series B Parking Lease Revenue Bonds a year later.

What is particularly interesting to note is that the City accounts for all components in their loan spreadsheet and uses a Last-in-First-Out (LIFO) approach in paying off the various components of debt under the Reimbursement Contract. Since 1977 the \$1.36 million from the original land sale is still on the books and will be the last item paid off. At 8% interest, the balance for the property sale has increased to over \$18.9 million. This represents the majority of the remaining loan balance (approximately 70%), and it has nothing to do with securing the two debt issuances.

3. While the 8% interest rate was not an excessive interest rate when the Reimbursement Contract was first entered, for the last two decades the interest rate has become out of alignment with appropriate rates of interest and has increased the loan balance far beyond a reasonable level. These rates neither reflect the City's pool investment rate nor any underlying debt interest rate. These facts alone would argue against the idea that such loan agreements were entered into or used solely for the purpose of paying or securing bond debt.

The required recalculation of city loans to the LAIF rate from origination was adopted in AB 1484 to approximate a reasonable rate that such city loans would have earned had the money stayed in city treasuries. The fact that a LAIF adjustment will result in a \$26.6 million write down shows how out of alignment the 8% has become over the three and a half decades of this loan's existence.

**City of Sunnyvale  
1977 Parking Lease Obligation Bonds**

**Exhibit A**

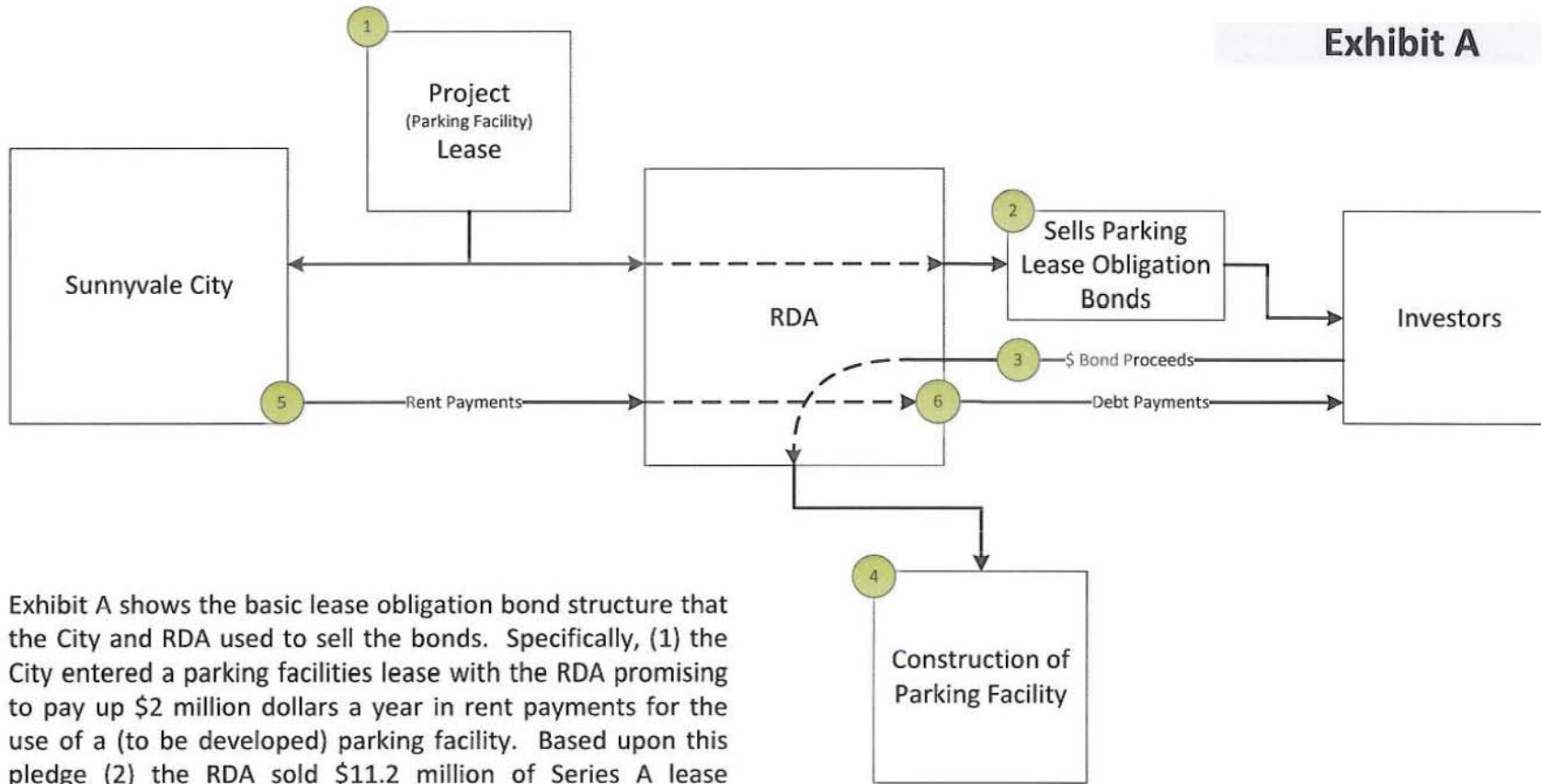


Exhibit A shows the basic lease obligation bond structure that the City and RDA used to sell the bonds. Specifically, (1) the City entered a parking facilities lease with the RDA promising to pay up \$2 million dollars a year in rent payments for the use of a (to be developed) parking facility. Based upon this pledge (2) the RDA sold \$11.2 million of Series A lease obligation bonds and (3) used the proceeds to (4) construct the facility. One year later a second Series B for \$11.1 million was also issued for the facility which was also covered under the parking facility lease. In 1980 the facility was completed and (5) annual lease payments commenced from the City to the RDA of \$1.73 million, which (6) the RDA used to make debt payments to the bond holders.

City of Sunnyvale  
1977 Parking Lease Obligation Bonds  
Plus: City Loan to RDA

**Exhibit B**

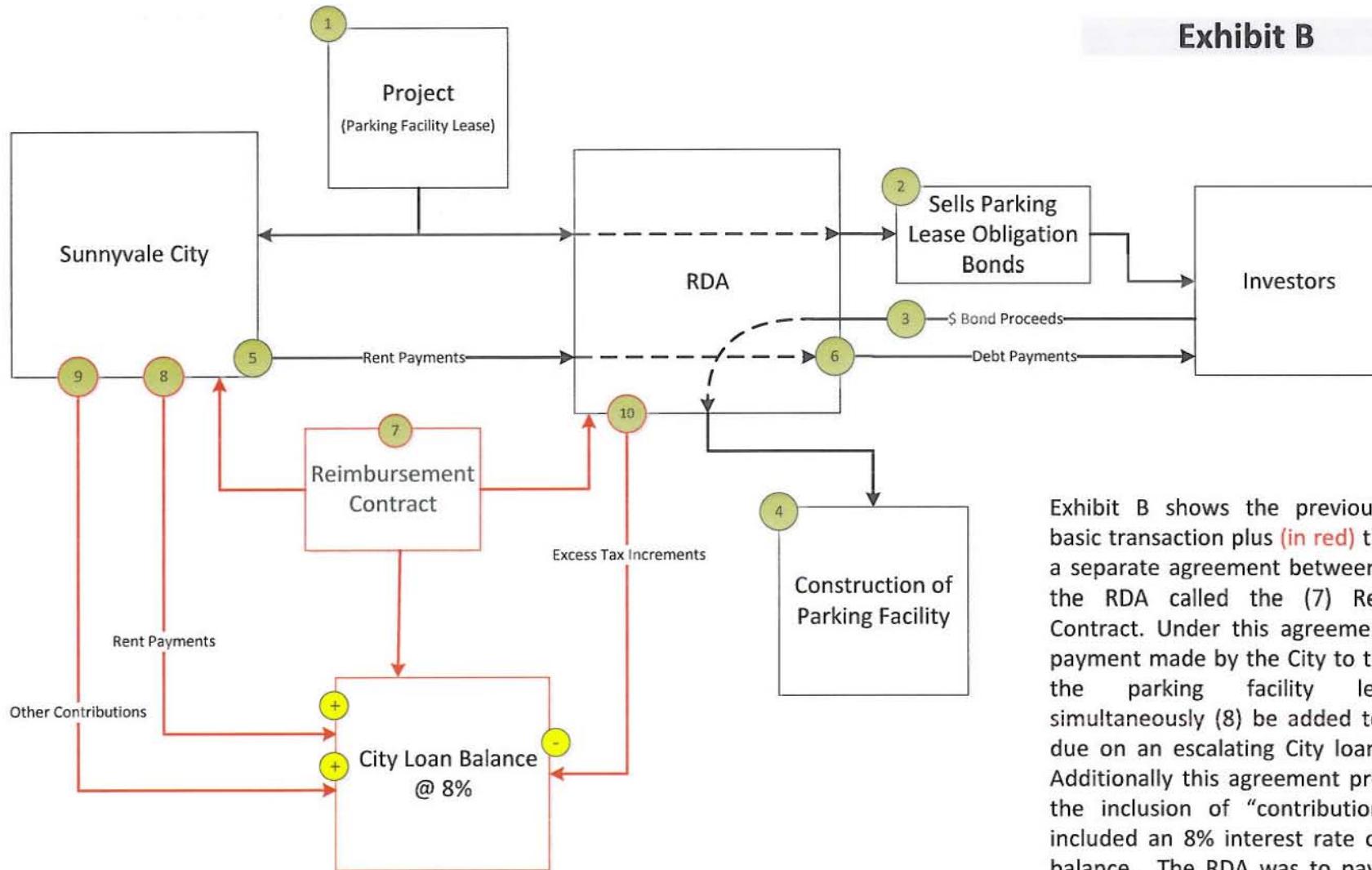


Exhibit B shows the previously described basic transaction plus (in red) the addition of a separate agreement between the City and the RDA called the (7) Reimbursement Contract. Under this agreement each lease payment made by the City to the RDA under the parking facility lease would simultaneously (8) be added to the balance due on an escalating City loan to the RDA. Additionally this agreement provided for (9) the inclusion of "contributions" and also included an 8% interest rate on the unpaid balance. The RDA was to pay the loan off from (10) excess tax increments after payment of senior bond debt and ongoing project costs.



**DEPARTMENT OF  
FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

May 5, 2013

Mr. Brice McQueen, Successor Agency Manager  
City of Sunnyvale  
650 W. Olive Ave.  
Sunnyvale, CA 94088

Dear Mr. McQueen:

Subject: Other Funds and Accounts Due Diligence Review

This letter supersedes the California Department of Finance's (Finance) original Other Funds and Accounts (OFA) Due Diligence Review (DDR) determination letter dated April 1, 2013. Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of Sunnyvale Successor Agency (Agency) submitted an oversight board approved OFA DDR to Finance on January 14, 2013. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Finance issued an OFA DDR determination letter on April 1, 2013. Subsequently, the Agency requested a Meet and Confer session on one or more items adjusted by Finance. The Meet and Confer session was held on April 25, 2013.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of those specific items being disputed. Specifically, the following adjustments were made:

- Cash assets transferred to the City of Sunnyvale (City) totaling \$13,819,358 is not allowed. Our review indicated that there were two transfers in the amount of \$8,830,951 on June 30, 2011 and \$4,988,407 on January 31, 2012, totaling \$13,819,358. These transfers were in accordance with a 1977 City General Fund loan. During the Meet and Confer process, the Agency stated that the item had been listed on the January through June 2012 Recognized Obligation Payment Schedule (ROPS I) form and was not denied by Finance. This was Item 5 on the ROPS I form in the amount of \$3,884,706. In Finance's letters dated May 11, 2012 and May 24, 2012, this item was not listed as denied. Therefore, the Agency was able to spend up to the \$3,884,706 amount listed during the ROPS I period.

As related to the remaining amount, per HSC section 34179.5 (c) (2), the dollar value of assets and cash transferred by the former redevelopment agency or successor agency to the city, county, or city and county that formed the former RDA between January 1, 2011 through June 30, 2012 must be evidenced by documentation of the enforceable obligation that required the transfer. HSC section 34179.5 states "enforceable obligation" includes any of the items listed in subdivision (d) of section 34171, contracts detailing specific work that were entered into by the former redevelopment agency prior

to June 28, 2011 with a third party other than the city, county, or city and county that created the former RDA. HSC section 34171 (d) (2) states “enforceable obligation” does not include any agreements, contracts, or arrangements between the city that created the RDA and the former RDA. Therefore, the transfer was not made pursuant to an enforceable obligation and is not permitted. Accordingly, the OFA balance available for distribution to the taxing entities will be increased by \$9,934,652 (\$13,819,358 - \$3,884,706).

The repayment of these loans may become enforceable obligations after the Agency receives a Finding of Completion from Finance. If the oversight board makes a finding that the loans were for legitimate redevelopment purposes, these loans should be placed on future Recognized Obligation Payment Schedules (ROPS) for repayment. Refer to HSC section 34191.4 (b) for more guidance.

The Agency did not object to the following information during the Meet and Confer process:

- Assets legally restricted in the amount of \$63,388 for unclaimed property. The Agency states these funds need to be retained until August 2013. Finance agrees with this assessment and believes these funds should remain restricted until August 2013 pursuant to Government Code section 50050. When the funding becomes available in August 2013, the Agency should either disburse this amount to the taxing entities or offset the request for Redevelopment Property Tax Trust Funds on the Recognized Obligation Payment Schedule.

The Agency's OFA balance available for distribution to the affected taxing entities is \$9,934,652 (see table below).

OFA Balances Available For Distribution To Taxing Entities		
Available Balance per DDR:	\$	-
Finance Adjustments		
Add:		
Transfers to Sunnyvale General Fund:	\$	9,934,652
<b>Total OFA available to be distributed:</b>		<b>\$ 9,934,652</b>

This is Finance's final determination of the OFA balances available for distribution to the taxing entities. HSC section 34179.6 (f) requires successor agencies to transmit to the county auditor-controller the amount of funds identified in the above table within five working days, plus any interest those sums accumulated while in the possession of the recipient. Upon submission of payment, it is requested you provide proof of payment to Finance within five business days.

If for some reason the successor agency cannot immediately remit the entire sum, HSC section 34179.6 (h) (3) authorizes Finance to review requests for an installment payment plan. If you wish to make installment payments, please notify your Agency's assigned Finance review staff immediately. Upon receipt of your request, Finance will work with your Agency to determine whether installment payments are appropriate.

If funds identified for transmission are in the possession of the successor agency, and if the successor agency is operated by the city or county that created the former redevelopment agency, then failure to transmit the identified funds may result in offsets to the city's or the county's sales and use tax allocation, as well as its property tax allocation. If funds identified for

transmission are in the possession of another taxing entity, the successor agency is required to take diligent efforts to recover such funds. A failure to recover and remit those funds may result in offsets to the other taxing entity's sales and use tax allocation or to its property tax allocation. If funds identified for transmission are in the possession of a private entity, HSC 34179.6 (h) (1) (B) states that any remittance related to unallowable transfers to a private party may also be subject to a 10 percent penalty if not remitted within 60 days.

Failure to transmit the identified funds will also prevent the Agency from being able to receive a finding of completion from Finance. Without a finding of completion, the Agency will be unable to take advantage of the provisions detailed in HSC section 34191.4. Specifically, these provisions allow certain loan agreements between the former redevelopment agency (RDA) and the city, county, or city and county that created the RDA to be considered enforceable obligations. These provisions also allow certain bond proceeds to be used for the purposes in which they were sold and allows for the transfer of real property and interests into the Community Redevelopment Property Trust Fund once Finance approves the Agency's long-range property management plan.

In addition to the consequences above, willful failure to return assets that were deemed an unallowable transfer or failure to remit the funds identified above could expose certain individuals to criminal penalties under existing law.

Pursuant to HSC sections 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter do not in any way eliminate the Controller's authority.

Please direct inquiries to Evelyn Suess, Supervisor, or Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Ms. Grace K. Leung, Director of Finance, City of Sunnyvale  
Ms. Irene Lui, Controller Treasurer, County of Santa Clara  
California State Controller's Office

**Recognized Obligation Payment Schedule (ROPS 13-14B) - Summary**

Filed for the January 1, 2014 through June 30, 2014 Period

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

<b>Current Period Requested Funding for Outstanding Debt or Obligation</b>		<b>Six-Month Total</b>
<b>Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding</b>		
<b>A Sources (B+C+D):</b>		\$ 223,925
B Bond Proceeds Funding (ROPS Detail)		-
C Reserve Balance Funding (ROPS Detail)		-
D Other Funding (ROPS Detail)		223,925
<b>E Enforceable Obligations Funded with RPTTF Funding (F+G):</b>		\$ 813,281
F Non-Administrative Costs (ROPS Detail)		688,281
G Administrative Costs (ROPS Detail)		125,000
<b>H Current Period Enforceable Obligations (A+E):</b>		\$ 1,037,206

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

I Enforceable Obligations funded with RPTTF (E):	813,281
J Less Prior Period Adjustment (Report of Prior Period Adjustments Column U)	(20,006)
<b>K Adjusted Current Period RPTTF Requested Funding (I-J)</b>	\$ 793,275

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

L Enforceable Obligations funded with RPTTF (E):	813,281
M Less Prior Period Adjustment (Report of Prior Period Adjustments Column AB)	-
<b>N Adjusted Current Period RPTTF Requested Funding (L-M)</b>	813,281

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.

/s/	Name _____	Title _____
	Signature _____	Date _____

### Recognized Obligation Payment Schedule (ROPS) 13-14B - Report of Fund 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.											
A	B	C	D	E	F	G	H	I	J	K	
Fund Balance Information by ROPS Period		Fund Sources									
		Bond Proceeds		Reserve Balance		Other	RPTTF				
		Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	Review balances retained for approved enforceable obligations	RPTTF balances retained for bond reserves	Rent, Grants, Interest, Etc.	Non-Admin	Admin	Total	Comments	
<b>ROPS III Actuals (01/01/13 - 6/30/13)</b>											
1	<b>Beginning Available Fund Balance (Actual 01/01/13)</b> Note that for the RPTTF, 1 + 2 should tie to columns L and Q in the Report of Prior Period Adjustments (PPAs)						577,029	-	\$ 577,029		
2	<b>Revenue/Income (Actual 06/30/13)</b> Note that the RPTTF amounts should tie to the ROPS III distributions from the County Auditor-Controller					241,574	138,855	144,780	\$ 525,209		
3	<b>Expenditures for ROPS III Enforceable Obligations (Actual 06/30/13)</b> Note that for the RPTTF, 3 + 4 should tie to columns N and S in the Report of PPAs					241,574	518,446	144,780	\$ 904,800		
4	<b>Retention of Available Fund Balance (Actual 06/30/13)</b> Note that the Non-Admin RPTTF amount should only include the retention of reserves for debt service approved in ROPS III								\$ -		
5	<b>ROPS III RPTTF Prior Period Adjustment</b> Note that the net Non-Admin and Admin RPTTF amounts should tie to columns O and T in the Report of PPAs.	No entry required					20,006	-	\$ 20,006		
6	<b>Ending Actual Available Fund Balance (1 + 2 - 3 - 4 - 5)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 177,432	\$ -	\$ 177,432		
<b>ROPS 13-14A Estimate (07/01/13 - 12/31/13)</b>											
7	<b>Beginning Available Fund Balance (Actual 07/01/13) (C, D, E, G, and I = 4 + 6, F = H4 + F6, and H = 5 + 6)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 197,438	\$ -	\$ 197,438		
8	<b>Revenue/Income (Estimate 12/31/13)</b> Note that the RPTTF amounts should tie to the ROPS 13-14A distributions from the County Auditor-Controller						408,758	125,000	\$ 533,758		
9	<b>Expenditures for 13-14A Enforceable Obligations (Estimate 12/31/13)</b>						586,190	125,000	\$ 711,190		
10	<b>Retention of Available Fund Balance (Estimate 12/31/13)</b> Note that the RPTTF amounts may include the retention of reserves for debt service approved in ROPS 13-14A								\$ -		
11	<b>Ending Estimated Available Fund Balance (7 + 8 - 9 -10)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,006	\$ -	\$ 20,006		

**Recognized Obligation Payment Schedule (ROPS ) 13-14B - ROPS Detail**  
**January 1, 2014 through June 30, 2014**  
(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	
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	Funding Source					Six-Month Total	
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)						
										RPTTF						
										Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin		
1	2003 Tax Allocation Refunding Bonds	Bonds Issued On or Before 12/31/10	11/6/2003	8/1/2022	U S Bank	1977 Bonds issued to fund redevelopment projects in the Central Core Project area, refunded in 1992 and again in 2003.	Central Core	\$ 58,467,731	N	\$ -	\$ -	\$ 223,925	\$ 810,156	\$ 125,000	\$ 1,159,081	
2	1998 Certificates of Participation (Parking Facility Refunding)	Bonds Issued On or Before 12/31/10	3/6/1998	10/1/2022	U S Bank	1978 Bonds issued to fund redevelopment projects in the Central Core Project area, refunded in 1992 and 1998.	Central Core	11,229,750	N				221,125		\$ 221,125	
3	Bond Covenants Other Than Principal and Interest Debt Service Payments	Bonds Issued On or Before 12/31/10	11/6/2003	10/1/2022	Professional services	Fees for trustee services, rebate analysis, disclosure consulting.	Central Core	40,674	N				2,800		\$ 2,800	
4	Repayment Obligations-1977 Loan Repayment Agreement	City/County Loans On or Before 6/27/11	5/1/1977	6/30/2014	City of Sunnyvale	Pursuant to the resolution that authorized the issuance of the 1977 Central Core Bonds, the Agency is obligated to use moneys from tax revenue to repay the City, with interest, for all rental payments under the Project Lease and for all other contributions (including transfer of land) which aided in the planning, acquisition, and construction of the Project.	Central Core	28,210,296	N						\$ -	
5	2010 Amended Disposition and Development and Owner Participation Agreement Article 8	OPA/DDA/Construction	8/2/2010	6/30/2026	Town Center Developer	Annual payment in consideration for the developer constructing and operating the required public improvements.	Central Core	-	N						\$ -	
6	2010 Amended Disposition and Development and Owner Participation Agreement Article 4	OPA/DDA/Construction	8/2/2010	6/30/2014	State Water Resources Control Board, legal fees and environmental work costs	Investigation and remediation of hazardous materials.	Central Core	1,336,348	N				342,301		\$ 342,301	
7	2010 Amended Disposition and Development and Owner Participation Agreement Management	Project Management Costs	8/2/2010	6/30/2014	Agency staff and professional services	To monitor and administer rights and obligations under the ADDOPA	Central Core	515,402	N				12,000		\$ 12,000	
8	RDA Special Projects	Professional Services	1/1/2014	6/30/2014	Professional services	Technical and outside legal counsel services	Central Core	147,430	N				15,000		\$ 15,000	
9	Administration and operation of Successor Agency	Admin Costs	1/1/2014	6/30/2014	Agency staff and professional services	Administrative and legal services; audit fees; General Fund in-lieu payments for treasury and accounting support.	Central Core	125,000	N					125,000	\$ 125,000	
10	Amended and Restated Reimbursement Agreement for 1998 Certificates of Participation	Miscellaneous	4/24/2012	10/1/2022	City of Sunnyvale	Under Section 34178(a), the Oversight Board authorized the RSA to reenter into an existing agreement to repay the City for all Lease Payments paid by the City for the construction of the parking facilities required by the RDA under the TownCenter DDA.	Central Core	11,229,750	N				223,925		\$ 223,925	
11	Legal fees	Legal	1/1/2014	6/30/2014	Goldfarb & Lipman	Litigation regarding enforceable obligations	Central Core	121,875	N				121,875		\$ 121,875	

Recognized Obligation Payment Schedule (ROPS) 13-14B - Report of Prior Period Adjustments																						
Reported for the ROPS III (January 1, 2013 through June 30, 2013) Period Pursuant to Health and Safety Code (HSC) section 34186 (a) (Report Amounts in Whole Dollars)																						
ROPS III 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 III (July through December 2013) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 13-14B (January through June 2014) period will be offset by the SA's self-reported ROPS III 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.															ROPS III CAC PPA: To be completed by the CAC upon submittal of the ROPS 13-14B by the SA to Finance and the CAC							
A	B	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	
Non-RPTTF Expenditures		RPTTF Expenditures																				
Item #	Project Name / Debt Obligation		Other Funds		Non-Admin					Admin					Net SA Non-Admin and Admin PPA		Non-Admin CAC		Admin CAC		Net CAC Non-Admin and Admin PPA	
	Authorized	Actual	Authorized	Available RPTTF (ROPS III distributed + all other available as of 1/1/13)	Net Lesser of Authorized/ Available	Actual	Difference (If M is less than N, the difference is zero)	Authorized	Available RPTTF (ROPS III distributed + all other available as of 1/1/13)	Net Lesser of Authorized / Available	Actual	Difference (If R is less than S, the difference is zero)	Net Difference (Amount Used to Offset ROPS 13-14B Requested RPTTF (O + T))	Net Lesser of Authorized / Available	Actual	Difference (If V is less than W, the difference is zero)	Net Lesser of Authorized / Available	Actual	Difference (If Y is less than Z, the difference is zero)	Net Difference (Amount Used to Offset ROPS 13-14B Requested RPTTF (X + AA))		
	\$ -	\$ 241,574	\$ 538,452	\$ 715,884	\$ 538,452	\$ 518,446	\$ 20,006	\$ 144,780	\$ 144,780	\$ 144,780	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1	2003 Tax Allocation Refunding Bonds		860	102,396	104,159	\$ 102,396	101,536	\$ 860			\$ -	\$ -	\$ 860			\$ -			\$ -	\$ -		
2	1998 Certificates of Participation (Parking Facility Refunding)		239,564			\$ -		\$ -			\$ -					\$ -			\$ -	\$ -		
3	Bond Covenants Other Than Principal and Interest Debt Service Payments		1,150	4,730	4,780	\$ 4,730	4,730	\$ -			\$ -		\$ -			\$ -			\$ -	\$ -		
4	Repayment Obligations-1977 Loan Repayment Agreement					\$ -		\$ -			\$ -		\$ -			\$ -			\$ -	\$ -		
5	2010 Amended Disposition and Development and Owner Participation Agreement Article 8					\$ -		\$ -			\$ -		\$ -			\$ -			\$ -	\$ -		
6	2010 Amended Disposition and Development and Owner Participation Agreement Article 4			397,572	516,590	\$ 397,572	397,572	\$ -			\$ -		\$ -			\$ -			\$ -	\$ -		
7	2010 Amended Disposition and Development and Owner Participation Agreement Management			18,754	75,355	\$ 18,754	14,608	\$ 4,146			\$ -		\$ -	\$ 4,146		\$ -			\$ -	\$ -		
8	RDA Special Projects			15,000	15,000	\$ 15,000					\$ -		\$ -	\$ 15,000		\$ -			\$ -	\$ -		
9	Administration and operation of Successor Agency					\$ -		\$ -	144,780	144,780	\$ 144,780	\$ -	\$ -			\$ -			\$ -	\$ -		

**Recognized Obligation Payment Schedule 13-14B - Notes**

January 1, 2014 through June 30, 2014

Item #	Notes/Comments
1	Tab "ROPS Detail" Item 4. Contract termination date is a place holder until contract is paid in full.
2	Tab "ROPS Detail" Item 6. Contract termination date is a place holder until environmental remediation is complete.
3	Tab "ROPS Detail" Item 7. Contract termination date is a place holder until project management of obligations under the ADDOPA and environmental remediation is complete.
4	Tab "ROPS Detail" Item 8. Contract execution and termination date is a place holder for the appraisal of property as part of the property management plan upon receiving a finding of completion.
5	Tab "ROPS Detail" Item 9. Contract execution and termination date is a place holder for the six month ROPS period for the administration and operation of the Successor Agency.