

# **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



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## **NOTICE OF OBJECTION TO ROPS**

January 28, 2016

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

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

Department of Finance  
915 L Street  
Sacramento, CA 95814

**ROPS Period:**      **ROPS 16-17 (July 1, 2016 – June 30, 2017)**  
**Successor Agency:**    **City of Sunnyvale**

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

Pursuant to Health and Safety Code section 34182.5, our office has reviewed the Recognized Obligation Payment Schedule (ROPS) submitted by the above-noted successor agency for the above-noted period. After reviewing all items and funding sources, the Santa Clara County Auditor-Controller objects to the following items and/or funding sources on the submitted ROPS:

### **Item 15 – 2003 Loan and Repayment Agreement Between the Redevelopment Agency of the City of Sunnyvale and the City of Sunnyvale**

This item is placed on a ROPS for the first time this period. On January 28, 2016, the Santa Clara County Office of County Counsel issued a letter regarding the reinstatement of the 2003 Loan and Repayment Agreement, outlining the multiple reasons it is not a loan eligible for restoration under Health and Safety Code section 34191.4(b). (See attached letter, which is hereby incorporated by reference.) We object to the inclusion of this item on the ROPS. This item must be removed.

Successor Agency: City of Sunnyvale  
Notice of Objection to ROPS 16-17  
January 28, 2016

**Item 9 – Administration and operation of Successor Agency**

The Successor Agency has requested administrative costs totaling \$250,000 for the fiscal year. While this amount is within the administrative cost allowance cap, the requested amount is grossly excessive, particularly when compared with other agencies within Santa Clara County and given the number and nature of the obligations listed on the ROPS. The Successor Agency has consistently requested \$125,000 per ROPS cycle even though it only has five approved ROPS items for funding.

Furthermore, the Successor Agency separately requests additional funding to support project costs for the 2010 Amended Disposition and Development and Owner Participation Agreement (ROPS Item 7). Therefore, it would seem the administrative costs in Item 9 do not even include project costs.

The Department of Finance has repeatedly requested that the Oversight Board apply adequate oversight when evaluating the administrative resources required to successfully wind-down the Agency. Per the Department of Finance's ROPS 15-16B determination letter dated November 18, 2015:

... Finance notes the OB has approved an amount that appears excessive given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to use adequate discretion when evaluating the administrative resources required to successfully wind-down the Agency.

Accordingly, the administrative cost amount should be reduced to an amount appropriate for the number and nature of the obligations listed on the ROPS.

Please note that items and/or funding sources not questioned during this review are subject to subsequent review if they are included on a future ROPS. We also reserve the right to object to an item and/or funding source (including, but not limited to, the use of fund balance) on a future ROPS, even if no objection was made on a preceding ROPS.

Additionally, pursuant to Health and Safety Code section 34186(a), the County Auditor-Controller may review the prior period payments and the prior period estimated versus actual payments reported on the ROPS. Per Health and Safety Code section 34186(c) these reviews will commence on October 1, 2018, and occur each October 1 thereafter and are not included in this letter. In addition, my office is continuing its review of the cash balances reported by the successor agency on the ROPS. The results of this review will be transmitted to the Department of Finance as soon as possible.

Successor Agency: City of Sunnyvale  
Notice of Objection to ROPS 16-17  
January 28, 2016

Sincerely yours,



Alan Minato  
Controller-Treasurer  
County of Santa Clara

Attachments:

Letter from Office of the County Counsel dated January 28, 2016  
Department of Finance Determination Letter for ROPS 15-16B  
(November 18, 2015)  
ROPS 16-17 as submitted to the County Auditor-Controller by Successor Agency

**OFFICE OF THE COUNTY COUNSEL  
COUNTY OF SANTA CLARA**

70 West Hedding Street  
East Wing, 9th Floor  
San Jose, California 95110-1770  
(408) 299-5900  
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Orry P. Korb  
COUNTY COUNSEL

Winifred Botha  
Danny Y. Chou  
Robert M. Coelho  
Steve Mitra  
**ASSISTANT COUNTY COUNSEL**

January 28, 2016

**VIA PERSONAL DELIVERY**

Chair Linda LeZotte and Members  
Sunnyvale Successor Agency Oversight Board  
650 West Olive Street  
Sunnyvale, CA 94088

Re: January 28, 2016 Oversight Board Meeting Agenda Item No. 6: Adoption of a Resolution of the Oversight Board of the Successor Agency for the Sunnyvale Redevelopment Agency Making Certain Findings Regarding That Certain Loan and Repayment Agreement Between the Former Sunnyvale Redevelopment Agency and the City of Sunnyvale and Approving Repayment of the Loan as an Enforceable Obligation ("Item No. 6")

Dear Chair LeZotte and Members:

This letter is written on behalf of the County of Santa Clara ("County") and its Auditor-Controller in order to protect the interests of the affected taxing entities. This Office respectfully requests that the Oversight Board deny Item No. 6 referenced above consistent with its fiduciary duties. In the event of an Oversight Board approval, it is likely that such an approval will be invalidated in subsequent litigation as it does not comply with the Redevelopment Dissolution Law.

Item No. 6 asks the Oversight Board to reinstate and approve as an enforceable obligation a 2003 Loan and Repayment Agreement between the Redevelopment Agency of the City of Sunnyvale ("RDA") and the City of Sunnyvale ("City") (the "2003 Agreement"). The official Agenda Materials for Item No. 6 do not provide the actual 2003 Agreement to the Oversight Board Members or the public for review. However, we have independently obtained a copy of the 2003 Agreement, and after reviewing it and the staff report presented to the Oversight Board, we conclude that the 2003 Agreement cannot be restored under the Redevelopment Dissolution Law.

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Letter to Chair Linda LeZotte and Members  
Re: January 28, 2016 Oversight Board Meeting Agenda Item No. 6  
Date: January 28, 2016  
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**A. The 2003 Agreement is Not Eligible for Reinstatement as an Enforceable Obligation**

Health and Safety Code Section 34191.4(b)<sup>1</sup> governs whether or not the 2003 Agreement is eligible for reinstatement. For any one of numerous reasons, the 2003 Agreement does not qualify.

**1. The 2003 Agreement Was Not for Legitimate Redevelopment Purposes**

Section 34191.4(b)(1)<sup>2</sup> only authorizes reinstatement if the Oversight Board makes a finding that the loan was for "legitimate redevelopment purposes." The title, recitals, and operative provisions of the 2003 Agreement make clear that its primary purpose was to retroactively craft a mechanism to reimburse the City for administrative costs incurred by the City on behalf of the Agency.<sup>3</sup> The scope of this reimbursement obligation was quite broad and extended to costs incurred from 1985 to the execution of the 2003 Agreement in 2003 and going forward into the future. The 2003 Agreement applies an 8% interest rate on all funds subject to reimbursement.

The Item No. 6 Successor Agency Staff Report (the "Staff Report") cites to Section 33126<sup>4</sup> for the proposition that prior redevelopment law authorized redevelopment agencies to contract with any agency to furnish staff services associated with redevelopment and that, therefore, the 2003 Agreement was for legitimate redevelopment purposes. This is the sole support provided by the Staff Report for the finding of legitimate redevelopment purposes. However, the 2003 Agreement does not constitute a contract to furnish staff services under Section 33126. Indeed, no provision of the 2003 Agreement obligates the City in any way—*e.g.*, the City is not obligated to provide any services or provide any assistance to the RDA. Instead, the 2003 Agreement purports to authorize a retroactive reimbursement based upon almost twenty

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<sup>1</sup> All subsequent statutory references are to the Health and Safety Code, unless otherwise indicated.

<sup>2</sup> This section states: "(b)(1) Notwithstanding subdivision (d) of Section 34171, upon application by the successor agency and approval by the oversight board, loan agreements entered into between the redevelopment agency and the city, county, or city and county that created the redevelopment agency shall be deemed to be enforceable obligations provided that the oversight board makes a finding that the loan was for legitimate redevelopment purposes."

<sup>3</sup> Section 1 of the 2003 Agreement, entitled "Purpose," states that: "The purpose of this Agreement is to establish a mechanism for compensation of specified administrative costs incurred by the City in furtherance of the redevelopment program for the Sunnyvale Redevelopment Area (the "Project Area"), as more fully set forth in Section 3." Section 3 provides a definition of Administrative Costs to include consulting services, legal services, City staff time and other related expenses.

<sup>4</sup> Section 33126(b) states: "An agency may contract with the Department of Housing and Community Development, or any other agency, for the furnishing by the department, or agency, of any necessary staff services associated with or required by redevelopment and which could be performed by the staff of an agency."

years of previous services rendered by the City to the RDA apparently without any reimbursement contract in place, and it imposes an extremely high interest rate of 8% on such reimbursement. It cannot be said that the 2003 Agreement was for legitimate redevelopment purposes and any Oversight Board finding to that effect is likely to be struck down.<sup>5</sup>

**2. The 2003 Agreement Does Not Meet Any of the Definitions of "Loan Agreement" under Section 34191.4(b)(2)**

Section 34191.4(b)(2) contains three specific definitions for the types of "loan agreements" that qualify for reinstatement. The Staff Report only asserts that two of these definitions apply to the 2003 Agreement.<sup>6</sup> These definitions were enacted by the Legislature to significantly limit the types of loan agreements that are eligible for restoration. The 2003 Agreement does not qualify as a "loan agreement" under these two definitions.

**a. The 2003 Agreement Does Not Meet the Definition of Loan Agreement under Section 34191.4(b)(2)(A)**

Under Section 34191.4(b)(2)(A), "loan agreement" is defined as:

(A) Loans for money entered into between the former redevelopment agency and the city, county, or city and county that created the former redevelopment agency under which the city, county, or city and county that created the former redevelopment agency transferred money to the former redevelopment agency for use by the former redevelopment agency for a lawful purpose, and where the former redevelopment agency was obligated to repay the money it received pursuant to a required repayment schedule.

As a threshold matter, **the 2003 Agreement is not a loan for money**. No provision in the 2003 Agreement provides for the transfer of money to the RDA. Under Section 3, entitled "Reimbursement for City Administrative Costs," the City is not required to transfer any money to the former RDA for use by the RDA for a lawful purpose. Instead, the RDA was obligated to "compensate the City for all administrative costs incurred by the City after the date of this Agreement . . . and for unpaid City Administrative Costs incurred after 1985 but prior to the execution of this Agreement and accrued interest thereon." Thus, Section 3 does not qualify for reinstatement as it is not a loan for money; rather, as expressly stated, it is a reimbursement for city administrative costs incurred by the City. Section 4 likewise does not require the City to

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<sup>5</sup> It is also notable that the Staff Report provides no support for any finding for legitimate redevelopment purposes related to Section 4 of the 2003 Agreement.

<sup>6</sup> A third definition (§ 34191.4(b)(2)(B)) relates solely to real property transfers, which the Successor Agency does not assert is applicable to the 2003 Agreement.

transmit any money to the RDA.<sup>7</sup> In other words, no provision requires that the City transfer funds to the RDA; therefore, the 2003 Agreement does not meet this definition of "loan agreement."

In addition, **the 2003 Agreement does not contain a "required repayment schedule."** The Staff Report asserts that the 2003 Agreement contains a required repayment schedule. However, a careful review of the Staff Report and the 2003 Agreement indicates that the 2003 Agreement contains no such required repayment schedule. Sections 3, 4, and 5 of the 2003 Agreement all refer to the repayment terms contained in Section 6. Similarly, the Staff Report at pages 3 and 4 relies exclusively upon Section 6 of the 2003 Agreement. But Section 6 does not contain a required repayment schedule. Section 6 of the 2003 Agreement states in its entirety:

#### **6. REPAYMENT TERMS; SUBORDINATION**

Each repayment obligation of the Agency pursuant to this Agreement shall bear interest at the lesser of (a) eight percent (8%) per year, or (b) the maximum rate permitted by law (the "Applicable Interest Rate") unless otherwise stated. Each such repayment or reimbursement obligation and interest thereon shall be repayable solely from tax increment funds, if any, generated within the Project Area. It is understood that if tax increment funds from the Project Area fail to yield sufficient revenue to pay the repayment or reimbursement obligations of the Agency under this Agreement and interest thereon, the Agency is under no obligation to make such repayment or reimbursement to the extent tax increment funds are insufficient.

It is agreed by the parties hereto that all repayments and reimbursements to the City pursuant to this Agreement are hereby subordinated to any and all payments necessary to satisfy the Agency's obligations in connection with any existing or future bonded indebtedness or obligation which may be incurred by the Agency for the benefit of the redevelopment program or to the extent necessary for any bonded indebtedness for which the Agency has pledged as a security or source of repayment tax increment generated within the Project Area.

While Section 6 states an interest rate, a limitation on the source of funds, a non-payment carve-out if tax increment funds are not available, and a subordination provision, it contains no required payment schedule whatsoever.<sup>8</sup> Indeed, with the exception of the interest rate

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<sup>7</sup> The Successor Agency and City do not assert any claim related to Section 5 of the 2003 Agreement.

<sup>8</sup> As stated at page 2 of the Staff Report, "the former Redevelopment Agency, prior to dissolution never made any payment on the loan." This would further indicate that there was no required repayment schedule. Similarly, the Staff Report makes numerous unsupported assertions about the existence of a repayment schedule at pages 4 and 5 that must be rejected. For example, the Staff Report asserts that "[t]he obligation of the Agency to make annual payments, including interest, to the City is explicit and the formula for determining whether, or how much of a

provision, all of the provisions of Section 6 allow the RDA mechanisms to avoid payment. This is quite the opposite of a “required repayment schedule.” Therefore, the 2003 Agreement does not meet the relevant definition of loan agreement.

**b. The 2003 Agreement Does Not Meet the Definition of Loan Agreement under Section 34191.4(b)(2)(C)**

Under Section 34191.4(b)(2)(C), “loan agreement” is also defined to include:

(C)(i) An agreement between the former redevelopment agency and the city, county, or city and county that created the former redevelopment agency under which the city, county, or city and county that created the former redevelopment agency contracted with a third party on behalf of the former redevelopment agency for the development of infrastructure in connection with a redevelopment project as identified in a redevelopment project plan and the former redevelopment agency was obligated to reimburse the city, county, or city and county that created the former redevelopment agency for the payments made by the city, county, or city and county to the third party.

(ii) The total amount of loan repayments to a city, county, or city and county that created the former redevelopment agency for all loan agreements described in clause (i) shall not exceed five million dollars (\$5,000,000).

The Staff Report at page 3 asserts that Section 4, “Repayment of City Advance for Street and Other Improvements,” of the 2003 Agreement qualifies for reinstatement under this definition in an approximate amount of \$1,500,000. However, this definition is clearly inapplicable as the 2003 Agreement does not reference any contracts between the City and a third party relating to the development of infrastructure. The Successor Agency's wholly unsupported assertions with regard to the applicability of this definition should be rejected out of hand.

**B. The Oversight Board Cannot Properly Exercise its Fiduciary Duties**

As you are undoubtedly aware, the Oversight Board has a fiduciary duty to the affected taxing entities in the exercise of its powers. (§ 34179(i).) This duty cannot be fulfilled by the approval of Item No. 6.

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repayment is owed, is also explicit in the Agreement.” The 2003 Agreement contains no reference to annual payments and no formula for repayment.

Letter to Chair Linda LeZotte and Members  
Re: January 28, 2016 Oversight Board Meeting Agenda Item No. 6  
Date: January 28, 2016  
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### **1. Item No. 6 Was Not Properly Noticed**

The Agenda for the January 28, 2016 meeting contains an insufficient description of Item No. 6 under the Brown Act because it does not state which loan agreement the Successor Agency is seeking to reinstate.<sup>9</sup> The Sunnyvale RDA had numerous arrangements with the City, and so, until issuance of the Staff Report, members of the public were not given notice of which such arrangement was actually under consideration for restoration, a very critical fact. The Staff Report was issued late Tuesday, January 26, 2016, and so does not cure this violation.<sup>10</sup>

### **2. The Oversight Board and the Public Were Not Given the 2003 Agreement**

The official agenda materials and Staff Report do not provide a copy of the actual 2003 Agreement to Oversight Board members or the public. Substantively, it is not possible for the Oversight Board members to properly exercise their fiduciary duties when they are being asked to approve a loan agreement that they have not seen or reviewed.

### **3. The Staff Report is Grossly Misleading**

The Staff Report's heavy discussion of a 2012 County Auditor-Controller audit of the former redevelopment agency prepared by Macias, Ginni and O'Connell (the "AUP Audit") is grossly misleading. Consistent with a lack of transparency, the Successor Agency staff does not provide a copy of the AUP Audit in the agenda materials. While the Staff Report asserts on numerous occasions that the AUP Audit recognized that the 2003 Agreement could be restored under certain conditions, this statement is highly misleading. The AUP Audit's statement was based upon Health and Safety Code Section 34191.4 (b)(1) as it existed in September 2012. Because the Successor Agency did not receive its Finding of Completion until December 2015, Item No. 6 must comply with the current law which significantly narrows the types of loan agreements eligible for restoration, as discussed above. The 2012 version of Section 34191.4(b) discussed in the Staff Report is completely irrelevant, and the Successor Agency's emphasis on it is misleading.<sup>11</sup>

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<sup>9</sup> Pursuant to the Brown Act, public agencies, including the Oversight Board, are required to provide the public with adequate agenda item descriptions so that the public is aware of and may participate in public agency decision-making processes. (Gov. Code, § 54954.2 [at least 72 hours before a regular meeting, the legislative body of the local agency, or its designee, shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session. A brief general description of an item generally need not exceed twenty words].)

<sup>10</sup> In light of the very limited time that we have had to review the materials and Staff Report, we reserve the right to provide additional objections and reasons for disapproval.

<sup>11</sup> We also particularly object to the "Whereas" Clause in the Resolution that references the AUP Audit.

Letter to Chair Linda LeZotte and Members  
Re: January 28, 2016 Oversight Board Meeting Agenda Item No. 6  
Date: January 28, 2016  
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#### **4. The Staff Report Contains Numerous Unsupported Statements**

The Staff Report is replete with unsupported assertions. For example, the Staff Report states that each year the City would provide the former RDA with a loan in the amount necessary to cover the RDA's administrative expenses. However, there is no supporting documentation relating to these loans. Regardless, as stated above, this statement is also inconsistent with the express terms of the 2003 Agreement which operated as a reimbursement agreement. Similarly, the Successor Agency provides no documentation relating to its assertion that the \$1,500,000 item "relates to infrastructure costs for streets and other infrastructure in the project area." Under even a generous view of a fiduciary obligation, unsupported assertions cannot be the basis of Oversight Board findings.

#### **5. The Staff Report Misstates the Relevant Law**

The Staff Report does not provide the Oversight Board with either the actual 2003 Agreement or the relevant statutory language. Instead, the Staff Report inaccurately paraphrases the law and mischaracterizes the terms of the 2003 Agreement. For example, the Staff Report states that SB 107's amendment to Section 34191.4 is to require that a "loan eligible for repayment represent actual advances from the sponsoring community" and that the 2003 Agreement "met this criteria." However, Section 34191.4 does not use the word "advance."

For all of the foregoing reasons, we respectfully request that you deny this item so that additional, unnecessary litigation can be avoided.

Very truly yours,

ORRY P. KORB  
County Counsel



CHRISTOPHER CHELEDEN  
Lead Deputy County Counsel

CRC:crc



DEPARTMENT OF  
**FINANCE**

EDMUND G. BROWN JR. ■ GOVERNOR

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

November 18, 2015

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

Dear Mr. McQueen:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Sunnyvale Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on October 5, 2015. Finance has completed its review of the ROPS 15-16B.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 14 – Amended and Restated Reimbursement Agreement (Agreement) for 1998 Certificates of Participation in the amount of \$3,850,753 requested for ROPS 15-16B and total outstanding amount of \$30,314,960 is not allowed. Finance continues to deny this item. This item corresponds to Item No.13 listed on ROPS 14-15B and has been repeatedly denied.

The Agreement is between the Agency and the City of Sunnyvale for the purpose of reimbursing payments to the 1998 Certificates of Participation. Finance initially denied this item pursuant to HSC section 34171 (d) (2), which states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable obligations.

The Agency stated that this Agreement was reentered into pursuant to HSC section 34178 (a). However, it is our understanding that neither the OB nor Finance approved the terms of the Agreement. During the ROPS 14-15B Meet and Confer process, the Agency contended that the OB approved a motion on April 9, 2012. Based on the approved minutes dated May 14, 2012, a motion was moved and passed to approve the obligation for the 1998 Certificates of Participation as Item 2 on the ROPS subject to the Agency staff working out an appropriate reimbursement agreement. This OB action merely authorized staff to work out a reimbursement agreement; to our knowledge, it did not approve the reimbursement agreement that was entered into as the actual agreement was not presented to the OB for consideration. Moreover, the OB's motion did not contemplate any terms related to the proposed agreement. Therefore,

the actual reimbursement agreement that was entered into was never reviewed or approved by the OB nor was it provided to Finance for our review.

In addition, the obligation title states this is an amended and restated reimbursement agreement; however, it is our understanding that there is not an original reimbursement agreement to the 1998 Certificates of Participation. During the ROPS 14-15B Meet and Confer process, the Agency contended that the 2012 Amended and Restated Reimbursement Agreement is an amendment and restatement of the 1977 Reimbursement Agreement. However, the 1977 Reimbursement Agreement is not an enforceable obligation because it was not entered into at the time of issuance of the indebtedness obligations (the 1998 Certificates of Participation) nor was it solely for the purpose of securing or repaying those indebtedness obligations. The Agency did not provide an agreement that was entered into at the time of issuance of the indebtedness obligations (the 1998 Certificates of Participation) and solely for the purpose of securing or repaying those indebtedness obligations. Therefore, amended and restated is not an accurate description of the Agreement as there is no agreement specifically related to the 1998 Certificates of Participation to be amended and restated.

As such, this item is not an enforceable obligation and Redevelopment Property Tax Trust Fund (RPTTF) funding in the amount of \$3,850,753 is denied.

The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (2). However, Finance notes the OB has approved an amount that appears excessive given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to use adequate discretion when evaluating the administrative resources required to successfully wind-down the Agency.

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the county auditor-controller (CAC). The amount of RPTTF approved in the table on the next page includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

In addition, Finance noted on the Agency's ROPS 14-15B prior period adjustment worksheet, the Agency's expenditures exceeded Finance's authorization for the following items:

Other Funds totaling \$7,778 – Item No. 1, \$475; and Item No. 9, \$7,303.

Per HSC section 34177 (a) (3), only those payments listed on a ROPS may be made by the Agency from the funds specified on the ROPS up to the amount authorized by Finance. HSC sections 34177 (a) (4) and 34173 (h) (1) provide mechanisms when Agency payments must exceed the amounts authorized by Finance. Please ensure the proper expenditure authority is received from your OB and Finance prior to making payments on enforceable obligations.

Except for the item denied in whole, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, except for those items which are the subject of litigation disputing Finance's

previous or related determinations, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

[http://www.dof.ca.gov/redevelopment/meet\\_and\\_confer/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$340,899 as summarized in the Approved RPTTF Distribution table below:

<b>Approved RPTTF Distribution</b> <b>For the period of January through June 2016</b>	
Total RPTTF requested for non-administrative obligations	4,150,374
Total RPTTF requested for administrative obligations	125,000
<b>Total RPTTF requested for obligations on ROPS 15-16B</b>	<b>\$ 4,275,374</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>4,150,374</b>
<u>Denied Item</u>	
Item No. 14	(3,850,753)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 299,621</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>125,000</b>
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 125,000</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 424,621</b>
ROPS 14-15B prior period adjustment	(83,722)
<b>Total RPTTF approved for distribution</b>	<b>\$ 340,899</b>

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (I) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2016. This determination only applies to items when funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

Mr. Brice McQueen  
November 18, 2015  
Page 4

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. 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 Agency in the RPTTF.

Please direct inquiries to Wendy Griffe, Supervisor, or Jared Smith, Lead Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Grace Leung, Director of Finance, City of Sunnyvale  
Ms. Emily Harrison, Finance Agency Director, Santa Clara County

## Recognized Obligation Payment Schedule (ROPS 16-17) - Summary

Filed for the July 1, 2016 through June 30, 2017 Period

**Successor Agency:**

Sunnyvale

**County:**

Santa Clara

		<b>ROPS 16-17</b>		
		<b>16-17A Total</b>	<b>16-17B Total</b>	<b>Total</b>
<b>Current Period Requested Funding for Enforceable Obligations (ROPS Detail)</b>				
<b>A</b>	<b>Sources (B+C+D):</b>	\$	\$	\$
B	Bond Proceeds Funding	-	-	-
C	Reserve Balance Funding	-	-	-
D	Other Funding	-	-	-
<b>E</b>	<b>Enforceable Obligations Funded with RPTTF Funding (F+G):</b>	<b>\$ 2,015,179</b>	<b>\$ 322,921</b>	<b>\$ 2,338,100</b>
F	Non-Administrative Costs	1,890,179	197,921	2,088,100
G	Administrative Costs	125,000	125,000	250,000
<b>H</b>	<b>Current Period Enforceable Obligations (A+E):</b>	<b>\$ 2,015,179</b>	<b>\$ 322,921</b>	<b>\$ 2,338,100</b>

Certification of Oversight Board Chairman:

Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

\_\_\_\_\_  
Name \_\_\_\_\_ Title \_\_\_\_\_

/s/ \_\_\_\_\_  
Signature \_\_\_\_\_ Date \_\_\_\_\_

## Sunnyvale Recognized Obligation Payment Schedule (ROPS 16-17) - ROPS Detail

July 1, 2016 through June 30, 2017

(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W		
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 16-17 Total	16-17A					16-17A Total	16-17B					16-17B Total		
											Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)						Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)							
											Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin		Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin			
1	2003 Tax Allocation Refunding	Bonds Issued On or Before	11/6/2003	8/1/2022	U.S. Bank	1977 Bonds issued to fund		\$ 35,590,791		\$ 2,338,100	\$ -	\$ -	\$ -	\$ 1,890,179	\$ 125,000	\$ 2,015,179	\$ -	\$ -	\$ -	\$ 197,921	\$ 125,000	\$ 322,921		
2	1998 Certificates of Participation (Parking Facility Refunding)	Bonds Issued On or Before	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.		4,209,334	N	\$ 607,042				538,121		\$ 538,121					68,921		\$ 68,921	
3	Bond Covenants Other Than Principal and Interest Debt Service Payments	Bonds Issued On or Before	11/6/2003	10/1/2022	Professional services	Fees for trustee services, rebate analysis, disclosure consulting.		27,065	N	\$ 4,500				4,500		\$ 4,500					-		\$ -	
4	Repayment Obligations-1977 Loan Repayment Agreement	City/County Loans On or Before 6/27/11	5/1/1977	6/30/2017	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.			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.			N															
6	2010 Amended Disposition and Development and Owner Participation Agreement Article 4	OPA/DDA/Construction	8/2/2010	6/30/2026	State Water Resources Control Board, legal fees and environmental work costs	Investigation and remediation of hazardous materials.		827,702	N	\$ 207,000				138,000		\$ 138,000					69,000		\$ 69,000	
7	2010 Amended Disposition and Development and Owner Participation Agreement Management	Project Management Costs	8/2/2010	6/30/2026	Agency staff and professional services	To monitor and administer rights and obligations under the ADDOPA		386,546	N	\$ 120,000				60,000		\$ 60,000					60,000		\$ 60,000	
8	RDA Special Projects	Property Dispositions	7/1/2016	6/30/2017	Professional services	Technical and outside legal counsel services		137,549	N	\$ -						\$ -							\$ -	
9	Administration and operation of Successor Agency	Admin Costs	7/1/2016	6/30/2017	Agency staff and professional services	Administrative and legal services; audit fees; General Fund in-lieu payments for treasury and accounting support.		250,000	N	\$ 250,000				125,000	\$ 125,000							125,000	\$ 125,000	
10	Amended and Restated Reimbursement Agreement for 1998 Certificates of Participation	City/County Loans After 6/27/11	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 Town			N															
11	Legal fees	Legal	7/1/2016	6/30/2017	Goldfarb & Lipman	Litigation regarding enforceable obligations			N															
12	Low and Moderate Income Housing Fund Deferral Repayment	Miscellaneous	8/26/1986	6/30/2017	Housing Successor Agency	Under Section 34171(d)(1)(G), deferrals to the Low and Moderate Income Housing Fund are enforceable obligations. Pursuant to 34176(e)(6)(B), the repayment amount is equal to one half of the increase in residual tax revenue over the FY 2012/13 base year.		14,234,679	N	\$ 1,149,558				1,149,558		\$ 1,149,558						\$ -		
13	Amended and Restated Reimbursement Agreement for 1998 Certificates of Participation	City/County Loans After 6/27/11	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 Town			N															
14	Amended and Restated Reimbursement Agreement for 1998 Certificates of Participation	City/County Loans After 6/27/11	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 Town			N															
15	2003 Loan and Repayment Agreement Between the Redevelopment Agency of the City of Sunnyvale and the City of Sunnyvale	City/County Loan (Prior 06/28/11), Other	12/18/2003		City of Sunnyvale	Under Section 34191.4, loans of money for redevelopment purposes are eligible for repayment after receipt of a finding of completion provided that there was an obligation to repay the money pursuant to a repayment schedule. The repayment amount is equal to one half of the increase in residual tax revenue over the FY		15,517,916	N	\$ -					\$ -						\$ -			

**Sunnyvale Recognized Obligation Payment Schedule (ROPS 16-17) - Report of Cash Balances**  
**(Report Amounts in Whole Dollars)**

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [CASH BALANCE TIPS SHEET](#).

A	B	C	D	E	F	G	H	I
Cash Balance Information by ROPS Period		Fund Sources						Comments
		Bond Proceeds		Reserve Balance		Other	RPTTF	
		Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin	
<b>ROPS 15-16A Actuals (07/01/15 - 12/31/15)</b>								
1	Beginning Available Cash Balance (Actual 07/01/15)	1,926,729					235,471	Prior PPA
2	Revenue/Income (Actual 12/31/15) RPTTF amounts should tie to the ROPS 15-16A distribution from the County Auditor-Controller during June 2015	1,543,906				14,200,328	695,572	approved less PPA
3	Expenditures for ROPS 15-16A Enforceable Obligations (Actual 12/31/15)	1,543,446				14,200,328	676,105	
4	Retention of Available Cash Balance (Actual 12/31/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)							
5	ROPS 15-16A RPTTF Balances Remaining	No entry required						
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ 1,927,189	\$ -	\$ -	\$ -	\$ -	\$ 254,938	
<b>ROPS 15-16B Estimate (01/01/16 - 06/30/16)</b>								
7	Beginning Available Cash Balance (Actual 01/01/16) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ 1,927,189	\$ -	\$ -	\$ -	\$ -	\$ 254,938	
8	Revenue/Income (Estimate 06/30/16) RPTTF amounts should tie to the ROPS 15-16B distribution from the County Auditor-Controller during January 2016						340,899	
9	Expenditures for ROPS 15-16B Enforceable Obligations (Estimate 06/30/16)						424,621	
10	Retention of Available Cash Balance (Estimate 06/30/16) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)						-	
11	Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)	\$ 1,927,189	\$ -	\$ -	\$ -	\$ -	\$ 171,216	

Sunnyvale Recognized Obligation Payment Schedule (ROPS 16-17) - Notes July 1, 2016 through June 30, 2017

Item #	Notes/Comments
ROPS #15	ROPS Detail Item 15 - The total outstanding debt or obligation listed for ROPS Item 15 is the principal balance that was identified in the AUP Audit as of 1/31/2012.