

# 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 OBJECTION TO ROPS

January 17, 2019

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

Redevelopment Dissolution Countywide Oversight Board of Santa Clara County  
70 West Hedding Street  
San Jose, CA 95110

Department of Finance  
915 L Street  
Sacramento, CA 95814

**ROPS Period:** ROPS 19-20 (July 1, 2019 – June 30, 2020)  
**Successor Agency:** City of Sunnyvale

To the Successor Agency, Countywide 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 item and/or funding source on the submitted ROPS:

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

The Successor Agency has requested administrative costs totaling \$192,400 for the fiscal year. While this amount is within the administrative cost allowance cap, the requested amount is excessive, particularly when compared with other agencies within Santa Clara County and given the number and nature of the obligations listed on the ROPS.

Successor Agency: City of Sunnyvale  
Notice of Objection to ROPS 19-20  
January 17, 2019

Furthermore, the Successor Agency separately requests additional administrative funding to support project costs for the Town Center Disposition and Development and Owner Participation Agreement (ROPS Item 17). Therefore, the administrative costs in Item 9 shall not include project costs in accordance to Health and Safety Code section 34171(b).

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 15-16A through ROPS 17-18 determination letters dated May 15, 2015, December 17, 2015, April 13, 2016, and April 5, 2017:

... 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 apply adequate oversight 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.

Sincerely yours,



Alan Minato  
Director of Finance  
County of Santa Clara

Attachments: ROPS 19-20 as submitted to the County Auditor-Controller by Successor Agency

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

**Recognized Obligation Payment Schedule (ROPS 19-20) - Summary  
Filed for the July 1, 2019 through June 30, 2020 Period**

**Successor Agency:** Sunnyvale  
**County:** Santa Clara

<b>Current Period Requested Funding for Enforceable Obligations (ROPS Detail)</b>	<b>19-20A Total (July - December)</b>	<b>19-20B Total (January - June)</b>	<b>ROPS 19-20 Total</b>
<b>A Enforceable Obligations Funded as Follows (B+C+D):</b>	\$ -	\$ -	\$ -
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
<b>E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):</b>	\$ <b>3,708,411</b>	\$ <b>481,133</b>	\$ <b>4,189,544</b>
F RPTTF	3,597,411	399,733	3,997,144
G Administrative RPTTF	111,000	81,400	192,400
<b>H Current Period Enforceable Obligations (A+E):</b>	\$ <b>3,708,411</b>	\$ <b>481,133</b>	\$ <b>4,189,544</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 19-20) - ROPS Detail**

**July 1, 2019 through June 30, 2020**

**(Report Amounts in Whole Dollars)**

A	B	C	D	E	F	G	H	I	J	K	19-20A (July - December)					19-20B (January - June)					W		
											Fund Sources					Fund Sources							
											L	M	N	O	P	Q	R	S	T	U		V	
																							Bond Proceeds
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 19-20 Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20B Total	
								\$ 13,481,643		\$ 4,189,544	\$ 0	\$ 0	\$ 0	\$ 3,597,411	\$ 111,000	\$ 3,708,411	\$ 0	\$ 0	\$ 0	\$ 399,733	\$ 81,400	\$ 481,133	
1	2003 Tax Allocation Refunding	Bonds Issued On or Before	11/6/2003	8/1/2022	U S Bank	1977 Bonds issued to fund	Central Core	2,396,520	N	\$ 601,138				563,605		\$ 563,605				37,533		\$ 37,533	
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.	Central Core		N	\$ -						\$ -						\$ -	
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.	Central Core	9,355	N	\$ 2,500				2,500		\$ 2,500							\$ -
4	Repayment Obligations-1977 Loan Repayment Agreement	City/County Loan (Prior 06/28/11), Other	5/1/1977	6/30/2019	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		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	6/30/2026	State Water Resources Control Board, legal fees, environmental work costs	Investigation and remediation of hazardous materials.	Central Core		Y	\$ -						\$ -							\$ -
7	2010 Amended Disposition and Development and Owner Participation Agreement Mgmt	Project Management Costs	8/2/2010	6/30/2026	Agency staff and professional services	To monitor and administer rights and obligations under the ADDOPA	Central Core		Y	\$ -						\$ -							\$ -
8	RDA Special Projects	Property Dispositions	7/1/2019	6/30/2020	Professional services	Technical and outside legal counsel services	Central Core	137,549	N	\$ -						\$ -							\$ -
9	Administration and operation of Successor Agency	Admin Costs	7/1/2019	6/30/2020	Agency staff and professional services	Administrative and legal services; audit fees; General Fund in-lieu payments for treasury and accounting	Central Core	250,000	N	\$ 192,400					111,000	\$ 111,000						81,400	\$ 81,400
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 Center DDA.	Central Core		N	\$ -						\$ -							\$ -
11	Legal fees	Legal	7/1/2016	6/30/2017	Goldfarb & Lipman	Litigation regarding enforceable obligations	Central Core		N	\$ -						\$ -							\$ -
12	Low and Moderate Income Housing Fund Deferral Repayment	Miscellaneous	8/26/1986	6/30/2022	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.	Central Core	9,066,758	N	\$ 2,557,519				2,557,519		\$ 2,557,519							\$ -
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 Center DDA.	Central Core		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 Center DDA.	Central Core		N	\$ -						\$ -							\$ -
16	Town Center Disposition and Development and Owner Participation Agreement Article 4	OPA/DDA/Construction	9/23/2016	6/30/2030	State Water Resources Control Board, legal fees and environmental work costs	Investigation and remediation of hazardous materials.	Central Core	1,259,874	N	\$ 674,400				337,200		\$ 337,200				337,200			\$ 337,200
17	Town Center Disposition and Development and Owner Participation Agreement Mgmt	Project Management Costs	9/23/2016	6/30/2030	Agency staff and professional services	To monitor and administer rights and obligations under the Town Center Development Agreement.	Central Core	250,000	N	\$ 50,000				25,000		\$ 25,000				25,000			\$ 25,000
18	2003 Loan and Repayment Agreement Section 3 Administrative and Operating Costs	City/County Loan (Prior 06/28/11), Cash exchange	12/18/2003	6/30/2028	City of Sunnyvale	Reimbursement of RDA administrative and operating costs for Project Area.	Central Core		N	\$ -						\$ -							\$ -
19	2003 Loan and Repayment Agreement Section 4 Downtown Street and Other Infrastructure Costs	City/County Loan (Prior 06/28/11), Cash exchange	12/18/2003	6/30/2028	City of Sunnyvale	Repayment of \$1.5M loan for street and other infrastructure improvement costs in the Project Area.	Central Core		N	\$ -						\$ -							\$ -
20	Town Center Disposition and Development and Owner Participation Agreement Article 4 - FY17-18 Catch-up Payments	OPA/DDA/Construction	9/23/2016	6/30/2030	State Water Resources Control Board, legal fees and environmental work costs	Investigation and remediation of hazardous materials. Obligations in FY17-18 which exceeded ROPS schedule	Central Core	111,587	N	\$ 111,587				111,587		\$ 111,587							\$ -

**Sunnyvale Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances**  
**July 1, 2016 through June 30, 2017**  
**(Report Amounts in Whole Dollars)**

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
		<b>Fund Sources</b>					
		<b>Bond Proceeds</b>		<b>Reserve Balance</b>	<b>Other Funds</b>	<b>RPTTF</b>	
	<b>ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)</b>	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, Grants, Interest, etc.	Non-Admin and Admin	<b>Comments</b>
<b>1</b>	<b>Beginning Available Cash Balance (Actual 07/01/16)</b> RPTTF amount should exclude "A" period distribution amount	1,925,384				61,750	
<b>2</b>	<b>Revenue/Income (Actual 06/30/17)</b> RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller	22,220			8,250	2,338,100	June 2016+Jan. 2017 RPTTF = 2,015,179+322,921
<b>3</b>	<b>Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)</b>	13,200			8,250	2,061,194	Total Cash expenses subtract interest income earned.
<b>4</b>	<b>Retention of Available Cash Balance (Actual 06/30/17)</b> RPTTF amount retained should only include the amounts distributed as reserve for future period(s)						
<b>5</b>	<b>ROPS 16-17 RPTTF Prior Period Adjustment</b> RPTTF amount should tie to the Agency's ROPS 16-17 PPA form submitted to the CAC	No entry required					276,906
<b>6</b>	<b>Ending Actual Available Cash Balance (06/30/17)</b> C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 1,934,404	\$ 0	\$ 0	\$ 0	\$ 61,750	

