

# 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 22, 2020

City of Sunnyvale Successor Agency  
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 20-21 (July 1, 2020 – June 30, 2021)  
**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 \$154,175 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.

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).

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Successor Agency: City of Sunnyvale  
Notice of Objection to ROPS 20-21  
January 22, 2020

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.

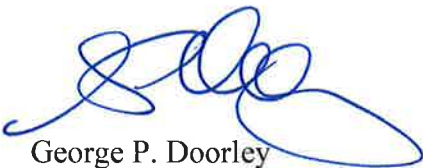
Accordingly, the administrative cost amount should be reduced to an amount appropriate for the number and nature of the obligations listed on the ROPS.

**Items 16 and 17 – Town Center Disposition and Development and Owner Participation Agreement Article 4 and Management**

The Successor Agency has requested costs totaling \$133,466 and \$80,500, respectively, for ROPS 20-21. These represent significant increases of 91% from the \$70,000 and 61% from the \$50,000, respectively, from previous ROPS 19-20. In making these significantly increased requests, the Successor Agency has not provided any solid justification other than a list of potential expenditures and a claim of complexity of the project. There was no estimate from the contracted parties, and no proposal was provided. These requested increases are not properly supported and the requested amounts should be reduced.

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,



George P. Doorley  
Controller-Treasurer  
County of Santa Clara

Attachments: ROPS 20-21 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 20-21) - Summary  
Filed for the July 1, 2020 through June 30, 2021 Period**

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

| <b>Current Period Requested Funding for Enforceable Obligations (ROPS Detail)</b> | <b>20-21A Total<br/>(July -<br/>December)</b> | <b>20-21B Total<br/>(January -<br/>June)</b> | <b>ROPS 20-21<br/>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>\$ 3,679,040</b>                           | <b>\$ 209,834</b>                            | <b>\$ 3,888,874</b>         |
| F RPTTF   | 3,601,953                                     | 132,746                                      | 3,734,699                   |
| G Administrative RPTTF  | 77,087  | 77,088                                       | 154,175                     |
| <b>H Current Period Enforceable Obligations (A+E)</b>                             | <b>\$ 3,679,040</b>                           | <b>\$ 209,834</b>                            | <b>\$ 3,888,874</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 20-21) - ROPS Detail**  
**July 1, 2020 through June 30, 2021**

| 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   | Obligation Type                          | Agreement Execution Date | Agreement Termination Date | Payee                 | Description  | Project Area | Total Outstanding Obligation | Retired | ROPS 20-21 Total | ROPS 20-21A (Jul - Dec) |                 |             |             |             | 20-21A Total | ROPS 20-21B (Jan - Jun) |                 |             |           |             | 20-21B Total |
|        |  |  |                          |                            |                       |  |              |                              |         |                  | Fund Sources            |                 |             |             |             |              | Fund Sources            |                 |             |           |             |              |
|        |  |  |                          |                            |                       |  |              |                              |         |                  | Bond Proceeds           | Reserve Balance | Other Funds | RPTTF       | Admin RPTTF |              | Bond Proceeds           | Reserve Balance | Other Funds | RPTTF     | Admin RPTTF |              |
|        |  |  |                          |                            |                       |  |              | \$9,993,074                  |         | \$3,888,874      | \$-                     | \$-             | \$-         | \$3,601,953 | \$77,087    | \$3,679,040  | \$-                     | \$-             | \$-         | \$132,746 | \$77,088    | \$209,834    |
| 1      | 2003 Tax Allocation Refunding Bonds                                    | Bonds Issued On or Before 12/31/10       | 11/06/2003               | 08/01/2022                 | 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 | 1,795,382                    | N       | \$598,295        | -                       | -               | -           | 572,532     | -           | \$572,532    | -                       | -               | -           | 25,763    | -           | \$25,763     |
| 2      | 1998 Certificates of Participation (Parking Facility Refunding)        | Bonds Issued On or Before 12/31/10       | 03/06/1998               | 10/01/2022                 | 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 12/31/10       | 11/06/2003               | 10/01/2022                 | Professional services | Fees for trustee services, rebate analysis, disclosure consulting.   | Central Core | 6,855                        | N       | \$2,500          | -                       | -               | -           | 2,500       | -           | \$2,500      | -                       | -               | -           | -         | -           | \$-          |
| 4      | Repayment Obligations-1977 Loan Repayment Agreement                    | City/County Loan (Prior 06/28/11), Other | 05/01/1977               | 06/30/2019                 | 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 | Central Core | -                            | N       | \$-              | -                       | -               | -           | -           | -           | \$-          | -                       | -               | -           | -         | -           | \$-          |

| 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   | Obligation Type                  | Agreement Execution Date | Agreement Termination Date | Payee                                  | Description   | Project Area | Total Outstanding Obligation | Retired | ROPS 20-21 Total | ROPS 20-21A (Jul - Dec) |                 |             |       |             | 20-21A Total | ROPS 20-21B (Jan - Jun) |                 |             |       |             | 20-21B Total |          |
|        |  |                                  |                          |                            |  |   |              |                              |         |                  | Fund Sources            |                 |             |       |             |              | Fund Sources            |                 |             |       |             |              |          |
|        |  |                                  |                          |                            |  |   |              |                              |         |                  | Bond Proceeds           | Reserve Balance | Other Funds | RPTTF | Admin RPTTF |              | Bond Proceeds           | Reserve Balance | Other Funds | RPTTF | Admin RPTTF |              |          |
|        |  |                                  |                          |                            |  | (including transfer of land) which aided in the planning, acquisition, and construction of the Project.   |              |                              |         |                  |                         |                 |             |       |             |              |                         |                 |             |       |             |              |          |
| 5      | 2010 Amended Disposition and Development and Owner Participation Agreement Article 8 | OPA/DDA/ Construction            | 08/02/ 2010              | 06/30/2026                 | Town Center Developer                  | Annual payment in consideration for the developer constructing and operating the required public improvements.  | Central Core | -                            | N       | \$-              | -                       | -               | -           | -     | -           | \$-          | -                       | -               | -           | -     | -           | \$-          |          |
| 8      | RDA Special Projects   | Property Dispositions            | 07/01/ 2020              | 06/30/2021                 | Professional services                  | Technical and outside legal counsel services  | Central Core | 137,549                      | N       | \$-              | -                       | -               | -           | -     | -           | \$-          | -                       | -               | -           | -     | -           | \$-          |          |
| 9      | Administration and operation of Successor Agency                                     | Admin Costs                      | 07/01/ 2020              | 06/30/2021                 | Agency staff and professional services | Administrative and legal services; audit fees; General Fund in-lieu payments for treasury and accounting  | Central Core | 154,175                      | N       | \$154,175        | -                       | -               | -           | -     | 77,087      | \$77,087     | -                       | -               | -           | -     | -           | 77,088       | \$77,088 |
| 10     | Amended and Restated Reimbursement Agreement for 1998 Certificates of Participation  | City/County Loans After 6/ 27/11 | 04/24/ 2012              | 10/01/2022                 | 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 | Central Core | -                            | N       | \$-              | -                       | -               | -           | -     | -           | \$-          | -                       | -               | -           | -     | -           | \$-          |          |

| 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  | Obligation Type                 | Agreement Execution Date | Agreement Termination Date | Payee                    | Description   | Project Area | Total Outstanding Obligation | Retired | ROPS 20-21 Total | ROPS 20-21A (Jul - Dec) |                 |             |           |             | 20-21A Total | ROPS 20-21B (Jan - Jun) |                 |             |       |             | 20-21B Total |
|        |   |                                 |                          |                            |                          |   |              |                              |         |                  | Fund Sources            |                 |             |           |             |              | Fund Sources            |                 |             |       |             |              |
|        |   |                                 |                          |                            |                          |   |              |                              |         |                  | Bond Proceeds           | Reserve Balance | Other Funds | RPTTF     | Admin RPTTF |              | Bond Proceeds           | Reserve Balance | Other Funds | RPTTF | Admin RPTTF |              |
|        |   |                                 |                          |                            |                          | Town Center DDA.  |              |                              |         |                  |                         |                 |             |           |             |              |                         |                 |             |       |             |              |
| 11     | Legal fees  | Legal                           | 07/01/2016               | 06/30/2017                 | Goldfarb & Lipman        | Litigation regarding enforceable obligations  | Central Core | -                            | N       | \$-              | -                       | -               | -           | -         | -           | \$-          | -                       | -               | -           | -     | -           | \$-          |
| 12     | Low and Moderate Income Housing Fund Deferral Repayment                             | Miscellaneous                   | 08/26/1986               | 06/30/2022                 | 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 | 6,509,239                    | N       | \$2,919,938      | -                       | -               | -           | 2,919,938 | -           | \$2,919,938  | -                       | -               | -           | -     | -           | \$-          |
| 13     | Amended and Restated Reimbursement Agreement for 1998 Certificates of Participation | City/County Loans After 6/27/11 | 04/24/2012               | 10/01/2022                 | 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   | City/County                     | 04/24/                   | 10/01/2022                 | City of                  | Under Section   | Central      | -                            | N       | \$-              | -                       | -               | -           | -         | -           | \$-          | -                       | -               | -           | -     | -           | \$-          |

| 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  | Obligation Type                                  | Agreement Execution Date | Agreement Termination Date | Payee  | Description  | Project Area | Total Outstanding Obligation | Retired | ROPS 20-21 Total | ROPS 20-21A (Jul - Dec) |                 |             |        |             | 20-21A Total | ROPS 20-21B (Jan - Jun) |                 |             |        |             | 20-21B Total |  |
|        |   |  |                          |                            |  |  |              |                              |         |                  | Fund Sources            |                 |             |        |             |              | Fund Sources            |                 |             |        |             |              |  |
|        |   |  |                          |                            |  |  |              |                              |         |                  | Bond Proceeds           | Reserve Balance | Other Funds | RPTTF  | Admin RPTTF |              | Bond Proceeds           | Reserve Balance | Other Funds | RPTTF  | Admin RPTTF |              |  |
|        | Restated Reimbursement Agreement for 1998 Certificates of Participation             | Loans After 6/27/11                              | 2012                     |                            | Sunnyvale  | 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. | Core         |                              |         |                  |                         |                 |             |        |             |              |                         |                 |             |        |             |              |  |
| 16     | Town Center Disposition and Development and Owner Participation Agreement Article 4 | OPA/DDA/ Construction                            | 09/23/2016               | 06/30/2030                 | State Water Resources Control Board, legal fees and environmental work costs | Investigation and remediation of hazardous materials.  | Central Core | 1,189,874                    | N       | \$133,466        | -                       | -               | -           | 66,733 | -           | \$66,733     | -                       | -               | -           | 66,733 | -           | \$66,733     |  |
| 17     | Town Center Disposition and Development and Owner Participation Agreement Mgmt      | Project Management Costs                         | 09/23/2016               | 06/30/2030                 | Agency staff and professional services                                       | To monitor and administer rights and obligations under the Town Center Development Agreement.  | Central Core | 200,000                      | N       | \$80,500         | -                       | -               | -           | 40,250 | -           | \$40,250     | -                       | -               | -           | 40,250 | -           | \$40,250     |  |
| 18     | 2003 Loan and Repayment Agreement Section 3 Administrative and Operating Costs      | City/County Loan (Prior 06/28/11), Cash exchange | 12/18/2003               | 06/30/2028                 | 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               | City/County Loan (Prior 06/28/11), Cash exchange | 12/18/2003               | 06/30/2028                 | City of Sunnyvale  | Repayment of \$1.5M loan for street and other infrastructure improvement costs in the  | Central Core | -                            | N       | \$-              | -                       | -               | -           | -      | -           | \$-          | -                       | -               | -           | -      | -           | \$-          |  |

| 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  | Obligation Type       | Agreement Execution Date | Agreement Termination Date | Payee  | Description   | Project Area | Total Outstanding Obligation | Retired | ROPS 20-21 Total | ROPS 20-21A (Jul - Dec) |                 |             |       |             | 20-21A Total | ROPS 20-21B (Jan - Jun) |                 |             |       |             | 20-21B Total |
|        |   |                       |                          |                            |  |   |              |                              |         |                  | Fund Sources            |                 |             |       |             |              | Fund Sources            |                 |             |       |             |              |
|        |   |                       |                          |                            |  |   |              |                              |         |                  | Bond Proceeds           | Reserve Balance | Other Funds | RPTTF | Admin RPTTF |              | Bond Proceeds           | Reserve Balance | Other Funds | RPTTF | Admin RPTTF |              |
|        | Infrastructure Costs  |                       |                          |                            |  | Project Area.   |              |                              |         |                  |                         |                 |             |       |             |              |                         |                 |             |       |             |              |
| 20     | Town Center Disposition and Development and Owner Participation Agreement Article 4 - FY17-18 Catch-up Payments | OPA/DDA/ Construction | 09/23/ 2016              | 06/30/2030                 | 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 |              | -                            | Y       | \$-              | -                       | -               | -           | -     | -           | \$-          | -                       | -               | -           | -     | -           | \$-          |



**Sunnyvale**  
**Recognized Obligation Payment Schedule (ROPS 20-21) - Notes**  
**July 1, 2020 through June 30, 2021**

| Item # | Notes/Comments  |
|--------|---|
| 1      |   |
| 2      |   |
| 3      |   |
| 4      |   |
| 5      |   |
| 8      |   |
| 9      |   |
| 10     |   |
| 11     |   |
| 12     | Based on County estimate. To be updated with actuals in January 2020. |
| 13     |   |
| 14     |   |
| 16     |   |
| 17     |   |
| 18     |   |
| 19     |   |
| 20     |   |