



Memorandum

TO: SUCCESSOR AGENCY BOARD

FROM: Julia H. Cooper

SUBJECT: SEE BELOW

DATE: June 1, 2020

Approved

Date

6/4/20

**SUBJECT: SUCCESSOR AGENCY BOARD APPROVAL OF THE JULY 1, 2020 –
JUNE 30, 2021 ADMINISTRATIVE BUDGET AND ANNUAL
RECOGNIZED OBLIGATION PAYMENT SCHEDULE 2020-21**

RECOMMENDATION

It is recommended that the Successor Agency Board adopt resolutions approving:

- (a) The Administrative Budget for July 1, 2020 through June 30, 2021; and
- (b) The Recognized Obligation Payment Schedule 2020-21 (the “ROPS 20-21”) and authorizing payment of expenditures for items on ROPS 20-21, which details the obligations of the Successor Agency for the period of July 1, 2020 through June 30, 2021.

OUTCOME

Approval of these resolutions provides budget authority for the Successor Agency to pay for expenditures as available funding permits in accordance with the priority of obligations.

EXECUTIVE SUMMARY

Under the legislation dissolving redevelopment agencies, a Successor Agency is required to submit a Recognized Obligation Payment Schedule (“ROPS”) and Administrative Budget to the Countywide Oversight Board (“County Board”) and California Department of Finance (“DOF”) for their approval every fiscal year.

The following documents related to the Annual ROPS 20-21 are attached:

- Attachment #1: Successor Agency Administrative Budget Summary
- Attachment #2: Successor Agency Personnel Costs Detail
- Attachment A: ROPS Schedule 20-21 – Summary
- Attachment B: ROPS Schedule 20-21 – ROPS Detail
- Attachment C: ROPS Schedule 20-21 – Report of Cash Balances
- Attachment D: ROPS Schedule 20-21 – Notes
- Exhibit A: County Notice of Objection Letter to ROPS 20-21
- Exhibit B: DOF Final Determination Letter ROPS 20-21

The Annual ROPS 2020-21 was approved by the County Board on January 30, 2020 and submitted to the DOF on January 31, 2020 prior to the February 1st submission deadline. The DOF completed its review of the ROPS 20-21 and released its final determination of enforceable obligations listed on the ROPS and approval of Redevelopment Property Tax Trust Fund (RPTTF) funding on April 14, 2020.

The ROPS 20-21 includes obligations due during the reporting period of July 1, 2020 through June 30, 2021. Currently, approval of these items by the Successor Agency Board provides budget authority for expenditures as available funding permits in accordance with the priority of obligations.

BACKGROUND

Pursuant to Health and Safety Code (HSC) 34177, each Successor Agency was required to submit a ROPS to the DOF every six months. Effective September 22, 2015, the preparation and approval of the ROPS was changed from a bi-annual process to an annual process for the fiscal period beginning July 1, 2016. On December 1, 2016, DOF provided the new template for the ROPS 17-18 which requires payment amounts to be reported in the “A” and/or “B” periods. Included in the ROPS 20-21 Schedule is a Summary of the 20-21 ROPS, ROPS 20-21 Detail, ROPS 17-18 Report of Cash Balances (3 years in arrears from current ROPS), and ROPS 20-21 Notes section.

Starting in 2018 on October 1 each year, pursuant to HSC section 34186 (c), agencies are required to submit their Prior Period Adjustment (PPA) form to the County Auditor-Controller (CAC) for review. After review, the CAC submits the PPA to the DOF by February 1. To allow for the transition to an annual ROPS, the DOF has removed the PPA form to allow reporting of actual expenditures for a 12-month period. Pursuant to HSC section 34177 (o) (1) (E), not more than once per ROPS period, a successor agency may submit an amendment to the current ROPS approved by DOF.

ANALYSIS

A. Review of ROPS by County Auditor-Controller

The County Auditor-Controller (CAC) is authorized, but not required, to review the ROPS and transmit objections to any items not demonstrated to be enforceable obligations to the Successor Agency, County Board, DOF. On January 30, 2020, the CAC sent via email a Notice of Objection to the ROPS 20-21 dated January 22, 2020. The City did not have a chance to read and react to the Notice of Objection before the County Board meeting. The objection was for line 273 on the ROPS 20-21. The Successor Agency requested a reimbursement of \$145,259 to the City for demolition related costs of a Redevelopment Agency owned property located at 645 Park Avenue (KNTV Building) as a result of a 5 alarm fire in 2014. At that time the Successor Agency was in an insufficient status and could not pay for those costs. The County did not agree to the obligation because they believe the expenses did not qualify as an enforceable obligation by statute and was not properly supported by detailed invoices. At the meeting the City and County Board agreed to eliminate the amount due (\$145,259) in the RPTTF column for line 273 but kept the line as an obligation on the ROPS 20-21. The City staff will continue the search for detailed invoices and add the amount onto the Amended ROPS 20-21 if the invoices are found.

B. Administrative Budget for July 1, 2019 – June 30, 2020 (Attachments #1-2)

The Redevelopment Dissolution Law requires that the Successor Agency prepare an Administrative Budget for County Board approval. The Administrative Budget includes operating costs (unemployment costs and professional contractual services), and City support services. Each budget line item references the payee name, description of work, source of payment, and an annual total.

Attachment #1: Summarizes the total Administrative Budget for the fiscal period July 1, 2020 through June 30, 2021 totaling \$273,893 which includes City staffing costs, bank fees, and external audit services.

The FY 2020-21 Administrative Budget for the Successor Agency administrative costs reflects a reduction of (\$176,107) or 39% from the Approved Administrative Budget for FY 2019-20. This significant reduction is mostly the result of a 46% decrease in staffing levels to support the work of the Successor Agency and elimination of unemployment payments.

Attachment #2: Provides the total salary and benefits costs, and FTEs, for the City Support Services to the Successor Agency in the ROPS 20-21. City Support Services include staff from the City Attorney's Office (0.10 FTE) and Finance Department (0.87 FTE). These costs are reflected in total on Attachment #1 to this memorandum, which summarizes Administrative costs included in the ROPS 20-21. There is a reduction of 38% (\$129,556) in personnel costs and 0.83 full-time equivalent (FTE) reduction in staffing levels from FY 2019-20.

The source of funding for the Successor Agency Administrative Budget will be the Redevelopment Property Tax Trust Fund (RPTTF), formerly tax increment dollars. The administrative activities performed by City staff on behalf of the Successor Agency will be reimbursed from RPTTF funds.

C. Review of ROPS by DOF

The DOF completed its review of ROPS 20-21 on April 14, 2020. Based on a sample of line items reviewed and application of the law, DOF made the following determinations:

- Item No. 268 - Analytical Review of Rating Agencies in the total outstanding amount of \$20,000 was not allowed. The Successor Agency was requesting funding for rating agencies who perform periodic surveillance for credit ratings; however, the Successor Agency did not provide sufficient documentation to support the requested amount. It was also undetermined whether these professional services will be needed in the Annual ROPS 20-21 period, and funding contingencies is not allowed. Therefore, the requested amount of \$20,000 is not allowed from RPTTF funds. To the extent the Successor Agency can provide suitable documentation, such as an executed contract or agreement to support the requested amount, the item may be considered for funding on a future ROPS.
- Item No. 269 - Administrative Expenses for Successor Agency. The Successor Agency requested \$82,590 from Other Funds in error. According to the Successor Agency, the amount requested for the July 1, 2020 through December 31, 2020 period (ROPS 20-21 A period) should be \$166,977 from Administrative RPTTF. Therefore, to accurately reflect the correct amount, DOF made an adjustment in the amount of \$82,590 to increase the Administrative RPTTF from \$84,387 to \$166,977, and to decrease the Other Funds requested from \$82,590 to \$0. This is a technical adjustment.
- Item No. 261 - 2017 Successor Agency Senior Refunding Bonds Series A-T in the amount of \$107,294,025 was partially reclassified. On the ROPS 20-21 form, the Successor Agency reported cash balances and activity for the period July 1, 2017 through June 30, 2018 (ROPS 17-18). According to DOF review, the Successor Agency has approximately \$8,685,654 in non-RPTTF funds available to fund enforceable obligations on the ROPS 20-21. The Successor Agency was requesting \$8,832,323 in Other Funds for this obligation which is more than available according to the cash balance form. Therefore, DOF increased the Successor Agency's RPTTF request by \$146,669 (\$8,832,323 - \$8,685,654) to ensure adequate funding for this obligation. This is a technical adjustment.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the ROPS 17-18 period. Reported differences in RPTTF are used to offset current RPTTF distributions. The

County Auditor-Controller's review of the prior period adjustment form submitted by the Agency resulted in no prior period adjustment.

The Successor Agency's maximum approved RPTTF distribution for the ROPS 20-21 period is \$136,275,309, as summarized in the Approved RPTTF Distribution table (see Exhibit B Table for details).

CONCLUSION

Approval of the Administrative Budget for July 1, 2020 through June 30, 2021 and ROPS 20-21 provides budget authority for the Successor Agency to pay for expenditures for items on ROPS 20-21 as available funding permits in accordance with the priority of obligations.

EVALUATION AND FOLLOW-UP

Health and Safety Code Section 34177 (o) (1) (E) allows the Successor Agency to amend its ROPS once prior to October 1 during the reporting period.

CLIMATE SMART SAN JOSE

The recommendation in this memo has no effect on Climate Smart San Jose energy, water, or mobility goals.

PUBLIC OUTREACH/INTEREST

The memorandum will be posted on or about June 5, 2020 for consideration at the City Council/Successor Agency Board meeting on June 16, 2020.

COORDINATION

This memorandum has been prepared by the City Finance Department in coordination with the City Attorney's Office and the City Manager's Budget Office.

COST SUMMARY/IMPLICATIONS

The ROPS 20-21 reflects obligations due during the reporting period of July 1, 2020 through June 30, 2021. The Successor Agency has sufficient funds to pay for all enforceable obligations, including administrative costs previously funded by the City.

SUCCESSOR AGENCY BOARD

June 1, 2020

Subject: Successor Agency's July 2020 – June 2021 Administrative Budget and Annual ROPS 2020-21

Page 6

CEQA

Not a Project, File No. PP10-067(b), appropriation ordinance.

/s/

JULIA H. COOPER
Chief Financial Officer

Attachments:

- Attachment #1: Successor Agency Administrative Budget Summary
- Attachment #2: Successor Agency Personnel Costs Detail
- Attachment A: ROPS Schedule 20-21 – Summary
- Attachment B: ROPS Schedule 20-21 – ROPS Detail
- Attachment C: ROPS Schedule 17-18 – Report of Cash Balances
- Attachment D: ROPS Schedule 20-21 – Notes
- Exhibit A: County Notice of Objection Letter to ROPS 20-21
- Exhibit B: DOF Final Determination Letter ROPS 20-21

For more information, contact Julia H. Cooper, Chief Financial Officer for the Successor Agency, at 408-535-7011.

**Successor Agency Administrative Budget
20-21 ROPS
July 2020-June 2021**

		APPROVED BUDGET FY19- 20 TOTAL	BUDGET 20-21A	BUDGET 20-21B	BUDGET 20-21	SAVINGS
PAYEE	DESCRIPTION OF WORK					
City of San Jose	Personnel costs for operations (refer to Attachment #2)	338,588	104,516	104,516	209,032	129,556
EDD	Unemployment payments of former staff	35,100	0	0	0	35,100
Macias, Gini & O'Connell LLP	Financial Audit Services - Annual Audit	58,312	60,061	0	60,061	(1,749)
Wells Fargo Bank	General banking service fees	18,000	2,400	2,400	4,800	13,200
		450,000	166,977	106,916	273,893	176,107

Savings % 39%

**Successor Agency to the Redevelopment Agency
Personnel Costs - Administrative Budget
ROPS 2020-21
July 1, 2020 - June 30, 2021**

Personnel by Position	19-20 FTE	19-20 ROPS	20-21 FTE	ROPS 20-21 ESTIMATE	ROPS 20-21A	ROPS 20-21B	ROPS 20-21 TOTAL
Attorney's Office							
Senior Legal Analyst			-	-	-	-	-
Chief Deputy City Attorney			-	-	-	-	-
Chief Deputy City Attorney			0.10	40,521	20,261	20,261	40,521
	0.18	74,870	0.10	40,521	20,261	20,261	40,521
Clerk's Office							
Records Specialist			-	-	-	-	-
	0.04	7,578	-	-	-	-	-
Finance Department							
Analyst			0.15	27,019	13,509	13,509	27,019
Assistant Director			-	-	-	-	-
Debt Administrator			0.05	9,390	4,695	4,695	9,390
Deputy Director, Accounting			0.02	6,482	3,241	3,241	6,482
Director/SARA Chief Financial Officer			0.05	22,857	11,429	11,429	22,857
Financial Analyst			0.20	39,386	19,693	19,693	39,386
Senior Account Clerk			-	-	-	-	-
Senior Accountant			0.40	63,378	31,689	31,689	63,378
Supervising Accountant			-	-	-	-	-
	1.52	245,744	0.87	168,511	84,255	84,255	168,511
City Manager's Office							
Senior Executive Analyst (Budget)			-	-	-	-	-
Senior Executive Analyst (OED-Real Estate)			-	-	-	-	-
	0.06	10,396	-	-	-	-	-
Total Wages	1.80	338,588	0.97	209,032	104,516	104,516	209,032

Decrease % in FTE from 19-20
Decrease % in salaries from 19-20
Savings from 2019-20

-46%
-38%
\$ 129,556

Recognized Obligation Payment Schedule (ROPS 20-21) - Summary
Filed for the July 1, 2020 through June 30, 2021 Period

Successor Agency: San Jose

County: Santa Clara

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	20-21A Total (July - December)	20-21B Total (January - June)	ROPS 20-21 Total
A Enforceable Obligations Funded as Follows (B+C+D)	\$ 55,310,654	\$ 82,590	\$ 55,393,244
B Bond Proceeds	-	-	-
C Reserve Balance	46,625,000	-	46,625,000
D Other Funds	8,685,654	82,590	8,768,244
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G)	\$ 64,096,829	\$ 72,178,480	\$ 136,275,309
F RPTTF	63,929,852	72,154,154	136,084,006
G Administrative RPTTF	166,977	24,326	191,303
H Current Period Enforceable Obligations (A+E)	\$ 119,407,483	\$ 72,261,070	\$ 191,668,553

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

San Jose
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	
								\$2,561,052,473		\$191,668,553	\$-	\$46,625,000	\$8,685,654	\$63,929,852	\$166,977	\$119,407,483	\$-	\$-	\$82,590	\$72,154,154	\$24,326	\$72,261,070
65	HUD Section 108 Note (CIM Block 3/Central Place)	Third-Party Loans	01/30/2006	08/01/2025	Bank of New York	Loan from the U.S. Department of Housing and Urban Development (HUD) for Section 108 Loans.	Merged	-	Y	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
66	HUD Section 108 Note (Story/King Retail)	Third-Party Loans	01/09/2008	08/01/2025	Bank of New York	Loan from the U.S. Department of Housing and Urban Development (HUD) for Section 108 Loans.	Merged	-	Y	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
69	Successor Agency Bond Activities	Professional Services	01/01/2014	06/30/2023	BLX Group, LLC	Arbitrage rebate calculation services	Merged	-	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
70	San Jose Redevelopment Agency vs Solis, Torrez dba Patty's Inn	Miscellaneous	03/02/2011	06/30/2012	Kenneth F. Solis or Bonnie C. Torrez dba Patty's Inn	Settlement Agreement & General Release	Merged	-	Y	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
71	IDT Lease (refer to "Notes" section)	Miscellaneous	12/14/2004	07/01/2022	Integrated Device Technology, Inc.	Parking Covenants - 6024 Silver Creek Road	Merged	-	Y	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
72	IDT Lease with Option to Purchase (refer to "Notes" section)	Miscellaneous	03/02/2010	06/30/2023	Integrated Device Technology, Inc.	Lease of Riparian Property	Merged	-	Y	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
78	Automatic Public Toilets (refer to "Notes" section)	Miscellaneous	03/20/1998	01/31/2021	JCDecaux San Francisco, LLC & Utility Companies	Rental - Seven Automatic Public Toilets	Merged	60,135	N	\$60,135	-	-	-	55,841	-	\$55,841	-	-	-	4,294	-	\$4,294
84	Property-Based Business Improvement District (refer to "Notes" section)	Property Maintenance	01/15/2008	12/31/2022	Property and Business Improvement District	Payment of Downtown San Jose Property-Based Business Improvement District assessments per the	Merged	-	Y	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-

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	
						agreement between the City of San Jose and the San Jose Downtown Property Owner's Association																
85	Asset Management/ Successor Agency's Lease Obligations (refer to "Notes" section)	Property Maintenance	01/01/2014	06/30/2021	Miscellaneous Vendors	Utilities, insurance and maintenance for Successor Agency Properties	Merged	-	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
101	Purchase & Sale Agreement (refer to "Notes" section)	OPA/DDA/ Construction	07/27/1998	06/30/2019	Vendor or Contractor	Escrowed funds for CET Properties Environmental Clean-Up	Merged	-	Y	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
138	Successor Agency operations (refer to "Notes" section)	Admin Costs	07/01/2018	06/30/2023	Ross Financial	Ongoing financial advisor services on an as-needed basis	Merged	70,000	N	\$15,000	-	-	-	15,000	-	\$15,000	-	-	-	-	-	\$-
143	Successor Agency Bond Activities	Professional Services	07/01/2020	06/30/2025	Urban Analytics, LLC	Fiscal consultant services including analysis of tax increment data	Merged	115,000	N	\$23,000	-	-	-	23,000	-	\$23,000	-	-	-	-	-	\$-
144	May 2001 Amended & Restated Agreement (refer to "Notes" section)	Miscellaneous	05/22/2001	06/30/2035	County of Santa Clara	County Pass-Through Payments - annual formula based on tax increment growth.	Merged	-	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
149	Jones Hall-Successor Agency SARA Activities (refer to "Notes" section)	Legal	10/01/2010	06/30/2023	Jones Hall	Legal services on an as-needed basis to support bond and administrative issues.	Merged	70,000	N	\$70,000	-	-	-	70,000	-	\$70,000	-	-	-	-	-	\$-
160	Successor Agency operations (refer to "Notes" section)	Admin Costs	06/26/2014	06/30/2018	Montoy Law Corporation	Oversight Board legal services on an as-needed basis	Merged	-	Y	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
162	Property Disposition Costs	Property Maintenance	07/01/2014	06/30/2021	Miscellaneous Vendors	Potential solicitation	Merged	-	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	
	(refer to "Notes" section)					expenses associated with the disposition of Agency-owned properties as approved in the Successor Agency's Long Range Property Management Plan.																
164	RDA HUD Custodial Fees (refer to "Notes" section)	Fees	05/16/2006	08/01/2025	U.S. Bank	Custodial Agreement fees associated with the safekeeping of original HUD 108 documents required by HUD. Charges are \$150 per ROPS period	Merged	-	Y	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
244	North San Pedro Housing - Prop 1C (refer to "Notes" section)	OPA/DDA/Construction	09/01/2012	06/30/2019	Miscellaneous Vendors	North San Pedro Residential Project - Infill Infrastructure Grant Program Disbursement Agreement	Merged	-	Y	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
245	Transfer of Asset Audit Recovery (refer to "Notes" section)	Dissolution Audits	07/01/2012	03/27/2013	State of California Controller's Office	Transfer of Asset audit recovery pursuant to Health and Safety Code 34183 (d)	Merged	-	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
253	Long-Term Reimbursement (2016-2017) - Administrative Costs (refer to "Notes" section)	City/County Loans After 6/27/11	07/01/2016	06/30/2042	City of San Jose	Estimated payment to the City of San Jose for Direct Successor Agency costs and City Support Admin Services made on behalf of the Successor Agency resulting from an insufficiency of funds during a given fiscal year.	Merged	-	Y	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-

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	
254	2011 Housing Fund SERAF Loan	City/County Loan (Prior 06/28/11), 3rd party agmt-infrastructure	05/26/2016	06/30/2020	City of San Jose/Low Mod Income Housing Fund	Repayment of \$12,815,668 plus accrued interest pursuant to Health and Safety Code 34171(d) (1) (G).	Merged	-	Y	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
255	2010 Inter-Fund SERAF Loan	City/County Loan (Prior 06/28/11), 3rd party agmt-infrastructure	05/26/2016	06/30/2020	City of San Jose	Reinstatement of the original Inter-Fund Loan portion of the 2010 SERAF Loan (\$10 million plus accrued interest).	Merged	-	Y	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
256	City of San Jose Parking Fund Loans	City/County Loan (Prior 06/28/11), 3rd party agmt-infrastructure	01/12/2017	06/30/2020	City of San Jose	Payment to City of San Jose's Parking Funds for loans that were made to pay for previous debt service obligations pre-dissolution.	Merged	-	Y	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
259	Arbitrage Rebate	Bonds Issued On or Before 12/31/10	07/01/2017	06/30/2021	Internal Revenue Service	Positive arbitrage payment	Merged	300,000	N	\$300,000	-	-	-	300,000	-	\$300,000	-	-	-	-	-	\$-
260	2017 Successor Agency Senior Refunding Bonds Series A	Refunding Bonds Issued After 6/27/12	12/21/2017	08/01/2035	Wilmington Trust	This authorizes the issuance of \$1,413,150,000 (\$1,333,325,000 and \$79,825.000) aggregate principal amount (Tax Allocation Taxable and Tax-Exempt Refunding Bonds)	Merged	140,388,625	N	\$3,991,250	-	-	-	1,995,625	-	\$1,995,625	-	-	-	1,995,625	-	\$1,995,625
261	2017 Successor Agency Senior Refunding Bonds Series A-T	Refunding Bonds Issued After 6/27/12	12/21/2017	08/01/2034	Wilmington Trust	This authorizes the issuance of \$264,390,000 aggregate principal amount (Tax Allocation Refunding Bonds)	Merged	1,456,690,728	N	\$107,294,025	-	46,625,000	8,685,654	34,768,261	-	\$90,078,915	-	-	-	17,215,110	-	\$17,215,110

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	
262	2017 Successor Agency Subordinate Refunding Bonds Series B	Refunding Bonds Issued After 6/27/12	12/21/2017	08/01/2029	Wilmington Trust	This authorizes the issuance of \$264,390,000 aggregate principal amount (Tax Allocation Refunding Bonds)	Merged	270,964,125	N	\$31,668,250	-	-	-	26,699,125	-	\$26,699,125	-	-	-	4,969,125	-	\$4,969,125
263	Series 2017 Refunding Bonds ("Merged Area")	Fees	12/21/2017	08/01/2035	Wilmington Trust	Fiscal Agent Fees for bond administrative services	Merged	42,000	N	\$3,000	-	-	-	3,000	-	\$3,000	-	-	-	-	-	\$-
264	Escrow Agent Services for Refunded RDA Bonds	Fees	12/21/2017	12/31/2020	Wells Fargo Bank	Escrow Agent Fees for Series 2010A	Merged	-	Y	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
265	Allowable Bond Reserve- Pursuant to Health and Safety Code □34171(d)(1)(A).□	Refunding Bonds Issued After 6/27/12	12/21/2017	08/01/2035	Wilmington Trust	Per indenture, the Agency is required to reserve 50% of principal paid in Aug debt service period in the January RPTTF distribution	Merged	691,785,000	N	\$47,970,000	-	-	-	-	-	\$-	-	-	-	47,970,000	-	\$47,970,000
266	Long-Term Reimbursement (2017-2018) - Unsecured Enforceable Obligations (refer to "Notes" section)	City/County Loans After 6/27/11	07/01/2017	06/30/2042	City of San Jose	Estimated payment to the City of San Jose for unsecured enforceable obligations, as defined in the Reimbursement Agreement, made on behalf of the Successor Agency resulting from an insufficiency of funds during a given fiscal year.	Merged	-	Y	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
267	Long-Term Reimbursement (2017-2018) - Administrative Costs (refer to "Notes" section)	City/County Loans After 6/27/11	07/01/2017	06/30/2042	City of San Jose	Estimated payment to the City of San Jose for Direct Successor Agency costs and City Support Admin	Merged	-	Y	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-

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	
						Services made on behalf of the Successor Agency resulting from an insufficiency of funds during a given fiscal year.																
268	Series 2017A, Series 2017A-T, Series 2017B (Merged Area)	Fees	12/21/2017	08/01/2035	Standard & Poor's, Fitch	Annual analytical review of Ratings Agencies	Merged	20,000	N		-	-	-		-		-	-	-	-	-	\$-
269	Administrative Expenses for Successor Agency	Admin Costs	07/01/2020	06/30/2036	Various Vendors	Annual administrative fees for SARA operations	Merged	401,601	N	\$273,893	-	-		-	166,977	\$166,977	-	-	82,590	-	24,326	\$106,916
273	City of San Jose - KNTV Building Reimbursement	Property Maintenance	06/30/2014	06/30/2014	City of San Jose	Demolition of 645 Park Avenue	Merged	145,259	N	\$145,259	-	-	-	145,259	-	\$145,259	-	-	-	-	-	\$-

San Jose
Recognized Obligation Payment Schedule (ROPS 20-21) - Report of Cash Balances
July 1, 2017 through June 30, 2018
 (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
	ROPS 17-18 Cash Balances (07/01/17 - 06/30/18)	Fund Sources					Comments
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF	
		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	
1	Beginning Available Cash Balance (Actual 07/01/17) RPTTF amount should exclude "A" period distribution amount.	37,960,725	-	57,734,946	5,781,420	-	
2	Revenue/Income (Actual 06/30/18) RPTTF amount should tie to the ROPS 17-18 total distribution from the County Auditor-Controller	198,302	3,888,978		52,338,451	182,934,120	
3	Expenditures for ROPS 17-18 Enforceable Obligations (Actual 06/30/18)	38,159,027	3,888,978	57,580,687	49,554,716	89,733,132	
4	Retention of Available Cash Balance (Actual 06/30/18) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	-	-		33,725	93,200,984	Transferred all January 2018 RPTTF debt service funds to reserve for Feb Debt service and Aug debt service.
5	ROPS 17-18 RPTTF Prior Period Adjustment RPTTF amount should tie to the Agency's ROPS 17-18 PPA form submitted to the CAC		No entry required				
6	Ending Actual Available Cash Balance (06/30/18) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$-	\$-	\$154,259	\$8,531,392	\$3	DOF subtracted \$38

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

Item #	Notes/Comments
65	
66	
69	
70	
71	
72	
78	One APT remaining under contract until January 2021.
84	
85	
101	
138	
143	Yearly fiscal analysis and continuing disclosure report.
144	
149	Estimate of remaining invoice amount in 2019 for IRS arbitrage audit. The contract for bond counsel services was amended by \$70,000.
160	
162	
164	
244	
245	
253	
254	
255	
256	
259	Arbitrage payment for 1999 RDA Bonds.
260	Debt Service
261	Debt Service
262	Debt Service
263	
264	
265	50% of principal of 2017 SARA bonds owed in August 2021.
266	

267	
268	Estimate of \$10,000 from each rating agency for annual surveillance rating.
269	
273	A five alarm fire occurred on April 13, 2014. SARA was insufficient in 2014 and couldn't pay for the expenses for the demolition of the building. The City is asking for reimbursement.

County of Santa Clara

Finance Agency
Controller-Treasurer

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



NOTICE OF OBJECTION TO ROPS

January 22, 2020

City of San José Successor Agency
200 E. Santa Clara St. 14th Floor
San Jose, CA 95113

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 San José**

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 273 – City of San Jose – KNTV Building Reimbursement

The Successor Agency has requested a reimbursement of \$145,259 to the City for the demolition related costs of a Successor Agency owned property (645 Park Avenue, San Jose, known as the old KNTV Building), as a result of a five-alarm fire happened in 2014. The Successor Agency was in an insufficient status at that time and could not pay for the demolition related costs. The Successor Agency claimed that a total of \$145,259 was paid for by the City in 2014 with no supporting documentation other than a City prepared invoice and a memorandum dated June 30, 2014 from the City requesting such reimbursement from the Successor Agency.

We object to the inclusion of this item on the ROPS based on two reasons – (1) it is not considered an enforceable obligation by the statute; and (2) the request is not properly supported.

Health and Safety Code (HSC) section 34171(d)(1) defines an enforceable obligation. While HSC section 34171(d)(1)(F) allows for contracts or agreements for costs to maintain assets and the cost incurred could be considered maintaining an asset, this request is not subject to reimbursement for several factors and should be rejected.

First, there was no contract in place between the Successor Agency and the City. HSC section 34171(F)(i) contemplates contracts or agreements necessary for the administration and operation of the successor agency, including contracts or agreements concerning the costs of maintaining assets prior to disposition. Even assuming for the sake of argument that there was an agreement, HSC section 34171(d)(2) specifically excludes agreements, contracts or arrangements between the city that created the redevelopment agency and the former redevelopment agency. The Successor Agency has provided no information as to why this exclusion should not apply.

Second, HSC section 34177.3(a) prohibits the successor agency from creating a new enforceable obligation except in compliance with an enforceable obligation that existed prior to June 28, 2011.

Third, demolition is specifically excluded from HSC section 34177.3(b). The section allows the successor agency to create enforceable obligations to conduct work of winding down the redevelopment agency with certain exceptions, including demolition. Also, it is worth mentioning this “reimbursement” request is in lieu of a loan, and this same HSC section specifically prohibits the successor agency from entering into a loan with the city that created it.

Fourth, even though HSC section 34191.4(b) allows the Successor Agency to deem loans between the former redevelopment agency and the city as enforceable obligations, it does not apply in this case. The section applies for agreements between the former redevelopment agency and the city, but not for agreements between successor agency and the city as is the case here.

Not only is the reimbursement request not considered an enforceable obligation, it is also not properly supported. In making this significantly delayed request, the City has not provided any proof of payment other than a City prepared invoice and a memorandum from the City requesting such reimbursement from the Successor Agency. There was no documentation showing any consultation by the City with the Successor Agency and/or Oversight Board prior to making these expenditures either, not to mention the lack of the existence of an agreement between the Successor Agency and the City.

Based on the above reasons, this item should be denied and removed from the ROPS.

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

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



DEPARTMENT OF
FINANCE

GAVIN NEWSOM ■ GOVERNOR

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

Transmitted via e-mail

April 14, 2020

Julia H. Cooper, Chief Financial Officer
City of San Jose
200 East Santa Clara Street, 13th Floor
San Jose, CA 95113

2020-21 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of San Jose Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2020 through June 30, 2021 (ROPS 20-21) to the California Department of Finance (Finance) on January 31, 2020. Finance has completed its review of the ROPS 20-21.

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

- Item No. 268 – Analytical Review of Rating Agencies in the total outstanding amount of \$20,000 is not allowed. The Agency is requesting funding for rating agencies who perform periodic surveillance for credit ratings; however, the Agency did not provide documentation to support the requested amount. It is also undetermined whether these professional services will be needed in the ROPS 20-21 period, and funding contingencies is not allowed. Therefore, the requested amount of \$20,000 is not allowed from Redevelopment Property Tax Trust Fund (RPTTF) funds. To the extent the Agency can provide suitable documentation, such as an executed contract or agreement to support the requested amount, the item may be considered for funding on a future ROPS.
- Item No. 269 – Administrative Expenses for Successor Agency. The Agency requested \$82,590 from Other Funds in error. According to the Agency, the amount requested for the July 1, 2020 through December 31, 2020 period (ROPS A period) should be \$166,977 from Administrative RPTTF. Therefore, to accurately reflect the correct amount, Finance made an adjustment in the amount of \$82,590 to increase the Administrative RPTTF from \$84,387 to \$166,977, and to decrease the Other Funds requested from \$82,590 to \$0.

- Item No. 261 – 2017 Successor Agency Senior Refunding Bonds Series A-T in the amount of \$107,294,025 is partially reclassified. On the ROPS 20-21 form, the Agency reported cash balances and activity for the period July 1, 2017 through June 30, 2018 (ROPS 17-18). According to our review, the Agency has approximately \$8,685,654 in non-RPTTF funds available to fund enforceable obligations on the ROPS 20-21. The Agency is requesting \$8,832,323 in Other Funds for this obligation which is more than available according to the cash balance form. Therefore, Finance is increasing the Agency's RPTTF request by \$146,669 (\$8,832,323 - \$8,685,654) to ensure adequate funding for this obligation.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the ROPS 17-18 period. Reported differences in RPTTF are used to offset current RPTTF distributions. The County Auditor-Controller's review of the prior period adjustment form submitted by the Agency resulted in no prior period adjustment.

The Agency's maximum approved RPTTF distribution for the reporting period is \$136,275,309, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the ROPS A period, and one distribution for the January 1, 2021 through June 30, 2021 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 20-21 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Except for the item adjusted, Finance is not objecting to the remaining items listed on the ROPS 20-21. If the Agency disagrees with our determination with respect to any items on the ROPS 20-21, except items which are the subject of litigation disputing our previous or related determinations, the Agency 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 on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

The Agency must use the RAD App to complete and submit its Meet and Confer request form.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 20-21. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be deemed denied until the matter is resolved.

The ROPS 20-21 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 20-21 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 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.

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 law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Joshua Mortimer, Supervisor, or Cole Chev, Staff, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Kevin Freimarck, Financial Analyst, City of San Jose
Alan Minato, Finance Agency Director, Santa Clara County

Attachment

Approved RPTTF Distribution July 2020 through June 2021			
	ROPS A	ROPS B	ROPS 20-21 Total
RPTTF Requested	\$ 63,803,183	\$ 72,154,154	\$ 135,957,337
Administrative RPTTF Requested	84,387	24,326	108,713
Total RPTTF Requested	63,887,570	72,178,480	136,066,050
RPTTF Requested	63,803,183	72,154,154	135,957,337
<u>Adjustment(s)</u>			
Item No. 261	146,669	0	146,669
Item No. 268	(20,000)	0	(20,000)
	126,669	0	126,669
RPTTF Authorized	63,929,852	72,154,154	136,084,006
Administrative RPTTF Requested	84,387	24,326	108,713
<u>Adjustment(s)</u>			
Item No. 269	82,590	0	82,590
Adjusted Administrative RPTTF	166,977	24,326	191,303
Administrative RPTTF Authorized	166,977	24,326	191,303
Total RPTTF Approved for Distribution	\$ 64,096,829	\$ 72,178,480	\$ 136,275,309