NOTICE OF OBJECTION TO ROPS

January 24, 2018

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 18-19 (July 1, 2018 – June 30, 2019)
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 18 – 2003 Loan and Repayment Agreement Section 3 Administrative and Operating Costs
Item 19 – 2003 Loan and Repayment Agreement Section 4 Downtown Street and other Infrastructure Costs

These two items correspond to prior Item 15 in ROPS 16-17, which was objected to by our office. Item 15 was subsequently removed from ROPS 16-17 and consideration of this item continued by the Oversight Board on January 28, 2016.
Attached is a letter issued by the Santa Clara County Office of County Counsel regarding the reinstatement of the 2003 Loan and Repayment Agreement, outlining the multiple reasons it is not a loan eligible for reinstatement under Health and Safety Code section 34191.4(b). We object to the inclusion of these two items on the ROPS. These items must be removed.

**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 six-month 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 Town Center Disposition and Development and Owner Participation Agreement (ROPS Item 17). Therefore, 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 15-16A 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.

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
Successor Agency: City of Sunnyvale
Notice of Objection to ROPS 18-19
January 24, 2018

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.

Sincerely yours,

[Signature]

Alan Minato
Controller-Treasurer
County of Santa Clara

Attachments:
  Letter from Office of the County Counsel dated January 24, 2018
  ROPS 18-19 as submitted to the County Auditor-Controller by Successor Agency
January 24, 2018

VIA PERSONAL DELIVERY

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

Re: January 24, 2018 Oversight Board Meeting Agenda Item No. 3: Adoption of Resolutions of the Oversight Board of the Successor Agency for the Sunnyvale Redevelopment Agency (“Oversight Board”) Relating to the 2003 Loan and Repayment Agreement (“Item No. 3”)

Dear Chair LeZotte and Members:

This letter is written on behalf of the County of Santa Clara and its Auditor-Controller (collectively “the County”) in order to protect the interests of the affected taxing entities. For the reasons stated below, the County is extremely concerned that Item No. 3 has been placed on the January 24, 2018 Oversight Board Agenda and urges the Oversight Board to not approve either of the proposed resolutions.

Item No. 3 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 recommended resolutions are not consistent with the Redevelopment Dissolution Law. We therefore respectfully request that the Oversight Board not approve Item No. 3, consistent with its fiduciary duties and so that public funds are not wasted in expensive and time-consuming litigation.

Although it is not mentioned in the staff report for Item No. 3, as you will recall, the Oversight Board considered an identical item on January 28, 2016. At that meeting, in response to concerns expressed by the County,¹ the Oversight Board prudently voted to continue the item without approving it. Now, nearly two years later, Item No. 3 has been placed on the

¹ A true and correct copy of the Notice of Objection to ROPS dated January 28, 2016 submitted by the County to the Oversight Board is attached hereto as Exhibit 1.
Letter to Chair Linda LeZotte and Members
Re: Agenda Item No. 3
Date: January 24, 2018
Page 2

Oversight Board agenda again and a careful review indicates the Successor Agency has provided no new information that changes the Oversight Board’s conclusion from 2016. Approval of this item is unlawful and Item No. 3 should be rejected by the Oversight Board. Even more troubling, Successor Agency staff has not provided the Oversight Board with a copy of the staff report from January 28, 2016 (the “2016 Staff Report”) for the Oversight Board’s reference. Successor Agency staff has not provided details on what information has changed since the 2016 Staff Report and what new information has been provided in the staff report for the January 24, 2018 meeting (the “2018 Staff Report”). (A true and correct copy of the 2016 Staff Report is attached hereto as Exhibit 2.)

DISCUSSION AND ANALYSIS

A. The 2003 Agreement is Not Eligible for Reinstatement as an Enforceable Obligation

Health and Safety Code Section 34191.4(b)\(^2\) governs whether or not the 2003 Agreement is eligible for reinstatement. For any one of numerous reasons, the 2003 Agreement does not qualify and may not be lawfully reinstated.

1. The 2003 Agreement Does Not Meet Any of the Statutory 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 2018 Staff Report asserts that two of these definitions apply to the 2003 Agreement.\(^3\) These definitions were enacted by the Legislature to significantly limit the types of loan agreements that are eligible for restoration under the Redevelopment Dissolution Law. The 2003 Agreement does not qualify as a “loan agreement” under either of the two definitions asserted by the Successor Agency.

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:

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

\(^2\) All subsequent statutory references are to the Health and Safety Code, unless otherwise indicated.

\(^3\) 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.
former redevelopment agency was obligated to repay the money it received pursuant to a required repayment schedule.

Most significantly, the 2003 Agreement does not contain a “required repayment schedule.” The 2018 Staff Report asserts that the 2003 Agreement contains a required repayment schedule. In support of that assertion, the 2018 Staff Report cites to a dictionary definition of “repayment schedule” that provides: “the specific terms of a borrower’s loan, such as monthly payment, interest rate, due dates, etc. . . .” (Emphasis added.) Significantly, and as explained in more detail below, the 2018 Staff Report’s proposed dictionary definition does not contain the word “required” as stated by the Legislature and is therefore not relevant, but in any event the 2003 Agreement does not include any due dates or monthly payment amounts. Later, the 2018 Staff Report admits that the 2003 Agreement does not set forth a fixed repayment schedule, but asserts that the Redevelopment Dissolution Law does not require a fixed repayment schedule. While Section 34191.4(b)(2)(A) does not use the word “fixed,” it does use the terms “required” and “schedule.”

The 2018 Staff Report makes numerous other unsupported assertions about the existence of a repayment schedule at page 6 that must be rejected. For example, the 2018 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 repayment is owed, is also explicit in the Agreement.” However, the 2003 Agreement contains no reference to annual payments and no formula for repayment. Overall, the 2018 Staff Report’s discussion of repayment schedules is highly misleading. The Oversight Board should reject staff’s attempt to play fast and loose with the relevant statutory requirements.

Substantively, the County urges the Oversight Board to focus on the 2003 Agreement itself. If this is done, it is obvious that the 2003 Agreement contains no required repayment schedule. Sections 3, 4, and 5 of the 2003 Agreement all refer to the repayment terms contained in Section 6. Similarly, the 2018 Staff Report at pages 3 and 4 relies exclusively upon Section 6 of the 2003 Agreement. But Section 6 of the 2003 Agreement 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. Indeed, with the exception of the interest rate provision, all of the provisions of Section 6 allow the RDA mechanisms to avoid payment, potentially indefinitely and well beyond the lifespan of the RDA. This is quite the opposite of a “required repayment schedule.” Therefore, the 2003 Agreement does not meet the relevant definition of loan agreement because it contains no required repayment schedule.

A comparison between the 2016 Staff Report and the 2018 Staff Report indicates that the Successor Agency staff has conveniently omitted certain unhelpful statements that were made in the 2016 Staff Report with regard to a required repayment schedule and has not explained these omissions. Most notably, page 2 the 2016 Staff Report acknowledged that “the former Redevelopment Agency, prior to dissolution never made any payments on the loan.” It strains credibility for Successor Agency staff to argue that a required repayment schedule existed when no payments were ever made by the former Redevelopment Agency prior to dissolution.

Secondly, a review of the 2003 Agreement indicates that it is not a “loan for money” under which the City transferred money to the RDA. No provision in the 2003 Agreement provides for the transfer of money to the RDA. Under Section 3 of the Agreement, 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 purported reimbursement for city administrative services advanced by the City. To state it plainly, under the 2003 Agreement, City transferred administrative services to the RDA and not money.

Section 4 likewise does not require the City to transmit any money to the RDA. In other words, no provision of the 2003 Agreement requires that the City transfer money to the RDA; therefore, the 2003 Agreement does not meet this definition of “loan agreement” as defined in Section 34191.4(b)(2)(A). The 2018 Staff Report provides selected pages of prior audited financial statements purporting to show transfers of funds between the City and the RDA. However, this information is not relevant to whether the 2003 Agreement constitutes a loan for

---

4 The Successor Agency and City do not assert any claim related to Section 5 of the 2003 Agreement.
transfer of money. Finally, page 2 of the 2016 Staff Report acknowledged that “Additional advances were added to the loan after its inception.” No legitimate “loan for money” would allow a borrower to borrow additional funds at its own discretion without amending the loan agreement.

For all these reasons, among others, the Oversight Board cannot find that the 2003 Agreement meets this 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:

(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 2018 Staff Report at pages 5-6 asserts that Section 4, “Repayment of City Advance for Street and Other Improvements,” of the 2003 Agreement qualifies for reinstatement under this definition because it states that: “The Agency agrees to repay the City One Million Five Hundred Thousand Dollars . . . .” **However, this definition is clearly inapplicable as the 2003 Agreement does not reference or provide any contracts whatsoever between the City and a third party relating to the development of infrastructure, as is required by the statute.** The 2018 Staff Report even admits this by stating on page 3 that: “The funds transferred to the Agency were used by the Agency in 2009 to pay a portion of the costs associated with the Murphy Avenue Revitalization.” (Emphasis added.) This statement is the direct opposite of what Section 34191.4(b)(2)(C) requires, i.e. that the City pay for infrastructure costs pursuant to third party contracts and not the Agency. The Successor Agency’s wholly unsupported assertions with regard to the applicability of this definition must be rejected.
Letter to Chair Linda LeZotte and Members  
Re: Agenda Item No. 3  
Date: January 24, 2018  
Page 6

2. The 2003 Agreement Was Not for Legitimate Redevelopment Purposes

Section 34191.4(b)(1) 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 already incurred by the City on behalf of the Agency. 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 2018 Staff Report first cites to Section 33126 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. Section 33126 is irrelevant and inapplicable to this finding.

The 2003 Agreement does not constitute a contract to furnish staff services under Section 33126 that “could be” provided by another agency, i.e. the City. Section 33126 refers to payment for services that could be provided in the future and not ones that have already been performed. The 2003 Agreement purports to authorize a retroactive reimbursement based upon almost 20 years of previous services allegedly rendered by the City to the RDA apparently without any existing contemporaneous reimbursement or staffing contract in place as contemplated by Section 33126, and it imposes an extremely high interest rate of 8% on such reimbursement.

Second, the 2018 Staff Report cites to Section 34171’s purported definition of enforceable obligation (without providing the applicable subsection) for the proposition that “administrative and staff costs are legitimate costs, specifying that employee costs associated with work on specific project implementation activities shall be considered project-specific

5 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.”

6 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.

7 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.”

8 However, the Successor Agency’s reliance on Section 33126 as the lawful basis for the 2003 Agreement confirms that it is not a qualifying “loan agreement” under Section 34191.4(b)(2)(A) because Section 33126 provides a mechanism for services and not “loans for money.”
costs.” However, this language is not included in Section 34171(d)’s definition of enforceable obligation. Instead, it is taken from Section 34171(b)(5) concerning administrative cost allowances, which are subject to a stringent cap. In addition to the citation being inaccurate, it is completely irrelevant to whether the 2003 Agreement was for legitimate redevelopment purposes.

Successor Agency staff has failed to provide any basis to substantiate a finding that the 2003 Agreement was for legitimate redevelopment purposes, and accordingly the Oversight Board lacks an adequate basis to make such a finding consistent with its fiduciary duties.

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. 3.

1. The 2018 Staff Report is Grossly Misleading

In addition to the flaws pointed out above, the 2018 Staff Report’s 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. While the 2018 Staff Report asserts that the AUP Audit recognized that the 2003 Agreement could be restored under certain conditions, this statement lacks critical context. The AUP Audit’s statement was based upon Section 34191.4(b) as it existed in September 2012. Because the Successor Agency did not receive its Finding of Completion until December 2015. Item No. 3 must comply with the current law as discussed above, which significantly narrows the types of loan agreements eligible for restoration. Similarly, with no explanation, the 2018 Staff Report relies upon certain highlighted pages of the former RDA’s audited financial statements to support its assertion that “transfers of money” from the City occurred. However, the 2018 Staff Report does not provide the entire audited financial statements for the Oversight Board and the County to review, nor does it relevant to what was or was not required by the terms of the 2003 Agreement itself.

2. The 2018 Staff Report Contains Numerous Unsupported Statements

The Staff Report is replete with unsupported assertions. For example, the 2018 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, no demonstrated budget or appropriation, and no annual approval as required by law. Regardless, as stated earlier, these statements are also

---

9 For these reasons, among others, the AUP Audit is not relevant to the consideration of Item 3.

10 For Example, Article XIII of the Charter of the City of Sunnyvale requires an extensive annual budget and an expenditure allocation process and, to the extent the Successor Agency staff alleges that the portions of the financial statements attached to the staff report relate to the 2003 Agreement, the Successor Agency staff must provide
inconsistent with the express terms of the 2003 Agreement, which operated as a reimbursement agreement. Similarly, the Successor Agency provides no underlying documentation such as contracts between the City and third party vendors 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.

3. The 2018 Staff Report Misstates the Relevant Law and the 2003 Agreement

As stated above, the 2018 Staff Report inaccurately paraphrases the law and mischaracterizes the terms of the 2003 Agreement. This is particularly evident from the unexplained revisions in the 2018 Staff Report as compared to the 2016 Staff Report.

For all of the foregoing reasons, the County respectfully requests that you deny this item in its entirety, consistent with the Oversight Board’s duties under the Redevelopment Dissolution Law.

Very truly yours,

JAMES R. WILLIAMS
County Counsel

CHRISTOPHER CHELEDEN
Lead Deputy County Counsel

CRC:crc

Attachments:

Exhibit 1: January 28, 2016 County Notice of Objection to ROPS
Exhibit 2: January 28, 2016 Staff Report to Oversight Board

supporting documentation for these expenditures in order for the Oversight Board to properly execute its fiduciary duties.
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.
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
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.
A. The 2003 Agreement is Not Eligible for Reinstatement as an Enforceable Obligation

Health and Safety Code Section 34191.4(b)\(^1\) 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)\(^2\) 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.\(^3\) 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\(^4\) 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

\(^1\) All subsequent statutory references are to the Health and Safety Code, unless otherwise indicated.

\(^2\) 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."

\(^3\) 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.

\(^4\) 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.5

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.6 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

5 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.

6 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. 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. Indeed, with the exception of the interest rate

---

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

8 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.

---

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
Page 6

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.9 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.10

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, Gimni 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.11

---

9 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].)

10 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.

11 We also particularly object to the “Whereas” Clause in the Resolution that references the AUP Audit.
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
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 (l) 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/

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

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

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.
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

<table>
<thead>
<tr>
<th>Current Period Requested Funding for Enforceable Obligations (ROPS Detail)</th>
<th>16-17A Total</th>
<th>16-17B Total</th>
<th>ROPS 16-17 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A  Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>B  Bond Proceeds Funding</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>C  Reserve Balance Funding</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>D  Other Funding</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>E  Enforceable Obligations Funded with RPTTF Funding (F+G):</td>
<td>$ 2,015,179</td>
<td>$ 322,921</td>
<td>$ 2,338,100</td>
</tr>
<tr>
<td>F  Non-Administrative Costs</td>
<td>1,890,179</td>
<td>197,921</td>
<td>2,088,100</td>
</tr>
<tr>
<td>G  Administrative Costs</td>
<td>125,000</td>
<td>125,000</td>
<td>250,000</td>
</tr>
<tr>
<td>H  Current Period Enforceable Obligations (A+E):</td>
<td>$ 2,015,179</td>
<td>$ 322,921</td>
<td>$ 2,338,100</td>
</tr>
</tbody>
</table>

Certification of Oversight Board Chairman:
Pursuant to Section 34177 (c) 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

Signature
Date
| A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q | R | S | T | U | V | W | X |
| 16-17A | 16-17B | 16-17C | 16-17D | 16-17E | 16-17F | 16-17G | 16-17H |
| Project Category | Description | Budget Authority | Fiscal Year | Expected Outcomes | Responsible Officer | Total Budget | Project Summary | Action | Budget Authority | Fiscal Year | Expected Outcomes | Responsible Officer | Total Budget | Project Summary | Action | Budget Authority | Fiscal Year | Expected Outcomes | Responsible Officer | Total Budget | Project Summary | Action | Budget Authority | Fiscal Year | Expected Outcomes | Responsible Officer | Total Budget | Project Summary | Action |

(Summary of Obligation Payment Ante, Revenue, and Expenditure)
## 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.

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Fund Sources</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bond Proceeds</td>
<td>Reserve Balance</td>
<td>Other</td>
<td>RPTTF</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bonds issued on or before 12/31/10</td>
<td>Bonds issued on or after 01/01/11</td>
<td>Prior ROPS period balances and DDR RPTTF balances retained</td>
<td>Prior ROPS RPTTF distributed as reserve for future period(s)</td>
<td>Rent, grants, interest, etc.</td>
<td>Non-Admin and Admin</td>
<td>Comments</td>
</tr>
<tr>
<td>ROPS 15-16A Actuals (07/01/15 - 12/31/15)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Beginning Available Cash Balance (Actual 07/01/15)</td>
<td>1,926,720</td>
<td></td>
<td></td>
<td></td>
<td>235,471</td>
<td></td>
<td>Prior PPA</td>
</tr>
<tr>
<td>2</td>
<td>Revenue/Income (Actual 12/31/15)</td>
<td>RPTTF amounts should tie to the ROPS 15-16A distribution from the County Auditor-Controller during June 2015</td>
<td>1,543,606</td>
<td></td>
<td></td>
<td>14,200,328</td>
<td>655,572</td>
<td>approved less PPA</td>
</tr>
<tr>
<td>3</td>
<td>Expenditures for ROPS 15-16A Enforceable Obligations (Actual 12/31/15)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,543,446</td>
<td>14,200,328</td>
<td>676,105</td>
</tr>
<tr>
<td>4</td>
<td>Retention of Available Cash Balance (Actual 12/31/15)</td>
<td>RPTTF amount retained should only include the amounts distributed as reserve for future period(s)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>ROPS 15-16A RPTTF Balances Remaining</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>No entry required</td>
</tr>
<tr>
<td>6</td>
<td>Ending Actual Available Cash Balance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)</td>
<td>$1,527,189</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 254,938</td>
</tr>
<tr>
<td>ROPS 15-16B Estimate (01/01/16 - 06/30/16)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Beginning Available Cash Balance (Actual 01/01/16)</td>
<td>(C, D, E, G = 4 + 6, F = H4 + F4 + F8, and H = 5 + 8)</td>
<td>$1,527,189</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>8</td>
<td>Revenue/Income (Estimate 06/30/16)</td>
<td>RPTTF amounts should tie to the ROPS 15-16B distribution from the County Auditor-Controller during January 2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>340,899</td>
</tr>
<tr>
<td>9</td>
<td>Expenditures for ROPS 15-16B Enforceable Obligations (Estimate 06/30/16)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>424,621</td>
</tr>
<tr>
<td>10</td>
<td>Retention of Available Cash Balance (Estimate 06/30/16)</td>
<td>RPTTF amount retained should only include the amounts distributed as reserve for future period(s)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)</td>
<td>$1,527,189</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 171,216</td>
</tr>
<tr>
<td>Item #</td>
<td>Notes/Comments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------</td>
<td>----------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROPS #15</td>
<td>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.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
EXHIBIT 2
Oversight Board Meeting: January 28, 2016

SUBJECT: Adopt a Resolution of the Oversight Board of the Successor Agency for the Sunnyvale Redevelopment Agency Making Certain Findings That the 2003 Loan and Repayment Agreement between the Former Sunnyvale Redevelopment Agency and the City of Sunnyvale was for Legitimate Redevelopment Purposes and Approving Repayment of the Loan as an Enforceable Obligation.

BACKGROUND
The State of California’s passage of AB x1 26 dissolved Redevelopment Agencies and replaced them with Successor Agencies effective February 1, 2012. The City of Sunnyvale elected to be the Successor Agency for the Sunnyvale Redevelopment Agency. In accordance with the Dissolution Law (AB1x 26 as amended by AB 1481 and further amended by SB 107), at the time that redevelopment agencies were dissolved, most agreements between redevelopment agencies and their sponsoring communities became null and void. AB 1484, which amended the original Dissolution Law, provided that after receiving a finding of completion from the California Department of Finance, loan agreements between the former redevelopment agency and its sponsoring community would be eligible for repayment provided the Oversight Board made a finding that the loan was for legitimate redevelopment purposes. SB 107, adopted in September 2015 further amended the Dissolution Law to define city/agency loan agreements that are eligible for repayment after receipt of a finding of completion and to set the interest rate for eligible loans. SB 107 defines a loan agreement to mean:

a. Loans for money entered into between the former redevelopment agency and the sponsoring community pursuant to which the sponsoring community 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 pursuant to a required repayment schedule;

b. Agreements between the former redevelopment agency and the sponsoring community where the sponsoring community transferred real property to the former redevelopment agency for use by the former redevelopment agency for a lawful purpose and the former redevelopment agency was obligated to pay the sponsoring community for the real property interest;

c. Agreements between the former redevelopment agency and the sponsoring community under which the sponsoring community contracted with a third party on behalf of the former redevelopment agency for the development of infrastructure in connection with a redevelopment project identified in a redevelopment project plan and the former redevelopment agency was obligated to reimburse the sponsoring community.
SB 107 also provides that any interest on the outstanding principal amount of the loan that was unpaid is to be recalculated from the date of origination of the loan on a quarterly basis at 3% simple interest.

**EXISTING POLICY**
California Health and Safety Code Section 34191.4, established oversight board authority to reinstate loan agreements that are eligible for repayment after receipt of a finding of completion.

**DISCUSSION**
The Successor Agency received a finding of completion from the Department of Finance on December 23, 2015. Pursuant to Health and Safety Code Section 34191.4, the Successor Agency is now eligible to apply to the Oversight Board for approval of repayment of City/Agency loans. The Successor Agency is requesting that that Oversight Board approve repayment of a Loan and Repayment Agreement entered into by the former Redevelopment Agency of the City of Sunnyvale and the City of Sunnyvale on December 18, 2003 ("2003 Repayment Agreement"). The 2003 Repayment Agreement was entered into by the City and the Agency to provide for repayment to the City of certain advances made by the City to the former Redevelopment Agency for (i) administrative expenses associated with the former Redevelopment Agency’s implementation of the Sunnyvale Redevelopment Plan and (ii) advances made by the City for certain infrastructure improvements. At the time the 2003 Repayment Agreement was entered into the City was owed $11,905,178 for prior advances made to the former Redevelopment Agency related to administrative costs as well as an additional $1,500,000 advanced by the City to the former Redevelopment Agency for infrastructure costs. Additional advances were added to the loan after its inception.

The loan balance represents funds that were advanced by the City to the former Redevelopment Agency for legitimate redevelopment purposes in accordance with the requirements of the Dissolution Laws. Health and Safety Code Section 33126 specifically authorized redevelopment agencies to contract with any agency to furnish staff services associated with redevelopment. The City, each year would provide the former Redevelopment Agency with a loan in the amount necessary to cover the former Redevelopment Agency's administrative expenses. The former Redevelopment Agency would then use those funds to reimburse the City for City staff costs associated with redevelopment and to pay third party consultants. The former Redevelopment Agency, prior to dissolution never made any payments on the loan.

When the former Redevelopment Agency was dissolved, the County, in accordance with the Dissolution Law, conducted an audit of the former Redevelopment Agency. The audit was prepared by Macias, Gini and O'Connell ("MGO"). The audit was presented the Department of Finance, the State Controller, the City of Sunnyvale and this
Oversight Board in September, 2012. In that audit MGO concluded that the City was owed a total of $20,627,170 under the 2003 Repayment Agreement. The audit breaks out the amount owed into two tranches, one of $18,685,723 for the administrative cost portion of the loan and a second tranche of $1,941,447 for infrastructure costs. The amount determined to be owed by MGO included interest on the principal balance calculated from the date of origination of the loan at the LAIF rates which was consistent with the Dissolution Law in effect at that time. The MGO audit includes the amounts owed on the 2003 Repayment Agreement as liabilities of the Successor agency on the basis that "upon issuance of a finding of completion by the State Department of Finance and approval from the Oversight Board, the 2003 loan may be restored...". The County in transmitting the audit reiterated this stating that "when the Successor Agency receives a 'finding of completion' from the Department of Finance, these loans are eligible for restoration under certain conditions and upon Oversight Board approval." The audit determined that the principal balance owed on the loan was $14,017,916 related to administrative expenditures and $1,500,000 for infrastructure costs. The Successor Agency is requesting approval of a total principal balance of $15,517,916. Interest on the loan will be recalculated at 3% simple interest as required by the latest amendments to Dissolution Law.

Since completion of the audit, the Dissolution Law has been amended by SB 107 which provides greater clarification of what loans are eligible for repayment. One aspect of this amendment to Section 34191.4 is to require that loan eligible for repayment represent actual advances from the sponsoring community to the former redevelopment agency. The 2003 Repayment Agreement meets this criteria since the City advanced the funds to the former Redevelopment Agency each year. A portion of the 2003 Repayment Agreement would also qualify for repayment pursuant to Section 34191.4 (b)(2)(C) which allows repayments for infrastructure costs incurred by the sponsoring city on behalf of the former redevelopment agency. $1,500,000 of the original principal balance of the 2003 Repayment Agreement relates to infrastructure costs for streets and other infrastructure in the project area.

SB 107 also requires that loans eligible for repayment post-finding of completion must obligate the former Redevelopment Agency to repay the money advanced pursuant to a required repayment schedule. The 2003 Repayment Agreement meets this requirement as well. The 2003 Repayment Agreement required the former Redevelopment Agency to repay the City from available tax increment. The former Agency's obligation to repay the City was subordinated to the former Redevelopment Agency's obligations to repay bonded indebtedness and other debts incurred by the former Redevelopment Agency for the benefit of the redevelopment program. The repayment provisions of the 2003 Repayment Agreement provide a typical repayment transaction where the City agreed to subordinate its repayment to third party debts in order to ensure that success of the redevelopment project. Because the amount of tax increment collected by the former Redevelopment Agency would vary each year depending upon property taxes
generated in the Project Area, the actual amount of each repayment is not specified. Rather the City's repayment is based on available tax increment and was intended to vary each year to address the fluctuations in tax increment. The intent of the loan was to ensure that repayment would not hinder the completion of the redevelopment project while at the same time ensuring that repayment would occur as rapidly as possible. Restated, section 6 of the 2003 Repayment Agreement not only sets an annual interest rate of 8%, but it includes a formulaic payment limitation for the Redevelopment Agency so that its repayment obligations were capped at the amount of tax increments funds received by the Agency. The 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 repayment is owed, is also explicit in the Agreement. Though, the 2003 Repayment Agreement does not set forth a fixed repayment schedule, SB107 does not require a fixed repayment schedule. Rather, it only requires that the Agreement contain a repayment schedule. As described above, the 2003 Agreement includes a repayment schedule which meets the requirements of AB107.

PUBLIC CONTACT
Public contact was made by posting the Oversight Board agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

ALTERNATIVES
1. Adopt a Resolution of the Oversight Board of the Successor Agency for the Sunnyvale Redevelopment Agency Making Certain Findings That the 2003 Loan and Repayment Agreement between the Former Sunnyvale Redevelopment Agency and the City of Sunnyvale was for Legitimate Redevelopment Purposes and Approving Repayment of the Loan as an Enforceable Obligation.

2. Other action as determined by Oversight Board.

RECOMMENDATION
Staff recommends Alternatives 1, Adopt a Resolution of the Oversight Board of the Successor Agency for the Sunnyvale Redevelopment Agency Making Certain Findings That the 2003 Loan and Repayment Agreement between the Former Sunnyvale Redevelopment Agency and the City of Sunnyvale was for Legitimate Redevelopment Purposes and Approving Repayment of the Loan as an Enforceable Obligation.
Adopt a Resolution of the Oversight Board of the Successor Agency for the Sunnyvale Redevelopment Agency Making Certain Findings That the 2003 Loan and Repayment Agreement between the Former Sunnyvale Redevelopment Agency and the City of Sunnyvale was for Legitimate Redevelopment Purposes and Approving Repayment of the Loan as an Enforceable Obligation.
January 28, 2016
Page 5 of 5

Submitted by:
Brice McQueen, Successor Agency Manager

Attachments
1. Draft 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.
OVERSIGHT BOARD RESOLUTION NO. ___-16-OB

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

WHEREAS, the California state legislature enacted Assembly Bill x1 26 (the "Dissolution Act") to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.); and

WHEREAS, pursuant to Health and Safety Code Section 34173, the City Council of the City of Sunnyvale (the "City Council") declared that the City of Sunnyvale (the "City"), would act as successor agency (the "Successor Agency") for the dissolved Redevelopment Agency of the City of Sunnyvale (the "Dissolved RDA") effective February 1, 2012; and

WHEREAS, pursuant to AB 1484 ("AB 1484"), enacted June 27, 2012 to amend various provisions of the Dissolution Act, the Successor Agency is now declared to be a separate legal entity from the City; and

WHEREAS, the Dissolution Act provides for the appointment of an oversight board (the "Oversight Board") with specific duties to approve certain Successor Agency actions pursuant to Health and Safety Code Section 34180 and to direct the Successor Agency in certain other actions pursuant to Health and Safety Code Section 34181; and

WHEREAS, on December 23, 2015, the Successor Agency was issued a Finding of Completion by the California Department of Finance pursuant to Health and Safety Code Section 34179.7; and

WHEREAS, pursuant to Health and Safety Code Section 34191.4(b)(1), upon receipt of a Finding of Completion and approval of the Oversight Board, loan agreements (as defined in Section 34191.4(b)(2)) entered into between the Dissolved RDA and the City shall be deemed to be enforceable obligations if the Oversight Board makes a finding that the loan was for legitimate redevelopment purposes; and

WHEREAS, the City of Sunnyvale ("City") and the Dissolved RDA entered into a Loan and Repayment Agreement dated December 18, 2003 ("Loan Agreement") whereby the City agreed to advance funds to the Dissolved RDA for administrative costs associated with the Dissolved RDA implementing the redevelopment program for the Sunnyvale Redevelopment Project Area and the Dissolved RDA agreed to repay the City from available tax increment; and
WHEREAS, the Loan Agreement also required the Dissolved RDA to repay the City funds advanced by the City to the Dissolved RDA for infrastructure improvements in the Project Area in the amount of $1,500,000; and

WHEREAS, the County of Santa Clara performed an audit of the Dissolved RDA as required by the Dissolution Act and determined pursuant to that audit that at the time of dissolution the City was owed $15,517,916 under the Loan Agreement; and

WHEREAS, the Loan Agreement qualifies for repayment pursuant to Health and Safety Code Section 34191.4(b).

NOW, THEREFORE, BE IT RESOLVED THAT THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE HEREBY FINDS, RESOLVES, AND DETERMINES THAT:

1. The foregoing recitals are true and correct, and, together with information provided by the Successor Agency staff and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

2. The Oversight Board hereby finds that the Loan Agreement was for legitimate redevelopment purposes.

3. The Oversight Board hereby approves inclusion of the Loan Agreement on ROPS 16-17 and authorizes repayment of the amounts owed to the City pursuant to the Loan Agreement in the principal amount of $15,517,916 with such repayments to be made in accordance with the requirements of Health and Safety Code Section 34191.4(b)(3) and pursuant to the repayment schedule, attached hereto as Exhibit A.

4. This Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).
Adopted by the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Sunnyvale at a regular meeting held on January 28, 2016, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:
RECUSAL:

ATTEST: 

APPROVED: 

By 

Successor Agency Clerk 

[SEAL] 

Chair
## Estimated Residual Redevelopment Property Tax Revenue for Repayment of 2003 Loan and Repayment Agreement Obligation by the Sunnyvale Redevelopment Successor Agency

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Projected RPTTF</th>
<th>ROPS Distribution</th>
<th>County Admin</th>
<th>Residual Distribution</th>
<th>Residual Distribution Over Base Year</th>
<th>Maximum Fiscal Year Payment</th>
<th>ROPS</th>
<th>ROPS Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>28/29</td>
<td>$16,593,985</td>
<td>($2,575,013)</td>
<td>($268,822)</td>
<td>$13,500,149</td>
<td>$7,640,858</td>
<td>$2,575,013</td>
<td>28-29A</td>
<td>509,023</td>
</tr>
<tr>
<td>29/30</td>
<td>$16,925,864</td>
<td>($3,920,429)</td>
<td>($274,199)</td>
<td>$12,481,236</td>
<td>$5,261,778</td>
<td>$3,920,429</td>
<td>29-30A</td>
<td>1,960,214</td>
</tr>
<tr>
<td>30/31</td>
<td>$17,264,382</td>
<td>($2,630,889)</td>
<td>($279,682)</td>
<td>$14,103,809</td>
<td>$6,881,087</td>
<td>$2,630,889</td>
<td>30-31A</td>
<td>1,315,444</td>
</tr>
<tr>
<td>33/34</td>
<td>$18,321,100</td>
<td>($3,493,766)</td>
<td>($296,801)</td>
<td>$14,280,532</td>
<td>$7,047,617</td>
<td>$3,493,766</td>
<td>33-34A</td>
<td>1,746,883</td>
</tr>
<tr>
<td>34/35</td>
<td>$18,687,522</td>
<td>($3,526,080)</td>
<td>($302,737)</td>
<td>$14,610,975</td>
<td>$7,374,526</td>
<td>$3,523,608</td>
<td>34-35A</td>
<td>1,761,904</td>
</tr>
<tr>
<td>35/36</td>
<td>$19,061,273</td>
<td>($3,687,263)</td>
<td>($282,399)</td>
<td>$14,831,609</td>
<td>$7,575,163</td>
<td>$3,687,263</td>
<td>35-36A</td>
<td>1,834,831</td>
</tr>
<tr>
<td>36/37</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$3,787,581</td>
<td></td>
<td>36-37A</td>
<td>1,774,073</td>
</tr>
</tbody>
</table>

Note - The repayment schedule is estimated based on current property tax projections over the FY 2012/13 base year ($7,056,206) and is subject to change based on development and the economy conditions. Actual repayment will not start until full repayment of the Low and Moderate Income Housing Fund obligation has been repaid estimated to be complete in FY 2028/29.
## Recognized Obligation Payment Schedule (ROPS 18-19) - Summary

Filed for the July 1, 2018 through June 30, 2019 Period

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

### Current Period Requested Funding for Enforceable Obligations (ROPS Detail)

<table>
<thead>
<tr>
<th></th>
<th>18-19A Total (July - December)</th>
<th>18-19B Total (January - June)</th>
<th>ROPS 18-19 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A</strong> Enforceable Obligations Funded as Follows (B+C+D):</td>
<td>$</td>
<td>- $</td>
<td>- $</td>
</tr>
<tr>
<td><strong>B</strong> Bond Proceeds</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>C</strong> Reserve Balance</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>D</strong> Other Funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>E</strong> Redevelopment Property Tax Trust Fund (RPTTF) (F+G):</td>
<td>$ 2,873,021 $</td>
<td>$ 284,605 $</td>
<td>$ 3,157,626</td>
</tr>
<tr>
<td><strong>F</strong> RPTTF</td>
<td>2,748,021</td>
<td>159,605</td>
<td>2,907,626</td>
</tr>
<tr>
<td><strong>G</strong> Administrative RPTTF</td>
<td>125,000</td>
<td>125,000</td>
<td>250,000</td>
</tr>
<tr>
<td><strong>H</strong> Current Period Enforceable Obligations (A+E):</td>
<td>$ 2,873,021 $</td>
<td>$ 284,605 $</td>
<td>$ 3,157,626</td>
</tr>
</tbody>
</table>

### 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.

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Signature: [Signature]  
Date: [Date]
| Item # | Payee Description/Project Scope | Project Area | Obligation Type | Total Outstanding Debt or Obligation | Obligation Expiration Date | City/County Loan (Prior City/County Loan [on or before 11/6/2003 (on or before 11/6/2003)]) | Paid Proceeds | Reserve Balance | Other Funds | RPTFF | Admin (RPTFF) | Total | Bond Proceeds | Reserve Balance | Other Funds | RPTFF | Admin (RPTFF) |
|--------|--------------------------------|--------------|----------------|-----------------------------------|---------------------------|--------------------------------------------------------------------------------------------------------------------------------|-------------|--------------|------------|--------|--------------|--------|-----------------|--------------|------------|--------|--------|----------------|
| 1      | 2003 Tax Allocation Refunding | Central Core | Bonds Issued On or Before 11/6/2003 | 8/1/2022                          | City of Sunnyvale Pursuant to the resolution that authorized the issuance of the 1977 Central Core Bonds, the Agency is obligated to repay to the City of Sunnyvale, following the issuance of the 1977 Central Core Bonds, an amount equal to the total purchase price of the bonds. | $15,500       | $6,145         | $6,145                  | $6,145  | $-            | $-      | $15,500         | $6,145         | $6,145                  | $6,145  | $-            | $-            |
| 2      | 1998 Certificates of Participation Reimbursement Agreement 5/1/1998 6/30/2019 | Central Core | Bonds Issued On or Before 11/6/2003 | 10/1/2022                          | City of Sunnyvale Under Agreement Section 3 Administrative and Operating Costs | $240,000       | $60,000         | $40,000                  | $40,000  | $-            | $-      | $240,000         | $60,000         | $40,000                  | $40,000  | $-            | $-            |
| 3      | 2010 Amended Disposition and Development and Owner Participation Agreement Article 8 | Central Core | Bonds Issued On or Before 11/6/2003 | 6/30/2026                          | City of Sunnyvale Pursuant to the resolution that authorized the issuance of the 1977 Central Core Bonds, the Agency is obligated to repay to the City of Sunnyvale, following the issuance of the 1977 Central Core Bonds, an amount equal to the total purchase price of the bonds. | $137,549       | $80,000         | $40,000                  | $40,000  | $-            | $-      | $137,549         | $80,000         | $40,000                  | $40,000  | $-            | $-            |
| 4      | 2003 Loan and Repayment Agreement | Central Core | Bonds Issued On or Before 11/6/2003 | 6/30/2028                          | City of Sunnyvale Reimbursement of RDA Shortfall | $1,500,000       | $-               | $-                      | $-       | $-            | $-      | $1,500,000       | $-               | $-                      | $-       | $-            | $-            |
| 5      | 2010 Amended Disposition and Development and Owner Participation Agreement Article 8 | Central Core | Bonds Issued On or Before 11/6/2003 | 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 repay to the City of Sunnyvale, following the issuance of the 1977 Central Core Bonds, an amount equal to the total purchase price of the bonds. | $106,843        | $80,000         | $40,000                  | $40,000  | $-            | $-      | $106,843         | $80,000         | $40,000                  | $40,000  | $-            | $-            |
### Sunnyvale Recognized Obligation Payment Schedule (ROPS 18-19) - Report of Cash Balances

**July 1, 2015 through June 30, 2016**  
(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](#).

#### Cash Balance Information for ROPS 15-16 Actuals  
(07/01/15 - 06/30/16)

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fund Sources</strong></td>
<td></td>
<td><strong>Bond Proceeds</strong></td>
<td><strong>Reserve Balance</strong></td>
<td><strong>Other</strong></td>
<td><strong>RPTTF</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bonds issued on or before 12/31/10</td>
<td>Bonds issued on or after 01/01/11</td>
<td>Prior ROPS period balances and DDR RPTTF balances retained</td>
<td>Prior ROPS RPTTF distributed as reserve for future period(s)</td>
<td>Rent, grants, interest, etc.</td>
<td>Non-Admin and Admin</td>
<td>Comments</td>
</tr>
<tr>
<td><strong>1</strong> Beginning Available Cash Balance (Actual 07/01/15)</td>
<td>1,926,729</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>235,471</td>
<td></td>
</tr>
</tbody>
</table>
| **2** Revenue/Income (Actual 06/30/16)  
RPTTF amounts should tie to the ROPS 15-16 total distribution from the County Auditor-Controller during June 2015 and January 2016. | 3,860 | 14,181,996 | 1,036,471 |  |  |  |
| **3** Expenditures for ROPS 15-16 Enforceable Obligations (Actual 06/30/16) | 5,205 | 14,181,996 | 1,210,192 |  |  |  |
| **4** Retention of Available Cash Balance (Actual 06/30/16)  
RPTTF amount retained should only include the amounts distributed as reserve for future period(s) |  |  |  |  |  |  |  |
| **5** ROPS 15-16 RPTTF Balances Remaining |  |  |  |  |  |  |  | No entry required |
| **6** Ending Actual Available Cash Balance (06/30/16)  
C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 + 5) | $1,925,384 | $235,471 | $1,036,471 | $1,210,192 | $61,750 |  |  |  |

---

**Fund Sources**

- **Bond Proceeds**
- **Reserve Balance**
- **Other**
- **RPTTF**

**Comments**

[Cash Balance Tips Sheet](#)
### Sunnyvale Recognized Obligation Payment Schedule (ROPS 18-19) - Notes July 1, 2018 through June 30, 2019

<table>
<thead>
<tr>
<th>Item #</th>
<th>Notes/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>Principal amount of $14,017,916 with interest and repayments in accordance with the requirements of H&amp;S Section 34191.4</td>
</tr>
<tr>
<td>19</td>
<td>Principal amount of $1,500,000 with interest and repayments in accordance with the requirements of H&amp;S Section 34191.4</td>
</tr>
</tbody>
</table>