

May 2, 2016

Emily Harrison
Finance Director
County of Santa Clara
70 West Hedding Street, East Wing, 2nd Floor
San Jose, CA 95110

Subject: Notification of Insufficiency of Funds

Dear Ms. Harrison:

Pursuant to Redevelopment Law ABx1 26, Section 34183 (b), the Successor Agency to the Redevelopment Agency of the City of San José (the "Successor Agency") hereby submits this letter to notify the County of Santa Clara Auditor-Controller (the "County") that the total amount available to the Successor Agency from the Redevelopment Property Tax Trust Fund (the "RPTTF") allocation funds is insufficient to meet the payment obligations as identified on the Recognized Obligation Payment Schedule 16-17A (the "ROPS 16-17A"), for the period covering July 1 through December 31, 2016.

We have included, in the line identified as Cash from General Account, an amount of \$3,200,000, related to the net proceeds currently estimated to be received in June 2016 from the sale of the Central Place Garage. This sale was approved by the Oversight Board on April 28, 2016 and is set to be heard on the May 17, 2016 agenda of the Successor Agency Board meeting. This treatment of disposition sales revenues is consistent with the County's prior treatment of disposition sales revenues in the calculation of insufficiency of funds in May 2015 and its corresponding distribution of RPTTF. The Agency notes that the inability to close the sale of the Central Place Garage prior to the payment of debt service on Enforceable Obligations in August 2016 would leave the Successor Agency with insufficient revenue to make the required debt service payments. In such an eventuality, the Successor Agency anticipates the County would distribute additional RPTTF to the Successor Agency prior to August debt service payments in the amount withheld due to the anticipated sale of the Central Place Garage.

The Insufficiency of Funds report includes one category at the bottom of the report on additional obligations that is not included in the ROPS 16-17A RPTTF Non-Admin approved payments. The following summarizes the additional obligation as of July 31, 2016:

- **County Pass-Through and Settlement Agreement Total (projected)** – The estimated amount of outstanding Pass-through amounts (\$60.8M) and Settlement Agreement amounts (\$15.0M) that are due to the County totals \$75.8 million dollars after approximately \$27.34 million of RPTTF funds are applied from the June 1, 2016 distribution to pay past-due County Pass-through and Settlement Agreement amounts.

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This additional amount due to the County is reflected to show the current estimated true insufficiency of \$112.6 million.

If you have any questions please let me know at your earliest convenience.

Sincerely,

A handwritten signature in cursive script that reads "Julia H. Cooper". The signature is written in black ink and is positioned above the printed name and title.

JULIA H. COOPER
Chief Financial Officer

Enclosure
cc: Alan Minato

Successor Agency to the Redevelopment Agency of the City of San José
 ROPS 16-17A - Insufficiency of Funds Forecast Worksheet
 For the Period July 1 through December 31, 2016

	Balance	Totals
Beginning Cash Balance as of July 1, 2016		
Cash From General Account	\$ 3,635,695	
Cash from Housing Account	-	
Restricted Cash Reserve for Senior Tax Allocation Bonds 16-17A Debt Service Payments	31,460,000	
Restricted Cash Reserve for Subordinate Tax Allocation Bonds 16-17A Debt Service Payments	4,504,141	
Restricted Cash Reserve for Housing Set-Aside Senior Tax Allocation Bonds 16-17A Debt Service Payments	14,322,408	
Restricted Cash Reserve for Housing Set-Aside Subordinate Tax Allocation Bonds 16-17A Debt Service Payments	2,865,182	
Restricted North San Pedro Prop 1C Project - Grant Proceeds	112,936	
Restricted North San Pedro First Community Housing Project - Bond Proceeds	318	
Restricted CET Escrow Funds	22,554	
Restricted HUD Proceeds	311,197	
Restricted Security Deposits	108,900	
Total Cash on Hand as of July 1, 2016	<u>57,343,331</u>	<u>\$ 57,343,331</u>
RPTTF Cash Inflows (per County letter on 4/1/2016):		
Gross RPTTF Beginning Fund Balance (Per County Controller-Treasurer)	117,451,371	
Less: Roll Corrections	N/A	
Less: Assessment Appeals	N/A	
Total RPTTF Available Balance	<u>117,451,371</u>	
Plus: Release of PERS Levy held by County	N/A	
Less: AB x1 26 County Auditor Admin Cost	(44,000)	
Less: SB2557 Property Tax Administrative Fees	(1,392,467)	
Less: AB1290	(6,962,016)	
Less: County Pass-Through/Settlement (1)	(27,339,343)	
Total Estimated Net Property Tax Distribution to Successor Agency from RPTTF for June 1, 2016	<u>81,713,545</u>	<u>81,713,545</u>
Other Income/Sources (Based on ROPS 16-17A)		
Interest Income for JP Morgan Letter of Credit payments	1,000	
Rent, Parking Revenues, DDA Participation Revenue	374,462	
Accounts Receivables Revenue	32,828	
Parking Fund Advance - Per Reimbursement Agreement	-	
City of San Jose General Fund - to fund Personnel Cost	100,000	
Restricted CDBG Fund Advance	1,962,360	
Restricted HUD 108 Escrow Funds	46,019	
Restricted State Grant Funds - North San Pedro Housing Project	9,000,000	
Long Range Property Disposition Sales	-	
Total Cash Inflows	<u>11,516,669</u>	<u>11,516,669</u>
Beginning Restricted/Unrestricted Cash Balance, DOF RPTTF Approval, and Other Income		<u>\$ 150,573,545</u>
Cash Outflows (ROPS 16-17A RPTTF Eligible Obligations):		
Debt Service Payments - Senior Housing Set-Aside Tax Allocation Bonds - Wells Fargo Bank	14,322,408	
Debt Service Reserve 16-17B Senior Housing Set-Aside Tax Allocation Bonds	-	
Debt Service Payments - Senior Tax Allocation Bonds - Union Bank	97,909,332	
Debt Service Reserve 16-17B Senior Tax Allocation Bonds	-	
Debt Service Payments - Subordinate Housing Set-Aside Tax Allocation Bonds 2010C - Wells Fargo Bank	4,343,772	
Debt Service Reserve 16-17B Subordinate Housing Set-Aside Tax Allocation Bonds	1,258,068	
Debt Service Payments - Subordinate Tax Allocation Bonds Variable Rate - U.S. Bank	4,530,873	
Debt Service Reserve 16-17B Subordinate Tax Allocation Bonds Variable Rate	-	
Debt Service - CSJFA Commercial Paper	200,000	
Debt Service/Fiscal Agent Fees - Fourth & San Fernando Street Parking Facility Bonds	1,683,536	
Debt Service/Fiscal Agent Fees - Convention Center Bonds	13,295,780	
Fiscal Agent Fees - Senior Tax Allocation Bonds	27,845	
Fiscal Agent Fees - Subordinate Tax Allocation Bonds Variable Rate	15,800	
Fiscal Agent Fees - Housing Set-Aside Tax Allocation Bonds	6,400	
Letter of Credit Fees/Callable Commercial Paper - Subordinate Tax Allocation Bonds Variable Rate - JP Morgan	608,366	
Remarketing Fees - Subordinate Tax Allocation Bonds Variable Rate	33,807	
Bond Logistics/Bond Activities	236,578	
Legally Binding & Enforceable Obligations - ROPS 16-17A	5,943,406	
City Advance of City Supported Debt Service Payments, Admin, and Enforceable Obligations for FY 12-13, 13-14, 14-15, 15-16	29,767,484	
SARA Administrative Cost	1,195,852	
Sub-Total Cash Outflows	<u>175,379,307</u>	<u>175,379,307</u>
Other Cash Outflows (Other Funding Sources)		
Letter of Credit Fees - Other Misc. Income	407,289	
Personnel Costs for Operations - SARA	100,000	
Restricted HUD 108 - loan payments and reserved funds	2,319,576	
Restricted North San Pedro First Community Housing Project - Bond Proceeds	318	
Restricted CET Escrow Funds	22,554	
Restricted Security Deposits	108,900	
Restricted State Grant Funds - North San Pedro Housing Project payments and reserve	9,112,936	
Sub-Total Other Cash Outflows (Other Funding Sources)	<u>12,071,573</u>	<u>12,071,573</u>
Total Cash Outflows (ROPS 16-17A as Approved by Oversight Board 01-28-2016 & DOF Approval 4-16-2016)		<u>\$ 187,450,880</u>
Insufficiency of Funds Sub-Total (based on current period ROPS 16-17A)		<u>\$ (36,877,335)</u>
County Pass-Through and Settlement Agreement Total from July 2016 (total obligations after \$27.34M from RPTTF is applied on June 1, 2016)		<u>\$ 75,771,857</u>
Insufficiency of Funds Total (based on accrued amounts due)		<u>\$ (112,649,192)</u>

(1) County Pass-through/Settlement amount under RPTTF cash inflows section is adjusted for assumed additional withholding of \$3.2 million related to anticipated sale of Central Place Garage.