

December 1, 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 16-17B (the "ROPS 16-17B"), for the period covering January through June 30, 2017.

The Insufficiency of Funds report includes unfunded RPTTF eligible obligations from the 16-17A period and one category at the bottom of the report on additional obligations that is not included in the ROPS 16-17B RPTTF Non-Admin approved payments. The following summarizes those obligations:

- **Unfunded Obligations from 16-17A (projected)** – The estimated amount of third party unfunded RPTTF obligations from 16-17A is \$35.6M. The lines included in this total are 70-72, 78-80, 82, 84, 85, 96, 140, 141, 145-148, 155-157, 164, 205, and 246-248.
- **County Pass-Through and Settlement Agreement Total (projected)** – The estimated amount of outstanding Pass-through amounts (\$40.3M) and Settlement Agreement amounts (\$14.9M) that are due to the County totals \$55.1 million dollars after approximately \$20.6 million of RPTTF funds are applied from the January 1, 2017 distribution to pay past-due County Pass-through and Settlement Agreement amounts.

This additional amount due to the County is reflected to show the current estimated true insufficiency of \$91.6 million.

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

Sincerely,

A handwritten signature in cursive script, reading "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 16-17B - Insufficiency of Funds Forecast Worksheet
 For the Period January 1 through June 30, 2017

	Balance	Totals
Beginning Cash Balance as of January 1, 2017 (forecast)		
Unrestricted Cash From General Account	\$ 3,504,169	
Unrestricted Cash from LAIF Account	17,301	
Restricted Cash Reserve for Senior Tax Allocation Bonds 16-17B Debt Service Payments	43,092	
Restricted Cash Reserve for Subordinate Tax Allocation Bonds 16-17B Debt Service Payments	33,537	
Restricted Cash Reserve for Housing Set-Aside Senior Tax Allocation Bonds 16-17B Debt Service Payments	23,779	
Restricted Cash Reserve for Housing Set-Aside Subordinate Tax Allocation Bonds 16-17B Debt Service Payments	1,258,068	
Restricted North San Pedro Prop 1C Project - Grant Proceeds	114,595	
Restricted First Community and N San Pedro Housing Project - Bond Proceeds	7,249	
Restricted CET Escrow Funds	22,595	
Restricted Security Deposits	8,900	
Total Cash on Hand as of January 1, 2017	<u>5,033,284</u>	<u>\$ 5,033,284</u>
RPTTF Cash Inflows (per County letter on 10/1/2016):		
Gross RPTTF Beginning Fund Balance (Per County Controller-Treasurer)	137,537,025	
Less: Roll Corrections	N/A	
Less: Assessment Appeals	N/A	
Total RPTTF Available Balance	<u>137,537,025</u>	
Plus: Release of PERS Levy held by County	N/A	
Less: AB x1 26 County Auditor Admin Cost	-	
Less: SB2557 Property Tax Administrative Fees	(1,397,500)	
Less: AB1290	(13,400,945)	
Less: County Pass-Through/Settlement (1)	(20,585,610)	
Total Estimated Net Property Tax Distribution to Successor Agency from RPTTF for January 1, 2017	<u>102,152,970</u>	<u>102,152,970</u>
Other Income/Sources (Based on ROPS 16-17B)		
Interest Income for JP Morgan Letter of Credit	1,020	
Rent, Parking Revenues, DDA Participation Revenue	374,461	
Accounts Receivables Revenue	32,828	
City of San Jose General Fund - to fund Personnel Cost	100,000	
Restricted CDBG Fund Advance for HUD Debt Service	176,122	
Restricted State Grant Funds - North San Pedro Housing Project	10,235,406	
Total Cash Inflows	<u>10,919,837</u>	<u>10,919,837</u>
Beginning Restricted/Unrestricted Cash Balance, DOF RPTTF Approval, and Other Income		<u>\$ 118,106,091</u>
Cash Outflows (ROPS 16-17B RPTTF Eligible Obligations):		
Debt Service Payments - Senior Housing Set-Aside Tax Allocation Bonds - Wells Fargo Bank	5,282,044	
Debt Service Reserve 17-18A Senior Housing Set-Aside Tax Allocation Bonds	14,532,041	
Debt Service Payments - Senior Tax Allocation Bonds - Union Bank	33,481,280	
Debt Service Reserve 17-18A Senior Tax Allocation Bonds	32,952,500	
Debt Service Payments - Subordinate Housing Set-Aside Tax Allocation Bonds 2010C - Wells Fargo Bank	-	
Debt Service Reserve 17-18A Subordinate Housing Set-Aside Tax Allocation Bonds	4,317,241	
Debt Service Payments - Subordinate Tax Allocation Bonds Variable Rate - U.S. Bank	550,606	
Debt Service Reserve 17-18A Subordinate Tax Allocation Bonds Variable Rate	5,141,974	
Debt Service - CSJFA Commercial Paper	4,950,000	
Debt Service/Fiscal Agent Fees - 4th & San Fernando Street Parking Facility Bonds	1,685,736	
Debt Service/Fiscal Agent Fees - Convention Center Bonds	1,967,000	
Fiscal Agent Fees - Senior Tax Allocation Bonds	6,920	
Fiscal Agent Fees - Subordinate Tax Allocation Bonds Variable Rate	-	
Fiscal Agent Fees - Housing Set-Aside Tax Allocation Bonds	3,000	
Letter of Credit Fees/Callable Commercial Paper - Subordinate Tax Allocation Bonds - JP Morgan	565,743	
Remarketing Fees - Subordinate Tax Allocation Bonds - Cit, JP Morgan, US Bank	32,363	
Bond Logistics/Bond Activities	206,000	
Legally Binding & Enforceable Obligations - ROPS 16-17B	5,678,745	
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	1,174,436	
Sub-Total Cash Outflows	<u>142,295,113</u>	<u>142,295,113</u>
Other Cash Outflows (Other Funding Sources)		
Letter of Credit Fees - Other Misc. Income	407,289	
Personnel Costs for Operations - SARA	100,000	
Debt Service Payments from Reserve - Subordinate Housing Set-Aside Tax Allocation Bonds 2010C - Wells Fargo Bank	1,258,068	
Restricted HUD 108 - loan payments	176,122	
Restricted North San Pedro First Community Housing Project - Bond Proceeds	318	
Restricted CET Escrow Funds	22,554	
Restricted Security Deposits	8,900	
Restricted State Grant Funds - North San Pedro Housing Project payments and reserve	10,350,000	
Sub-Total Other Cash Outflows (Other Funding Sources)	<u>12,323,251</u>	<u>12,323,251</u>
Total Cash Outflows (ROPS 16-17B as Approved by Oversight Board 9-22-2016 & DOF Approval 11-15-2016)		<u>\$ 154,618,364</u>
Insufficiency of Funds Sub-Total (based on current period ROPS 16-17B)		<u>\$ (36,512,273)</u>
County Pass-Through and Settlement Agreement Totals (total obligations after \$13.8M is added for July-Dec 2016 period and \$20.5M from RPTTF is applied on January 1, 2017)		<u>\$ 55,100,000</u>
Insufficiency of Funds Total (based on accrued amounts due)		<u>\$ (91,612,273)</u>

(1) County Pass-through/Settlement amount under RPTTF cash inflows section is adjusted for having \$3.5 million unrestricted cash on hand on 12/31/2016.