



Successor Agency to the Redevelopment Agency

May 1, 2017

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 17-18A (the "ROPS 17-18A"), for the period covering July 1 through December 31, 2017.

The Insufficiency of Funds report includes one category (County Pass-through and Settlement Agreement Totals) at the bottom of the report on additional obligations that is not included in the ROPS 17-18A RPTTF Non-Admin approved payments.

The County Pass-through and Settlement Agreement Totals section consists of outstanding Pass-throughs for \$7.93 million and the fourth installment of the Settlement Agreement plus interest on the remaining installments outstanding equaling \$6.40 million due to the County. The total amount currently owed \$14.33 million. Attached is a calculation of the \$14.33 million (Attachment A).

This additional amount due to the County is reflected to show the current estimated true insufficiency of \$49.34 million.

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

Sincerely,

JULIA H. COOPER
Chief Financial Officer

Enclosure
cc: Alan Minato

Successor Agency to the Redevelopment Agency of the City of San José
 ROPS 17-18A - Insufficiency of Funds Forecast Worksheet
 For the Period July 1 through December 31, 2017

	Balance	Totals
Beginning Cash Balance as of July 1, 2017 (forecast)		
Unrestricted Cash From General Account/LAIF	\$ 4,762,108	
Restricted Cash Reserve for all Tax Allocation Bonds 17-18A Debt Service Payments	56,998,620	
Restricted North San Pedro Prop 1C Project - Grant Proceeds	108,615	
Restricted First Community and N San Pedro Housing Project - Bond Proceeds	7,249	
Restricted CET Escrow Funds	22,595	
Total Cash on Hand as of March 31, 2017	61,899,186	\$ 61,899,186
RPTTF Cash Inflows (per County letter on 03/30/2017):		
Gross RPTTF Beginning Fund Balance (Per County Controller-Treasurer)	135,452,048	
Less: Roll Corrections	N/A	
Less: Assessment Appeals	N/A	
Total RPTTF Available Balance	135,452,048	
Plus: Release of PERS Levy held by County (per County and Agency)	12,897,777	
Less: AB x1 26 County Auditor Admin Cost	(75,000)	
Less: SB2557 Property Tax Administrative Fees	(1,201,898)	
Less: AB1290	(11,417,525)	
Less: County Pass-Through/Settlement ⁽¹⁾	(44,565,895)	
Total Estimated Net Property Tax Distribution to Successor Agency from RPTTF for July 1, 2017	91,089,507	91,089,507
Other Income/Sources (Based on ROPS 17-18A)		
Interest Income for JP Morgan Letter of Credit	1,020	
A/R, Rent, Parking Revenues, DDA Participation Revenue	461,390	
City of San Jose General Fund - to fund Personnel Cost	104,665	
Restricted CDBG Fund Advance for HUD Debt Service	2,002,141	
Restricted State Grant Funds - North San Pedro Housing Project	2,307,426	
Total Cash Inflows	4,876,642	4,876,642
Beginning Restricted/Unrestricted Cash Balance, DOF RPTTF Approval, and Other Income		\$ 157,865,335
Cash Outflows (ROPS 17-18A RPTTF Eligible Obligations):		
Debt Service Payments - Senior Housing Set-Aside Tax Allocation Bonds - Wells Fargo Bank	-	
Debt Service Reserve 17-18B Senior Housing Set-Aside Tax Allocation Bonds	-	
Debt Service Payments - Senior Tax Allocation Bonds - Union Bank	66,433,778	
Debt Service Reserve 17/18B Senior Tax Allocation Bonds	-	
Debt Service Payments - Subordinate Housing Set-Aside Tax Allocation Bonds 2010C - Wells Fargo Bank	-	
Debt Service Reserve 17-18B Subordinate Housing Set-Aside Tax Allocation Bonds	753,760	
Debt Service Payments - Subordinate Tax Allocation Bonds Variable Rate - U.S. Bank	-	
Debt Service Reserve 17-18B Subordinate Tax Allocation Bonds Variable Rate	-	
Debt Service - CSJFA Commercial Paper	50,000	
Debt Service/Fiscal Agent Fees - 4th & San Fernando Street Parking Facility Bonds	1,683,052	
Debt Service/Fiscal Agent Fees - Convention Center Bonds	13,564,530	
Fiscal Agent Fees - Senior Tax Allocation Bonds	27,950	
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 - JP Morgan	285,787	
Remarketing Fees - Subordinate Tax Allocation Bonds - Citi, JP Morgan, US Bank	30,568	
Bond Logistics/Bond Activities	102,213	
Legally Binding & Enforceable Obligations - ROPS 17-18A	12,720,081	
City Advance of City Supported Debt Service Payments, Admin, and Enforceable Obligations for FYs 12-17	30,038,903	
SARA Administrative Cost	1,171,447	
Sub-Total Cash Outflows	126,884,269	126,884,269
Other Cash Outflows (Other Funding Sources)		
Debt Service Reserve From 16-17B Senior Housing Set-Aside Tax Allocation Bonds	14,532,042	
Debt Service Reserve From 16-17B Senior Tax Allocation Bonds	32,952,500	
Debt Service Reserve From 16-17B Subordinate Housing Set-Aside Tax Allocation Bonds	4,175,688	
Debt Service Reserve From 16-17B Subordinate Tax Allocation Bonds Variable Rate	5,135,043	
Letter of Credit Fees - Other Misc. Income	461,390	
Personnel Costs for Operations - SARA	104,665	
Debt Service Payments from Reserve - Subordinate Housing Set-Aside Tax Allocation Bonds 2010C - Wells Fargo Bank	4,175,688	
Restricted HUD 108 - loan payments	2,002,141	
Restricted North San Pedro First Community Housing Project - Bond Proceeds	318	
Restricted CET Escrow Funds	22,595	
Restricted Security Deposits	8,900	
Restricted State Grant Funds - North San Pedro Housing Project payments and reserve	2,416,040	
Sub-Total Other Cash Outflows (Other Funding Sources)	65,987,010	65,987,010
Total Cash Outflows (ROPS 17-18A as Approved by Oversight Board 01/12/2017 & DOF Approval 4/17/2017)		\$ 192,871,279
Insufficiency of Funds Sub-Total (based on current period ROPS 17-18A)		\$ (35,005,944)
County Pass-Through and Settlement Agreement due as of June 30, 2017		\$ 14,333,665
Insufficiency of Funds Total (based on accrued amounts due)		\$ (49,339,609)

⁽¹⁾ County Pass-through/Settlement amount under RPTTF cash inflows section is adjusted for having \$4.7 million unrestricted cash on hand on 4/17/2017.

Attachment A

Sources	Amount
Estimated Pass-through Payment Due to Santa Clara County as of 5/31/17	\$ 49,764,291
⁽¹⁾ Excess RPTTF in June 2017 per Country estimate applied to FY 15-16 Pass-through past due amount	(16,291,124)
⁽¹⁾ Excess RPTTF in June 2017 per Country estimate applied to FY 16-17 Pass-through amount	(25,547,822)
Outstanding Pass-through Total due to Santa Clara County	\$ 7,925,345
March 2011 Settlement Pass-through as of 5/31/17 (includes interest on all settlement outstanding)	\$ 4,399,709
⁽¹⁾ Excess RPTTF in June 2017 per Country estimate applied to 3rd Settlement Installment	(2,726,949)
4th Settlement Installment due 06/30/17	4,712,000
Interest accrued in June 2017	23,560
Outstanding Total of Settlement Agreement	\$ 6,408,320
⁽²⁾ Total Estimated Outstanding Amount of Pass-through and Settlement Amounts due to Santa Clara County	\$ 14,333,665

⁽¹⁾ Estimated amount of \$44.6M excess RPTTF applied from June 2017 distribution.

⁽²⁾ Includes estimated interest accrued until June 30, 2017.