

December 1, 2015

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

**Subject: Notification of Insufficiency of Funds**

Dear Ms. Harrison:

Pursuant to Redevelopment Law ABX126, Section 34183 (b), the Successor Agency to the Redevelopment Agency of the City of San José (the "Successor Agency") hereby submits its 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 (RPTTF) allocation funds are insufficient to meet the payment obligations as identified on the ROPS 15-16B, for the period covering January 1 through June 30, 2016.

The Insufficiency of Funds report includes three categories at the bottom of the report on additional obligations that are not included in the 2015-2016B ROPS RPTTF Non-Admin approved payments. The following summarizes these additional obligations as of June 30, 2016:

- **County Pass-Through and Settlement Agreement Total** – The projected amount of outstanding Pass-through amounts (\$57M) and Settlement Agreement amounts (\$16M) due to the County totals \$87.37 million dollars.
- **Accrued Past Due Third Party Obligations Total** – The 2015-2016B ROPS includes an amount of \$4.6 million in Legally Binding and Enforceable Obligations due in that period. The Insufficiency of Funds report also includes a total of Past Due Third Party Obligations due in the amount of \$4.8 million. The combined outstanding amount for third party obligations is \$9.4 million.
- **Accrued Past Due City Reimbursement Liability Total** – The 2015-2016B ROPS includes an amount of \$11.5 million due for the City Advance made in August 2015 for debt service costs related to the Parking Garage and Convention Center bonds. The Insufficiency of Funds report also indicates the past due amount of \$15 million of costs paid by the City on behalf of SARA that must be repaid in future years. The combined outstanding amount due to the City is \$26.5 million.

These additional amounts are reflected to show the true insufficiency of \$109.4 million.

December 1, 2015  
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Page 2

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

Sincerely,

A handwritten signature in black ink that reads "Julia H. Cooper". The signature is written in a cursive style with a large initial "J" and a long horizontal flourish at the end.

JULIA H. COOPER  
Chief Financial Officer

Enclosure  
cc: Alan Minato

Successor Agency to the Redevelopment Agency of the City of San José  
**ROPS 15-16B - Insufficiency of Funds Worksheet**  
For the Period January 1 through June 30, 2016  
(\$ in 000's)

	Balance	Totals
<b>Beginning Cash Balance as of January 1, 2016 (Forecast)</b>		
Cash From General Account	\$ 1,200	
Cash from Housing Account	180	
Restricted North San Pedro Prop 1C Project - Grant Proceeds	12	
Restricted North San Pedro First Community Housing Project - Bond Proceeds	7	
Restricted CET Escrow Funds	22	
* Restricted HUD Proceeds	155	
Restricted Cash Reserve with Fiscal Agent - for Future Debt Service Payments - 80% Funds Senior Obligations	30	
Restricted Cash Reserve with Fiscal Agent - for Future Debt Service Payments - 80% Funds Subordinate Obligations	-	
Restricted Cash Reserve for Future HSA 20% Senior Debt Service Payments	-	
Restricted Cash Reserve for Future HSA 20% Subordinate Debt Service Payments	-	
<b>Total Cash on Hand as of January 1, 2016 (Forecast)</b>	<b>\$ 1,607</b>	
<b>RPTTF Cash Inflows: (per County letter dated 10/1/2015)</b>		
RPTTF Beginning Fund Balance (Per County Controller-Treasurer)	114,355	
Less: Roll Corrections	N/A	
Less: Assessment Appeals	N/A	
<b>Total RPTTF Available Balance</b>	<b>114,355</b>	
Plus: Release of PERS Levy held by County	N/A	
Less: AB x1 26 County Auditor Admin Cost	(92)	
Less: SB2557 Property Tax Administrative Fees	(1,146)	
Less: AB1290	(7,427)	
<b>Total Estimated Net Property Tax Distribution to Successor Agency from RPTTF for January 1, 2016</b>	<b>105,690</b>	<b>105,690</b>
<b>Other Income/Sources (Forecast based on ROPS 15-16B)</b>		
Interest Income for JP Morgan Letter of Credit payments	1	
Rent, Parking Revenues, DDA Participation Revenue	568	
Accounts Receivables Revenue	29	
Parking Fund Advance - Per Reimbursement Agreement	-	
General Fund Advance - Per Reimbursement Agreement - to fund Admin Cost	-	
* Restricted CDBG Fund Advance	60	
* Restricted HUD 108 Escrow Funds	180	
Restricted State Grant Funds - North San Pedro Housing Project	11,284	
Long Range Property Disposition Sales	-	
<b>Total Cash Inflows (Forecast)</b>		<b>12,123</b>
<b>Beginning Restricted/Unrestricted Cash Balance, DOF RPTTF Approval, and Other Income (Forecast)</b>		<b>\$ 119,420</b>
<b>Cash Outflows (ROPS 15-16B RPTTF Eligible Obligations):</b>		
Debt Service Payments - Housing Set-Aside Senior Allocation Bonds - Wells Fargo Bank	5,492	
Debt Service Reserve for 15-16B 20% Senior HSA TABS	14,322	
Debt Service Payments - Senior Tax Allocation Bonds - Union Bank	34,989	
Debt Service Reserve for 15-16B 80% Senior TABS	31,460	
Debt Service Payments - Housing Set-Aside Subordinate Bonds 2010C - Wells Fargo Bank	1,324	
Debt Service Reserve for 15-16B 20% Subordinate HSA TABS	3,086	
Debt Service Payments - TAB Subordinate Variable Rate Bonds - US Bank	250	
Debt Service Reserve for 15-16B 80% Subordinate TABS	4,504	
Debt Service/Fiscal Agent Fees - Fourth & San Fernando Street Parking Facility Bonds	1,684	
Debt Service/Fiscal Agent Fees - Convention Center Bonds	2,243	
Debt Service - CSJFA Commercial Paper	4,950	
State of California - ERAF Loan Repayments	1,008	
Fiscal Agent Fees - Senior Tax Allocation Bonds - Union Bank	7	
Fiscal Agent Fees - Variable Rate Bonds - US Bank	16	
Fiscal Agent Fees - Housing Tax Allocation Bonds - Wells Fargo Bank	3	
Letter of Credit Fees/Callable Commercial Paper - Variable Rate Bonds - JP Morgan	347	
Remarketing Fees - Variable Rate Bonds	34	
Bond Logistics/Bond Activities	253	
Legally Binding & Enforceable Obligations - ROPS 15-16B	4,592	
City Advance of City Supported Debt Service Payments 15-16A for 2001A Parking Garage, 2001F Convention Center and 2006 ERAF	11,482	
SARA Administrative Cost	1,258	
<b>Sub-Total Cash Outflows (Forecast)</b>		<b>123,306</b>
<b>Other Cash Outflows (Other Funding Sources)</b>		
Letter of Credit Fees - Other Misc. Income	693	
* Restricted HUD 108 - loan payments and reserved funds	395	
Restricted North San Pedro First Community Housing Project - Bond Proceeds	7	
Restricted CET Escrow Funds	22	
Restricted Security Deposits	9	
Restricted State Grant Funds - North San Pedro Housing Project payments and reserve	11,296	
<b>Sub-Total Other Cash Outflows (Other Funding Sources) (Forecast)</b>		<b>12,423</b>
<b>Total Cash Outflows (ROPS 15-16B as Approved by Oversight Board 10-01-2015 &amp; DOF Approval 11-16-2015)</b>		<b>\$ 135,729</b>
<b>Insufficiency of Funds Sub-Total (based on current period ROPS 15-16B)</b>		<b>\$ (16,309)</b>
<b>County Pass-Through and Settlement Agreement Total (total obligations on ROPS 15-16B minus County settlement amounts due in FY17 and 18)</b>		<b>73,042</b>
<b>Accrued Past Due Third Party Obligations Total (total unsecured obligations minus current amount due on ROPS 15-16B)</b>		<b>4,809</b>
<b>Accrued Past Due City Reimbursement Liability Total (total obligations for FY12-13, 13-14, and 14-15 on ROPS 15-16B)</b>		<b>15,249</b>
<b>Insufficiency of Funds Total (based on accrued amounts due)</b>		<b>\$ (109,408)</b>

\* It is estimated that as of 6/30/16 the HUD 108 account will have restricted cash balance of \$261K (155 + 60 + 180 - 134)

Successor Agency to the Redevelopment Agency of the City of San Jose  
 ROPS 15-16B - Forecasted Revenues Summary January thru June 2016

	FORECAST						Comments
	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	
<b>Loan Receivable</b>							
Joe L. Wyrick	1,471.41	1,471.41	1,471.41	1,471.41	1,471.41	1,471.41	8,828.46
Camera 12	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	15,000.00
	<b>3,971.41</b>	<b>3,971.41</b>	<b>3,971.41</b>	<b>3,971.41</b>	<b>3,971.41</b>	<b>3,971.41</b>	<b>23,828.46</b>
<b>Small Business Loan Program</b>							
Tee Nee Thai Cuisine	900.00	900.00	900.00	900.00	900.00	900.00	5,400.00
	<b>900.00</b>	<b>900.00</b>	<b>900.00</b>	<b>900.00</b>	<b>900.00</b>	<b>900.00</b>	<b>5,400.00</b>
<b>Rent</b>							
Two Fish Design	500.00	500.00	500.00	500.00	500.00	500.00	3,000.00
Comedy Club of San Jose	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	30,000.00
Outfront Media (formerly CBS Outdoor)	490.00	490.00	490.00	490.00	490.00	490.00	2,940.00
Clear Channel	60.00	60.00	60.00	60.00	60.00	60.00	360.00
FC Facilitator LLC (Forest City) 201 S. 2nd Street Ground Lease	14,740.20	14,740.20	14,740.20	14,740.20	14,740.20	14,740.20	88,441.20
456 Autumn Court	1,230.00	1,230.00	1,230.00	1,230.00	1,230.00	1,230.00	7,380.00
	<b>22,020.20</b>	<b>22,020.20</b>	<b>22,020.20</b>	<b>22,020.20</b>	<b>22,020.20</b>	<b>22,020.20</b>	<b>132,121.20</b>
<b>Parking Revenue</b>							
Green Valley Enterprises (St. James Parking)	1,890.00	1,890.00	1,890.00	1,890.00	1,890.00	1,890.00	11,340.00
SP Plus Corp - 226 Balbach Street (Aimaden/Balbach Parking Lot)	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	30,000.00
SP Plus Corp - 150 South Montgomery Street	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	24,000.00
SP Plus Corp - 105 South Montgomery Street	13,000.00	13,000.00	13,000.00	13,000.00	13,000.00	13,000.00	78,000.00
SP Plus Corp - 435 S. Market Street (South Hall Site)	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	120,000.00
	<b>43,890.00</b>	<b>43,890.00</b>	<b>43,890.00</b>	<b>43,890.00</b>	<b>43,890.00</b>	<b>43,890.00</b>	<b>263,340.00</b>
<b>Misc.</b>							
Marriott Revenue Participation		100,000.00					100,000.00
Montgomery Hotel (Khanna Participation)						65,000.00	65,000.00
Paseo Retail Revenue Sharing		4,000.00			4,000.00		8,000.00
	-	<b>104,000.00</b>	-	-	<b>4,000.00</b>	<b>65,000.00</b>	<b>173,000.00</b>
A/R:	4,871.41	4,871.41	4,871.41	4,871.41	4,871.41	4,871.41	29,228.46
Rent:	22,020.20	22,020.20	22,020.20	22,020.20	22,020.20	22,020.20	132,121.20
Parking:	43,890.00	43,890.00	43,890.00	43,890.00	43,890.00	43,890.00	263,340.00
Misc:	-	104,000.00	-	-	4,000.00	65,000.00	173,000.00
<b>Subtotal:</b>	<b>70,781.61</b>	<b>174,781.61</b>	<b>70,781.61</b>	<b>70,781.61</b>	<b>74,781.61</b>	<b>135,781.61</b>	<b>597,689.66</b>