



Transmitted via e-mail

April 14, 2020

Julia H. Cooper, Chief Financial Officer
City of San Jose
200 East Santa Clara Street, 13th Floor
San Jose, CA 95113

2020-21 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of San Jose Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2020 through June 30, 2021 (ROPS 20-21) to the California Department of Finance (Finance) on January 31, 2020. Finance has completed its review of the ROPS 20-21.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 268 – Analytical Review of Rating Agencies in the total outstanding amount of \$20,000 is not allowed. The Agency is requesting funding for rating agencies who perform periodic surveillance for credit ratings; however, the Agency did not provide documentation to support the requested amount. It is also undetermined whether these professional services will be needed in the ROPS 20-21 period, and funding contingencies is not allowed. Therefore, the requested amount of \$20,000 is not allowed from Redevelopment Property Tax Trust Fund (RPTTF) funds. To the extent the Agency can provide suitable documentation, such as an executed contract or agreement to support the requested amount, the item may be considered for funding on a future ROPS.
- Item No. 269 – Administrative Expenses for Successor Agency. The Agency requested \$82,590 from Other Funds in error. According to the Agency, the amount requested for the July 1, 2020 through December 31, 2020 period (ROPS A period) should be \$166,977 from Administrative RPTTF. Therefore, to accurately reflect the correct amount, Finance made an adjustment in the amount of \$82,590 to increase the Administrative RPTTF from \$84,387 to \$166,977, and to decrease the Other Funds requested from \$82,590 to \$0.

- Item No. 261 – 2017 Successor Agency Senior Refunding Bonds Series A-T in the amount of \$107,294,025 is partially reclassified. On the ROPS 20-21 form, the Agency reported cash balances and activity for the period July 1, 2017 through June 30, 2018 (ROPS 17-18). According to our review, the Agency has approximately \$8,685,654 in non-RPTTF funds available to fund enforceable obligations on the ROPS 20-21. The Agency is requesting \$8,832,323 in Other Funds for this obligation which is more than available according to the cash balance form. Therefore, Finance is increasing the Agency's RPTTF request by \$146,669 (\$8,832,323 - \$8,685,654) to ensure adequate funding for this obligation.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the ROPS 17-18 period. Reported differences in RPTTF are used to offset current RPTTF distributions. The County Auditor-Controller's review of the prior period adjustment form submitted by the Agency resulted in no prior period adjustment.

The Agency's maximum approved RPTTF distribution for the reporting period is \$136,275,309, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the ROPS A period, and one distribution for the January 1, 2021 through June 30, 2021 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 20-21 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Except for the item adjusted, Finance is not objecting to the remaining items listed on the ROPS 20-21. If the Agency disagrees with our determination with respect to any items on the ROPS 20-21, except items which are the subject of litigation disputing our previous or related determinations, the Agency 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 on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

The Agency must use the RAD App to complete and submit its Meet and Confer request form.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 20-21. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be deemed denied until the matter is resolved.

The ROPS 20-21 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 20-21 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 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 law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Joshua Mortimer, Supervisor, or Cole Chev, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Kevin Freimarck, Financial Analyst, City of San Jose
Alan Minato, Finance Agency Director, Santa Clara County

Approved RPTTF Distribution July 2020 through June 2021			
	ROPS A	ROPS B	ROPS 20-21 Total
RPTTF Requested	\$ 63,803,183	\$ 72,154,154	\$ 135,957,337
Administrative RPTTF Requested	84,387	24,326	108,713
Total RPTTF Requested	63,887,570	72,178,480	136,066,050
RPTTF Requested	63,803,183	72,154,154	135,957,337
<u>Adjustment(s)</u>			
Item No. 261	146,669	0	146,669
Item No. 268	(20,000)	0	(20,000)
	126,669	0	126,669
RPTTF Authorized	63,929,852	72,154,154	136,084,006
Administrative RPTTF Requested	84,387	24,326	108,713
<u>Adjustment(s)</u>			
Item No. 269	82,590	0	82,590
Adjusted Administrative RPTTF	166,977	24,326	191,303
Administrative RPTTF Authorized	166,977	24,326	191,303
Total RPTTF Approved for Distribution	\$ 64,096,829	\$ 72,178,480	\$ 136,275,309