



October 14, 2012

Mr. Brice McQueen, Successor Agency Manager  
City of Sunnyvale  
650 W. Olive Ave.  
Sunnyvale, CA 94088

Dear Mr. McQueen:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Sunnyvale Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 30, 2012 for the period of January through June 2013. Finance has completed its review of your ROPS III, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations:

- Item 2 No. – 1998 Certificates of Participation (Parking Facility Funding) in the amount of \$13.4 million. The certificates are enforceable obligations; however, payment is pledged and secured by rental payments required by the City of Sunnyvale. Therefore, this item must be paid using the rental payments, and not Redevelopment Property Tax Trust Fund (RPTTF).
- Item No. 4 – 1977 Loan Repayment Agreement in the amount of \$28.2 million. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable. This agreement was not made within the first two years of the creation of the RDA. Therefore, this item is not an enforceable obligation and not eligible for RPTTF money. Upon receiving a Finding of Completion from Finance, HSC section 34191.4 (b) may cause these items to be enforceable in future ROPS periods.
- Item 5 – 2010 Amended Disposition and Development and Owner Participation Agreement in the amount of \$52.8 million. Payment is not required for this project during the ROPS III period. Therefore, this item is not currently eligible for RPTTF funding.

Except for items denied in whole or in part as enforceable obligations as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, you 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 at Finance's website below:

[http://www.dof.ca.gov/redevelopment/meet\\_and\\_confer/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$683,232 as summarized below:

<b>Approved RPTTF Distribution Amount</b>	
<b>For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 4,826,000
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item No. 2	239,564
Item No. 4	2,000,000
Item No. 5	2,047,984
Total approved RPTTF for enforceable obligations	\$ 538,452
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	144,780
<b>Total RPTTF approved:</b>	<b>\$ 683,232</b>

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

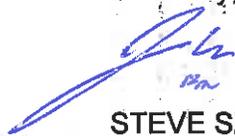
[http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%20III%20Forms%20by%20Successor%20Agency/).

All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

Please direct inquiries to Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,



**STEVE SZALAY**  
Local Government Consultant

cc: Ms. Grace K. Leung, Director of Finance, City of Sunnyvale  
Ms. Irene Lui, Controller Treasurer, County of Santa Clara