

INSTALLMENT PAYMENT PLAN AGREEMENT

This Installment Payment Plan Agreement is entered into this 30th day of October, 2013 by and among the Successor Agency to the City of Santa Clara Redevelopment Agency ("Successor Agency"), the City of Santa Clara, a chartered municipal corporation ("City") and the State of California Department of Finance ("DOF") with reference to the following facts:

A. Pursuant to Health and Safety Code Section 34179.5, the Successor Agency submitted to the DOF the Due Diligence Review for the Low and Moderate Income Housing Fund ("LMIHF DDR") following approval of the LMIHF DDR by the Oversight Board for the Successor Agency.

B. The DOF issued a final determination, after a meet and confer with the Successor Agency, that the funds available from the former Santa Clara Redevelopment Agency's Low and Moderate Income Housing Fund for distribution to the taxing entities were \$63,179,968 plus any interest those sums have accumulated after June 30, 2012 ("Final Determination") pursuant to a letter dated April 19, 2013.

C. The DOF and the Successor Agency have agreed that a portion of the Final Determination consists of funds that were expended by the Successor Agency pursuant to obligations that may qualify as enforceable obligations as that term is defined in Health and Safety Code Section 34171(d) and that such obligations if properly listed and approved on a Recognized Obligations Payment Schedule ("ROPS") may reduce the amount of the original Final Determination to \$45,463,101.

D. Pursuant to Health and Safety Code Section 34179.6(D)(3), if the DOF determines that payment of the full amount required in the Final Determination is not currently feasible or would jeopardize the ability of the Successor Agency to pay enforceable obligations in a timely manner, the DOF may agree to an installment payment plan.

E. Based on information provided by the Successor Agency, the DOF has determined that even if the amount of the Final Determination were reduced as described in Paragraph C above, payment by the Successor Agency would be infeasible at this time.

F. The City, the Successor Agency and the DOF now desire to enter into the Agreement providing the terms for an installment payment plan for a revised Final Determination and setting forth additional terms and conditions regarding the Final Determination.

In consideration of the foregoing, the parties agree as follows:

1. ROPS Adjustment. The Successor Agency shall list on the ROPS 13-14B to be submitted to the Oversight Board and the DOF, with the payment source listed as "Other Funds," the following items, which the Successor Agency believes are Enforceable Obligations as defined in Health and Safety Code section 34171. :

a. BAREC Land Acquisition	\$11,666,211
---------------------------	--------------

b.	Bill Wilson Center – The Commons	\$ 1,258,497
c.	ROEM Senior Apartment Project	\$ 157,091
d.	1430 El Camino Real Housing - Presidio	\$ 4,455,636
e.	Housing Administration and Grants to Nonprofits Housing Service Providers	\$ 179,432

To the extent any of the items listed above on the Successor Agency's ROPS 13-14B are approved by the DOF, the DOF shall issue a revised Final Determination to the Successor Agency reducing the amount of the original Final Determination by the value of any of the approved items. The maximum amount that the original Final Determination may be reduced by is \$17,716,867.

2. Payment of Available Funds. Upon issuance by the DOF of a revised Final Determination, the Successor Agency shall pay to the Santa Clara County Auditor-Controller for distribution to the taxing entities in accordance with Health and Safety Code Section 34179.6(f) the amount of Thirty Seven Million Nine Hundred Thousand Dollars (\$37,900,000) plus any interest those sums have accumulated after June 30, 2012 ("LMIHF DDR Payment").

3. City Residual Payment.

(a) Concurrently with the Successor Agency making the LMIHF DDR Payment, the City shall deliver to the Santa Clara County Auditor-Controller the letter attached as Exhibit A directing the Santa Clara County Auditor-Controller, upon receipt of the LMIHF DDR Payment to distribute the City's share of the LMIHF DDR Payment calculated in accordance with Health and Safety Code Section 34188 ("City's Residual Payment") to the local taxing entities as an additional payment toward the revised Final Determination and to continue to distribute the City's share of the City's Residual Payment resulting from the LMIHF DDR Payment until that amount reaches zero dollars and zero cents (\$0.00). The DOF and the Successor Agency agree that upon payment of the LMIHF DDR Payment, provided the City has delivered Exhibit A to the Santa Clara County Auditor-Controller and the Santa Clara County Auditor-Controller's calculations of the City's Residual Payments match the \$4,290,804.37 amount estimated by the City, the Successor Agency shall be credited an additional \$4,290,804.37 toward the revised Final Determination payment obligation. To the extent that the Santa Clara County Auditor-Controller's calculation of the City's Residual Payments is higher than the \$4,290,804.37 estimated by the City due to the Successor Agency's remittance of any accumulated interest on the \$37,900,000 remitted by the Successor Agency, the Successor Agency shall be credited the higher amount as calculated by the Santa Clara County Auditor-Controller.

(b) Within ten (10) days of receipt of DOF approval of each ROPS submitted by the Successor Agency, including ROPS 13-14B, the City shall deliver to the Santa Clara County Auditor-Controller a letter substantially in the form of Exhibit B attached hereto, directing the Santa Clara County Auditor-Controller to distribute the City's share of any residual payments from the RPTTF pursuant to Health and Safety Code Section 34183(a)(4) to the local taxing entities as an additional payment toward the revised Final Determination amount and to continue to distribute the City's share of each successive residual payment resulting from the redistribution of the City's share to the taxing entities until that amount reaches zero dollars and zero cents (\$0.00). At the same time that the City provides such letter to the Santa Clara County Auditor-

Controller, the Successor Agency shall provide the DOF with written notice of the amount of the City's estimated residual share from the particular ROPS and the estimated amount to be credited to the payment of the revised Final Determination. The DOF and the Successor Agency agree that if the Santa Clara County Auditor-Controller's calculations of the City's residual share match the City's estimate, that amount shall be credited to the payment of the revised Final Determination. This process of redistributing the City's share of the residual payment shall continue until the full amount of the payment owed pursuant to the revised Final Determination is distributed to the taxing entities pursuant to Health and Safety Code Section 34179.6(f), unless the Successor Agency prepaays the amount owed pursuant to Section 4 below.

4. Prepayment. The Successor Agency, at any time may prepay in whole or in part the outstanding amount owed pursuant to the revised Final Determination by making a payment to the Santa Clara County Auditor-Controller. At any time that the Successor Agency makes a prepayment, the Successor Agency shall provide notice of such prepayment to the DOF and the City. The City may, but is not required to, elect to direct the County Auditor-Controller to redistribute the City's share of any such prepayment to the taxing entities in accordance with the procedures set forth above, in which event the amount of the City's share of the prepayment, including the successive amounts from the distribution, will be credited toward the amount owed by the Successor Agency pursuant to the revised Final Determination.

5. Finding of Completion. The DOF agrees that, when the Successor Agency meets all requirements for obtaining a Finding of Completion pursuant to Health and Safety Code Section 34179.7, the DOF will issue a Finding of Completion to the Successor Agency.

6. Remedies Pursuant to Health and Safety Code Section 34179.6(h). DOF agrees that as long as the Successor Agency is in compliance with this Agreement it shall not exercise any of its remedies pursuant to Health and Safety Code Section 34179.6(h) in regard to amounts to be remitted under the revised Final Determination.

7. Resolution of Disputes Arising from the Final Determination. To the extent all of the items listed in Section 1 of this agreement are listed on the Successor Agency's ROPS 13-14B and are approved by the DOF and DOF issues a revised Final Determination the Successor Agency, the City and the DOF agree that the execution of this Agreement resolves all disputes the Successor Agency, the City and the DOF have arising from the revised Final Determination. The Successor Agency, the City and the DOF further agree not to sue and not to assert any claims or causes of action against any other party to this Agreement, or their directors, agents, or employees based on the revised Final Determination, or to otherwise challenge the revised Final Determination. The Parties further agree that the Parties shall make such representation of the agreements laid out in this section to a court of law if necessary, including in *Sharma v. Successor Agency to the Redevelopment Agency of the City of Santa Clara*, Sacramento Superior Court, Case No. 34-2013-80001396 or any other lawsuit to which the Parties may be a party.

8. Cooperation; No Costs. Each of the Parties shall cooperate in good faith and exercise best efforts to complete, execute, and/or deliver any and all documentation reasonably required to effectuate any and all aspects of the settlement that is the subject of this Agreement. Each

Party shall bear its own costs, including attorneys' fees, in connection with the negotiation, execution and effectuation of this Agreement.

9. Notices. All notices, demands, or other communications provided for or permitted hereunder shall be made in writing and shall be by telecopier, electronic mail, courier service, overnight mail, or personal delivery:

(a) if to the Successor Agency:

Successor Agency to the Santa Clara Redevelopment Agency
1500 Warburton Avenue
Santa Clara, CA 95050
Attn: Executive Director
or
Jfuentes@SantaClaraCA.gov

with copies to:

Karen Tiedemann
Goldfarb & Lipman
1300 Clay Street, 11th Floor
Oakland, CA 946112
or
ktiedemann@goldfarblipman.com

(b) If to the City:

City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050
Attn: City Manager
or
JFuentes@SantaClaraCa.gov

with copies to

City Attorney
City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050
or
RNosky@SantaClaraCa.gov

(c) If to the DOF

Redevelopment_Administration@dof.ca.gov
Attn: Justyn Howard

All such notices, demands, and other communications shall be deemed to have been duly given when delivered by hand, if personally delivered; when delivered by courier, if delivered by commercial courier service; when delivered by overnight mail, if delivered by overnight mail service; and when receipt is mechanically acknowledged, if telecopied or received by electronic mail. Any Party can, at any time, change its respective notice information by notice to all other Parties as set forth in this section.

10. Knowledge Of Content And Advice Of Counsel. Each of the Parties hereto acknowledges that such Party has fully read and comprehended the contents of this Agreement, and that such Party is in full agreement with each and every one of the terms, conditions, and provisions set forth herein. Each of the Parties further acknowledges that such Party has retained or has been advised to retain his, her or its own separate and independent counsel in connection with the negotiation, drafting, and execution of this Agreement, and has been fully advised and informed of the consequences of executing the Agreement.

11. Drafting; Headings. This Agreement shall be interpreted as if it were mutually prepared and drafted by all the Parties (regardless of which Party or Parties had primary drafting responsibility); such that any rule of construction that would otherwise require that ambiguities be resolved against the drafting party shall not apply. Pronouns shall be deemed to include masculine, feminine and neuter gender and singular and plural numbers as appropriate. The section headings herein are for convenience only and shall have no force or effect in the interpretation of the substantive terms and conditions set forth in the text of this Agreement.

12. Choice Of Law, Jurisdiction, Enforcement. This Agreement shall be governed by the laws of the State of California.

13. Severability. If any provision or any part of this Agreement that does not go to the essential purpose of this Agreement shall be held to be invalid or unenforceable, for any reason, the remainder of this Agreement shall not be affected thereby, and shall remain in full force and effect.

14. Integration; No Reliance; No Modification. This Agreement, including exhibits, collectively constitutes the entire agreement and understanding of and between the Parties with respect to the subject matter hereof and thereof, and to the extent they are inconsistent with or contradict any prior agreements and understandings, whether written or oral, express or implied, between them with respect thereto, this Agreement, including exhibits, collectively shall supersede and replace such prior agreements and understandings. Any modification of this Agreement shall be specifically set forth in a writing which is executed by the Party to be bound.

15. Execution. This Agreement may be executed in duplicate counterparts and delivered by facsimile or electronic delivery (e.g., PDF). Any executed counterparts, taken together, shall constitute the entire Agreement between the Parties. A facsimile or electronically delivered

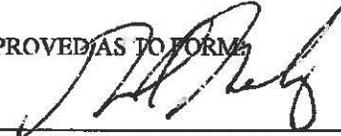
signature shall be deemed to have the force and effect of an original signature. In the event that a Party requests an original signature, the Party to whom the request is made shall promptly deliver an original signature to the requesting Party.

16. Authority to Bind. All parties executing this Agreement are authorized to so bind the party.

IN WITNESS WHEREOF the Parties hereto have executed this Agreement on the respective dates set forth below.

**CITY OF SANTA CLARA, CALIFORNIA,
a chartered California municipal corporation,**

APPROVED AS TO FORM:



RICHARD E. NOSKY, JR.
City Attorney

ATTEST:



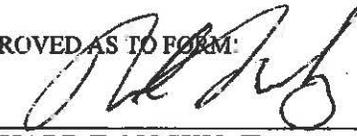
ROD DIRIDON, JR.
City Clerk



JULIO J. FUENTES
City Manager
1500 Warburton Avenue
Santa Clara, CA 95050
Telephone: (408) 615-2210
Fax: (408) 241-6771

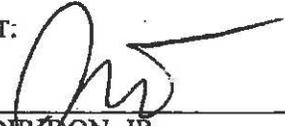
**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF
SANTA CLARA
a legal entity**

APPROVED AS TO FORM:



RICHARD E. NOSKY, JR.
Agency Attorney

ATTEST:



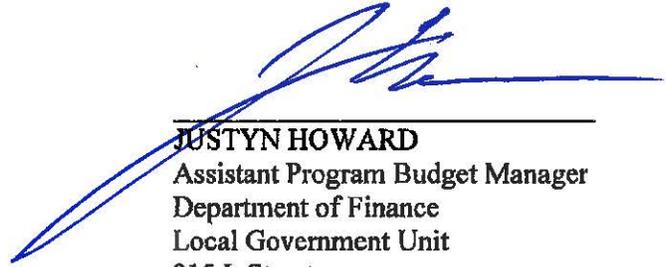
ROD DIRIDON, JR.
Agency Secretary



JULIO J. FUENTES
Executive Officer
1500 Warburton Avenue
Santa Clara, CA 95050
Telephone: (408) 615-2210
Fax: (408) 241-6771

Signatures continue on next page

CALIFORNIA DEPARTMENT OF FINANCE



JUSTYN HOWARD
Assistant Program Budget Manager
Department of Finance
Local Government Unit
915 L Street
Sacramento, CA 95814

EXHIBIT A

Santa Clara County Auditor Controller

Dear _____

The Successor Agency to the Redevelopment Agency of the City of Santa Clara ("Successor Agency") has made a payment to your office in the amount of Thirty Seven Million Nine Hundred Thousand Dollars (\$37,900,000) ("LMIHF DDR Payment") as partial payment of the amounts determined to be available pursuant to the LMIHF Due Diligence Review and in accordance with the terms of that certain Installment Payment Plan Agreement between the City of Santa Clara, the Successor Agency and the California Department of Finance ("DOF") dated _____.

On behalf of the City of Santa Clara, I hereby direct you to distribute to each taxing entity entitled to receive distributions pursuant to Health and Safety Code section 34188 in accordance with each taxing entity's property tax share, that portion of the LMIHF DDR Payment, that would otherwise be paid to the City of Santa Clara pursuant to section 34188. You are directed to continue to make redistributions of the City of Santa Clara's proportionate share of each subsequent distribution resulting from the LMIHF DDR Payment to the taxing entities until the City of Santa Clara's proportionate share reaches zero dollars and zero cents (\$0.00). The attached schedule is attached as an example, and is the City of Santa Clara's estimate of the City of Santa Clara's total share of the distributions the City of Santa Clara would have received from the LMIHF DDR Payment pursuant to section 34188.

SINCERELY,

EXHIBIT B

Santa Clara County Auditor Controller

Dear _____

On behalf of the City of Santa Clara and in accordance with the terms of that certain Installment Payment Plan Agreement between the City, the Successor Agency to the Redevelopment Agency of the City of Santa Clara ("Successor Agency") and the California Department of Finance ("DOF") dated _____, I hereby direct you to distribute to the taxing entities entitled to receive distributions pursuant to Health and Safety Code section 34188 from the Redevelopment Property Tax Trust Fund established for the Successor Agency, the City of Santa Clara's share of any distributions made pursuant to Health and Safety Code section 34183(a)(4) after payment to the Successor Agency of the amounts due pursuant to ROPS _____ approved by the DOF. You are directed to continue to make redistributions of the City of Santa Clara's proportionate share of each subsequent distribution made pursuant to Health and Safety Code Section 34183(a)(4) after payment to the Successor Agency of the amounts due pursuant to ROPS _____ approved by the DOF until the City of Santa Clara's proportionate share reaches zero dollars and zero cents (\$0.00). The attached schedule is attached as an example, and is the City of Santa Clara's estimate of the City of Santa Clara's total share of the distributions the City of Santa Clara would have received pursuant to Health and Safety Code section 34183(a)(4).

SINCERELY,