



MEET AND CONFER REQUEST FORM

Instructions: Please fill out this form in its entirety to initiate a Meet and Confer session. Additional supporting documents may be included with the submittal of this form—as justification for the disputed item(s). Upon completion, email a PDF version of this document (including any attachments) to:

Redevelopment_Administration@dof.ca.gov

The subject line should state “[Agency Name] Request to Meet and Confer”. Upon receipt and determination that the request is valid and complete, the Department of Finance (Finance) will contact the requesting agency within ten business days to schedule a date and time for the Meet and Confer session.

To be valid, all Meet and Confer requests must be specifically related to a determination made by Finance and submitted within the required statutory time frame. The requirements are as follows:

- **Housing Asset Transfer** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter per HSC Section 34176 (a) (2).
- **Due Diligence Review** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter, and no later than **November 16, 2012** for the Low and Moderate Income Housing Fund due diligence review per HSC Section 34179.6 (e).
- **Recognized Obligation Payment Schedule (ROPS)** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter per HSC Section 34177 (m).

Agencies should become familiar with the Meet and Confer Guidelines located on Finance’s website. Failure to follow these guidelines could result in termination of the Meet and Confer session. Questions related to the Meet and Confer process should be directed to Finance’s Dispute Resolution Coordinator at (916) 445-1546 or by email to Redevelopment_Administration@dof.ca.gov.

AGENCY (SELECT ONE):

Successor Agency Housing Entity

AGENCY NAME: Successor Agency to the Santa Clara Redevelopment Agency

TYPE OF MEET AND CONFER REQUESTED (SELECT ONE):

Housing Assets Transfers Due Diligence Reviews ROPS Period 13-14B

DATE OF FINANCE’S DETERMINATION LETTER: 11-14-2013

REQUESTED FORMAT OF MEET AND CONFER SESSION (SELECT ONE):

Meeting at Finance Conference Call

DETAIL OF REQUEST

A. Summary of Disputed Issue(s) *(Must be specific.)*
See Attachment 1.

B. Background/History *(Provide relevant background/history, if applicable.)*
See Attachment 1.

C. Justification *(Provide additional attachments to this form, as necessary.)*
See Attachment 1.

Agency Contact Information

Name: Julio Fuentes
Title: Executive Officer
Phone: 408-615-2210
Email: jfuentes@santaclaraca.gov
Date: 11-21-13

Name: Gary Ameling
Title: Director of Finance
Phone: 408-615-2345
Email: gamelings@santaclaraca.gov
Date: 11-21-13

Department of Finance Local Government Unit Use Only

REQUEST TO MEET AND CONFER DATE: APPROVED DENIED

REQUEST APPROVED/DENIED BY: _____ DATE: _____

MEET AND CONFER DATE/TIME/LOCATION: _____

MEET AND CONFER SESSION CONFIRMED: YES DATE CONFIRMED: _____

DENIAL NOTICE PROVIDED: YES DATE AGENCY NOTIFIED: _____

Attachment 1

Successor Agency to the Santa Clara Redevelopment Agency
Meet and Confer Request – ROPS 13-14B

1. Item No. 13 – Administrative Cost Allowance:

A. Summary of Disputed Issue(s)

Item No. 13 – The Santa Clara Successor Agency requested \$1,296,819 in administrative costs allowance. The Department of Finance (“DOF”) determined that pursuant to Health and Safety Code Section 34171(b) the Successor Agency was only entitled to a total of \$789,663 in administrative costs allowances for the 13-14 fiscal year.

B. Background, History and Justification

Item 13 - The Successor Agency listed on the ROPS the full amount of the administrative allowance permitted pursuant to Health and Safety Code Section 34171(b) which is 3% of the property tax allocated to the Successor Agency's Redevelopment Obligation Retirement Fund in any fiscal year. The amount claimed by the Successor Agency is based on the statutory formula taking into account all of the items listed on the ROPS for the fiscal year, including Item 8, the First Amendment to the Cooperation Agreement and First Amendment to the Predevelopment Funding Agreement. It appears that DOF calculated the administrative costs allowance based on 3% of the ROPS items after removing Item 8, however, as DOF indicates in its letter, Item 8 is being paid from prior period RPTTF and the funds necessary to pay Item 8 will be deposited in the Successor Agency's RORF account during this fiscal year. Section 34171(b) calculates the administrative cost allowance based on funds deposited in the RORF account in the given fiscal year regardless of when the property tax funds were generated. It should be noted that because of the litigation related to Item 8, for the prior periods, the obligations and payments associated with Item 8 were not listed on a ROPS and thus the Successor Agency's administrative allowance was artificially reduced by the exclusion of this item from the ROPS, although this enforceable obligation was responsible for significant administrative costs as a result of the litigation. Now that the litigation is resolved and the funds will be deposited in the RORF, the Successor Agency is entitled to receive the proportionate amount of administrative cost allowance for the funding of this obligation.

2. Item No. 22 – ROEM Senior Housing Loan.

A. Summary of Disputed Issue(s)

Item No. 22- ROEM Senior Housing loan – predevelopment loan agreement entered into on April 19, 2011 between the Santa Clara Housing Authority and ROEM Apartment Communities. The DOF claims that the former RDA was not a party to the contract and that low and moderate income housing funds were not pledged to the payment under the agreement.

B. Background, History and Justification

In February 2011, the former RDA and the City entered into a Cooperation Agreement whereby the City agreed to undertake on behalf of the RDA certain affordable housing projects in exchange for the former RDA providing Low and Moderate Income Housing Funds toward the projects. The City subsequently assigned its interest in the Cooperation Agreement to the City of Santa Clara Housing Authority. Pursuant to the terms of the Cooperation Agreement, the City of Santa Clara Housing Authority was effectively acting as the agent of the former RDA in implementing affordable housing projects. The ROEM Senior Housing Project for which the Housing Authority provided a predevelopment loan was entered into by the Housing Authority on behalf of the former RDA. The Predevelopment Loan Agreement was entered into before the adoption of the Dissolution Act and at the time it was entered into was a legal and binding agreement that constitutes an enforceable obligation.

3. Item Nos. 23-29

A. Summary of Disputed Issue(s)

Affordable Housing Service Grant Agreements totaling \$102,465. DOF claims that these agreements contain provisions that allowed the Agency to extend the agreements in their sole discretion for an additional period commencing on July 1, 2011. Since the Housing Authority, acting as the agent of the former RDA extended the agreements, the DOF determined that the Housing Authority had committed itself to extend these agreements in its sole discretion. The DOF also finds that the agreements were not entered into prior to the adoption of the Dissolution Act.

B. Background, History and Justification

The former RDA entered into affordable housing service grant agreements with various affordable housing services providers. Each of the agreements was entered into in 2010 and were multi-year agreements. At the time that the Former RDA and the City entered into the Cooperation Agreement, the City assumed the obligations of these agreements on behalf of the Former RDA provided the Former RDA provided the funds sufficient to fund the agreements. Each of the agreements was extended for the full three-year term prior to the adoption of the Dissolution Act and the funds requested are funds that were approved for expenditure by the Housing Authority on behalf of the former RDA prior to June 27, 2011. The fact that the approval of the extension resulted in the contracts continuing after July 1, 2011 does not make the contracts invalid. The key issue for purposes of determining if the contracts are enforceable obligations is whether the extension occurred prior to June 27, 2011, which in these seven contracts is the case.

4. Item 31- Sports and Open Space Authority Sublease

A. Summary of Disputed Issue(s)

Item No. 31 – Sublease payments owed to the Sports and Open Space Authority pursuant to a Cooperation Agreement and Master Lease between the former RDA and the Sports and Open Space Authority.

B. Background and History

The DOF removed from the ROPS Item No. 31 which was placed on the ROPS at the request of the DOF. This item consists of rent payments received by the Sports and Open Space Authority (SOSA) related to property that always has been owned by SOSA and continues to be owned by SOSA. SOSA owned the property known as Fairway Glen (site of a former golf course) and leased three parcels of the property to a private developer for the development of three multi-family residential developments. As a result of issues raised by the private developer's financing partners in the early 1990s, SOSA and the private developer renegotiated the terms of their original ground lease to create a tiered lease structure whereby SOSA leased the properties to the former RDA, and the former RDA subleased the properties to the private developer. The former RDA was merely a pass through entity between SOSA and the private developer to allow the private developer to access capital markets for financing. In accordance with the terms of the ground lease and a Cooperation Agreement entered into between SOSA and the former RDA, the RDA was required to provide all rents to SOSA and SOSA assumed all liability for the property. Effectively the RDA had a legal leasehold interest but no beneficial interest in the property.

C. Justification

With regards to the SOSA property, the DOF's determination would require that SOSA continue to allow the use of its property without the benefit of any rent revenue. The DOF's determination would set aside one portion of the agreements between SOSA and the RDA, the Cooperation Agreement, but would not set aside the Ground Lease, thus providing a lopsided equation that effectively results in a taking of SOSA's property for the benefit of the taxing entities and a gift of public funds to the taxing entities. This position cannot be sustained under any theory and is not upheld by the provisions of the Dissolution Act. If the Cooperation Agreement between SOSA and the RDA is invalid under the provisions of Section 34171(d)(1) then the Ground Lease between SOSA and the RDA must also be invalid, in which case the sublease with the developer becomes a direct lease between SOSA and the developer and the rent revenue is the property of SOSA not the former RDA.

The DOF appears to base its determination on a conclusion that SOSA is considered part of the sponsoring entity and thus the Cooperation Agreement is invalid. Assuming for purposes of argument that the DOF is correct in applying Section 34167.10 to SOSA, then Section 34178(a) is dispositive of this issue. Section 34178(a) provides that commencing with the dissolution of the former RDA “agreements, contracts or arrangements between the city or county, or city and county that created the redevelopment agency and the redevelopment agency are invalid.” Section 34178 does not distinguish types of agreements and clearly the ground lease is an agreement or contract. Under Section 34178(a) not only is the Cooperation Agreement invalid but the ground lease is also invalid and the sublease then becomes a direct lease between SOSA and the developer and the rent is the property of SOSA, not the Successor Agency.

5. Availability of Other Funds

A. Summary of Disputed Issue(s)

The DOF determined that the Successor Agency has other funds available for the payment of its obligations listed on the ROPS totaling a minimum of \$17,669,850 and that RPTTF is to be used as a funding source only to the extent that no other funds are available or when payment from property tax revenues is required by the enforceable obligation. Based on this the DOF has determined that no RPTTF distribution to the Successor Agency is necessary to pay the Successor Agency’s enforceable obligations, including the Successor Agency’s bond obligations.

B. Background, History and Justification

The DOF has determined that the Successor Agency has sources of revenue available to make the required enforceable obligation payments and thus is denying the Successor Agency any RPTTF to make bond payments and other payments due during the ROPS 13-14B period. The funds DOF has determined are available consist of rent and lease revenues that the City of Santa Clara claims are General Fund revenues pursuant to long standing agreements whereby the lease revenues generated by the properties in question flowed to the City as compensation to the City for the property which was originally City owned. These funds are the subject of a preliminary injunction to which DOF is a party that prohibits the expenditures of these funds prior to resolution of the underlying case on its merits. DOF appears to be attempting to circumvent the terms of the Preliminary Injunction which cannot be altered without an order of the court. Pursuant to the DOF determination letter, the Successor Agency has the choice of either defaulting on its bond obligations or violating the terms of the Preliminary Injunction. The Successor Agency would request that the attorney handling the litigation related to these funds be present at the meet and confer.

The DOF also misconstrues Section 34177(l)(1)(E) which provides that RPTTF is to be used to pay enforceable obligations but only to the extent no other funding source is available or when payment from property tax revenue is required by an enforceable obligation. The majority of items on the ROPS 13-14B to be funded by RPTTF are bond payments (Items 1 through 6). Each of the Fiscal Agent Agreements for the bond issuances are specific that the sole source of revenue pledged to the payment of the bonds is property tax revenues and that no other Agency revenues or assets are obligated toward the payment of the bonds. Copies of the relevant pages of the Fiscal Agent Agreements are attached as Exhibit 1.

6. Prior Period Adjustment

A. Summary of Disputed Issue(s)

The DOF made an adjustment to the RPTTF available based on the Santa Clara County Auditor Controller's audit of the Successor Agency's prior period expenses resulting in a decrease in the RPTTF approved for distribution in the amount of \$270,689. The adjustment consists of a self-reported prior period adjustment of \$2,930 plus a disallowance of the Successor Agency's approved administrative cost allowance for the ROPS III period although the CAC does not dispute that the funds were properly spent on administrative costs.

B. Background, History and Justification

The DOF adjusted the RPTTF available for distribution to the Successor Agency based on the determination of the County Auditor-Controller that the administrative cost allowance approved by the Oversight Board and the DOF for the ROPS III period was not authorized because the Successor Agency's administrative budget for this period was not approved by the Oversight Board. The CAC does not dispute that the funds were properly spent on administrative costs in accordance with the approved ROPS III, nor does the CAC dispute that the Oversight Board approved the ROPS with the administrative cost allowance included. The fact that the Oversight Board failed to approve the administrative budget (to be distinguished from the administrative cost allowance) for the ROPS III period is not a basis for denying the Successor Agency the validly approved administrative cost allowance. The Oversight Board approved ROPS III with an even higher administrative cost allowance than the amount that was ultimately approved by the DOF as demonstrated by the ROPS III submitted to the DOF signed by the Oversight Board chair and attached to the Oversight Board resolution. The DOF subsequently approved the ROPS III with an administrative cost allowance in the amount of \$267,759 and the CAC distributed RPTTF to the Successor Agency that included this amount.

The CAC disputes the amounts on the prior period adjustment on the basis that the Oversight Board never approved the administrative cost budget for the ROPS III period. The Successor Agency prepared and presented to the Oversight Board an administrative cost budget that showed total administrative costs far in excess of the allowed administrative cost allowance. The Successor Agency made clear to the Oversight Board that the only portion of the administrative budget that would be funded with RPTTF or other Successor Agency resources would be the amount allowed as an administrative cost allowance pursuant to Health and Safety Code Section 34171(b). At its meeting on August 24, 2012 members of the Oversight Board questioned the administrative budget and requested that the Successor Agency return with a revised budget. Subsequent to the meeting of August 24, 2012, the Oversight Board Chair cancelled all of its remaining meetings for 2012 except for closed session meetings to discuss litigation. The Oversight Board did not meet again until January 2013 at which time DOF had approved the ROPS III including the administrative cost allowance and the funds had been disbursed to the Successor Agency in accordance with DOF approval. Since the ROPS III was then final and the administrative cost allowance in the ROPS III was approved by the DOF, the Successor Agency proceeded to expend the administrative cost allowance in accordance with the approved ROPS III.

It should be noted that nowhere in the Dissolution Act is the approval of the administrative budget required as a condition to the Successor Agency receiving the administrative cost allowance. Section 34177(j) requires that the Successor Agency prepare a proposed administrative budget and submit that budget to the oversight board for its approval. The Successor Agency complied with the requirements of Section 34171(j). Section 34177(k) also requires that the Successor Agency provide administrative cost estimates from its approved administrative budget that are to be paid from property tax revenues deposited in the RPTTF. The Successor Agency also complied with this requirement, providing the CAC with the cost estimates as part of the submission of the ROPS. Finally Section 34177(l) requires that each ROPS includes the administrative cost allowance, as opposed to the administrative budget. The Successor Agency also complied with this requirement.

The CAC position that the Successor Agency is not entitled to the administrative cost allowance would deprive the Successor Agency of the administrative cost allowance mandated by Section 34171(b). Section 34171(b) is clear that the administrative cost allowance can only be reduced by approval of the oversight board or by agreement of the Successor Agency. The Oversight Board approved a greater amount for the Administrative Cost allowance and did not take any action to reduce the mandated minimum amount. The CAC cannot through its audit function override the Oversight Board.

FISCAL AGENT AGREEMENT

Dated as of August 1, 1999

by and between the

**REDEVELOPMENT AGENCY OF THE CITY OF
SANTA CLARA**

and

BNY WESTERN TRUST COMPANY,
as Fiscal Agent

Relating to

\$31,550,000

**Redevelopment Agency of the City of Santa Clara
Bayshore North Project
1999 Tax Allocation Bonds, Series A**

and

\$16,905,000

**Redevelopment Agency of the City of Santa Clara
Bayshore North Project
1999 Tax Allocation Bonds, Series B**

Agency, in accordance with and upon satisfaction of all conditions precedent to such issuance as set forth in Section 3.06 of the 1987 Resolution.

SECTION 3.06. *Issuance of Subordinate Debt.* The Agency may from time to time issue or incur Subordinate Debt in such principal amount as shall be determined by the Agency, provided that the issuance of such Subordinate Debt shall not cause the Agency to exceed any applicable Plan Limitations.

SECTION 3.07. *Validity of 1999 Bonds.* The validity of the authorization and issuance of the 1999 Bonds shall not be dependent upon the completion of the Redevelopment Project or upon the performance by any person of its obligation with respect to the Redevelopment Project.

ARTICLE IV

SECURITY OF 1999 BONDS; FLOW OF FUNDS; INVESTMENTS

SECTION 4.01. *Security of 1999 Bonds; Equal Security.* The 1999 Bonds shall be secured by a first pledge of and lien on all of the Tax Revenues and all of the moneys on deposit in the funds and accounts established under the 1987 Resolution, on a parity with the 1987 Bonds and the 1992 Bonds. Such pledge and lien shall be for the equal security of the Outstanding Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Tax Revenues and such moneys, no funds of the Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the 1999 Bonds.

In consideration of the acceptance of the 1999 Bonds by those who shall hold the same from time to time, this Fiscal Agent Agreement shall be deemed to be and shall constitute a contract between the Agency and the Owners from time to time of the 1999 Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the 1999 Bonds without preference, priority or distinction as to security or otherwise of any of the 1999 Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

SECTION 4.02. *Parity With 1987 Bonds and 1992 Bonds.* The 1999 Bonds shall constitute Additional Bonds under and within the meaning of the 1987 Resolution, and shall be entitled to all of the benefits and protections afforded under the 1987 Resolution. The Agency hereby represents and covenants, pursuant to Section 3.06 of the 1987 Resolution, that:

(a) The Agency is in compliance with all covenants set forth in the 1987 Resolution.

(b) The taxes eligible for allocation (pursuant to the Redevelopment Law and the Constitution of the State of California and from which Tax Revenues are derived, but excluding such taxes derived from any business inventory tax subvention) as shown on the equalized assessment roll next preceding the Closing Date, as reported by the Santa Clara County Auditor-Controller, are at

FISCAL AGENT AGREEMENT

Dated as of June 1, 2002

between the

**REDEVELOPMENT AGENCY OF THE CITY OF SANTA
CLARA**

and

BNY WESTERN TRUST COMPANY,
as Fiscal Agent

Relating to

\$33,910,000
Redevelopment Agency of the City of Santa Clara
Bayshore North Project
2002 Tax Allocation Refunding Bonds

ARTICLE IV

SECURITY OF 2002 BONDS; FLOW OF FUNDS; INVESTMENTS

SECTION 4.01. *Security of 2002 Bonds; Equal Security.* (a) The 2002 Bonds shall be secured by a first pledge of and lien on all of the Tax Revenues and all of the moneys on deposit in the funds and accounts established under the 1987 Resolution, on a parity with the 1999 Bonds and the Non-Refunded 1992 Bonds. This pledge and lien shall be for the equal security of the Outstanding Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Tax Revenues and such moneys, no funds of the Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the 2002 Bonds.

(b) In consideration of the acceptance of the 2002 Bonds by those who hold the same from time to time, this Fiscal Agent Agreement constitutes a contract between the Agency and the Owners from time to time of the 2002 Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the 2002 Bonds without preference, priority or distinction as to security or otherwise of any of the 2002 Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

SECTION 4.02. *Special Fund; Deposit of Tax Revenues.* (a) The Agency has previously established the Special Fund under Section 4.02 of the 1987 Resolution. The Agency shall continue to hold the Special Fund so long as any of the 2002 Bonds remain Outstanding.

(b) The Agency shall deposit all of the Tax Revenues received in any Bond Year in the Special Fund promptly upon receipt thereof by the Agency, until such time during that Bond Year as the amounts on deposit in the Special Fund equal (i) the aggregate amounts required to be transferred to the Fiscal Agent in that Bond Year for deposit into the Interest Account, the Principal Account and the 2002 Reserve Account under Section 4.03, and (b) the aggregate amounts required to be transferred in that Bond Year for deposit into the funds and accounts established with respect to the 1999 Bonds, the Non-Refunded 1992 Bonds and any Additional Bonds.

(c) All Tax Revenues received by the Agency during any Bond Year in excess of the amount required to be deposited in the Special Fund during that Bond Year under paragraph (b) of this Section 4.02 are released from the pledge and lien hereunder for the security of the 2002 Bonds and may be applied by the Agency for any lawful purposes, including but not limited to, the payment of Subordinate Debt, or the payment of any amounts due and owing to the United States of America under the 1987 Resolution, the 1992 Resolution, the 1999 Fiscal Agent Agreement or this Fiscal Agent Agreement. The provisions of this subsection (c) relating to the release of amounts from the Special Fund is subject to the provisions of Section 5.04, which prohibit the release of amounts from the Special Fund under certain circumstances.

(d) Prior to the payment in full of the principal of and interest and redemption premium (if any) on the 2002 Bonds, and the payment in full of all other amounts

FISCAL AGENT AGREEMENT

Dated as of May 1, 2003

between the

**REDEVELOPMENT AGENCY OF THE CITY OF SANTA
CLARA**

and

BNY WESTERN TRUST COMPANY,
as Fiscal Agent

Relating to

**\$43,960,000
Redevelopment Agency of the City of Santa Clara
Bayshore North Project
2003 Tax Allocation Bonds**

times the Maximum Annual Debt Service on the Outstanding Prior Bonds and the 2003 Bonds.

- (c) The Agency has received a certificate of the Santa Clara County Auditor-Controller setting forth the amount of taxes referred to in the preceding clause (b).
- (d) The Agency has received all required approvals or rulings from any governmental authority having jurisdiction over the 2003 Bonds or their terms.
- (e) The Fiscal Agent has received an opinion of counsel which states that this Fiscal Agent Agreement complies with the requirements of the Prior Bond Documents.

ARTICLE IV

SECURITY OF 2003 BONDS; FLOW OF FUNDS; INVESTMENTS

SECTION 4.01. *Security of 2003 Bonds; Equal Security.* (a) The 2003 Bonds are secured by a first pledge of and lien on all of the Tax Revenues and all of the moneys on deposit in the funds and accounts established under the 1987 Resolution, on a parity with the Prior Bonds. This pledge and lien is for the equal security of all Outstanding Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Tax Revenues and such moneys, no funds of the Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the 2003 Bonds.

(b) In consideration of the acceptance of the 2003 Bonds by those who hold the same from time to time, this Fiscal Agent Agreement constitutes a contract between the Agency and the Owners from time to time of the 2003 Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the 2003 Bonds without preference, priority or distinction as to security or otherwise of any of the 2003 Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

SECTION 4.02. *Special Fund; Deposit of Tax Revenues.*

(a) The Agency has previously established the Special Fund under Section 4.02 of the 1987 Resolution. The Agency shall continue to hold the Special Fund so long as any of the 2003 Bonds remain Outstanding.

(b) The Agency shall deposit all of the Tax Revenues received in any Bond Year in the Special Fund promptly upon receipt thereof by the Agency, until such time during that Bond Year as the amounts on deposit in the Special Fund equal (i) the aggregate amounts required to be transferred to the Fiscal Agent in that Bond Year for deposit into the Interest Account, the Principal Account and the Reserve Account under Section 4.03, and (b) the aggregate amounts required to be transferred in that Bond Year for deposit

FISCAL AGENT AGREEMENT

Dated as of May 1, 2011

between the

REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Fiscal Agent

Relating to

\$31,411,295.25
Redevelopment Agency of the City of Santa Clara
Bayshore North Project
2011 Tax Allocation Bonds

- (e) The Fiscal Agent has received an opinion of counsel which states that such Additional Bonds comply with the requirements of this Fiscal Agent Agreement and the Prior Bond Documents.

ARTICLE IV

SECURITY OF 2011 BONDS; FLOW OF FUNDS; INVESTMENTS

SECTION 4.01. *Security of 2011 Bonds; Equal Security.* The 2011 Bonds are secured by a pledge of, lien on and security interest in all of the Tax Revenues and all of the moneys on deposit in the funds and accounts established under the Master Bond Resolution, on a parity with the Prior Bonds. This pledge and lien is for the equal security of all Outstanding Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Tax Revenues and such moneys, no funds of the Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the 2011 Bonds.

In consideration of the acceptance of the 2011 Bonds by those who hold the same from time to time, this Fiscal Agent Agreement constitutes a contract between the Agency and the Owners from time to time of the 2011 Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the 2011 Bonds without preference, priority or distinction as to security or otherwise of any of the 2011 Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

SECTION 4.02. *Special Fund; Deposit of Tax Revenues.*

(a) The Agency has previously established the Special Fund under Section 4.02 of the Master Bond Resolution. The Agency shall continue to hold the Special Fund so long as any of the 2011 Bonds remain Outstanding.

(b) The Agency shall deposit all of the Tax Revenues received in any Tax Collection Period in the Special Fund promptly upon receipt thereof by the Agency, until such time as the amounts on deposit in the Special Fund equal (i) the aggregate amounts required to be transferred to the Fiscal Agent in such Tax Collection Period for deposit into the Interest Account, the Principal Account and the Reserve Account under Section 4.03, and (ii) the aggregate amounts required to be transferred in such Tax Collection Period for deposit into the funds and accounts established with respect to the Prior Bonds and any Additional Bonds.

(c) All Tax Revenues received by the Agency during any Tax Collection Period in excess of the amount required to be deposited in the Special Fund during such Tax Collection Period under paragraph (b) of this Section 4.02 are released from the pledge and lien hereunder for the security of the 2011 Bonds and may be applied by the Agency