



October 10, 2012

Mr. Ronald Garratt, Interim City Manager
City of Santa Clara
1500 Warburton Ave
Santa Clara, CA 95050

Dear Mr. Garratt:

Subject: Objection to Oversight Board Action

The Santa Clara City Successor Agency (Agency), successor to the City of Santa Clara Redevelopment Agency (RDA), notified the Department of Finance (Finance) of its August 22, 2012 Oversight Board resolution on August 29, 2012. Pursuant to HSC 34179 (h), Finance has completed its review of the Oversight Board's resolution.

Based on our review of the action taken and application of the law, the Oversight Board's Resolution No. 2012-3 approving the \$30.2 million proposed settlement and repayment of predevelopment funding is denied for the following reason:

- This settlement agreement requires the Agency to enter into a new contract. HSC section 34177.3 prohibits the Agency from creating new enforceable obligations and prohibits the transfer of any revenues of the Agency to any party, public or private, except pursuant to an enforceable obligation on an approved Recognized Obligation Payment Schedule (ROPS).

Although the current agreement approved by the Oversight Board is not eligible for RPTTF funding, if the RDA issued bonds prior to December 31, 2010 for the project in question, the Agency may be authorized to spend extra bond proceeds on this project upon receiving a finding of completion from Finance pursuant to HSC section 34191.4 (c).

Based on the above and as authorized by HSC section 34179 (h), Finance objects and returns Oversight Board Resolution No. 2012-3 for reconsideration. If you have any further inquiries regarding the specific Oversight Board action being returned please contact Justyn Howard, Assistant Program Budget Manager at (916) 445-1546.

Sincerely,


STEVE SZALAY
Local Government Consultant

cc: Mr. Gary Ameling, Finance Director, Santa Clara
Ms. Irene Lui, Controller-Treasurer, Santa Clara County