

# County of Santa Clara

Finance Agency  
Controller-Treasurer

County Government Center  
70 West Hedding Street, East Wing 2<sup>nd</sup> floor  
San Jose, California 95110-1705  
(408) 299-5206 FAX 287-7629



## NOTICE OF NO OBJECTION TO ROPS

January 19, 2017

City of Morgan Hill Successor Agency  
17575 Peak Avenue  
Morgan Hill, CA 95037

City of Morgan Hill Oversight Board  
17575 Peak Avenue  
Morgan Hill, CA 95037

Department of Finance  
915 L Street  
Sacramento, CA 95814

**ROPS Period:**        **ROPS 17-18 (July 1, 2017 – June 30, 2018)**

**Successor Agency:**   **City of Morgan Hill**

To the Successor Agency, Oversight Board, and Department of Finance:

Pursuant to Health and Safety Code section 34182.5, our office has reviewed the Recognized Obligation Payment Schedule (ROPS) submitted by the above-noted successor agency for the above-noted period. After reviewing all items and funding sources, the Santa Clara County Auditor-Controller does not object to any items or funding sources on the submitted ROPS. In addition, we made the following observation:

Successor Agency: City of Morgan Hill  
Notice of No Objection to ROPS  
January 19, 2017

**Item 39 – Administrative Allowance**

The Successor Agency has requested administrative costs totaling \$141,000 for the fiscal year. While this amount is within the administrative cost allowance cap, the requested amount appears excessive given the number and nature of the obligations listed on the ROPS, particularly compared with other agencies within Santa Clara County. HSC section 34179(i) requires the Oversight Board to exercise a fiduciary duty to the taxing entities. Therefore, Santa Clara County Auditor-Controller encourages the Oversight Board to use adequate discretion when evaluating the administrative resources and reduce the amount appropriate for the number and nature of the obligations listed on the ROPS.

Please note that items and/or funding sources not questioned during this review are subject to subsequent review if they are included on a future ROPS. We also reserve the right to object to an item and/or funding source (including, but not limited to, the use of fund balance) on a future ROPS, even if no objection was made on a preceding ROPS.

Additionally, pursuant to Health and Safety Code section 34186(a), the County Auditor-Controller may review the prior period payments and the prior period estimated versus actual payments reported on the ROPS. Per Health and Safety Code section 34186(c) these reviews will commence on October 1, 2018, and occur each October 1 thereafter and are not included in this letter. In addition, my office is continuing its review of the cash balances reported by the successor agency on the ROPS. The results of this review will be transmitted to the Department of Finance as soon as possible.

Sincerely yours,



Alan Minato  
Controller-Treasurer  
County of Santa Clara

Attachment: ROPS 17-18 as submitted to the County Auditor-Controller by Successor Agency

**Recognized Obligation Payment Schedule (ROPS 17-18) - Summary**

Filed for the July 1, 2017 through June 30, 2018 Period

**Successor Agency:**

Morgan Hill

**County:**

Santa Clara

<b>Current Period Requested Funding for Enforceable Obligations (ROPS Detail)</b>	<b>17-18A Total (July - December)</b>	<b>17-18B Total (January - June)</b>	<b>ROPS 17-18 Total</b>
<b>A Enforceable Obligations Funded as Follows (B+C+D):</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
<b>E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):</b>	<b>\$ 226,062</b>	<b>\$ 8,755,321</b>	<b>\$ 8,981,383</b>
F RPTTF	155,562	8,684,821	8,840,383
G Administrative RPTTF	70,500	70,500	141,000
<b>H Current Period Enforceable Obligations (A+E):</b>	<b>\$ 226,062</b>	<b>\$ 8,755,321</b>	<b>\$ 8,981,383</b>

Certification of Oversight Board Chairman:

Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

\_\_\_\_\_  
 Name Title

/s/ \_\_\_\_\_  
 Signature Date

Morgan Hill Recognized Obligation Payment Schedule (ROPS 17-18) - ROPS Detail

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W					
											17-18A (July - December)											17-18B (January - June)					
											Fund Sources											Fund Sources					
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	17-18A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	17-18B Total					
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 17-18 Total												17-18B Total					
								\$ 115,492,907		\$ 8,981,383						\$ 70,500	\$ 226,062					\$ 70,500	\$ 8,755,321				
17	Parking lot lease	Miscellaneous	2/11/2000	2/11/2100	Gayle Richter	Public Parking lot in downtown			Y	\$ -						\$ -						\$ -					
19	SERAF	SERAF/ERAF	2/2/2011	6/30/2017	Morgan Hill Housing Agency	Loan to meet state requirement	Op de Agua		Y	\$ -						\$ -						\$ -					
20	SERAF	SERAF/ERAF	2/17/2010	6/30/2021	Morgan Hill Housing Agency	Loan to meet state requirement	Op de Agua	4,255,171	N	\$ 1,741,896						\$ -				1,741,896		\$ 1,741,896					
39	Administrative Allowance	Admin Costs	7/1/2017	6/30/2018	Successor Agency	Administrative allowance	Op de Agua	141,000	N	\$ 141,000					70,500	\$ 70,500					70,500	\$ 70,500					
110	Appraisals for LRPMP	Property Dispositions	7/1/2017	6/30/2018	Valbridge/Hulberg and Associates	Appraisals for LRPMP	Op de Agua	15,000	N	\$ 15,000				15,000		\$ 15,000						\$ 15,000					
111	Environmental Reports	Property Dispositions	6/22/2015	6/30/2017	AEI	Phase III Environmental Analysis for LRPMP			Y	\$ -						\$ -						\$ -					
113	Survey Services for LRPMP	Property Dispositions	7/1/2017	6/30/2018	MH Engineering	Survey Services for LRPMP	Op de Agua	10,000	N	\$ 10,000				10,000		\$ 10,000						\$ 10,000					
114	Title Services for LRPMP	Property Dispositions	7/1/2017	6/30/2018	Chicago Title/First American	Title Services for LRPMP		10,000	N	\$ 10,000				10,000		\$ 10,000						\$ 10,000					
116	Refunding Revenue Bonds, Series 2013A & B	Bonds Issued After 12/31/10	12/31/2013	9/1/2033	Bank of New York Mellon	Principal payments	Op de Agua	75,310,000	N	\$ 3,215,000						\$ -				3,215,000		\$ 3,215,000					
117	Refunding Revenue Bonds, Series 2013A & B	Bonds Issued After 12/31/10	12/31/2013	9/1/2033	Bank of New York Mellon	Interest payments	Op de Agua	35,621,174	N	\$ 3,717,925						\$ -				3,717,925		\$ 3,717,925					
130	Successor agency owned property management expenses	Property Maintenance	7/1/2016	6/30/2017	Smith Commercial Property Management	Successor agency owned property management expenses			Y	\$ -						\$ -						\$ -					
132	Legal services for LRPMP	Legal	2/26/2015	6/30/2018	Burke, Williams Sorenson, LLP	Legal services for LRPMP	Op de Agua	30,000	N	\$ 30,000				30,000		\$ 30,000						\$ 30,000					
134	Refunding Revenue Bonds, Series 2013A & B	Fees	10/28/2014	6/30/2018	Fraser & Associates	Independent financial consultant, per trust indenture	Op de Agua	3,000	N	\$ 3,000				3,000		\$ 3,000						\$ 3,000					
135	Refunding Revenue Bonds, Series 2013A & B	Fees	12/4/2013	9/1/2033	Bank of New York Mellon	Trustee bank fee	Op de Agua	5,000	N	\$ 5,000				5,000		\$ 5,000						\$ 5,000					
138	Refunding Revenue Bonds, Series 2013A & B	Fees	1/1/2016	9/1/2033	Standard & Poor's	Bond rating surveillance fee	Op de Agua		Y	\$ -						\$ -						\$ -					
139	Refunding Revenue Bonds, Series 2013A & B	Fees	1/1/2016	9/1/2033	Fitch Ratings	Bond rating surveillance fee	Op de Agua		Y	\$ -						\$ -						\$ -					
140	Refunding Revenue Bonds, Series 2013A & B	Fees	12/6/2012	9/1/2033	Norton Rose Fulbright	Bond counsel	Op de Agua	20,000	N	\$ 20,000				10,000		\$ 10,000				10,000		\$ 10,000					
165	Bond Remarketing Services	Miscellaneous	1/1/2013	6/30/2013	Stifel, Nicolaus & Co. Inc.	This is the difference between the authorized and actual dollars from ROPS III, line item #3	Op de Agua	23,564	N	\$ 23,564				23,564		\$ 23,564						\$ 23,564					
166	Draw Fees for June 2013 RDA Debt Service	Miscellaneous	1/1/2013	6/30/2013	Scotiabank	This is the difference between the authorized and actual dollars from ROPS III, line item #5	Op de Agua	1,500	N	\$ 1,500				1,500		\$ 1,500						\$ 1,500					
167	Analytical Services	Miscellaneous	1/1/2013	6/30/2013	Standard & Poor's	This is the difference between the authorized and actual dollars from ROPS III, line item #23	Op de Agua	2,000	N	\$ 2,000				2,000		\$ 2,000						\$ 2,000					
168	Bond Remarketing Services	Miscellaneous	7/1/2013	12/31/2013	Stifel, Nicolaus & Co. Inc.	This is the difference between the authorized and actual dollars from ROPS 13-14 A, line item #3	Op de Agua	32,241	N	\$ 32,241				32,241		\$ 32,241						\$ 32,241					
169	Monthly Draw Fees for RDA Debt Service	Miscellaneous	7/1/2013	12/31/2013	Scotiabank	This is the difference between the authorized and actual dollars from ROPS 13-14 A, line item #5	Op de Agua	2,000	N	\$ 2,000				2,000		\$ 2,000						\$ 2,000					
170	Parking Lot Lease	Miscellaneous	1/1/2014	6/30/2014	Gayle Richter	This is the difference between the authorized and actual dollars from ROPS 13-14 B, line item #17	Op de Agua	3,609	N	\$ 3,609				3,609		\$ 3,609						\$ 3,609					
171	LRPMP Legal Admin Services	Miscellaneous	7/1/2014	12/31/2014	Burke, Williams Sorenson, LLP	This is the difference between the authorized and actual dollars from ROPS 14-15 A, line item #132	Op de Agua	7,648	N	\$ 7,648				7,648		\$ 7,648						\$ 7,648					
172									N	\$ -						\$ -						\$ -					
173									N	\$ -						\$ -						\$ -					
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**Morgan Hill Recognized Obligation Payment Schedule (ROPS 17-18) - Report of Cash Balances**  
**(Report Amounts in Whole Dollars)**

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, [see Cash Balance Tips Sheet.](#)

A	B	C	D	E	F	G	H	I	
		<b>Fund Sources</b>							
		<b>Bond Proceeds</b>		<b>Reserve Balance</b>		<b>Other</b>	<b>RPTTF</b>		
		Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin	<b>Comments</b>	
<b>Cash Balance Information by ROPS Period</b>									
<b>ROPS 15-16B Actuals (01/01/16 - 06/30/16)</b>									
1	<b>Beginning Available Cash Balance (Actual 01/01/16)</b>	6,941,273				203,181	676,031		
2	<b>Revenue/Income (Actual 06/30/16)</b> RPTTF amounts should tie to the ROPS 15-16B distribution from the County Auditor-Controller during January 2016	27,092				2,548	8,132,572		
3	<b>Expenditures for ROPS 15-16B Enforceable Obligations (Actual 06/30/16)</b>						8,253,472		
4	<b>Retention of Available Cash Balance (Actual 06/30/16)</b> RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	6,968,365						D/S reserve	
5	<b>ROPS 15-16B RPTTF Balances Remaining</b>	No entry required							
6	<b>Ending Actual Available Cash Balance</b> C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ -	\$ -	\$ -	\$ -	\$ 205,729	\$ 555,131		

