



REVISED

May 29, 2013

Mr. Mark Evanoff, Redevelopment Manager
City of Union City
34009 Alvarado-Niles Road
Union City, CA 94587

Dear Mr. Evanoff:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 12, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Union City Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to Finance on February 26, 2013 for the period of July through December 2013. Finance issued a ROPS determination letter on April 12, 2013. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on April 23, 2013.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific items being disputed.

- Items Nos. 68 and 69 – Payment to the County on July 6, 2012 in the amount of \$828,964. Finance continues to deny these items. The July 2012 True-Up payment was derived by subtracting Finance approved obligations for the January through June 2012 ROPS period (ROPS I) from the amount distributed by the County Auditor Controller in January 2012 for the ROPS I period; therefore, the Agency should have had these funds available to make the True-Up payment. The Agency cannot be approved to receive additional funds to reimburse the City of Union City for the July 2012 True-Up payment. Therefore, these items are not enforceable obligations and not eligible for Redevelopment Property Tax Trust Fund funding.

In addition, per Finance's letter dated April 12, 2013, we continue to deny the following items not contested by the Agency during the Meet and Confer:

- Item No. 17 – Alma Via Skilled Nursing in the amount of \$1,313,000. The former redevelopment agency (RDA) received a Housing Enabled by Local Partnership (HELP) loan from the California Housing Finance Agency on November 12, 2003 for a ten year term. This amount was then loaned to Elder Care for construction of the Assisted Living Development. The Agency was contingently obligated to pay the loan if Elder Care does not have sufficient income to repay the principal amount of \$1,313,000 which is due in November 2013. Although the loan is considered an enforceable obligation and the

Agency is obligated to pay the loan back, it is not evident that Elder Care will have insufficient funds to pay the amount to the Agency. Therefore, the full obligation listed on this ROPS is not eligible for RPTTF funding at this time and will be re-reviewed on the next ROPS.

Furthermore, the Agency indicated its intentions by including Item 67, Defer payment of Line 17 until ROPS 13-14B, and listed the funding source as other for the \$1,313,000 obligation by offsetting the RPTTF request with Item 17. Therefore, the net effect to RPTTF request for this obligation is zero. .

- Item No. 64 – Oversight Board legal services in the amount of \$100,000 are considered general administrative costs and have been reclassified. The Agency requested to pay for the Oversight Board legal services with 2011 Bond Proceeds. However, since the encumbrance for this item did not exist prior to June 28, 2011, use of 2011 bond proceeds is not permitted. Therefore, Agency’s administrative cost claimed has been increased by \$100,000. A total of \$300,000 has been approved towards the 2013-14 fiscal year administrative cost allowance.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS 13-14A. Obligations deemed not to be enforceable shall be removed from your ROPS.

The Agency’s maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$6,400,565 as summarized below:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 6,183,477
Minus: Six-month total for items denied or reclassified as administrative cost	
Total approved RPTTF for enforceable obligations	\$ 6,183,477
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	300,000
Minus: ROPS II prior period adjustment	(82,912)
Total RPTTF approved for distribution:	\$ 6,400,565

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the above table includes the prior period adjustment that was self-reported by the Agency and the prior period adjustment resulting from the CAC’s audit of the Agency’s self-reported prior period adjustment. Please refer to the worksheet used by the CAC to determine the audited prior period adjustment for the Agency:

<http://www.dof.ca.gov/redevelopment/ROPS/view.php>

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/>.

Mr. Mark Evanoff

May 29, 2013

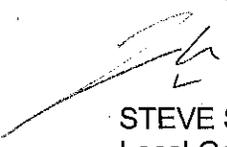
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This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

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 Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Tony Acosta, Interim Director of Administrative Services
Ms. Carol S. Orth, Tax Analysis, Division Chief, County of Alameda
California State Controller's Office