



October 11, 2013

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

Dear Mr. Evanoff:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Union City Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on August 27, 2013 for the period of January through June 2014. Finance has completed its review of your ROPS 13-14B, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations for the reasons specified below:

- Item No. 10 – Bart Phase 2 in the amount of \$800,000 of bond proceeds. During the review, the Agency advised Finance this obligation should not be funded during the current ROPS 13-14B period and requested to remove this item from the ROPS. Therefore, no funding is approved at this time.
- Item Nos. 19, 23, 25, and 26 – Project and legal expenses in the amount of \$2,850,000 of bond proceeds. The Cooperative Agreement between the City and the former redevelopment agency is not sufficient to support these expenditures as enforceable obligations pursuant to HSC section 34171 (d) (A). Furthermore, these bonds were issued after December 31, 2010. HSC section 34191.4 (c) (2) (B) requires these proceeds to be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.
- Administrative costs claimed for Redevelopment Property Tax Trust Fund (RPTTF) exceed the allowance by \$144,262. HSC section 34171 (b) limits the 2013-14 administrative expenses to three percent of property tax allocated to the Agency or \$250,000, whichever is greater.

Allowable administrative cost amount for fiscal year 2013-14	\$355,738
Administrative costs distributed for July through December 2013	300,000
Administrative costs claimed for January through June 2014	200,000
Overage	\$144,262

Pursuant to HSC Section 34186 (a), successor agencies were required to report the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2013 period. The amount of RPTTF approved in the below table includes the prior period adjustment that was self-reported by the Agency. 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. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the table below includes only the prior period adjustment that was self-reported by the Agency.

Except for the items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14B. This determination applies only to items where funding was requested for the six month period. If you disagree with the determination with respect to any items on your ROPS 13-14B, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved RPTTF distribution for the reporting period is \$5,674,713 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2014	
Total RPTTF requested for non-administrative obligations	5,674,448
Total RPTTF requested for administrative obligations	200,000
Total RPTTF requested for obligations	\$ 5,874,448
Total RPTTF approved for non-administrative obligations	5,674,448
Total RPTTF allowable for administrative obligations (see Admin Cost Cap table below)	55,738
Total RPTTF approved for obligations	5,730,186
ROPS III prior period adjustment	(55,473)
Total RPTTF approved for distribution	\$ 5,674,713
Administrative Cost Cap Calculation	
Total RPTTF for 13-14A (July through December 2013)	6,183,477
Total RPTTF for 13-14B (January through June 2014)	5,674,448
Less approved unfunded obligations from prior periods	-
Total RPTTF for fiscal year 2013-14	\$ 11,857,925
Allowable administrative cost for fiscal year 2013-14 (Greater of 3% or \$250,000)	355,738
Administrative allowance for 13-14A (July through December 2013)	300,000
Allowable RPTTF distribution for administrative cost for ROPS 13-14B	\$ 55,738

Please refer to the ROPS 13-14B schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14B Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS_13-14B_Forms_by_Successor_Agency/).

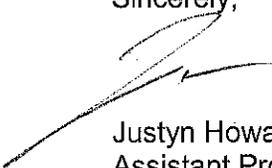
Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2014. This determination applies only to items where funding was requested for the six month period. Finance's determination is effective for this 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 amount of 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.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Beliz Chappuie, Supervisor or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,



Justyn Howard
Assistant Program Budget Manager

cc: Mr. Tony Acosta, Deputy City Manager, Union City
Ms. Carol S Orth, Tax Analysis, Division Chief, Alameda County
California State Controller's Office