



December 17, 2014

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

Dear Mr. Evanoff:

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 3, 2014. 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 14-15B) to Finance on September 19, 2014, for the period of January through June 2015. Finance issued a ROPS determination letter on November 3, 2014. 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 November 13, 2014.

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.

- During our initial review, Finance determined the Agency possessed funds that should be used prior to requesting Redevelopment Property Tax Trust Fund (RPTTF). Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. Finance determined the Agency possesses Other Funds balances totaling \$167,197 that should be used prior to requesting Redevelopment Property Tax Trust Fund (RPTTF). This amount included \$87,496 reported by the Agency on the Report of Cash Balance and \$79,701 (\$39,701 + \$40,000) in adjustments made by Finance upon review of the Report of Cash Balances. During the meet and confer, the Agency disputed the adjustments. Based on additional review during the meet and confer process, the amount of Other Funds balances to be reclassified is \$107,197 (\$87,496 + \$39,701 + \$40,000 - \$60,000), as further explained below:
 - Finance adjustment totaling \$39,701. Finance continues to believe this adjustment is appropriate. On the ROPS 14-15B Cash Balance form, the Agency listed expenditures from Other Funds totaling \$39,701; however, these expenditures were never listed on a ROPS. Pursuant to HSC section 34177 (a) (3), only those items

listed in the ROPS may be made by the Agency from the funds specified in the ROPS. Since the Agency did not have approval to expend these funds, they are considered available to fund approved enforceable obligations. To the extent the Agency believes the costs for the unapproved items are enforceable obligations, they should be included on a future ROPS for review.

- o Finance adjustment totaling \$40,000 and Agency reported revenues totaling \$60,000 for the July through December (ROPS 14-15A) period for property maintenance costs and revenues, respectively. While the Agency concurs that the maintenance costs totaling \$40,000 should not be included in the Cash Balances worksheet, the Agency claims that the associated revenues totaling \$60,000 were also erroneously included on the Cash Balances worksheet and requested the amount be omitted. The Agency claims that since it no longer owns the property, it no longer has claim to those revenues. Finance agrees with the Agency and will remove the revenue and expenditure amounts from the Cash Balances worksheet. During the meet and confer process, the Agency provided additional documents demonstrating that the property associated with the rent revenues and maintenance costs included on the Cash Balances worksheet no longer belongs to the Agency. Pursuant to the Long Range Property Management Plan approved by Finance on November 8, 2013, the property was granted to the City of Union City on June 12, 2014 for future development. As such, the Agency no longer receives the rent revenues generated by this property. In addition, the Agency provided accounting records showing that the Agency has not received revenues for the property.

Based on additional information provided during the meet and confer process related to the Agency's cash balances, the actual unencumbered fund balances total \$107,197.

- Item No. 20 – Successor Agency Administration. The Agency requests \$118,480 of RPTTF Admin. However, because Finance determined that \$107,197 in Other Funds is available, Finance is reclassifying \$107,197 of this item to Other Funds. This item is an enforceable obligation for the ROPS 14-15B period, but it does not require payment from property tax revenues. As such, Finance is approving the use of Other Funds in the amount of \$107,197 and the use of RPTTF totaling \$11,283.

In addition, per Finance's letter dated November 3, 2014, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2014 period. HSC section 34186 (a) also specifies 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 table below includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Except for the items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15B. The Agency's maximum approved RPTTF distribution for the reporting period is \$3,933,948 as summarized in the Approved RPTTF Distribution Table in the following page:

Approved RPTTF Distribution For the period of January through June 2015	
Total RPTTF requested for non-administrative obligations	3,949,339
Total RPTTF requested for administrative obligations	118,480
Total RPTTF requested for obligations on ROPS	\$ 4,067,819
Total RPTTF requested for non-administrative obligations	3,949,339
Total RPTTF for non-administrative obligations	3,949,339
Total RPTTF authorized for non-administrative obligations	\$ 3,949,339
Total RPTTF requested for administrative obligations	118,480
Cash Balances - Item reclassified to other funding sources	
Item No. 20	(107,197)
Total RPTTF authorized for administrative obligations	11,283
Total RPTTF authorized for obligations	\$ 3,960,622
ROPS 13-14B prior period adjustment	(26,674)
Total RPTTF approved for distribution	\$ 3,933,948

Please refer to the ROPS 14-15B schedule that was used to calculate the approved RPTTF amount:

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

This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2015. This determination only applies 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 section 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 the 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 agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if for whatever reason the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 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.

Mr. Mark Evanoff
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Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read 'JUSTYN HOWARD', with a stylized flourish extending to the left.

JUSTYN HOWARD
Acting Program Budget Manager

cc: Mr. Larry Cheeves, City Manager/Successor Agency Executive Director, Union City
Ms. Carol S. Orth, Tax Analysis, Division Chief, Alameda County
California State Controller's Office