



April 12, 2013

Mark Evanoff, Redevelopment Manager
City of 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 City of Union City Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (Finance) on February 26, 2013 for the period of July through December 2013. Finance has completed its review of your ROPS 13-14A, 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:

- 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 Redevelopment Property Tax Trust Fund (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.

- Items Nos. 68 and 69 – Payment to the County on July 6, 2012 in the amount of \$828,964. The Agency is not allowed to request funds for the July 2012 True-Up payment. Therefore, these items are not enforceable obligations and not eligible for RPTTF funding.

Except for item(s) denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14A. 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 13-14A, 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 Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$6,500,565 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	
Add: Item 64 reclassified from Bond proceeds to RPTTF	100,000
Total approved RPTTF for enforceable obligations	\$ 6,283,477
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:	\$ 6,500,565

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 resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

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

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%2013-14A%20Forms%20by%20Successor%20Agency/).

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).

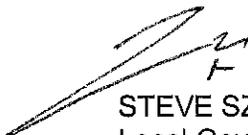
Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the 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,



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