



May 25, 2012

Mark Evanoff, Redevelopment Agency Manager
City of Union City
34009 Alvarado-Niles Road
Union City, CA94587

Dear Mr. Evanoff:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Union City Successor Agency (Agency) submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on April 10, 2012 for period of the January to June 2012 and July to December 2012. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

The Agency submitted a letter dated May 8, 2012 for the January through June 2012 period in response to Finance's letter dated April 20, 2012; which identified the following items as not qualifying as enforceable obligations for both periods:

- Page 1, items 10, 21, 22, and 144 totaling \$3.5 million and \$8.9 million for the periods January through June 2012 and July through December 2012, respectively.
- Page 1, items 15 and 18, totaling \$3.7 million and \$4 million for the periods January through June 2012 and July through December 2012, respectively.

The Agency explained that BART Phase 1, BART Phase 2, the East Plaza and Transit Loops Road, the Pedestrian Promenade, and the East-West Connector are all public improvements provided for in the Transit Oriented Development Station District Plan adopted by the City of Union City for the year 2000. All of the items are to be funded with proceeds from the tax-exempt Subordinate Lien Tax Allocation Bonds, Series 2011 issued by the Agency. However, pursuant to HSC section 34163 (b) memorandums of understanding, cooperation agreements are not valid contracts and the former redevelopment agency was not a party to contracts reviewed. Therefore, the items above remain as reported in our letter dated April 20, 2012.

Except for items disallowed in whole or in part as enforceable obligations noted in Finance's letter dated April 20, 2012, Department of Finance is approving the remaining items listed in your ROPS for both periods. This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

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Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of RPTTF that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. 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 in the RPTTF.

Please direct inquiries to Chikako Takagi-Galamba, Supervisor or Cindie Lor, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

cc: Ms. Carol S. Orth, Tax Analysis Division Chief, Alameda County Auditor Controller