DEPARTMENT OF FINANCE
EDMUND G. BROWN JR. • GOVERNOR
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April 20, 2012

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

Dear Mr. Evanoff:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Union Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 10, 2012, for the periods of January through June 2012 and July through December 2012. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

- 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. HSC section 34163 (b) identifies valid contracts, such as loan agreements, pass-through agreements, regulatory agreements, service contracts, leases, and disposition and development agreements. The agreements provided for these items were Memorandums of Understanding and Cooperative Agreements. The agreements are an intent to initiate projects and to obtain funding and therefore, do not qualify as EOs.

- 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 contracts were executed after June 27, 2011 and do not identify the Agency as a party to the agreement. HSC section 34163 (b) prohibits the Agency from entering into a contract with any entity after June 27, 2011.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the specific ROPS items noted above to be ineffective until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO.

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