

**HAYWARD SUCCESSOR AGENCY OVERSIGHT BOARD
SPECIAL MEETING
March 1, 2013
777 B STREET
CONFERENCE ROOM 2A
3:00 PM**

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS: *(The Public Comment section provides an opportunity to address the Oversight Board on items not listed on the agenda. The Board welcomes your comments and requests that speakers present their remarks in a respectful manner, within established time limits, and focus on issues which directly affect the Board or are within the jurisdiction of the Board. As the Board is prohibited by State law from discussing items not listed on the agenda, your item will be taken under consideration and may be referred to staff.)*

1. Approval of Minutes from January 15, 2013 and January 25, 2013 Meetings
2. Approval of Recognized Obligation Payment Schedule and Successor Agency Administrative Budget for the Period July Through December 2013
Staff Report
Attachments (3)
3. Update on Housing DDR Review Process (Oral Report Only)
4. Future Meeting Dates and Agenda Items

BOARD MEMBER/STAFF ANNOUNCEMENTS AND REFERRALS

ADJOURNMENT

**NEXT MEETING – FRIDAY, MARCH 8 MEETING WILL BE CANCELED; NEXT MEETING DATE
TO BE DETERMINED**

Assistance will be provided to those requiring accommodations for disabilities in compliance with the Americans Disabilities Act of 1990. Interested persons must request the accommodation at least 48 hours in advance of the meeting by contacting the Assistant City Manager at (510) 583-4300 or TDD (510) 247-3340.

**HAYWARD SUCCESSOR AGENCY
OVERSIGHT BOARD
January 15, 2013**

SUMMARY NOTES

BOARD MEMBERS PRESENT: Michael Sweeney; Jesus Armas; Stacey Bristow;
Mark Salinas; Olden Henson

BOARD MEMBERS ABSENT: Richard Valle

STAFF: Kelly McAdoo, Assistant City Manager; Maureen Conneely, Assistant City
Attorney

PUBLIC: Raphael Yaquian, Goldfarb Lipman Attorneys

Call Meeting to Order: Meeting called to order at 12:30 p.m.

Roll Call: Board members signed in.

Pledge of Allegiance: Those in attendance cited the Pledge of Allegiance.

Public Comments: None.

Approval of October 12, 2012 Meeting Summary Notes: It was **motioned/seconded**
and passed by majority vote to approve the meeting notes of October 12, 2012.
APPROVED 4:0:1:1:1(absence 1; abstention 1; vacancy 1)

**PUBLIC HEARING: Review of Due Diligence Review for the Low Moderate Income
Housing Fund.** Assistant City Manager Kelly McAdoo reported that AB 1484 requires
each successor agency to conduct a due diligence review (DDR) for the Dissolved RDA's
housing fund and a due diligence review for all non-housing funds of the Dissolved RDA
to determine the unobligated balances available for transfer to taxing entities.

Ms. McAdoo reported that the Successor Agency hired Maze & Associates to conduct both
the Housing and Non-Housing Due Diligence Reviews. Ms. McAdoo added that today's
Public Hearing is to review and receive public comment on the DDR for the Low and
Moderate Income Housing Fund.

Ms. McAdoo reviewed the Housing DDR pointing out several key findings, namely that
the Successor Agency will be required to make a payment of approximately \$1 million in
former Housing funds to the County for distribution to the taxing entities, and answered
board member questions.

At this time, Chair Sweeney opened the Public Hearing. Seeing no public comments, Chair Sweeney closed the Public Hearing. Chair Sweeney noted that the public would have another opportunity to comment on the item at the January 25, 2013 meeting.

Update on ROPS III Meet and Confer Session: Assistant City Manager Kelly McAdoo provided an oral report on the November 16, 2012 Meet and Confer session with the Department of Finance (DOF) outlining their findings noted on pages eleven through fourteen of the meeting packet and answered board member questions.

Future Meeting Dates and Agenda Items: The next scheduled meeting is Friday, January 25 at 12:30 p.m. – Approval of Housing DDR.

Future Meeting Dates: The week of February 25 and the week of March 4. Staff will poll board members to determine availability.

Future Agenda Items:

- Approval of the ROPS for the period July 2013 through December 2013;
- Public Hearing for Non-Housing DDR; and
- Approval of the Non-Housing DDR.

Board Member/Staff Announcements and Referrals: None

Adjournment: The meeting adjourned at 1:07 p.m.

**HAYWARD SUCCESSOR AGENCY
OVERSIGHT BOARD
January 25, 2013**

SUMMARY NOTES

BOARD MEMBERS PRESENT: Michael Sweeney; Jesus Armas; Stacey Bristow; Richard Valle; Mark Salinas; Olden Henson

BOARD MEMBERS ABSENT: None

STAFF: Kelly McAdoo, Assistant City Manager; Maureen Conneely, Assistant City Attorney

PUBLIC: Raphael Yaquian, Goldfarb Lipman Attorneys; Ruben Briones, Chief of Staff Supervisor Valle's Office

Call Meeting to Order: Meeting called to order at 12:30 p.m.

Roll Call: Board members signed in and those in attendance introduced themselves.

Pledge of Allegiance: Those in attendance cited the Pledge of Allegiance.

Public Comments: There were no Public Comments.

Approval of Due Diligence Review for the Low and Moderate Income Housing Fund:

Assistant City Manager Kelly McAdoo reported that this was the second of two meetings required to approve the Housing DDR; the first being the Public Hearing on January 15. Ms. McAdoo briefly reviewed the staff report and answered board member questions.

Board Member Armas asked for clarification on the second and third sentences of the last paragraph of page 2 of 3 of Attachment I "Resolution Approving the Housing Due Diligence Review" to the staff report:

"BE IT FURTHER RESOLVED... The Oversight Board acknowledges and agrees that the Successor Agency may invoke the meet and confer process identified in Health and Safety Code Section 34179.6(e) to resolve any disputes regarding the amounts or sources of funds identified by the DOF as eligible to be retained. In addition, the Oversight Board authorizes and directs the Successor Agency staff to make the Housing Fund Due Diligence Review Payment as required under Health and Safety Code Section 34179.6 and pursuant to the terms of this Resolution..etc."

Ms. McAdoo reported that the intent of the language is to authorize Successor Agency staff to immediately engage in the Meet and Confer process should the Department of Finance (DOF) actually challenge anything on the DDR. There is a narrow window of time in which the Successor Agency must request a Meet and Confer session with DOF.

The language in the resolution allows staff the flexibility to request the session without having to schedule an Oversight Board meeting without adequate notice. The Meet and Confer session is part of the administrative process that the Successor Agency must go through if there are disputed items on the Housing DDR. The Oversight Board has confirmed the results of the Housing DDR as presented by staff. The resolution language gives staff the discretion to request the Meet and Confer session if the DOF challenges anything on the Housing DDR that is contrary to the direction of the Oversight Board. Staff added that they will provide updates to the Oversight Board if they request a Meet and Confer session. Should any further action be necessary per the outcome of the Meet and Confer Session, staff would convene a meeting of the Oversight Board for consideration of litigation or pursuit of other options/remedies.

Board Member Armas asked staff to add the discussion to the meeting notes for the record.

Ms. McAdoo answered additional questions from Board Members Bristow, Henson, Valle and Armas about various issues including: the penalties for missing DOF deadlines; the timeframe of the review process and meet and confer process; clarification on what items are most at risk to be disputed by the DOF; and what other agencies are doing Statewide.

At this time, Chair Sweeny opened the floor to Public Comments. Seeing none, Chair Sweeney closed the Public Comment section.

Seeing no further discussion, it was **motioned/seconded** (Armas/Henson) and passed by majority vote to adopt the resolution approving the Due Diligence Review (DDR) for the Low and Moderate Income Housing Fund. **APPROVED** 6:0 (vacancy 1)

Future Meeting Dates and Agenda Items:

Future Meeting Dates:

- Friday, March 1, 2013 at 3:00 p.m.
- Friday, March 8, 2013 at 3:00 p.m.

Future Agenda Items:

- ROPS for the period July 2013 through December 2013
- Non-Housing DDR Public Hearing
- Adoption of Resolution Approving Non-Housing DDR

Board Member/Staff Announcements and Referrals: None

Adjournment: The meeting adjourned at 12:57 p.m.

DATE: March 1, 2013
TO: Chair and Members of Successor Agency Oversight Board
FROM: Assistant City Manager
SUBJECT: Approval of Recognized Obligation Payment Schedule and Successor Agency Administrative Budget for the Period July Through December 2013

RECOMMENDATION

That the Oversight Board adopts the attached resolution (Attachment I) that approves the Recognized Obligation Payment Schedule (ROPS 13_4A) and the Successor Agency Administrative Budget for the period July 1 – December 31, 2013 and authorizes staff to take other administrative actions and execute contracts and such other documents as are appropriate to effectuate the intent of the resolution and all actions necessary to effectuate associated requirements of the Dissolution Act and AB 1484.

BACKGROUND

The California State Legislature enacted Assembly Bill x1 26 (the “Dissolution Act”) to dissolve redevelopment agencies formed under the Community Redevelopment Law in June of 2011. The California Supreme Court in its decision in *California Redevelopment Association v. Matosantos*, issued December 29, 2011, declared the Dissolution Act to be constitutional. Under the Dissolution Act, all California redevelopment agencies were dissolved effective February 1, 2012, and various actions are now required by successor agencies to unwind the affairs of all former redevelopment agencies.

On June 27, 2012, as part of the state budget package, the California legislature passed AB 1484. As a budget trailer bill, AB 1484 became effective immediately upon signature by the Governor, which occurred that same day. The main objective of AB 1484 was to amend the 2011 Redevelopment Dissolution Act (AB1x 26) based on experience in implementing the Act at the state and local level during the past year. AB 1484 imposes significant new obligations on the successor agencies and oversight boards of dissolving redevelopment agencies, which staff has been implementing over the past nine months.

DISCUSSION

The intent of this report is to recommend approval of the next Recognized Obligation Payment Schedule (ROPS 13_14A) and Administrative Budget for the period July through December 2013 (Attachments II and III). Every six months, the Successor Agency is required to prepare and submit a ROPS that outlines the required payments the Successor Agency must make to meet required obligations and to wind down the affairs of the former Redevelopment Agency. Once the Oversight

Board approves these items, staff will submit them to the Department of Finance by the March 1, 2013 deadline. It is highly likely that this ROPS will need to be modified again in the future given that it is being approved so far in advance of the actual payment period. The County Auditor Controller has estimated that the amount of property tax funds available to the Successor Agency to pay enforceable obligations and to cover the Agency's administrative allowance for this period is \$5,032,795.

Each ROPS period to date, the Department of Finance (DOF) has issued new and different preparation guidelines and forms for this process. This is again the case for the ROPS 13_14A, beginning with the new naming convention of "ROPS 13_14A." This represents the first half of fiscal year 2014. The next ROPS will be titled ROPS 13_14B and will cover the period January through June 2014. The form provided by DOF had formatting challenges and locked cells, preventing staff from presenting a consistent list of obligations that matches with previous documents.

One of the positive aspects of the passage of AB 1484 is the opportunity to seek repayment of interagency loans, such as the one Hayward's General Fund provided to the former RDA in 1975 to cover a variety of start-up expenses. The current balance on this loan is approximately \$7 million. However, in order to receive repayment, the Successor Agency must first complete the required Housing Fund and Non-Housing Fund Due Diligence Reviews (DDRs), make the required payments to the State, and then be issued a Finding of Completion by the DOF. Once the Finding of Completion is issued, the Successor Agency can then submit a proposed repayment schedule for the City's loan, which must be reviewed and approved by DOF. Given the timing of these events, staff has relisted the General Fund loan and the SERAF repayment on the ROPS 13_14A but has left the payment amount in FY2014 as "To be determined." Once the process outlined above is complete, staff will return to both the Council (acting as the Successor Agency Board) and the Oversight Board to provide more details on the proposed repayment schedule.

There are several other relatively minor changes being proposed on the ROPS 13_14A, which are explained on the Notes page of Attachment II.

The City Council, acting as the Successor Agency Board, is scheduled to review this item and take action on Tuesday, February 26, 2013. Pending the outcome of that action and through the accompanying resolution, staff recommends that the Oversight Board approve the ROPS 13_14A and Administrative Budget.

Implementation Actions: The accompanying resolution authorizes and directs staff to take all administrative steps on behalf of the Successor Agency to implement upcoming requirements under the Dissolution Act and AB 1484, including providing necessary notices, transmittals, and postings regarding the ROPS and Successor Agency administrative budget.

Environmental Review: The actions set forth in the recommended accompanying resolution, as summarized above, are exempt under Guideline 15378(b)(4) of the California Environmental Quality Act (CEQA) in that the actions do not constitute a "project," but instead are required to continue a governmental funding mechanism for enforceable obligations of the former

Redevelopment Agency and to perform the statutorily mandated unwinding of the assets, liabilities, and functions of the former Redevelopment Agency pursuant to the Dissolution Act.

ECONOMIC AND FISCAL IMPACT

Approval of the ROPS 13_14A will facilitate the ability of the City as Successor Agency to continue payment of the enforceable obligations of the former Redevelopment Agency and is among the measures required to be taken to avoid triggering an event of default under any enforceable obligations. Approval of the Successor Agency administrative budget will facilitate the Successor Agency's receipt of the funds to which it is entitled under the Dissolution Act and AB 1484 to implement its administrative responsibilities.

NEXT STEPS

Following approval of the ROPS 13_14A and the Administrative Budget by the Oversight Board, staff will submit these to the Department of Finance by March 1 for final approval.

Prepared and Recommended by: Kelly McAdoo, Assistant City Manager

Approved by:



Fran David, City Manager

Attachments:

- Attachment I: Oversight Board Resolution Regarding ROPS 13_14A and Administrative Budget
- Attachment II: Recognized Obligation Payment Schedule (ROPS 13_14A) July 1 – December 31, 2013 (to be distributed on Monday, February 25, 2013)
- Attachment III: Successor Agency Administrative Budget July 1 – December 31, 2013

RESOLUTION NO. _____

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD JULY THROUGH DECEMBER 2013, AND DIRECTING THE SUCCESSOR AGENCY STAFF TO TAKE ALL ACTIONS NECESSARY TO EFFECTUATE REQUIREMENTS ASSOCIATED WITH THIS APPROVAL

WHEREAS, the California state legislature enacted Assembly Bill x1 26 (as amended by AB 1484, the “Dissolution Act”) to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.); and

WHEREAS, on January 24, 2012 and pursuant to Health and Safety Code Section 34173, the City Council of the City of Hayward (the “City Council”) declared that the City of Hayward, a charter city (the “City”), would act as successor agency (the “Successor Agency”) for the dissolved Redevelopment Agency of the City of Hayward (the “Dissolved RDA”) effective February 1, 2012; and

WHEREAS, on February 1, 2012, the Dissolved RDA was dissolved pursuant to Health and Safety Code Section 34172; and

WHEREAS, pursuant to the Dissolution Act, the Successor Agency is now declared to be a separate legal entity from the City of Hayward; and

WHEREAS, the Dissolution Act provides for the appointment of an oversight board (the “Oversight Board”) with specific duties to approve certain Successor Agency actions pursuant to Health and Safety Code Section 34180 and to direct the Successor Agency in certain other actions pursuant to Health and Safety Code Section 34181; and

WHEREAS, Health and Safety Code Section 34177(1)(2)(A) requires the Successor Agency to prepare a draft recognized obligation payment schedule and make associated notifications and distributions;

WHEREAS, Successor Agency staff prepared the Recognized Obligation Payment Schedule for the period July 1 through December 31, 2013 (the “Proposed ROPS”); and

WHEREAS, under the Dissolution Act, the Proposed ROPS must be submitted by the Successor Agency to the Oversight Board for the Oversight Board’s approval in accordance with the Dissolution Act; and

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board hereby finds and determines that the foregoing recitals are true and correct, and together with information provided by the Successor Agency staff and the public, form the basis for the approvals, findings, resolutions and determinations set forth below.

BE IT FURTHER RESOLVED that under Health and Safety Code Section 34180(g), the Oversight Board must approve establishment of a ROPS for the Successor Agency.

BE IT FURTHER RESOLVED in accordance with the Dissolution Act, the Oversight Board hereby approves the Proposed ROPS in the form on file with the secretary of the Oversight Board (the "Approved ROPS 13-14A"), including the agreements and obligations described in the Approved ROPS 13-14A, and hereby determines that such agreements and obligations constitute "enforceable obligations" and "recognized obligations" for all purposes of the Dissolution Act. In connection with such approval, the Oversight Board makes the specific findings set forth below.

BE IT FURTHER RESOLVED that the Oversight Board has examined the items on the Approved ROPS 13-14A and finds that each of them is necessary for the continued maintenance and preservation of property owned by the Successor Agency until disposition in accordance with the Dissolution Act, the continued administration of the ongoing agreements herein approved by the Oversight Board, or the expeditious wind-down of the affairs of the Dissolved RDA by the Successor Agency.

BE IT FURTHER RESOLVED that the Successor Agency is authorized and directed to enter into any agreements and amendments to agreements necessary to memorialize and implement the agreements and obligations in the Approved ROPS 13-14A and herein approved by the Oversight Board.

BE IT FURTHER RESOLVED, that the Oversight Board hereby authorizes and directs the Successor Agency staff to take all administrative actions necessary under the Dissolution Act to file, post, mail or otherwise deliver via electronic mail, internet posting, and/or hardcopy, all notices and transmittals necessary or convenient in connection with the approval of the Approved ROPS 13-14A and to take any other administrative actions necessary to ensure the validity of the Approved ROPS 13-14A and the validity of any enforceable obligation listed thereon.

BE IT FURTHER RESOLVED that this Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

HAYWARD, CALIFORNIA, March 1, 2013

ADOPTED BY THE FOLLOWING VOTE:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

Michael Sweeney
Chairperson

ATTEST:

Kelly McAdoo
Oversight Board Designated
Communication Official

**ATTACHMENT II WILL BE DISTRIBUTED AND AVAILABLE ON
THE CITY'S WEBSITE ON MONDAY, FEBRUARY 25, 2013**

Attachment III: Administrative Allowance Budget for ROPS 13_14A
July 1 - December 31, 2013

**Successor Agency Administrative Allowance - Proposed FY 2014 Budget
July - December 2013 expenses**

Starting FY2014 Budget Balance	\$250,000
Employee Salaries & Benefits	(\$93,687)
Balance Remaining	\$156,313
Legal Costs	(\$20,000)
Supplies and Services	(\$11,314)
Balance Remaining	\$125,000