

**HAYWARD SUCCESSOR AGENCY OVERSIGHT BOARD
SPECIAL MEETING
SEPTEMBER 12, 2013
777 B STREET
CONFERENCE ROOM 2A
3:30 PM**

**CLOSED SESSION
Conference Room 2A – 3:30 PM**

1. PUBLIC COMMENTS

2. Conference with Legal Counsel
Pursuant to Government Code 54956.9
 - Anticipated Litigation (One Case)
 3. Adjourn to Hayward Successor Agency Oversight Board Special Meeting
-

CALL TO ORDER

ROLL CALL

CLOSED SESSION ANNOUNCEMENT

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.)*

**HAYWARD SUCCESSOR AGENCY OVERSIGHT BOARD SPECIAL MEETING
Conference Room 2A**

1. Approval of Minutes from June 21, 2013
2. Reconsideration of Subordination Request for Foothill Façade Loan for RLW, LLC (Richard Weinstein)
Staff Report and Attachments
3. Approval of Recognized Obligation Payment Schedule and Successor Agency Administrative Budget for the Period January Through June 2014
Staff Report and Attachments
4. Update on the Due Diligence Review for All Other Former Redevelopment Agency Funds

Oral Report

5. Future Meeting Dates and Agenda Items

BOARD MEMBER/STAFF ANNOUNCEMENTS AND REFERRALS

ADJOURNMENT

NEXT MEETING – 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
June 21, 2013**

SUMMARY NOTES

BOARD MEMBERS PRESENT: Michael Sweeney; Jesus Armas; Paul Hodges; Olden Henson

BOARD MEMBERS ABSENT: Richard Valle, Stacey Bristow, Mark Salinas

STAFF: Kelly McAdoo, Assistant City Manager; Tracy Vesely, Director of Finance; Mary Thomas, Analyst I; Cecilia Manzo, Administrative Clerk II

PUBLIC: Rafael Yaquian, Goldfarb Lipman Attorneys

Call Meeting to Order: Meeting called to order at 3:08 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, led by Cecilia Manzo.

Public Comments: There were no Public Comments.

1. Approval of Minutes from May 20, 2013 Meeting:

Moved/ Seconded (Armas/ Hodges) **APPROVED** by unanimous consensus.

Jesus Armas noted that an item discussed at the May 20th meeting is still pending clarification from Tracy Vesely, Director of Finance.

2. Approval of Subordination of Foothill Façade Loan for RLW, LLC (Richard Weinstein)

Assistant City Manager Kelly McAdoo explained to the Board that Mr. Richard Weinstein owns the majority of the properties on the west side of Foothill Boulevard between A Street and City Center. In 2011, he received a loan from the former Redevelopment Agency (RDA) for façade improvements totaling five hundred and eighty thousand dollars for all of his properties.

The façade improvement loan is subordinate to a loan from Torrey Pines Bank that totals seven million dollars. Mr. Weinstein would like to refinance this other loan to take advantage of lower current interest rates.

Because the Successor Agency loan is in second position to the Torrey Pines loan, the Board would need to agree to re-subordinate to the first lender. This action needs to be approved by the Oversight Board and then submitted to the Department of Finance (DOF).

Ms. McAdoo stated there is no difference in terms of security or position. The terms of the loan are not changing and it is a straightforward refinance. With the information provided, Ms. McAdoo recommended that the Oversight Board approve the resolution to agree to the subordination.

Rafael Yaquian from Goldfarb Lipman Attorneys spoke to the terms of the loans, which were provided by Mechanics Bank, the new first lender. The loan amount is currently estimated to be \$8 million, 75% of appraised value or 1.25 debt service coverage ratio and a 6.5% underwriting rate and 25-year amortization. The term is not to exceed 10 years. There is a fixed interest rate of approximately 4.29% for the first five years; which resets at the sixth year using the same CMT formula, which would not expect to jump significantly.

Mayor Sweeney expressed concern about the lack of clarity on the conditions of the loan. Two things that he looks for is clarity and protection. Ms. McAdoo explained that in this case the former RDA loan is a forgivable loan after fifteen years.

Board Member Armas stated that the loan is forgivable, but not fully, since there is some language that states, "... provided that no defaults have occurred." He asked what would constitute as a default. Mr. Yaquian stated that so long as Mr. Weinstein meets the requirements for disbursement, the work on the building would have already been completed once he has claimed the money.

Board Member Armas referred to page 3 of 4 of the Staff Report, which states that different amounts are linked to different addresses. Board Member Armas asked how much of the five hundred and eighty thousand had been disbursed. Ms. McAdoo answered that minimal amounts have been distributed since Mr. Weinstein needs to prove that he has spent his half first and then the City will disburse their half.

Board Member Armas stated that the applicant is notoriously slow to get the work completed and asked if there are any benchmarks for work to be completed or that the amount disappears. Ms. McAdoo explained the progress that has been made on the façade improvements for Mr. Weinstein's properties up to this point.

Ms. McAdoo explained that, in addition to the loan agreement, Mr. Weinstein is giving a personal guarantee. This means the Successor Agency would be able to go for other assets if needed.

Board Member Paul Hodges expressed a wish to see an appraisal of the property value. Board Member Olden Henson mentioned the loan to value ratio might cause a concern for him, but is okay with Ms. McAdoo's explanation of the terms.

Mayor Sweeney asked if the eleventh year comes and the work has not been completed, what happens to the loan. Ms. McAdoo explained that he only starts to get the loan forgiven for the amount that has been disbursed; he doesn't actually get the money until the work is done and at that point he can ask for reimbursement.

Motion/Seconded (Armas/ Hodges) Resolution **APPROVED** by unanimous consensus with the condition that the primary loan amount not exceed seven million dollars.

3. Overview of Long-Range Property Management Plan Process:

Mary Thomas, Analyst, presented aerial photos of the Former Redevelopment Agency Properties to the Oversight Board. Ms. McAdoo proceeded to present the Board with a preliminary discussion about the Long-Range Property Management Plan, explaining items in the Staff Report and giving an overview of the process. There are four allowable uses for properties: the retention of property for governmental use, the retention of the property for future development, the sale of the property, and the use of the property to fulfill an enforceable obligation. Ms. McAdoo did an overview of all the properties and opened it up for questions from the board.

Board Member Armas asked for clarification on the Cinema Place parking structure listed as a governmental purpose. Ms. McAdoo stated that the lot is not just being used by a specific business, and is open to the public and generally accessible. Board Member Armas suggested that Ms. McAdoo, in support of that, take a look at the Cinema Place development agreement provision that obligated the City to provide one thousand parking spaces in the area surrounding Cinema Place and that the municipal lots may be in compliance with that requirement.

Board Member Armas asked how the values listed under Current Value are calculated. Ms. Thomas used the information that was in the files to compile the information presented. Ms. McAdoo stated that moving forward with the process, current values could be updated with appraisals and other studies to look at values for the properties. Appraisals could be paid for by including a line item on the ROPs.

Board Member Henson referred to the Long-Range Property Management checklist and noted that the Department of Finance intends to give higher consideration to TOD projects.

4. Future Meeting Dates and Agenda Items:

The Oversight Board needs to start on the next ROPS. The next meeting will be in early September. Future agenda items include the Long-Range Property Management Plan, update on the Due Diligence Review, and the State Controller's Office Audit.

Board Member/Staff Announcements and Referrals:

None.

Adjournment: The meeting adjourned at 3:56 P.M.

DATE: September 12, 2013

TO: Chair and Members of Oversight Board

FROM: Assistant City Manager

SUBJECT: Reconsideration of Subordination Request for Foothill Façade Loan for RLW, LLC (Richard Weinstein)

RECOMMENDATION

That the Oversight Board reconsiders adoption of the attached resolution (Attachment I) approving the subordination of loan documents for the façade improvement loan with RLW, LLC based on additional information submitted by Richard Weinstein.

BACKGROUND AND DISCUSSION

On June 21, 2013, the Oversight Board considered a request from Richard Weinstein to subordinate the Successor Agency loans for façade improvement in order to facilitate a refinance of his properties along Foothill Blvd. The Board had several questions and concerns related to the subordination request, including the current value of the buildings, the intended use of the cash taken out of the properties with the refinance, and the timing of the improvements, and did not approve the request in June. Mr. Weinstein has requested a reconsideration of this item. He has submitted the attached letter (Attachment II) detailing his intentions related to the proceeds from the refinance and he has also submitted a current appraisal for the property (Attachment III). He will also attend the meeting on September 12 to answer further questions from the Board. The remainder of this staff report provides the same information as the report presented to the Board on June 21.

Retail Attraction Loan Program. In July 2006, the Council Downtown Committee approved a Downtown Retail Attraction Loan Program (the “Retail Attraction Loan Program”) in response to the growing number of vacant buildings in the Downtown Hayward Redevelopment Area, west of Foothill Boulevard and in October 2008 the Foothill Boulevard Façade Improvement Initiative became the primary focus for the expenditure of Retail Attraction Loan Program funds.

Foothill Boulevard Façade Improvement Initiative. The Foothill Boulevard Façade Improvement Initiative shifted the focus of the Retail Attraction Loan Program from filling vacancies to improving facades with the goal of improving the image of the downtown’s retail gateway, and ultimately strengthening the retail mix. This shift also resulted in making retail attraction loans available to building owners as well as retail tenants, and in concentrating improvements in two blocks of Foothill Boulevard (rather than throughout the entire Retail Attraction Loan Program

target area). The Retail Attraction Loan Program targeted the west side of Foothill Boulevard from Maple Court to A Street and the east side of Foothill Boulevard from A Street to B Street.

On March 16, 2010, the former Redevelopment Agency’s governing board authorized the Agency’s Executive Director to execute a contract with SZFM Design Studio to develop façade improvements on the two blocks of Foothill Boulevard that are the focus of the Foothill Boulevard Façade Improvement Initiative. Staff subsequently began working with SZFM Design Studio and building owners to enhance the retail image of the historic district by upgrading building exteriors, including signage, lighting, and other elements.

To participate in the Foothill Boulevard Façade Improvement Initiative, property owners were required to comply with the terms detailed below:

Loan Amount	Up to \$100,000 based on a 50/50 match per building Loan sized on project costs estimated from design drawings, so actual costs, in some cases, may exceed initial projections
Terms	<p>Interest rate: 3% simple interest - deferred Term: 15 years Payments deferred for 15 years unless the loan defaults as defined in the Loan Agreement at which time interest begins to accrue and is due in monthly payments along with monthly payments of principal amortized over the remaining terms of the loan until event of default is corrected. The Loan is forgiven at the conclusion of the 15-year loan term if the Borrower continues to meet the terms of the Loan Agreement.</p> <p>After Year 10, beginning in Year 11, the loan balance shall be reduced by 20% of the original principal balance each year.</p> <p>The loan becomes due and payable if the building is sold prior to the conclusion of the loan term.</p> <p>Disbursement: Loan funds are disbursed to building owners when they demonstrate that they have contributed no less than 50% of the costs.</p>
Collateral	<ul style="list-style-type: none"> • Deed of Trust on building • City loan can be subordinated to private financing. • Personal Guarantee of building owners

The former Redevelopment Agency was successful in promoting the Foothill Boulevard Façade Improvement Initiative and executed loan agreements committing One Million One Hundred Twenty-Six Thousand Eight Hundred Sixty-Three Dollars (\$1,126,863) for façade improvement

loans. The loan agreements entered into to implement the Foothill Boulevard Façade Improvement Initiative were listed on various Recognized Obligation Payment Schedules approved by the Successor Agency, the Oversight Board, and the Department of Finance.

The RLW, LLC Façade Loan

Among the various loan agreements implementing the Foothill Boulevard Façade Improvement Initiative, the former Redevelopment Agency executed a Retail Attraction Initiative Loan Fund Loan Agreement with RLW, LLC on March 9, 2011 (the “Loan Agreement”). At that time the Loan Agreement was executed, RLW, LLC, owned six of the seven buildings on the west side of Foothill Boulevard. Accordingly, the Loan Agreement provides for funding of façade improvements to all six of the properties. In addition to the Loan Agreement, Richard Weinstein executed a personal guaranty (the “Guaranty”), which unconditionally guarantees payment of the various facade loans, adding additional security for repayment of any funds disbursed under the Loan Agreement.

The Loan Agreement is secured by the following deeds of trust (collectively the “Agency Deeds of Trust”):

1. A short form deed of trust in the amount of \$300,000 recorded against the properties addressed 22401 Foothill Blvd, 22415-22423 Foothill Blvd, and 22349-22433 Foothill Blvd, Hayward CA 94541.
2. A short form deed of trust in the amount of \$100,000 recorded against the properties addressed 22349-22445 Foothill Blvd, Hayward, CA 94541.
3. A short form deed of trust in the amount of \$100,000 recorded against the properties addressed 22455-22475 Foothill Blvd, Hayward, CA 94541.
4. A short form deed of trust in the amount of \$80,000 recorded against the property addressed 22481 Foothill Blvd, Hayward, CA 94541

Under the terms of the Loan Agreement and accompanying promissory notes, provided no default has occurred commencing on the 11th anniversary of the promissory notes, and annually thereafter, 20% of the principal and accrued interest will be forgiven, and it is anticipated that the entire loan will be forgiven on the 15th anniversary of the promissory notes.

The Loan Agreement, the Agency Deeds of Trust, and the Guaranty are subordinate to financing from Torrey Pines Bank in the amount of \$7 million.

RLW, LLC desires to refinance the preexisting mortgage with a new commercial loan and the proposed new loan terms are as follows:

1. The lesser of : (1) 75% of appraised value or (2) 1.25 debt service coverage ratio and a 6.5% underwriting rate and 25-year amortization. The Loan amount is currently estimated to be \$8 million;

2. A Term not to exceed 10 years; and
3. A fixed interest rate of approximately 4.29% (5-year Constant Maturity Treasury + 325 basis points) for the first five years; which resets at year 6 to a fixed rate equal to the then current 5-year Constant Maturity Treasury + 325 basis points.

The provider of the new loan is requesting subordination of the Loan Agreement, the Agency Deeds of Trust and the Guaranty to the new loan. The terms of the original Agency Façade loan are not changing from those outlined above.

ECONOMIC AND FISCAL IMPACT

The economic and fiscal impacts of the actions contemplated are negligible as the Loan Agreement, the Agency Deeds of Trust and the Guaranty are already subordinate to the existing first mortgage. The Oversight Board's approval will not materially affect the Successor Agency's security and will enhance the financial stability of the Borrower and ensure the continued operation of businesses on the Property in accordance with the requirements of the Loan Agreement.

NEXT STEPS

Following approval by the Oversight Board, staff will submit the resolution to the Department of Finance (DOF) for review and approval consistent with the requirements of Health and Safety Code Section 34179(h). DOF will have 45 days to review the information submitted and provide a determination.

Prepared by: Mary Thomas, Analyst

Recommended by: Kelly McAdoo, Assistant City Manager

Approved by:



Fran David, City Manager

Attachment I: Resolution
Attachment II: Letter from Richard Weinstein
Attachment III: Current Appraisal Information for Foothill Blvd Properties

HAYWARD SUCCESSOR AGENCY OVERSIGHT BOARD

RESOLUTION. 2013-__

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR
AGENCY FOR THE REDEVELOPMENT AGENCY OF THE CITY OF
HAYWARD APPROVING SUBORDINATION AGREEMENT AND
RELATED MATTERS FOR A RETAIL ATTRACTION LOAN

WHEREAS, the Redevelopment Agency of the City of Hayward (the “Former Agency”) Downtown Retail Attraction Loan Program (the “Retail Attraction Loan Program”) was developed in response to the growing number of vacant buildings in the Downtown Hayward Redevelopment Area, west of Foothill Boulevard and, in October 2008, the Foothill Boulevard Façade Improvement Initiative became the primary focus for the expenditure of Retail Attraction Loan Program funds; and

WHEREAS, among the various loan agreements implementing the Foothill Boulevard Façade Improvement Initiative, the former Redevelopment Agency executed that certain City of Hayward Retail Attraction Initiative Loan Fund Loan Agreement with RLW, LLC (the “Borrower”), executed on March 9, 2011 (the “Loan Agreement”) to fund improvements on properties located at 22401-87 Foothill Blvd, Hayward, CA (the “Property”); and

WHEREAS, the Loan Agreement is secured by the following deeds of trust (collectively the “Agency Deeds of Trust”):

1. A short form deed of trust in the amount of \$300,000 recorded against the properties addressed 22401 Foothill Blvd, 22415-22423 Foothill Blvd, and 2249-22433 Foothill Blvd, Hayward CA 94541
2. A short form deed of trust in the amount of \$100,000 recorded against the properties addressed 22349-22445 Foothill Blvd, Hayward, CA 94541
3. A short form deed of trust in the amount of \$100,000 recorded against the properties addressed 22455-22475 Foothill Blvd, Hayward, CA 94541
4. A short form deed of trust in the amount of \$80,000 recorded against the property addressed 22481 Foothill Blvd, Hayward, CA 94541; and

WHEREAS, in addition to the Loan Agreement, Richard Weinstein executed a personal guaranty (the “Guaranty”), which unconditionally guarantees payment of the various facade loans, adding additional security for repayment of any funds disbursed under the Loan Agreement; and

WHEREAS, the Loan Agreement, the Agency Deeds of Trust, and the Guaranty are subordinated to an existing mortgage in the amount of \$7 million; and

WHEREAS, the Borrower desires to refinance a preexisting mortgage with a new commercial loan and the proposed new loan terms are:

1. Principal Amount: The lesser of: (1) 75% of appraised value or (2) 1.25 debt service coverage ratio and a 6.5% underwriting rate and 25-year amortization. The Loan amount is currently estimated to be \$8 million;
2. A term not to exceed ten years; and
3. A fixed interest rate of approximately 4.29% (5-year Constant Maturity Treasury + 325 basis points) for the first five years; which resets at year 6 to a fixed rate equal to the then current 5-year Constant Maturity Treasury + 325 basis points; and

WHEREAS, the provider of the new loan is requesting subordination of the former Agency Loan Agreement, the Agency Deeds of Trust and the Guaranty, to the new loan; and

WHEREAS, on February 1, 2012, the Former Agency was dissolved pursuant to Assembly Bill x1 26 (the "Dissolution Act"); and

WHEREAS, 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 Agency") effective February 1, 2012; and

WHEREAS, pursuant to AB 1484 ("AB 1484"), enacted June 27, 2012 to amend various provisions of the Dissolution Act, the Successor Agency is now declared to be a separate legal entity from the City; and

WHEREAS, the refinancing of the project will enhance the financial stability of the Borrower and ensure the continued operation of businesses on the Property in accordance with the requirements of the Loan Agreement; and

WHEREAS, by the staff report accompanying this Resolution and incorporated into this Resolution by this reference ("Staff Report"), the Oversight Board has been provided supporting information upon which the actions set forth in this Resolution are based.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board hereby finds and determines that the foregoing recitals are true and correct, and together with the following documents and information form the basis for the approvals, authorizations, findings, and determinations set forth in this Resolution: (1) the Staff Report; and (2) the information provided by the Borrower and Successor Agency staff and the public.

BE IT FURTHER RESOLVED that Oversight Board hereby approves subordination of the Loan Agreement, the Agency Deeds of Trust, and the Guaranty to financing substantially consistent with the New Loan Terms from the private lender; and authorizes the City Manager to

execute a subordination or similar agreement with the private lenders on behalf of the Successor Agency, in a form approved by the Successor Agency signatory and the Successor Agency Counsel, such approval to be evidenced by the execution of such agreement, and provided such agreement gives the Successor Agency notice and time to cure any of the Borrower's defaults under the private lender loan documents.

BE IT FURTHER RESOLVED that the Successor Agency is hereby directed to notify the California Department of Finance of the actions set forth in this Resolution in accordance with Health and Safety Code Sections 34179(h).

BE IT FURTHER RESOLVED that this Resolution shall take effect conditioned upon the formal approval of the Department of Finance at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

HAYWARD, CALIFORNIA, September 12, 2013

ADOPTED BY THE FOLLOWING VOTE:

AYES:	BOARD MEMBERS:
NOES:	BOARD MEMBERS:
ABSTAIN:	BOARD MEMBERS:
ABSENT:	BOARD MEMBERS:

Chair of the Oversight Board to
the Hayward Successor Agency

RLW LLC

360-17th Street, # 204, Oakland, CA 94612-3340
(510) 763-3066 FAX (510) 763-3335

September 7, 2013

RE: Subordination of Façade Improvement Grant/Loan

Dear Successor Agency Oversight Board:

It is my intention to complete my portion of the remaining façade improvements to the property with the refinance proceeds. The "spirit" of the "grant" was to improve the property for the City's benefit. I have not been able to finish the façade improvement because I need to borrow money against the property to do my share of the façade improvement (more than \$800,000).

In addition, the end of the property that currently houses Selix and Furniture Express is expected to be vacant in the next six months, and some of this refinance money will go to make that space more attractive to prospective tenants.

Thank you, and I will see on the 12th!

Sincerely,

Richard Weinstein
Manager, RLW LLC

WEBSTER & COMPANY LLC

REAL ESTATE APPRAISERS, CONSULTANTS AND ADVISORS

APPRAISAL OF:

22401 – 22487 Foothill Boulevard

HAYWARD, CALIFORNIA



PREPARED FOR:

**Mr. Mark Corsa, MAI:
Chief Appraiser
Mechanics Bank
1111 Civic Drive
Walnut Creek, California 94596**

JUNE 2013

2013-WC-740

San Francisco Bay Area Office
323 Tahos Road
Orinda, CA 94563
Phone: 925-253-8283
Email: mikewebster@msn.com

Nationwide Real Estate Services

WEBSTER & COMPANY LLC

REAL ESTATE APPRAISERS, CONSULTANTS AND ADVISORS

June 1, 2013

Mr. Mark Corsa, MAI
Vice President/Chief Appraiser
Mechanics Bank
1111 Civic Drive
Walnut Creek, California 94596

Re: 2013-WC-740, Appraisal
22401 – 22487 Foothill Boulevard
Hayward, California 94541
Project #: 13-000121-01-1

Dear Mr. Corsa:

Pursuant to your request, Webster & Company has completed an appraisal of the market value of the leased fee interest in the retail property identified as 22401 – 22487 Foothill Boulevard, in the City of Hayward, Alameda County, California. The property is further identified as Assessor parcel numbers 428-0026-008-09 and 064-01; and 428-0061-032, 033 and 034, with a legal description provided in the Addenda to the attached report.

The subject property is a 138,270 gross square foot, single story plus full basement, reinforced concrete, wood frame and concrete block retail center. Of the total gross square footage, 69,145 square feet is contained within the basement and 69,125 square feet is at grade level. As will be discussed in the attached report, the basement is treated herein as an amenity allowing the property to achieve the estimated market rent for the ground floor, and is not included in the functional rentable square feet of retail space. The property is thus estimated to contain 69,125 square feet of rentable retail space.

The facility is 100 percent leased to 17 tenants, with remaining terms ranging from month-to-month to June 30, 2018. Originally built in 1958, the facility is of average-to-good overall quality and condition. Based on the underlying site size of approximately 69,125 square feet, the floor area ratio is 100 percent, based on the rentable retail square footage. Since the improvements encompass the entire site, there is no on-site parking provided.

This is a complete appraisal conveyed through a summary appraisal report. The report is intended to be in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA). The client is Mr. Mark Corsa, MAI, with Mechanics Bank.

San Francisco Bay Area Office

323 Tahos Road
Orinda, CA 94563
Tel: 925-253-8283
Email: mikewebster@msn.com

Nationwide Real Estate Services

As requested by the client, the purpose of this appraisal is to estimate the as is market value of the leased fee interest in the subject property. The client has also requested the prospective stabilized value of the facility and the insurable cost of the structure. Also requested was the prospective value of the property upon completion of the recent rehabilitation. This work had been completed as of the date of this appraisal. The as is and prospective rehabilitated value estimates are therefore equivalent.

The intended use (function) for which this appraisal was contracted is for the exclusive use of Mechanics Bank, and/or participants, for loan underwriting and-or credit decisions. The intended users are Mechanics Bank and/or affiliates. **This report may not be used or relied upon by anyone, other than the client, or its assignees, for any purpose, without the express written consent of the appraiser.**

Attached to this letter is a complete appraisal report containing the research and analyses leading to the value conclusions. Chapter one provides a basic summary of salient facts and conditions upon which the appraisal is based. The undersigned has made a personal inspection of the subject property. No one has provided significant professional assistance to the person signing this report.

VALUE CONCLUSIONS:

The research and analyses necessary to value the subject property are contained in the attached appraisal report. Valuation is also subject to the assumptions and limiting conditions presented in chapter one, sections J and K. It is important to review these items, and the attached report in its entirety, to understand the premises upon which the estimates of value are based. Based on the information contained in the attached report, it is the opinion of the undersigned that the value conclusions for the subject property, as delineated below, are estimated as of May 21, 2013 as follows:

AS IS MARKET VALUE:	\$12,800,000
PROSPECTIVE STABILIZED VALUE:	\$13,400,000
(as of the December 1, 2013 prospective date of stabilization)	

These value conclusions will remain valid only if this page remains attached to the appraisal report, which is identified on the footer of each page as 2013-WC-740 (plus attached exhibits).

EXPOSURE TIME AND MARKETING TIME

Based on the indications of the comparable data, and considering the subject's physical attributes, market conditions in the area, and other pertinent factors, the property's exposure time and marketing time are each estimated at six months.

Webster & Company appreciates this opportunity to provide service. Please contact the undersigned if there are any questions regarding this appraisal.

Sincerely,

WEBSTER & COMPANY



Michael Webster, MAI

Certified General Appraiser - CA No. AG013833

CERTIFICATION OF APPRAISER

I, the undersigned, certify that, to the best of my knowledge and belief:

1. Webster & Company has not performed any previous service pertaining to the subject property appraised herein.
2. The statements of fact contained in this report are true and correct.
3. The reported analyses, opinions, and conclusions are limited only by the reported special and general assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
4. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved. I have no bias with respect to the property that is the subject of this report or to the parties involved in this assignment.
5. My engagement and compensation for completing this assignment are not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, a requested minimum value, a specific value, the approval of a loan, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report. The appraisal assignment was not based on a requested minimum value, a specific valuation, or the approval of a loan; nor was the employment of Webster & Company conditioned upon the appraisal producing specific values or values within a given range.
6. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice. The report is furthermore in compliance with FIRREA.
7. In accordance with the Competency Provision in the USPAP, I certify that my education, experience and knowledge qualify me to undertake this appraisal assignment.
8. I have personally inspected the property that is the subject of this report. No one has provided significant professional assistance to the person signing this report.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.



Michael Webster, MAI
Certified General Appraiser - CA No. AG013833

DATE: September 12, 2013

TO: Chair and Members of Successor Agency Oversight Board

FROM: Assistant City Manager

SUBJECT: Approval of Recognized Obligation Payment Schedule for the Period January Through June 2014

RECOMMENDATION

That the Oversight Board adopts the attached resolution (Attachment I) that approves the Recognized Obligation Payment Schedule (ROPS 13_14B) for the period January 1 – June 30, 2014 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 year.

DISCUSSION

The intent of this report is to secure Oversight Board approval of the next Recognized Obligation Payment Schedule (ROPS 13_14B) and Administrative Budget for the period January through June 2014 (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 October 1, 2013 deadline.

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_14B, which is now required to be submitted through a web-based application called the Redevelopment Agency Dissolution (RAD) web application. ROPS 13_14B represents the second half of fiscal year 2014. The form provided by DOF continues to have formatting challenges and locked cells, preventing staff from presenting a clean and consistent list of this period's obligations.

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.

The Successor Agency has completed the Housing Fund DDR, but is still awaiting DOF determination on the Non-Housing Fund DDR. Given the timing of these events, staff has listed the General Fund loan and the SERAF repayment on the ROPS 13_14B 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.

Three items have been added to this ROPS since the previous period (lines 55 through 59), which are explained below. These items were formerly approved by the Oversight Board last April as modifications to ROPS 13_14A. However, DOF denied the modifications stating that it would not accept any revisions after the March 1 deadline. Therefore, the full amounts for FY 2014 are being included on ROPS 13_14B.

South Hayward BART project management expenses: The DOF disallowed two contracts for legal expenses and project management expenses related to the South Hayward BART transit oriented development project. DOF asserted that these agreements were entered into after the June 28, 2011 Dissolution Act date and therefore, did not justify the transfer of Housing funds to cover the expenses. However, the DOF has upheld the Eden loan for the South Hayward BART project as an enforceable obligation. The Dissolution Act allows for payment of project management expenses related to enforceable obligations if those expenses are included on a ROPS approved by the Oversight Board. As such, staff is requesting funds to cover the legal and project management expenses related to this loan agreement as well as authorization from the Oversight Board to re-enter into agreements with Goldfarb Lipman and John DeClercq to provide these services. The total not to exceed amount of John DeClercq's contract is \$230,000. This amount will cover all costs for the life of the contract and covers approximately two years of service provision. Staff is also requesting funding for legal services provided by Goldfarb Lipman over the past two years, totaling \$357,795, as well as funding to cover the next year of expenses, approximately \$70,000. Finally,

staff is requesting \$20,000 to cover approximately one year of staff time spent on project management for the South Hayward BART project.

Tennyson Preservation Agreement: The City Council and Redevelopment Agency Board approved a loan to Eden Housing in 2009 to renovate the Tennyson Gardens apartments. As part of that approval, \$300,000 was set aside in a maintenance reserve to fund future capital maintenance items at the property. DOF upheld the validity of this loan and the funds spent to date for maintenance. However, the balance of the capital maintenance reserve must be requested when needed per the attached letter from the Department of Finance (Attachment IV). In October 2012¹, the Housing Authority Board approved expenditure of the total \$300,000 balance and Eden Housing has been using this funding to cover legitimate repair expenses. The balance of these funds (\$126,482 plus interest) is needed immediately to reimburse Eden Housing for these expenses.

Cinema Place Maintenance Expenses: Pursuant to the Maintenance and Easement Agreement with the developer for the Cinema Place parking garage, the former Redevelopment Agency is responsible for certain maintenance expenses. The Successor Agency secured pressure washing services for the parking garage to abate odors emanating from the trash enclosure area several times per year and is requesting reimbursement through the ROPS process for this expense. The vendor is Webco Sweeping and the total expense is \$2,216.25, of which the Successor Agency is responsible for \$1,108.13. Staff requests Oversight Board approval to include this expense on the ROPS.

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. This includes re-entering agreements for the South Hayward BART project management expenses.

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_14B 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.

¹ Housing Authority Approval on pages 189-193: <http://www.hayward-ca.gov/CITY-GOVERNMENT/CITY-COUNCIL-MEETINGS/2012/CCA12PDF/cca102312full.pdf>

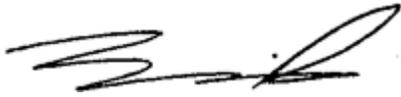
NEXT STEPS

The City Council, acting as the Successor Agency Board, is scheduled to review this item and take action on Tuesday, September 17, 2013. Following approval of the ROPS 13_14B by both the Oversight Board and the City Council/Successor Agency Board, staff will submit this to the Department of Finance by the October 1 deadline for approval.

Prepared by: Mary Thomas, Analyst

Recommended by: Kelly McAdoo, Assistant City Manager

Approved by:



Fran David, City Manager

Attachments:

- Attachment I: Oversight Board Resolution Regarding ROPS 13_14B and Administrative Budget
- Attachment II: Recognized Obligation Payment Schedule (ROPS 13_14B) January 1 – June 30, 2014
- Attachment III: Successor Agency Administrative Budget January 1 – June 30, 2014
- Attachment IV: Housing Due Diligence DOF letter

HAYWARD SUCCESSOR AGENCY OVERSIGHT BOARD

RESOLUTION 2013-__

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD JANUARY THROUGH JUNE 2014

WHEREAS, the California state legislature enacted Assembly Bill x1 26 (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 10, 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 RDA was dissolved pursuant to Health and Safety Code Section 34172; 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, pursuant to AB 1484 (“AB 1484”), enacted June 27, 2012 to amend various provisions of the Dissolution Act, the Successor Agency is now declared to be a separate legal entity from the City; and

WHEREAS, under the Dissolution Act, the Successor Agency must prepare a “Recognized Obligation Payment Schedule” (“ROPS”) that enumerates the enforceable obligations and expenses of the Successor Agency for specified six-month periods along with the administrative budget of the Successor Agency; and

WHEREAS, the Successor Agency prepared the ROPS for the period January 1, 2014, through June 30, 2014 (the “Proposed ROPS 13-14B”) and the administrative budget of the Successor Agency for the period January 1, 2014 and continuing through June 30, 2014 (the “Proposed ROPS 13-14B Administrative Budget”), all in accordance with the requirements of the Dissolution Act and AB 1484; and

WHEREAS, the Proposed ROPS 13-14B and the Proposed ROPS 13-14B Administrative Budget must be submitted to the Oversight Board for the Oversight Board's approval in accordance with the Dissolution Act; and

WHEREAS, the Proposed ROPS 13-14B and Proposed ROPS 13-14B Administrative Budget were submitted by the Successor Agency to the Alameda County Administrative Officer, the Auditor-Controller, and the DOF in accordance with Health and Safety Section 34179.6; and

WHEREAS, the accompanying staff report provides supporting information upon which the actions set forth in this Resolution are based.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board hereby finds, resolves, 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 the establishment of the recognized obligation payment schedules of the Successor Agency.

BE IT FURTHER RESOLVED that the Oversight Board hereby approves the Proposed ROPS 13-14B in the form on file with the City Clerk (the "Approved ROPS 13-14B") including the agreements and obligations described in the Approved ROPS 13-14B, 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 13-14B 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 13-14B and herein approved by the Oversight Board.

BE IT FURTHER RESOLVED that under Health and Safety Code Section 34177(j), the Oversight Board must approve the Administrative Budget for the Successor Agency.

BE IT FURTHER RESOLVED in accordance with the Dissolution Act, the Oversight Board hereby approves the Proposed ROPS 13-14B Administrative Budget in the form on file with the City Clerk (the "ROPS 13-14B Administrative Budget"), and authorizes the Successor Agency to incur costs for the general administrative activities and functions described in the ROPS 13-14B Administrative Budget.

BE IT FURTHER RESOLVED that the Oversight Board finds that the ROPS 13-14B Administrative Budget supports an Administrative Cost Allowance to the Successor Agency in

the minimum authorized amount of \$125,000 for the six-month period of January through June 2014.

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 ROPS 13-14B Administrative Budget 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 Modified ROPS 13-14B and the ROPS 13-14B Administrative Budget, and to take any other administrative actions necessary to ensure the validity of the Approved ROPS 13-14B and the validity of any enforceable obligation approved by the Oversight Board in this Resolution.

BE IT FURTHER RESOLVED that nothing in this Resolution shall abrogate, waive, impair or in any other manner affect the right or ability of the City, as a charter city, to initiate and prosecute any litigation with respect to any agreement or other arrangement of the Dissolved RDA, including, without limitation, any litigation contesting the purported invalidity of such agreement or arrangement pursuant to the Dissolution Act.

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, September 12, 2013

ADOPTED BY THE FOLLOWING VOTE:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ATTEST: _____
Chair of the Oversight Board

Recognized Obligation Payment Schedule (ROPS 13-14B) - Summary

Filed for the January 1, 2014 through June 30, 2014 Period

Name of Successor Agency: Hayward
Name of County: Alameda

Current Period Requested Funding for Outstanding Debt or Obligation	Six-Month Total
Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding	
A Sources (B+C+D):	\$ -
B Bond Proceeds Funding (ROPS Detail)	-
C Reserve Balance Funding (ROPS Detail)	-
D Other Funding (ROPS Detail)	-
E Enforceable Obligations Funded with RPTTF Funding (F+G):	\$ 3,932,064
F Non-Administrative Costs (ROPS Detail)	3,807,064
G Administrative Costs (ROPS Detail)	125,000
H Current Period Enforceable Obligations (A+E):	\$ 3,932,064

Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding	
I Enforceable Obligations funded with RPTTF (E):	3,932,064
J Less Prior Period Adjustment (Report of Prior Period Adjustments Column U)	(83,578)
K Adjusted Current Period RPTTF Requested Funding (I-J)	\$ 3,848,486

County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding	
L Enforceable Obligations funded with RPTTF (E):	3,932,064
M Less Prior Period Adjustment (Report of Prior Period Adjustments Column AB)	-
N Adjusted Current Period RPTTF Requested Funding (L-M)	3,932,064

Certification of Oversight Board Chairman:
Pursuant to Section 34177(m) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named agency.

Name	Title
/s/	
Signature	Date

Recognized Obligation Payment Schedule (ROPS) 13-14B - Report of Fund Balances

(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177(l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation.										
A	B	C	D	E	F	G	H	I	J	K
Fund Balance Information by ROPS Period		Fund Sources								Comments
		Bond Proceeds		Reserve Balance		Other	RPTTF		Total	
		Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	Review balances retained for approved enforceable obligations	RPTTF balances retained for bond reserves	Rent, Grants, Interest, Etc.	Non-Admin	Admin		
ROPS III Actuals (01/01/13 - 6/30/13)										
1	Beginning Available Fund Balance (Actual 01/01/13) Note that for the RPTTF, 1 + 2 should tie to columns L and Q in the Report of Prior Period Adjustments (PPAs)			\$ 3,751,718					\$ 3,751,718	
2	Revenue/Income (Actual 06/30/13) Note that the RPTTF amounts should tie to the ROPS III distributions from the County Auditor-Controller					\$ 637,083	\$ 4,064,000	\$ 152,021	\$ 4,853,104	
3	Expenditures for ROPS III Enforceable Obligations (Actual 06/30/13) Note that for the RPTTF, 3 + 4 should tie to columns N and S in the Report of PPAs			\$ 65,817			\$ 3,985,327	\$ 152,021	\$ 4,203,164	
4	Retention of Available Fund Balance (Actual 06/30/13) Note that the Non-Admin RPTTF amount should only include the retention of reserves for debt service approved in ROPS III								\$ -	
5	ROPS III RPTTF Prior Period Adjustment Note that the net Non-Admin and Admin RPTTF amounts should tie to columns O and T in the Report of PPAs.	No entry required					\$ 83,578	\$ -	\$ 83,578	
6	Ending Actual Available Fund Balance (1 + 2 - 3 - 4 - 5)	\$ -	\$ -	\$ 3,685,901	\$ -	\$ 637,083	\$ 78,673	\$ -	\$ 4,318,080	
ROPS 13-14A Estimate (07/01/13 - 12/31/13)										
7	Beginning Available Fund Balance (Actual 07/01/13) (C, D, E, G, and I = 4 + 6, F = H4 + F6, and H = 5 + 6)	\$ -	\$ -	\$ 3,685,901	\$ -	\$ 637,083	\$ 162,252	\$ -	\$ 4,401,658	
8	Revenue/Income (Estimate 12/31/13) Note that the RPTTF amounts should tie to the ROPS 13-14A distributions from the County Auditor-Controller						\$ 718,673	\$ 125,000	\$ 843,673	
9	Expenditures for 13-14A Enforceable Obligations (Estimate 12/31/13)			\$ 1,139,998			\$ 2,183,884	\$ 125,000	\$ 3,448,882	
10	Retention of Available Fund Balance (Estimate 12/31/13) Note that the RPTTF amounts may include the retention of reserves for debt service approved in ROPS 13-14A								\$ -	
11	Ending Estimated Available Fund Balance (7 + 8 - 9 - 10)	\$ -	\$ -	\$ 2,545,903	\$ -	\$ 637,083	\$ (1,302,959)	\$ -	\$ 1,796,449	

Recognized Obligation Payment Schedule (ROPS) 13-14B - ROPS Detail
January 1, 2014 through June 30, 2014
(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K					L	M	N	O	P
										Funding Source									
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF						
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	Six-Month Total				
								\$ 60,346,221		\$ -	\$ -	\$ -	\$ 3,807,064	\$ 125,000	\$ 3,932,064				
1	2004 Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	5/1/2004	5/1/2034	Wells Fargo	Bond issue to fund non-housing projects	Hayward Downtown	36,022,322	N				2,482,679		\$ 2,482,679				
2	2004 TAB Admin Fee FY2012	Fees	5/1/2004	5/1/2034	Wells Fargo	Annual administrative fee for bond issuance	Hayward Downtown	-	Y						\$ -				
3	2004 TAB Admin Fee FY2013	Fees	5/1/2004	5/1/2034	Wells Fargo	Annual administrative fee for bond issuance	Hayward Downtown	-	Y						\$ -				
4	2004 TAB Admin Fee FY2012	Fees	5/1/2004	5/1/2034	Willdan	Annual administrative fee for bond issuance	Hayward Downtown	-	Y						\$ -				
5	2004 TAB Admin Fee FY2013	Fees	5/1/2004	5/1/2034	Willdan	Annual administrative fee for bond issuance	Hayward Downtown	-	Y						\$ -				
6	2006 Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	6/1/2006	6/1/2036	Wells Fargo	Bond issue to fund non-housing projects	Hayward Downtown	11,443,350	N				361,650		\$ 361,650				
7	2006 TAB Admin Fee FY2012	Fees	6/1/2006	6/1/2036	Wells Fargo	Annual administrative fee for bond issuance	Hayward Downtown	-	Y						\$ -				
8	2006 TAB Admin Fee FY2013	Fees	6/1/2006	6/1/2036	Wells Fargo	Annual administrative fee for bond issuance	Hayward Downtown	-	Y						\$ -				
9	2006 TAB Admin Fee FY2012	Fees	6/1/2006	6/1/2036	Willdan	Annual administrative fee for bond issuance	Hayward Downtown	-	Y						\$ -				
10	2006 TAB Admin Fee FY2013	Fees	6/1/2006	6/1/2036	Willdan	Annual administrative fee for bond issuance	Hayward Downtown	-	Y						\$ -				
11	Repayment Agreement with City of Hayward	City/County Loans On or Before 6/27/11	9/23/1975	1/1/2050	City of Hayward	To fund start-up costs of Hayward Redevelopment Project Area	Hayward Downtown	-	N						\$ -				
12	SERAF	Revenue Bonds Issued On or Before	8/3/2011	1/1/2050	Hayward Housing Authority	Loan for SERAF FY10 and FY11 payments	Hayward Downtown	-	N						\$ -				
13	Contract for Restaurant Consulting	Professional Services	10/12/2010	12/30/2011	Five Star Restaurant	One-on-one restaurant consulting/retail attraction	Hayward Downtown	10,500	Y						\$ -				
14	Foothill Façade Loans	Improvement/Infrastructure	3/9/2011	1/1/2050	Multiple Property Owners	Matching loan funds for property owners along Foothill Blvd for façade improvement program	Hayward Downtown	422,165	N						\$ -				
15	Foothill Façade Loan Project Delivery Costs (Staff Costs/Legal	Project Management Costs	1/1/2014	6/30/2014	Successor Agency	Project Delivery Costs to Implement Foothill Façade Loan Project	Hayward Downtown	-	N				7,551		\$ 7,551				
16	Employee Leave Liability	Unfunded Liabilities	2/1/2012	12/1/2013	Employees of Agency/ Liability Fund	Leave balance payoffs/liability fund deposit for employee leave costs	Hayward Downtown	29,088	Y						\$ -				
17	PERS Liability	Unfunded Liabilities	2/1/2012	12/1/2013	Liability Fund	Liability Fund deposit for Agency employee PERS costs	Hayward Downtown	-	Y						\$ -				
18	OPEB Liability	Unfunded Liabilities	2/1/2012	12/1/2013	Liability Fund	Liability Fund deposit for Agency employee OPEB costs	Hayward Downtown	-	Y						\$ -				
19	Agency insurance costs	Admin Costs	7/1/2011	12/1/2013	City of Hayward	Liability Insurance	Hayward Downtown	-	Y						\$ -				
20	Contract for Mission Blvd Specific Plan	Professional Services	11/17/2009	5/31/2013	Hall Alminana, Inc/Lamphier Gregory	Consultant to prepare specific plan for Mission Blvd corridor	Hayward Downtown	551,820	N						\$ -				
21	Successor Agency Admin Allowance	Admin Costs	2/1/2012	1/1/2050	City of Hayward	Per ABx1 26, to cover administrative costs of Successor Agency	Hayward Downtown	-	N					125,000	\$ 125,000				
22	Contract for Security Services	Property Maintenance	7/11/2012	1/1/2050	ABC Security Services	Security Patrol Services for Cinema Place garage	Hayward Downtown	-	Y						\$ -				
23	Contract for Security Alarm	Property Maintenance	7/11/2012	1/1/2050	ADT Security Services	Alarm Service for Cinema Place garage	Hayward Downtown	-	N				1,025		\$ 1,025				
24	Contract for Security Alarm	Property Maintenance	7/11/2012	1/1/2050	ADT Security Services	Alarm Service for Cinema Place garage	Hayward Downtown	-	Y						\$ -				
25	Contract for Elevator Maint and Repair	Property Maintenance	7/11/2012	1/1/2050	Mitsubishi Electric	Cinema Place Elevator	Hayward Downtown	-	N				3,750		\$ 3,750				
26	Contract for Elevator Maint and Repair	Property Maintenance	7/11/2012	1/1/2050	Mitsubishi Electric	Cinema Place Elevator	Hayward Downtown	-	Y						\$ -				
27	Contract for Sweeping	Property Maintenance	7/11/2012	1/1/2050	Montgomery Sweeping Service	Cinema Place Garage Sweeping	Hayward Downtown	-	N				5,000		\$ 5,000				
28	Contract for Sweeping	Property Maintenance	7/11/2012	1/1/2050	Montgomery Sweeping Service	Cinema Place Garage Sweeping	Hayward Downtown	-	Y						\$ -				
29	Utilities	Property Maintenance	7/11/2012	1/1/2050	PGE	Cinema Place Garage Utilities	Hayward Downtown	-	N				12,750		\$ 12,750				
30	Utilities	Property Maintenance	7/11/2012	1/1/2050	PGE	Cinema Place Garage Utilities	Hayward Downtown	-	Y						\$ -				
31	Utilities	Property Maintenance	7/11/2012	1/1/2050	City of Hayward	Cinema Place Water Utilities	Hayward Downtown	-	N				400		\$ 400				
32	Utilities	Property Maintenance	7/11/2012	1/1/2050	City of Hayward	Cinema Place Water Utilities	Hayward Downtown	-	Y						\$ -				

Recognized Obligation Payment Schedule (ROPS) 13-14B - ROPS Detail
January 1, 2014 through June 30, 2014
(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K				L	M	N	O	P
										Funding Source								
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)		RPTTF						
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	Six-Month Total			
33	Contract for Env Remediation Work	Remediation	7/20/2004	2/7/2007	AEDIS Architecture & Planning	Burbank School Env Remediation Work	Hayward Downtown	0	Y						\$	-		
34	Contract for Env Remediation Work	Remediation	2/4/2005	6/10/2008	TRC	Burbank School Env Remediation Work	Hayward Downtown	4,373	Y						\$	-		
35	Contract for Env Remediation Work	Remediation	8/5/2011	9/9/2013	TRC	Residual Burbank Site - Removal Action Work	Hayward Downtown	62,127	N						\$	-		
36	Project Delivery Costs - Burbank Residual Site	Project Management Costs	1/1/2014	6/30/2014	City of Hayward (Successor Agency)	Finalize negotiation and execution of Purchase and Sale Agreement - staff project mgmt costs/legal fees	Hayward Downtown	-	N				1,500		\$	1,500		
37	Property Disposition Costs - former Agency-held properties	Property Dispositions	1/1/2014	6/30/2014	City of Hayward (Successor Agency)	Staff project mgmt costs; legal fees; property mgmt costs; appraisal costs; other associated costs for	Hayward Downtown	-	N				99,356		\$	99,356		
38	Contract for Env Remediation	Remediation	6/25/2009	8/30/2012	AMEC Geomatrix Inc	Env Remediation - Cinema Place	Hayward Downtown	103,635	N						\$	-		
39	Contract for Financial Analysis	Professional Services	7/1/2011	12/1/2013	Keyser Marston	Financial Analysis	Hayward Downtown	-	Y						\$	-		
40	Contract for Water Testing	Remediation	6/15/2012	1/1/2050	SWRCB	Water testing at Cinema Place - monitoring of site	Hayward Downtown	-	N						\$	-		
41	AB1484 Audit Expenses	Dissolution Audits	7/1/2013	12/31/2013	TBD	Audit required by AB1484	Hayward Downtown	-	Y						\$	-		
42	Oversight Board Legal Counsel	Legal	1/1/2014	6/30/2014	TBD	Per Oversight Board request, funds to pay for outside legal counsel	Hayward Downtown	-	Y						\$	-		
43	Cinema Place Maintenance Expense Repayment	Property Maintenance	7/11/2007	1/1/2050	Blake Hunt Ventures	Reimbursement of overpaid funds on deposit for annual maintenance expenses to holder of Cinema	Hayward Downtown	-	Y						\$	-		
44	Cinema Place Maintenance Reserve FY12 Payment	Property Maintenance	7/11/2007	1/1/2050	City of Hayward (Successor Agency)	Per requirements of Ground Lease, annual payment into capital maintenance reserve for Cinema Place	Hayward Downtown	-	Y						\$	-		
45	Cinema Place Maintenance Reserve FY13 Payment	Property Maintenance	7/11/2007	1/1/2050	City of Hayward (Successor Agency)	Per requirements of Ground Lease, annual payment into capital maintenance reserve for Cinema Place	Hayward Downtown	-	Y						\$	-		
46	2004 TAB Admin Fee FY 2014	Fees	5/1/2004	5/1/2034	Wells Fargo	Annual administrative fee for bond issuance	Hayward Downtown	-	N				2,000		\$	2,000		
47	2004 TAB Admin Fee FY 2014	Fees	5/1/2004	5/1/2034	Willdan	Annual administrative fee for bond issuance	Hayward Downtown	-	N				3,000		\$	3,000		
48	Repayment Agreement with City of Hayward	City/County Loans On or Before 6/27/11	9/23/1975	1/1/2050	City of Hayward	To fund start-up costs of Hayward Redevelopment Project Area	Hayward Downtown	7,016,422	N						\$	-		
49	SERAF	SERAF/ERAF	8/3/2011	1/1/2050	Hayward Housing Authority	Loan for SERAF FY10 and FY11 payments	Hayward Downtown	3,876,516	N						\$	-		
50	Contract for Environmental Remediation (New Burbank School)	Remediation	1/1/2014	6/30/2014	TRC	Payment for removal of environmental monitoring wells following DTSC clearance on new Burbank	Hayward Downtown	-	N						\$	-		
51	2006 TAB Admin Fee FY 2014	Fees	6/1/2006	6/1/2036	Wells Fargo	Annual administrative fee for bond issuance	Hayward Downtown	-	N				1,800		\$	1,800		
52	2006 TAB Admin Fee FY 2014	Fees	6/1/2006	6/1/2036	Willdan	Annual administrative fee for bond issuance	Hayward Downtown	-	N				700		\$	700		
53	Environmental Monitoring Expenses	Remediation	1/1/2014	6/30/2014	DTSC	Regulatory monitoring fee associated with clean up work at new Burbank School construction	Hayward Downtown	-	N						\$	-		
54	Cinema Place Elevator Repair	Property Maintenance	1/1/2014	6/30/2014	Amcoe Sign Company	Unanticipated maintenance expense at Cinema Place parking garage	Hayward Downtown	-	Y						\$	-		
55	South Hayward BART Project Management Expenses	Project Management Costs	1/1/2014	6/30/2014	John DeClercq	Project Delivery Costs to Implement South Hayward BART Transit Oriented Development Project	Hayward Downtown	230,000	N				230,000		\$	230,000		
56	South Hayward BART Project Management Expenses	Legal	1/1/2014	6/30/2014	Goldfarb Lipman	Project Delivery Costs to Implement South Hayward BART Transit Oriented Development Project	Hayward Downtown	427,795	N				427,795		\$	427,795		
57	South Hayward BART Project Management Expenses	Project Management Costs	1/1/2014	6/30/2014	City of Hayward (Housing Authority)	Project Delivery Costs to Implement South Hayward BART Transit Oriented Development Project	Hayward Downtown	-	N				20,000		\$	20,000		
58	Tennyson Preservation Maintenance	Property Maintenance	1/1/2014	6/30/2014	Tennyson Preservation Limited Partnership	Original loan agreement set aside \$300,000 for future capital maintenance expenses	Hayward Downtown	145,000	N				145,000		\$	145,000		
59	Cinema Place Pressure Washing	Property Maintenance	1/1/2014	6/30/2014	Webco	Unanticipated maintenance expense at Cinema Place parking garage	Hayward Downtown	1,108	N				1,108		\$	1,108		

Recognized Obligation Payment Schedule (ROPS) 13-14B - Report of Prior Period Adjustments
 Reported for the ROPS III (January 1, 2013 through June 30, 2013) Period Pursuant to Health and Safety Code (HSC) section 34186 (a)
 (Report Amounts in Whole Dollars)

ROPS III Successor Agency (SA) Self-reported Prior Period Adjustments (PPA): Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS III (July through December 2013) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 13-14B (January through June 2014) period will be offset by the SA's self-reported ROPS III prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller.

ROPS III CAC PPA: To be completed by the CAC upon submittal of the ROPS 13-14B by the SA to Finance and the CAC

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	
Item #	Project Name / Debt Obligation	Non-RPTTF Expenditures								RPTTF Expenditures																		
		LMIHF (Includes LMIHF Due Diligence Review (DDR) retained balances)		Bond Proceeds		Reserve Balance (Includes Other Funds and Assets DDR retained balances)		Other Funds		Non-Admin				Admin				Net SA Non-Admin and Admin PPA		Non-Admin CAC			Admin CAC			Net CAC Non-Admin and Admin PPA		
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Available RPTTF (ROPS III distributed + all other available as of 1/1/13)	Net Lesser of Authorized/ Available	Actual	Difference (If M is less than N, the difference is zero)	Authorized	Available RPTTF (ROPS III distributed + all other available as of 1/1/13)	Net Lesser of Authorized / Available	Actual	Difference (If R is less than S, the difference is zero)	Net Difference (Amount Used to Offset ROPS 13-14B Requested RPTTF (O + T))	Net Lesser of Authorized / Available	Actual	Difference (If V is less than W, the difference is zero)	Net Lesser of Authorized / Available	Actual	Difference (If Y is less than Z, the difference is zero)	Net Difference (Amount Used to Offset ROPS 13-14B Requested RPTTF (X + AA))	
		\$ -	\$ -	\$ -	\$ -	\$ 143,019	\$ 65,817	\$ -	\$ -	\$ 4,064,000	\$ 4,064,000	\$ 4,064,000	\$ 3,985,327	\$ 83,578	\$ 152,021	\$ 152,021	\$ 152,021	\$ 152,021	\$ -	\$ 83,578	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1	2004 Tax Allocation Bonds									2,446,991	2,446,991	2,446,991	2,446,816	\$ 175			\$ -	\$ 175	\$ -	\$ 175								
2	2004 TAB Admin Fee FY2012																\$ -	\$ -	\$ -	\$ -								
3	2004 TAB Admin Fee FY2013									1,800	1,800	1,800	1,800	\$ -			\$ -	\$ -	\$ -	\$ -								
4	2004 TAB Admin Fee FY2012																\$ -	\$ -	\$ -	\$ -								
5	2004 TAB Admin Fee FY2013																\$ -	\$ -	\$ -	\$ -								
6	2006 Tax Allocation Bonds									358,170	358,170	358,170	358,142	\$ 28			\$ -	\$ 28	\$ -	\$ 28								
7	2006 TAB Admin Fee FY2012																\$ -	\$ -	\$ -	\$ -								
8	2006 TAB Admin Fee FY2013									2,000	2,000	2,000	2,000	\$ -			\$ -	\$ -	\$ -	\$ -								
9	2006 TAB Admin Fee FY2012																\$ -	\$ -	\$ -	\$ -								
10	2006 TAB Admin Fee FY2013																\$ -	\$ -	\$ -	\$ -								
11	Repayment Agreement with City of Hayward									1,120	1,120	1,120	2,675	\$ -			\$ -	\$ -	\$ -	\$ -								
12	SERAF																\$ -	\$ -	\$ -	\$ -								
13	Contract for Restaurant Consulting																\$ -	\$ -	\$ -	\$ -								
14	Foothill Façade Loans																\$ -	\$ -	\$ -	\$ -								
15	Foothill Façade Loan Project Delivery Costs (Staff Costs/Legal Fees)									24,432	24,432	24,432	24,432	\$ -			\$ -	\$ -	\$ -	\$ -								
16	Employee Leave Liability																\$ -	\$ -	\$ -	\$ -								
17	PERS Liability									666,235	666,235	666,235	666,235	\$ -			\$ -	\$ -	\$ -	\$ -								
18	OPEB Liability									177,227	177,227	177,227	177,227	\$ -			\$ -	\$ -	\$ -	\$ -								
19	Agency insurance costs																\$ -	\$ -	\$ -	\$ -								
20	Contract for Mission Blvd Specific Plan					91,206	47,872										\$ -	\$ -	\$ -	\$ -								
21	Successor Agency Admin Allowance														125,000	125,000	125,000	125,000	\$ -	\$ -								
22	Contract for Security Services																\$ -	\$ -	\$ -	\$ -								
23	Contract for Security Alarm									525	525	525	525	\$ 525			\$ -	\$ -	\$ 525	\$ 525								
24	Contract for Security Alarm																\$ -	\$ -	\$ -	\$ -								
25	Contract for Elevator Maint and Repair									1,750	1,750	1,750	1,961	\$ -			\$ -	\$ -	\$ -	\$ -								
26	Contract for Elevator Maint and Repair																\$ -	\$ -	\$ -	\$ -								
27	Contract for Sweeping									3,000	3,000	3,000	3,510	\$ -			\$ -	\$ -	\$ -	\$ -								
28	Contract for Sweeping																\$ -	\$ -	\$ -	\$ -								
29	Utilities									7,000	7,000	7,000	4,957	\$ 2,043			\$ -	\$ -	\$ 2,043	\$ 2,043								
30	Utilities																\$ -	\$ -	\$ -	\$ -								
31	Utilities									125	125	125	223	\$ -			\$ -	\$ -	\$ -	\$ -								
32	Utilities																\$ -	\$ -	\$ -	\$ -								
33	Contract for Env Remediation Work																\$ -	\$ -	\$ -	\$ -								
34	Contract for Env Remediation Work																\$ -	\$ -	\$ -	\$ -								
35	Contract for Env Remediation Work									255,728	255,728	255,728	204,920	\$ 50,808			\$ -	\$ -	\$ 50,808	\$ 50,808								
36	Project Delivery Costs - Burbank Residual Site									18,432	18,432	18,432	18,432	\$ -			\$ -	\$ -	\$ -	\$ -								
37	Property Disposition Costs - former Agency-held properties									64,290	64,290	64,290	64,290	\$ -			\$ -	\$ -	\$ -	\$ -								
38	Contract for Env Remediation					51,813	17,945										\$ -	\$ -	\$ -	\$ -								
39	Contract for Financial Analysis																\$ -	\$ -	\$ -	\$ -								
40	Contract for Water Testing																\$ -	\$ -	\$ -	\$ -								
41	AB1484 Audit Expenses																\$ -	\$ -	\$ -	\$ -								
42	Oversight Board Legal Counsel									30,000	30,000	30,000	30,000	\$ 30,000			\$ -	\$ -	\$ 30,000	\$ 30,000								
43	Cinema Place Maintenance Expense Repayment																\$ -	\$ -	\$ -	\$ -								
44	Cinema Place Maintenance Reserve FY12 Payment																\$ -	\$ -	\$ -	\$ -								
45	Cinema Place Maintenance Reserve FY13 Payment																\$ -	\$ -	\$ -	\$ -								
46	2004 TAB Admin Fee FY 2014																\$ -	\$ -	\$ -	\$ -								
47	2004 TAB Admin Fee FY 2014																\$ -	\$ -	\$ -	\$ -								
48	Repayment Agreement with City of Hayward																\$ -	\$ -	\$ -	\$ -								
49	SERAF																\$ -	\$ -	\$ -	\$ -								
50	Contract for Environmental Remediation (New Burbank School site)																\$ -	\$ -	\$ -	\$ -								
51	2006 TAB Admin Fee FY 2014																\$ -	\$ -	\$ -	\$ -								
52	2006 TAB Admin Fee FY 2014																\$ -	\$ -	\$ -	\$ -								
53	Environmental Monitoring Expenses																\$ -	\$ -	\$ -	\$ -								
54	Cinema Place Elevator Repair																\$ -	\$ -	\$ -	\$ -								

Administrative Allowance Budget
January - June 2014

Successor Agency Administrative Allowance January - June 2014 Budget
(Based on \$125,000 - 6 month allocation)

	\$125,000
Salaries and Benefits	(\$90,000)
Balance Remaining	\$35,000
Legal Expenses	(\$20,000)
Supplies and Services	(\$15,000)
Balance Remaining	\$0



April 6, 2013

Ms. Kelly McAdoo Morariu, Assistant City Manager
City of Hayward
777 B Street
Hayward, CA 94541

Dear Ms. Morariu:

Subject: Low and Moderate Income Housing Fund Due Diligence Review

This letter supersedes Finance's original LMIHF DDR determination letter March 1, 2013. Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of Hayward Successor Agency (Agency) submitted an oversight board approved Low and Moderate Income Housing Fund (LMIHF) Due Diligence Review (DDR) to the California Department of Finance (Finance) on February 5, 2013. Finance issued a LMIHF DDR determination letter on March 1, 2013. Subsequently, the Agency requested a Meet and Confer session on one or more items adjusted by Finance. The Meet and Confer Session was held on March 18, 2013.

Based on a review of additional or clarifying information provided to Finance during the Meet and Confer process, Finance is revising some of the adjustments made in our previous DDR determination letter. Specifically, we are revising the following adjustments:

- Disallowed cash transfers in the amount of \$6,740,026. Finance initially disallowed the transfer to the Housing Authority (Authority) because the amount was not supported by an enforceable obligation. The Agency contends that the Authority is a third party as stated in HSC section 34171 (d) (3) and has encumbered and expended funds under contracts with third parties. Based on a review of information and clarification provided by the Agency during the meet and confer, Finance determined the following encumbered cash held by the Authority was expended for obligations with a third party.
 - South Hayward BART Housing Loan Agreement for \$3,832,000. The loan agreement with Eden Housing dated June 14, 2011 meets the criteria of an enforceable obligation. To date, the Authority spent \$2,691,094 of the funds and is scheduled to spend the remainder by June 2013. Since the transfer of cash to the Authority resulted in an obligation with a third party, Finance is allowing the amount of \$3,832,000 transferred to the Housing Authority pursuant to the Housing Cooperative Agreement and is revising the adjustment made in the original LMIHF determination.
 - City Staffing Costs totaling \$39,079. The staff project costs associated with the South Hayward BART Housing; therefore, transfer of cash to pay for these costs are

allowed. Finance is revising the adjustment made in the original LMIHF Determination.

- o Tennyson Preservation Partner Agreement in the amount of \$300,000. The agreement between the former RDA and Tennyson Preservation Limited Partnership dated October 1, 2009 requires funding of an Agency Controlled Operating Reserve Account for the amount and is considered an enforceable obligation. To date, the Authority has expended only \$173,518 of the reserves. The Agency contends the remaining funds must be accessible to developer for maintenance projects on the property; however, there are no pending requests or set expenditure schedule. Finance has only approved funding through the January through June 2013 Recognized Obligation Payment Schedule (ROPS III) period, the Agency's fund balances could only be encumbered to the extent they have been approved through the June 30, 2013 period. Therefore, the remaining balance of \$126,482 is not allowed for retention. Finance is revising the original determination to allow for \$173,518. Since the agreement is an enforceable obligation, future requests for funding up to \$126,482 should be made on subsequent ROPS from the Redevelopment Property Tax Trust Fund.

However, Finance continues to believe some of the adjustments made to the DDR's stated balance of LMIHF available for distribution to the taxing entities is appropriate. HSC section 34179.6 (d) authorizes Finance to make these adjustments. We maintain the following adjustments related to the disallowed transfer continue to be necessary for the following reasons:

- Project Management Consultant Services for South Hayward BART Housing project in the amount of \$157,000. The agreement with John Declercq for consultant services is dated November 15, 2011. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. Therefore, this is not an enforceable obligation and \$157,000 remains as part of the disallowed transfer.
- Legal Services Agreement in the amount of \$100,000. The Agency provided a Purchase Order for the renewal of legal services for Affordable Housing Related matters and the Green Shutter Hotel dated May 1, 2012. The DDR has referenced this as an encumbrance to the South Hayward BART Housing Loan project; however, the description of the purchase order does not reference this project. Therefore, \$100,000 remains as part of the disallowed transfer.
- Route 238 Homebuyer Loans pursuant to a Settlement Agreement in the amount of \$1,000,000. The Agency provided a Settlement Agreement in which the City of Hayward (City) and the California Department of Transportation were the defendants. The ruling was in favor of the plaintiffs which obligated the City to provide funding in the amount of \$1,000,000 to the First Time Home Buyer Program (FTHBP). The Settlement Agreement does not reference the RDA nor obligate the RDA to provide funding for the City's FTHBP. Therefore, no enforceable obligation existed and \$1,000,000 remains as a disallowed transfer.

The Agency's LMIHF balance available for distribution to the affected taxing entities has been revised to \$2,695,429 (see table below).

LMIHF Balances Available For Distribution To Taxing Entities	
Available Balance per DDR:	\$ 1,311,947
Finance Adjustments	
Disallowed Transfer:	1,383,482
Total LMIHF available to be distributed:	\$ 2,695,429

This is Finance's final determination of the LMIHF balances available for distribution to the taxing entities. HSC section 34179.6 (f) requires successor agencies to transmit to the county auditor-controller the amount of funds identified in the above table within five working days, plus any interest those sums accumulated while in the possession of the recipient.

If funds identified for transmission are in the possession of the successor agency, and if the successor agency is operated by the city or county that created the former redevelopment agency, then failure to transmit the identified funds may result in offsets to the city's or the county's sales and use tax allocation, as well as its property tax allocation. If funds identified for transmission are in the possession of another taxing entity, the successor agency is required to take diligent efforts to recover such funds. A failure to recover and remit those funds may result in offsets to the other taxing entity's sales and use tax allocation or to its property tax allocation. If funds identified for transmission are in the possession of a private entity, HSC 34179.6 (h) (1) (B) states that any remittance related to unallowable transfers to a private party may also be subject to a 10 percent penalty if not remitted within 60 days.

Failure to transmit the identified funds will also prevent the Agency from being able to receive a finding of completion from Finance. Without a finding of completion, the Agency will be unable to take advantage of the provisions detailed in HSC section 34191.4. Specifically, these provisions allow certain loan agreements between the former redevelopment agency (RDA) and the city, county, or city and county that created the RDA to be considered enforceable obligations. These provisions also allow certain bond proceeds to be used for the purposes in which they were sold and allows for the transfer of real property and interests into the Community Redevelopment Property Trust Fund once Finance approves the Agency's long-range property management plan.

In addition to the consequences above, willful failure to return assets that were deemed an unallowable transfer or failure to remit the funds identified above could expose certain individuals to criminal penalties under existing law.

Pursuant to HSC section 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter and Finance's Housing Assets Transfer letter dated August 31, 2012 do not in any way eliminate the Controller's authority.

Ms. Kelly McAdoo Morariu
April 6, 2013
Page 4

Please direct inquiries to Beliz Chappuie, Supervisor or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Tracy Vesely, Finance Director, City of Hayward
Ms. Carol Orth, Tax Analysis Division Chief, County Auditor-Controller, County of Alameda
California State Controller's Office