

**HAYWARD SUCCESSOR AGENCY OVERSIGHT BOARD
SPECIAL MEETING
SEPTEMBER 24, 2014
777 B STREET
CONFERENCE ROOM 4A
10:30 AM**

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 April 28, 2014 Meeting
Attachment
2. Approval of the Recognized Obligation Payment Schedule (ROPS 14-15B) and Administrative Budget for the Period January 1, 2015 through June 30, 2015
Staff Report and Attachments (3) – (Attachment II ROPS 14_15B to be distributed Monday, September 22, 2014)
3. Update on Disposition of Governmental Use Properties to the City of Hayward
Attachment
4. 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
April 28, 2014**

SUMMARY NOTES

BOARD MEMBERS PRESENT: Michael Sweeney, Paul Hodges, Olden Henson, Mark Salinas, Stacey Bristow

BOARD MEMBERS ABSENT: Richard Valle, John Taylor

STAFF: Kelly McAdoo, Assistant City Manager; Maureen Conneely, Assistant City Attorney; Cecilia Manzo; Administrative Clerk

PUBLIC: Rafael Yaquian, Goldfarb Lipman Attorneys

Call Meeting to Order: Meeting called to order at 3:37 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 Stacey Bristow

Public Comments: There were no Public Comments.

1. Approval of Minutes from February 28, 2014 Meeting:

Moved/ Seconded (Henson/ Hodges) **APPROVED**, one abstention and two absences.

2. Approval of Revised Recognized Obligation Payment Schedule (ROPS 14-15A) for the Period July 1, 2014 through December 31, 2014:

Assistant City Manager Kelly McAdoo reported that the Successor Agency previously approved the Recognized Obligation Payment Schedule (ROPS) on February 28, 2014. The Department of Finance (DOF) reclassified many expenditures and said that the Successor Agency had a large fund balance that could be used to pay the enforceable obligations.

The Department of Finance would like reserve funds to be reflected on the ROPS every six months and that these funds be used to fund enforceable obligations. Ms. McAdoo explained that the Successor Agency actually does not have as large a fund balance as suggested by the DOF. Ms. McAdoo referenced page twenty-one of Attachment IV and went over expenses on the ROPS for July-December 2014. Ms. McAdoo explained that \$2.4 million in expenses were coming from reserve balances instead of the RPTTF. \$347,000 of other funds were revenues that could be used to pay obligations.

\$1.5 million is being requested from RPTTF to pay obligations.

Mr. Olden Henson asked for confirmation of the changes made to the ROPS. Ms. McAdoo confirmed and clarified.

Council Member Mark Salinas asked when we should expect to conclude this process. Ms. McAdoo informed the Board that this would conclude in 2047 when the bonds are paid off.

Mr. Henson mentioned that the DOF denied the request for \$150,000 on the ROPS as an administrative allowance for the entity that assumed the housing functions of the former RDA (in Hayward's case, the Hayward Housing Authority). Ms. McAdoo confirmed this.

Ms. McAdoo is coming to the Board with the revised resolution for approval.

Resolution 2014-05 Moved/ Seconded (Salinas/ Henson) **APPROVED** by unanimous consensus and two absences.

3. Approval of Disposition of Governmental Use Properties to the City of Hayward:

Ms. McAdoo explained that this is the first step to approving the Long Term Property Management Plan.

There are four parcels that surround City Hall that were previously owned by the Redevelopment Agency that were transferred to the Successor Agency. Under State law, there are special provisions for parcels for government uses.

Ms. McAdoo is coming to the Board asking for approval that these four parcels maintain their status as government use and be transferred to the City. If in the future the City were to develop these parcels, the City would have to go back to each of the taxing entities and negotiate a compensation agreement. At this point, the City has no intention of using these parcels for any purpose other than as land surrounding City Hall.

Resolution 2014-06 Moved/ Seconded (Henson/ Hodges) **APPROVED** by unanimous consensus and two absences.

4. Approval of Long Range Property Management Plan for the Hayward Redevelopment Successor Agency:

Ms. McAdoo went over the Long Range Property Management Plan with the Board and asked the Board for approval of the Plan so it can be submitted to the Department of Finance.

Mr. Henson had a question regarding the property value at time of purchase and the estimated current value for parking structures. Ms. McAdoo said that the values stated were from the financial reports as of June 30, 2010.

Resolution 2014-07 Moved/ Seconded (Henson/ Bristow) **APPROVED** by unanimous consensus, two absences.

5. Future Meeting Dates and Agenda Items:

A meeting will be scheduled as needed for late August or early September for approval for the next ROPS.

Board Member/Staff Announcements and Referrals:

Ms. McAdoo gave an update on the Audit of the Property Transfers by the State Controller's Office. She mentioned that they provided the City with a draft report that still showed previous findings. The City responded that a resolution had been passed to address their concerns regarding the transfers of properties.

Mayor Sweeney said farewell to the Board as this was his last meeting.

Adjournment: The meeting adjourned at 4:23 P.M.

DATE: September 23, 2014

TO: Chair and Oversight Board Members

FROM: Assistant City Manager

SUBJECT: Approval of the Recognized Obligation Payment Schedule (ROPS 14-15B) and Administrative Budget for the Period January 1, 2015 through June 30, 2015

RECOMMENDATION

That the Oversight Board adopts the attached resolution (Attachment I) approving the Recognized Obligation Payment Schedule (ROPS 14_15B) and the Successor Agency Administrative Budget for the period January 1 – June 30, 2015 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 two years.

DISCUSSION

The intent of this report is to recommend approval of the next Recognized Obligation Payment Schedule (ROPS 14_15B) and Administrative Budget for the period January through June 2015

(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, 2014 deadline.

One of the few 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 \$8 million. In addition, there is an outstanding loan due from the Successor Agency to the Housing Authority (the SERAF loan) totaling approximately \$3.8 million and outstanding loans due to the City's Sewer and Water Enterprise Funds (totaling approximately \$2 million). Since the Successor Agency has received its Finding of Completion, staff began the process to request repayment of these loans with the submittal of the prior ROPS in March 2014. The SERAF loan receives first priority for payoff under AB1484, followed by the General Fund loan and then the Enterprise Fund loans. The Successor Agency did receive a payment towards the SERAF loan of \$1,069,855 in June 2014 with the disbursement of the ROPS expenses for ROPS 14_15A. There are specific repayment formulas outlined in AB1484 and the amount of repayment requested on the ROPS 14_15B is consistent with these formulas. ROPS 14_15B will account for the further repayment of the SERAF loan and repayment of the General Fund loan will not likely begin until FY2017.

At the time of publication of this report, staff is still finalizing the preparation of the ROPS 14_15B document, which will be distributed on Monday, September 22, 2014.

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 14_15B 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 14_15B and the Administrative Budget by the Oversight Board, staff will submit these to the Department of Finance (DOF) by October 1 for final approval. The DOF then has an opportunity to review and object to any items on the ROPS and/or request additional documentation. The Successor Agency then has an opportunity to request a meet and confer session if staff disagrees with any of the DOF determinations. All DOF meet and confer determinations must be made prior to December 1, 2014, which is when the funds for the ROPS 14_15B period will be disbursed to the Successor Agency.

Prepared and Recommended by: Kelly McAdoo, Assistant City Manager

Approved by:



Fran David, City Manager

Attachment I: Resolution

Attachment II: ROPS 14_15B (To be distributed Monday, September 22, 2014)

Attachment III: Successor Agency Administrative Budget

HAYWARD SUCCESSOR AGENCY OVERSIGHT BOARD

RESOLUTION NO. 2014-___

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE HAYWARD SUCCESSOR AGENCY, APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD JANUARY THROUGH JUNE 2015 (“ROPS 14-15B”) AND THE ADMINISTRATIVE BUDGET FOR THE 2014-15 FISCAL YEAR, AND DIRECTING THE CITY MANAGER TO TAKE ALL ACTIONS NECESSARY TO EFFECTUATE REQUIREMENTS ASSOCIATED WITH THIS APPROVAL

WHEREAS, pursuant to ABx1 26 (as amended by AB 1484, the “Dissolution Statutes”), the separate legal entity known as the Hayward Successor Agency (the “Successor Agency”) must prepare “Recognized Obligation Payment Schedules” (“ROPS”) that enumerate the enforceable obligations and expenses of the Successor Agency for each successive six-month fiscal period until the wind down and disposition of assets of the dissolved Redevelopment Agency of the City of Hayward (the “Dissolved RDA”) has been completed; and

WHEREAS, the Successor Agency staff has prepared a ROPS for the six-month fiscal period commencing on January 1, 2015 and continuing through June 30, 2015 (“ROPS 14-15B”); and

WHEREAS, the Successor Agency staff has prepared an administrative budget for the fiscal period commencing on July 1, 2014 and continuing through June 30, 2015 (“FY 14-15 Administrative Budget”); and

WHEREAS, the Successor Agency is entitled to an administrative cost allowance (the “Administrative Cost Allowance”) pursuant to Health and Safety Code Sections 34171(b) and 34183(a)(3) in the approximate amount of \$250,000 for the 2014-15 fiscal year of which approximately \$125,000 will be disbursed during the ROPS 14-15B period; and

WHEREAS, under the Dissolution Statutes, ROPS 14-15B and the FY 14-15 Administrative Budget must be approved by the Successor Agency's oversight board (the “Oversight Board”) to enable the Successor Agency to continue to make payments on enforceable obligations and to pay for administrative costs of the Successor Agency; and

WHEREAS, the Successor Agency staff prepared and on September 23, 2014 the City Council approved the following documents, copies of which are on file with the City Clerk (acting as the Secretary of the Successor Agency):

1. The ROPS 14-15B; and
2. The FY 14-15 Administrative Budget; and

WHEREAS, under the Dissolution Statutes, the ROPS 14-15B and the FY 14-15 Administrative Budget must be submitted by the Successor Agency to the Oversight Board for the Oversight Board's approval in accordance with Health and Safety Code Sections 34177 and 34180(g); and

WHEREAS, the ROPS 14-15B and the FY 14-15 Administrative Budget have been submitted by the Successor Agency to the Alameda County Administrative Officer, the Alameda County Auditor-Controller, and the State Department of Finance in accordance with Health and Safety Code 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 the Oversight Board, pursuant to Health and Safety Code Section 34180(g) and 34177(j), hereby approves the ROPS 14-15B and the FY 14-15 Administrative Budget, in the respective forms on file with the City Clerk, including the agreements and obligations described on the ROPS 14-15B and hereby determines that such agreements and obligations constitute "enforceable obligations" and "recognized obligations" for all purposes of the Dissolution Statutes. 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 14-15B 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 terms of the Dissolution Statutes, the continued administration of the ongoing enforceable obligations 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 consistent with the Dissolution Statutes and necessary to memorialize and implement the agreements and obligations in ROPS 14-15B and the FY 14-15 Administrative Budget as herein approved by the Successor Agency.

BE IT FURTHER RESOLVED that the Oversight Board hereby authorizes and directs Successor Agency staff, to take all administrative actions necessary under the Dissolution Statutes, 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 ROPS 14-15B and the FY 14-15 Administrative Budget, and to take any other actions necessary to ensure the validity of the ROPS 14-15B and the validity of any enforceable obligation listed thereon and the validity of the FY 14-15 Administrative Budget and corresponding Administrative Cost Allowance. In addition, the Oversight Board authorizes and

directs the Successor Agency staff to make such non-substantive revisions to ROPS 14-15B as may be necessary to submit ROPS 14-15B in any modified form required by the DOF, and ROPS 14-15B as so modified shall thereupon constitute ROPS 14-15B as approved by the Oversight Board pursuant to this Resolution.

BE IT FURTHER RESOLVED that the Oversight Board hereby authorizes and directs the City Manager, acting on behalf of the Successor Agency, to execute the documents and instruments as are appropriate, in consultation with the City Attorney, acting in the capacity of counsel to the Successor Agency, to effectuate and implement the terms of this Resolution;

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 24, 2014

ADOPTED BY THE FOLLOWING VOTE:

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

ATTEST: _____
Chair of the Oversight Board

**ITEM 2 ATTACHMENT II (ROPS 14_15B) TO BE
DISTRIBUTED MONDAY, SEPTEMBER 22, 2014**

**Successor Agency Administrative Allowance - FY2015 Budget
July 2014 - June 2015 expenses**

Starting FY2015 Budget Balance	\$250,000
Employee Salaries & Benefits	(\$195,014)
Balance Remaining	\$54,987
Legal Costs	(\$5,000)
Supplies and Services	(\$49,987)
Balance Remaining	\$0



July 18, 2014

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

Dear Ms. McAdoo:

Subject: Approval of Oversight Board Action

The City of Hayward Successor Agency (Agency) notified the California Department of Finance (Finance) of its April 28, 2014 Oversight Board (OB) resolution on May 5, 2014. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, OB Resolution 2014-05, approving the transfer of specified governmental use properties to the City of Hayward (City) for continued governmental use, operation, and maintenance, is approved.

The parcels (Assessor's Parcel Nos. 428-76-23-13, 428-76-27-09, 428-71-2, and 428-71-3) were constructed for and are currently used as park and open public space surrounding Hayward City Hall and are eligible for transfer to the City for governmental purpose as defined in HSC section 34181 (a).

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

Sincerely,

JUSTYN HOWARD
Assistant Program Budget Manager

cc: Ms. Tracy Vesely, Finance Director, City of Hayward
Ms. Carol S. Orth, Tax Analysis, Division Chief, Alameda County
Ms. Elizabeth Gonzalez, Bureau Chief, Local Government Audit Bureau, California State
Controller's Office
California State Controller's Office