

DATE: December 16, 2008

TO: Redevelopment Agency Board Members
Mayor and City Council

FROM: Assistant City Manager

SUBJECT: Adoption of the Annual Report of Redevelopment Agency Activities
for FY 2008

RECOMMENDATION

That the Agency Board adopts the attached resolution approving the Annual Report of Redevelopment Agency Activities for FY 2008 and presents it to the City Council; and

That the City Council adopts the attached resolution receiving, and authorizing staff to file, the Annual Report of Redevelopment Agency Activities for FY 2008.

BACKGROUND

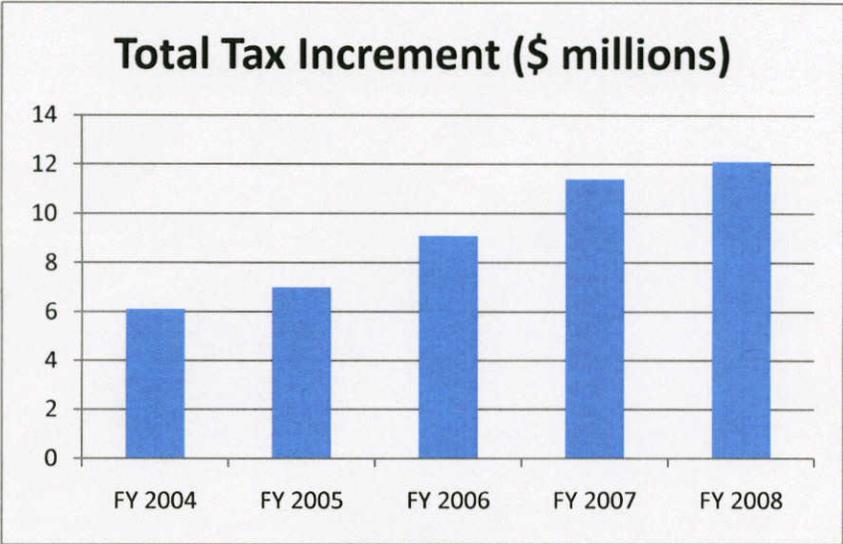
California Redevelopment Law requires the Redevelopment Agency to present an Annual Report to the City Council, and that the City Council reviews the report and takes any action deemed appropriate. The report is then filed with the State Controller. The report contains four major components including: 1) the Agency's Independent Financial Audit for FY 2008; 2) the Annual Report of Financial Transactions, which takes information from the audit and presents it in a format suitable for review by the State Controller; 3) the State Housing and Community Development (HCD) Annual Redevelopment Agencies Housing Activity Report; and 4) the Agency's Annual Statement of Indebtedness.

The Agency's independent financial audit is attached to the Annual Report as Appendix A. The audit reported no exceptions or findings this year. The State Controller's Report of Financial Transactions (Appendix B) includes a narrative discussion of the Agency's activities, entitled The Project Area Report.

DISCUSSION

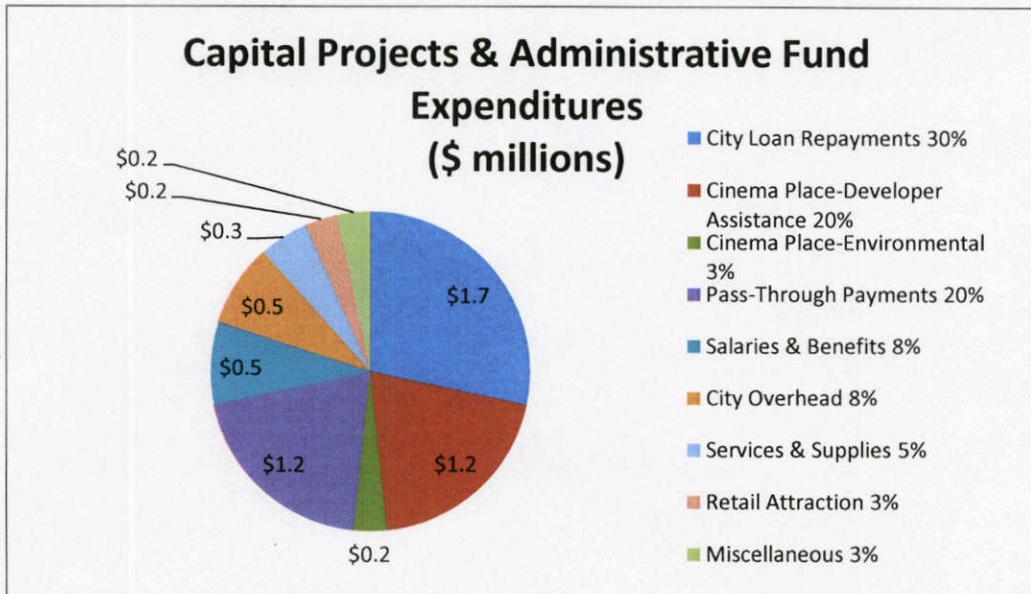
The Agency's total tax increment revenue in FY 2008 was budgeted at \$13.1 million for a projected growth rate of 15% over the prior year. However, the actual growth rate was 6% as revenues increased from \$11.4 million in FY 2007 to almost \$12.1 million in FY 2008. This growth rate is

also significantly less than the growth rates of 30% and 26% experienced during FYs 2006 and 2007 respectively, and is largely reflective of the decline in the housing sector. Approximately 42% of the tax increment is generated in the Downtown sub-area, 29% in the Burbank-Cannery sub-area, and 29% in the Mission-Foothill sub-area. In recent years the tax increment generated by the latter two sub-areas has increased relative to the Downtown. However, for FY 2008, the tax increment generated in the Burbank-Cannery sub-area declined, most likely as a result of site clearance of older industrial structures. It should also be noted that although significant public improvements have been made to the Burbank-Cannery sub-area, these improvements do not add to the Agency's tax revenue because the new school, expanded park, and infrastructure improvements are exempt from property taxes. Over the next six years, property tax revenue is expected to increase in this sub-area as the Cannery Place residential development proceeds. However, in general, due to the current state of the economy and specifically the housing sector, there could be more negative impact on future tax increment revenues.



The Agency's expenditures from its Capital Projects/Administrative Fund totaled \$6.1 million, which was \$2.7 million higher than the initial FY 2008 budget. Approximately \$1.6 million of the difference is attributed to the partial repayment to the City for advances from the general, water, and sewer funds and approximately \$1.1 million paid out on the \$1.5 million site assistance loan to the developer of Cinema Place.

Other expenditures from the Capital Projects/Administrative Fund were generally in line with the budget. The major expenditures included loans for two new restaurants in the downtown, funded through the Retail Attraction Initiative in the amounts \$150,000 for Bijou and \$50,000 for Teriyaki Experience. Other major expenditures included \$167,000 for Cinema Place environmental related activities and \$122,000 in permit fees for Cinema Place. Lastly, \$773,191 was spent for annual statutory pass-through payments to other taxing entities in the Redevelopment Project Area. These pass-through payments are required under Redevelopment Law, based on the amount of tax increment the Agency receives, and they will continue to grow over time.



As of the end of FY 2008, the fund balance in the Capital Projects/Administrative Fund was approximately \$9.3 million. Of this amount, approximately \$100,000 remained to be disbursed from the Agency loan to the developer of Cinema Place, and \$1.6 million is the non-cash value of land held for resale, including City Hall Plaza Park, a parking lot on Russell Way, and a portion of the new Burbank School site that is now owned by the school district. Hence, the undesignated balance of the Capital Projects/Administrative Fund was approximately \$7.6 million at the end of FY 2008. Subsequently, the Agency Board has appropriated approximately \$3.5 million for initial acquisition of property along the western portion Mission Boulevard between Sycamore Avenue and Pinedale Court leaving a current fund cash balance of approximately \$5 million.

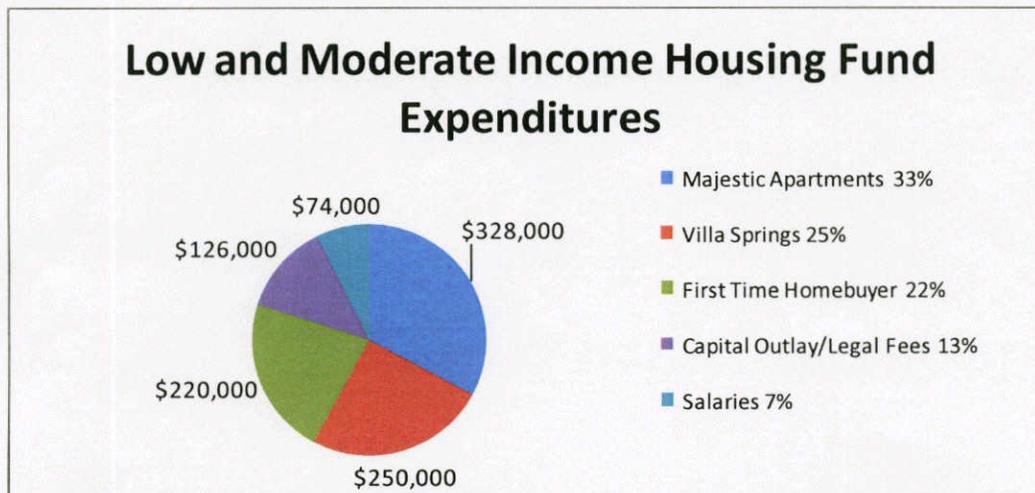
The major Redevelopment Project expenditures from the Tax Allocation Bonds (TABS) Capital Projects Fund totaled approximately \$24.6 million in FY 2008 for the continued implementation of the Cannery Area Plan and for Downtown parking improvements. These activities were financed from the proceeds of the 2004 and 2006 Tax Allocation Bonds and included approximately \$19.3 million for construction of the new Burbank School and \$4.6 million for the Cannery Park improvements. The unexpended proceeds from the TABS at year end were approximately \$5.3 million, reflected in the Agency's balance sheet assets and fund balances under the categories of "Cash and investments with fiscal agent". These funds are expected to be fully drawn down by the end of FY 2009 with the completion of construction of the Burbank School and expanded Cannery Park.

As required by California Community Redevelopment Law, the Low and Moderate Income Housing Fund receives 20% of the tax increment revenue. For FY 2008, the amount generated for the fund was approximately \$2.4 million. Of that amount, approximately \$1.0 million was spent during the year for housing-related activities and the difference was added to the fund balance. The

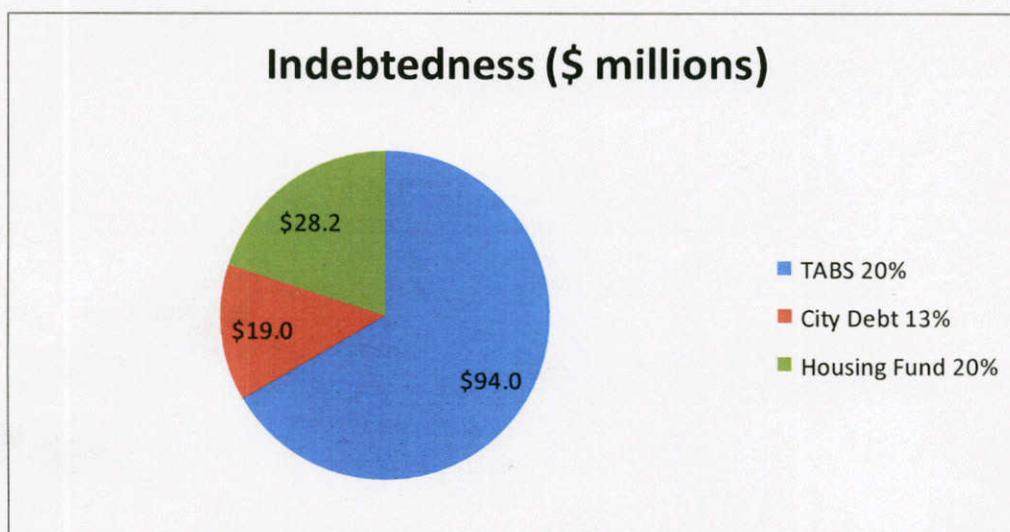
Low and Moderate Income Housing Fund balance was \$10.3 million at the end of FY 2008. Information regarding the Agency's activities in support of affordable housing is included in Appendix B, and further reporting is contained in Appendix C: Agency's Activities Affecting Housing and Displacement.

Schedule C of the Housing Report indicates that there was \$1.3 million in "excess surplus" Low and Moderate Income Housing funds at end of FY 2008. Furthermore, the schedule shows projected cumulative excess surplus for FY 2009 at \$1.9 million. Excess surplus is determined by formulas under Redevelopment Law, and these funds must be expended within a three year time period from when initially identified as excess surplus. If the excess surplus funds are not expended or encumbered within a three year period, the Agency will be prohibited from encumbering or spending from its Capital Project Fund (with certain exceptions) until the excess surplus and additional Low and Moderate Income Housing moneys are spent. Recommendations for the use of these funds will be presented to the City Council in a work session scheduled for January 2009.

The major expenditure from the Low and Moderate Income Housing Fund during FY 2008 was an advance of \$328,000 on a loan in the amount of \$750,000 for the seismic retrofit of the Majestic Apartments on Torrano Avenue. The complex contains 80 units of affordable rental housing, of which seventy-two units are for low-income households and eight are for very low income households. The City Council had previously approved the issuance of approximately \$8.4 million of multi-family mortgage revenue bonds to assist in the acquisition and rehabilitation of the apartment complex. These bonds are secured by the project rents and are not a debt of the City. Another major affordable housing expenditure was a loan in the amount of \$250,000 to Eden Housing for roof replacement at the Villa Springs apartment complex, located in the South Garden area of Hayward. Eden Housing had acquired Villa Springs in 1991 and completed a refinance and initiated a substantial rehabilitation of the complex in 2008. All 66 units in the complex are now rented as affordable for low-income households. Other activities funded through the Low and Moderate Income Housing Fund in FY 2008 included eleven loans totaling \$220,000 funded under the First-Time Homebuyer program. Finally, Eden Housing also completed construction during FY 2008 of 60 units of affordable senior rental housing located at C and Grand Streets. The Agency participated in the financing of this project during FY 2007 with a loan in the amount of \$507,000 through the Low and Moderate Housing Fund.



Appendix D contains the Statement of Indebtedness, which the Agency is required to file each year with Alameda County, and which provides the legal basis for the Agency to receive its tax increment revenue. The total amount shown as outstanding indebtedness is \$141.2 million. This includes all debt that the Agency has outstanding including \$94.0 million for TABS (including principal and interest to maturity), loans and advances of \$19.0 million that the City made to the Agency and miscellaneous categories, and lastly an estimated \$28.2 million for the Agency's required set-aside for the Low and Moderate Income Housing Fund for the duration of the Project. Although this appears as "debt", it is more akin to a reserve of future funding to assure compliance with the obligation to set aside funds for low- and moderate-income housing.



FISCAL IMPACT

There is no known fiscal impact to the action requested of the Agency Board. However, if the Agency does not submit the Annual Report to the State prior to December 31, 2008, the Agency could be subject to a forfeiture of up to \$10,000 in tax increment.

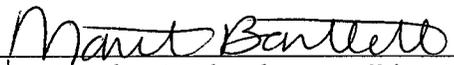
PUBLIC CONTACT

Both a report on Redevelopment Agency Project Priorities and a Review of the Agency's Five-Year Implementation Plan were presented to the City Council/Agency Board in January 2008.

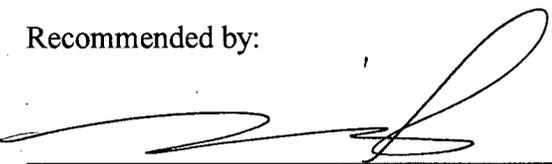
NEXT STEPS

Staff will file the Annual Report of Redevelopment Agency Activities for FY 2008 with the State Controller's Office by December 31, 2008, as required by California Health and Safety Code.

Prepared by:


Maret Bartlett, Redevelopment Director

Recommended by:


Fran David, Assistant City Manager

Approved by:

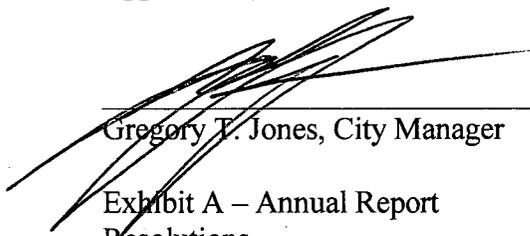

Gregory T. Jones, City Manager
Exhibit A – Annual Report
Resolutions

EXHIBIT A

ANNUAL REPORT
OF
REDEVELOPMENT AGENCY ACTIVITIES
FOR
FY 2008

Redevelopment Agency of the City of Hayward

December 2008

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A. Independent Financial Audit

See Appendix A, Redevelopment Agency of the City of Hayward Component Unit Financial Statements for the Year Ended June 30, 2008, Independent Auditors' Report and Independent Auditors' Compliance Report.

B. Annual Report of Financial Transactions for FY 2008

See Appendix B, Annual Report of Financial Transactions of Community Redevelopment Agencies, Project Area Report, Report Regarding Progress in Alleviating Blight, Status of Loans, and Status of Agency-owned Property.

C. Description of Agency's Activities Affecting Housing and Displacement

See Appendix C, Annual Report of Housing Activity of Community Redevelopment Agencies.

D. Statement of Indebtedness

See Appendix D, Statement of Indebtedness for the 2008 Tax Year

APPENDIX A
INDEPENDENT FINANCIAL AUDIT
FOR FY 2008

Redevelopment Agency of the City of Hayward

December 2008

**REDEVELOPMENT AGENCY
OF THE CITY OF HAYWARD**

COMPONENT UNIT FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

(With Independent Auditors' Report Thereon)

**REDEVELOPMENT AGENCY
OF THE CITY OF HAYWARD**

COMPONENT UNIT FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

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Board of Directors
Redevelopment Agency of the
City of Hayward, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of the Redevelopment Agency of the City of Hayward (Agency), a component unit of the City of Hayward, California, as of and for the year ended June 30, 2008, which collectively comprise the Agency's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the Redevelopment Agency of the City of Hayward. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Redevelopment Agency of the City of Hayward, California, as of June 30, 2008, and the respective changes in financial position of the Agency for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Redevelopment Agency of the City of Hayward has not presented *Management's Discussion and Analysis* that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 16, 2008 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mayer Hoffman McCann P.C.

Irvine, California
December 16, 2008

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES

The Statement of Net Assets and the Statement of Activities summarize the entire Agency's financial activities and financial position. They are prepared using the same basis of accounting as is used by most businesses, which means they include all the Agency's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis, the effect of all the Agency's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between Agency funds have been eliminated.

The Statement of Net Assets reports the difference between the Agency's total assets and the Agency's total liabilities, including all the Agency's capital assets and all its long-term debt. The Statement of Net Assets presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the Agency's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of all the Agency's Governmental Activities in a single column.

The Statement of Activities reports increases and decreases in the Agency's net assets. It is also prepared on the full accrual basis, which means it includes all the Agency's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the fund financial statements, which reflect only current assets, current liabilities, available revenues, and measurable expenditures.

The format of the Statement of Activities presents the Agency's expenses that are listed by program first. Program revenue, that is, revenues which are generated directly by these programs are then deducted from program expenses to arrive at the net expense of each program. The Agency's general revenues are then listed and the change in net assets is computed and reconciled with the Statement of Net Assets.

These Agency-wide financial statements along with the fund financial statements and footnotes are called *Component Unit Financial Statements*.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

STATEMENT OF NET ASSETS

June 30, 2008

	Governmental <u>Activities</u>
Assets:	
Cash and investments (note 2)	\$ 29,113,306
Cash and investments with fiscal agent (note 2)	9,339,174
Accounts receivable	275,624
Interest receivable	186,553
Loans receivable	3,793,188
Land held for redevelopment (note 4)	4,154,570
Capital assets not depreciated (note 5)	43,015,173
Capital assets being depreciated (note 5)	<u>14,922,735</u>
Total assets	<u>104,800,323</u>
Liabilities:	
Accounts payable	2,302,315
Accrued liabilities	2,434,066
Interest payable	887,424
Refundable deposits	2,309,796
Long-term debt (note 6):	
Due within one year	2,950,000
Due in more than one year	<u>64,286,913</u>
Total liabilities	<u>75,170,514</u>
Net assets:	
Invested in capital assets, net of related debt	40,169
Restricted for:	
Low and moderate income housing	14,020,024
Unrestricted	<u>15,569,616</u>
Total net assets	<u>\$ 29,629,809</u>

See accompanying notes to financial statements

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

STATEMENT OF ACTIVITIES

Year ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Redevelopment	\$ 4,965,463	25,000	-	4,282,372	(658,091)
Interest on long-term debt	3,000,406	-	-	-	(3,000,406)
Total governmental activities	<u>\$ 7,965,869</u>	<u>25,000</u>	<u>-</u>	<u>4,282,372</u>	<u>(3,658,497)</u>
General revenues:					
Tax increment					10,729,476
Investment income					969,558
Other revenues					<u>112,113</u>
Total general revenues					<u>11,811,147</u>
Change in net assets					8,152,650
Net assets at beginning of year, as restated (note 10)					<u>21,477,159</u>
Net assets at end of year					<u>\$ 29,629,809</u>

See accompanying notes to basic financial statements

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

FUND FINANCIAL STATEMENTS

The format of the Fund Financial Statements present only individual major funds, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year. No distinction is made between types of funds and the practice of combining like funds and presenting their totals in separate columns (Combined Financial Statements) has been discontinued, along with the use of the General Fixed Assets and General Long-term Debt Account Groups.

All of the Agency funds were determined to be Major Governmental Funds in fiscal year 2008. They are described below:

The **GENERAL CAPITAL PROJECTS FUND** accounts for all resources used in the acquisition and construction of major capital facilities and other fixed assets under the Redevelopment Plan. Property tax increment revenues are accumulated in this Fund, less the 20% reported in the Low-Moderate Income Fund.

The **TABS CAPITAL PROJECTS FUND** accounts for project costs financed by proceeds from the 2004 and 2006 Tax Allocation Bonds.

The **LOW-MODERATE INCOME HOUSING CAPITAL PROJECTS FUND** accounts for the receipt of the mandated 20% set-aside of tax increment revenue from the Redevelopment Project Area.

The **DEBT SERVICE FUND** accounts for the accumulation of resources for payment of principal, interest, and related costs of the Agency's long-term debt.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2008

	General Capital Projects	TABs Capital Projects	Low and Moderate Income Housing	Debt Service Fund	Total
Assets:					
Cash and investments	\$ 10,230,351	8,674,494	10,208,461	-	29,113,306
Cash and investments with fiscal agent	-	5,321,615	-	4,017,559	9,339,174
Accounts receivable	275,624	-	-	-	275,624
Interest receivable	74,415	39,482	72,656	-	186,553
Loans receivable	50,000	-	3,743,188	-	3,793,188
Land held for redevelopment	<u>1,576,446</u>	<u>2,578,124</u>	<u>-</u>	<u>-</u>	<u>4,154,570</u>
Total assets	<u>\$ 12,206,836</u>	<u>16,613,715</u>	<u>14,024,305</u>	<u>4,017,559</u>	<u>46,862,415</u>
Liabilities:					
Accounts payable	\$ 310,523	1,987,624	4,168	-	2,302,315
Accrued liabilities	2,433,402	551	113	-	2,434,066
Deferred revenue	50,000	-	3,743,188	-	3,793,188
Refundable deposits	<u>78,000</u>	<u>2,231,796</u>	<u>-</u>	<u>-</u>	<u>2,309,796</u>
Total liabilities	<u>2,871,925</u>	<u>4,219,971</u>	<u>3,747,469</u>	<u>-</u>	<u>10,839,365</u>
Fund balance:					
Reserved for:					
Capital outlay	-	9,815,620	-	-	9,815,620
Land held for redevelopment	1,576,446	2,578,124	-	-	4,154,570
Low and moderate income housing	-	-	10,276,836	-	10,276,836
Debt service	-	-	-	4,017,559	4,017,559
Developer assistance	262,139	-	-	-	262,139
Unreserved, undesignated	<u>7,496,326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,496,326</u>
Total fund balances	<u>9,334,911</u>	<u>12,393,744</u>	<u>10,276,836</u>	<u>4,017,559</u>	<u>36,023,050</u>
Total liabilities and fund balances	<u>\$ 12,206,836</u>	<u>16,613,715</u>	<u>14,024,305</u>	<u>4,017,559</u>	<u>46,862,415</u>

See accompanying notes to financial statements

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets

June 30, 2008

Total fund balances reported on the governmental funds balance sheet \$ 36,023,050

Amounts reported for governmental activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in governmental activities are not current assets or financial resources and therefore are not reported in the Governmental Funds 57,937,908

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are deferred on the fund balance sheets because they are not available currently are taken into revenue in the Statement of Activities

Deferred revenue 3,793,188
Interest payable (887,424)

LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the funds:

Long-term debt (67,236,913)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 29,629,809

See accompanying notes to financial statements

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008

	General Capital Projects	TABs Capital Projects	Low and Moderate Income Housing	Debt Service Fund	Total
Revenues:					
Incremental property taxes	\$ 9,666,389	-	2,416,597	-	12,082,986
Use of money and property	465,578	1,175,968	503,989	204,867	2,350,402
Charges for current services	25,000	-	-	-	25,000
School District reimbursement	493,644	-	-	-	493,644
Other	-	85,000	27,103	-	112,103
Total revenues	<u>10,650,611</u>	<u>1,260,968</u>	<u>2,947,689</u>	<u>204,867</u>	<u>15,064,135</u>
Expenditures:					
Current					
Redevelopment:					
Salaries and benefits	538,606	-	74,057	-	612,663
Services and supplies	456,380	-	52,403	-	508,783
Administrative charges from City of Hayward	545,617	-	69,122	-	614,739
First-time Home Buyers Program	-	-	788,560	-	788,560
Pass-through payments (note 7)	1,353,510	-	-	-	1,353,510
Developer assistance	1,139,150	-	-	-	1,139,150
Capital outlay	330,821	24,644,921	-	-	24,975,742
Debt service:					
Payment of advances	1,655,000	-	-	-	1,655,000
Principal	-	-	-	1,210,000	1,210,000
Interest and fiscal charges	243,619	-	-	2,730,342	2,973,961
Total expenditures	<u>6,262,703</u>	<u>24,644,921</u>	<u>984,142</u>	<u>3,940,342</u>	<u>35,832,108</u>
Excess (deficiency) of revenues over expenditures	<u>4,387,908</u>	<u>(23,383,953)</u>	<u>1,963,547</u>	<u>(3,735,475)</u>	<u>(20,767,973)</u>
Other financing sources (uses)					
Transfers from the City (note 3)	-	1,300,000	-	309,383	1,609,383
Transfers to the City (note 3)	(334,383)	(461,512)	-	-	(795,895)
Transfers in (note 3)	565,471	187,552	-	3,587,015	4,340,038
Transfers out (note 3)	(3,587,015)	-	-	(753,023)	(4,340,038)
Total other financing sources (uses)	<u>(3,355,927)</u>	<u>1,026,040</u>	<u>-</u>	<u>3,143,375</u>	<u>813,488</u>
Net change in fund balances	<u>1,031,981</u>	<u>(22,357,913)</u>	<u>1,963,547</u>	<u>(592,100)</u>	<u>(19,954,485)</u>
Fund balances (deficit) at beginning of year, as restated (note 10)	<u>8,302,930</u>	<u>34,751,657</u>	<u>8,313,289</u>	<u>4,609,659</u>	<u>55,977,535</u>
Fund balances (deficit) at end of year	<u>\$ 9,334,911</u>	<u>12,393,744</u>	<u>10,276,836</u>	<u>4,017,559</u>	<u>36,023,050</u>

See accompanying notes to financial statements

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement Activities

For the Year Ended June 30, 2008

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (19,954,485)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSET TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures are therefore added back to fund balance 24,702,034
Depreciation expense is deducted from the fund balance (231,965)

LONG TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance 1,210,000
Repayment of advances from the City of Hayward 1,655,000

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Deferred revenue 798,511
Interest payable (26,445)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 8,152,650

See accompanying notes to financial statements

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

(1) Summary of Significant Accounting Policies

A. Description of the Redevelopment Agency and Redevelopment Plan

The Redevelopment Agency of the City of Hayward (the Agency) was created in December 1969 under the provisions of the Community Redevelopment Law (California Health and Safety Code), for clearance and rehabilitation of areas determined to be in a declining condition in the City of Hayward. A Redevelopment Plan was adopted in December 1975 and amended in April 1994 to provide an improved physical, social, and economic environment in the Project Area. In November 1998 a redevelopment amendment added approximately 370 acres to the existing Project Area for the primary purpose of undertaking neighborhood preservation activities in the residential areas and facilitate reuse or redevelopment of certain industrial and commercial sites over time. In fiscal year 2002, the Agency amended its plan to increase the project area by an additional 738 acres near the Mission and Foothill Boulevard corridors extending north and south of the existing project area. As a result the total acreage of the Redevelopment Project Area is 1,348 acres.

The Agency is authorized to finance the Redevelopment Plan from various sources, including assistance from the City, the State and federal government, property tax increments, interest income, and the issuance of Agency notes and bonds.

The accompanying financial statements are included as a component of the basic financial statements prepared by the City. A component unit is a separate governmental unit, agency or nonprofit corporation which, when combined with all other component units, constitutes the reporting entity as defined in the City's basic financial statements.

B. Basis of Presentation

The Agency's Component Unit Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Agency-wide Statements: The Statement of Net Assets and the Statement of Activities include the financial activities of the overall Agency government. Eliminations have been made to minimize the double counting of internal activities.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

(1) Summary of Significant Accounting Policies, (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program, and (c) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Agency. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column. Any remaining governmental funds are aggregated and reported as nonmajor funds.

C. Major Funds

Major funds are identified using the criteria in GASB 34, which requires that the Agency's major funds be identified and presented separately in the fund financial statements.

The Agency reported all of its governmental funds in the accompanying financial statements as major funds:

The General Capital Projects Fund accounts for all resources used in the acquisition and construction of major capital facilities and other fixed assets under the Redevelopment Plan.

The TABS Capital Projects Fund accounts for project costs financed by proceeds from the 2004 and 2006 Tax Allocation Bonds.

The Low-Moderate Income Housing Capital Projects Fund accounts for the receipt of the mandated 20% set-aside of tax increment revenue from the Redevelopment Project Area.

The Debt Service Fund accounts the accumulation of resources for and the payment of principal, interest, and related costs of the Agency's long-term debt.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

(1) **Summary of Significant Accounting Policies, (Continued)**

D. Basis of Accounting

The Agency-wide financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The Agency considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Non-exchange transactions, in which the Agency gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Other revenues susceptible to accrual include interest and charges for services.

Under the terms of grant agreements, the Agency may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and unrestricted redevelopment revenues. Thus, both restricted and unrestricted net assets are available to finance program expenditures. The Agency's policy is to first apply restricted grant resources to such programs, followed by unrestricted redevelopment revenues if necessary.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

(1) Summary of Significant Accounting Policies, (Continued)

E. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the date contributed. The Agency's policy is to capitalize all assets with costs exceeding \$1,000 and with useful lives exceeding two years.

With the implementation of GASB Statement 34, the Agency is required to record all its public domain (infrastructure) capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems. Infrastructure assets are transferred to the City upon completion as the City will maintain them. GASB 34 required such assets to be excluded from the Agency's financial statements and included in the City's financial statements.

GASB Statement 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Agency has assigned the useful lives listed below to capital assets.

Buildings	10-50 years
Improvements	10-50 years
Equipment	7-50 years

F. Net Assets

GASB Statement 34 adds the concept of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

(1) Summary of Significant Accounting Policies, (Continued)

F. Net Assets, (Continued)

Net Assets is the excess of all the Agency's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions under GASB Statement 34. These captions apply only to Net Assets, which is determined only at the Agency-wide level, and are described below:

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Agency cannot unilaterally alter. These principally include resources received for debt service requirements; redevelopment funds restricted to low and moderate income purposes.

Unrestricted describes the portion of Net Assets which is not restricted as to use.

G. Fund Balance Reserves and Designations

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditure.

Reserves are restrictions placed by outside entities, such as other governments, which restrict the expenditures of the reserved funds to the purpose intended by the entity which provided the funds.

Designations are imposed by the Redevelopment Agency to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended, or removed by the Redevelopment Agency.

H. Budgets and Budgetary Accounting

The Agency adopts an annual operating budget, effective July 1, for the ensuing fiscal year for the Capital Projects Funds and Debt Service Fund.

The Agency Executive Director may transfer appropriations from one program, activity, or object to another within the same fund. However, transfers of appropriations which increase total fund appropriations must be approved by the Agency Board. Expenditures which exceed appropriations at the fund level must be approved by the Agency Board. All unexpended appropriations lapse at the end of the fiscal year.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

(1) Summary of Significant Accounting Policies, (Continued)

H. Budgets and Budgetary Accounting, (Continued)

Budget versus actual comparisons for capital projects and debt service funds are excluded from these financial statements as generally accepted accounting principles do not require such presentations.

I. Property Tax Increment

All property taxes are levied and collected by the County Auditor of the County of Alameda and paid to the various taxing entities including the Agency. Secured taxes are due on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured taxes are due on July 1 and become delinquent on August 31. The lien date for secured and unsecured property taxes is January 1 of the preceding fiscal year. Property tax increment revenues include only property taxes resulting from increased assessed values and are recognized in the fiscal year for which the taxes have been levied, provided they become available and measurable within the current period or soon enough thereafter to be used to pay liabilities of the current period.

(2) Cash and Investments

The Agency's dependence on incremental property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The Agency pools cash from all sources and all funds except cash held by the Trustees so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. Investments are carried at fair value.

A. Policies

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Agency's cash on deposit or first trust deed mortgage notes with a value of 150% of the Agency's cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the Agency's name and places the Agency ahead of general creditors of the institution pledging the collateral.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

A. Policies, (Continued)

The Agency's investments are carried at fair value, as required by generally accepted accounting principles. The Agency adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year. In the Agency's case fair value equals fair market value, since all of the Agency's investments are readily marketable.

B. Classification

Cash and investments are classified in the accompanying financial statements as shown below, based on whether or not their use is restricted under the terms of Agency debt instruments or Agency agreements.

Statement of Net Assets:

Cash and investments	\$29,113,306
Cash and investments with fiscal agent	<u>9,339,174</u>
Total cash and investments	<u>\$38,452,480</u>

Cash and investments as of June 30, 2008 consist of the following:

City of Hayward pooled investments	\$29,113,306
Investments	<u>9,339,174</u>
Total cash and investments	<u>\$38,452,480</u>

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

C. Investments Authorized by Debt Agreements

The Agency must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the Agency fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with Agency resolutions, bond indentures, or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The bond indentures contain no limitations for the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment type. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
U.S. Treasury Obligations	No limit	No limit
U.S. Government Agency Obligations	No limit	No limit
U.S. Government Sponsored Obligations	No limit	No limit
Money Market Mutual Funds	No limit	AAm
Collateralized Certificates of Deposits	No limit	No limit
FDIC Insured Deposits	No limit	No limit
Investment Agreements	No limit	No limit
Commercial Paper	No limit	A-1
State or Municipal bonds	No limit	Two Highest Categories
Bankers Acceptances or Federal Funds	1 year	A-1
Repurchase Agreements	30 days	A
California Local Agency Investment Fund	No limit	No limit

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Agency generally manages its interest rate risk by holding investments to maturity.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

D. **Interest Rate Risk, (Continued)**

Information about the sensitivity of the fair values of the Agency's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity date:

	<u>Market Value</u>	<u>Maturity Date</u>
<i>Investments:</i>		
Guaranteed Investment Agreement	\$3,358,874	March 1, 2034
Guaranteed Investment Agreement	5,321,615	December 31, 2008
Money Market Mutual Funds		
(U.S. Securities)	<u>658,685</u>	(A)
Total investments	<u>\$9,339,174</u>	

The Agency participates in the City of Hayward Cash and Investments pool, detail of which is presented in the City's Comprehensive Annual Financial Report.

Money market funds are available for withdrawal on demand and at June 30, 2008, matured in an average of 5 days.

E. **Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2008 for Money Market Funds are AAA as provided by Standard and Poor's investment rating system.

A number of financial institutions have reported financial difficulties as an indirect result of delinquencies associated with home mortgages. The full ramifications of this are not determinable at this time and it is not possible to determine with certainty all of the institutions that might be impacted by current market conditions.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

F. Concentration Risk

Significant investments in the securities of any individual issuers, other than U.S. Treasury securities, mutual funds, are set forth below:

<u>Reporting Unit</u>	<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Agency-wide:			
	AIG Matched Funding Corp.	Guaranteed Investment Agreement	\$ 3,358,874
	Pallas Capital Corporation	Guaranteed Investment Agreement	5,321,615
Major Funds:			
2004 TABS Capital Projects	Pallas Capital Corporation	Guaranteed Investment Agreement	5,321,615
Debt Service Fund	AIG Matched Funding Corp.	Guaranteed Investment Agreement	3,358,874

(3) Interfund Transactions

A. Interfund Transfers

With Council approval, resources may be transferred from one fund to another. Transfers between funds during the fiscal year ended June 30, 2008 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>AMOUNT</u>
Debt Service Fund	General Capital Projects Fund	\$3,896,398
TABs Capital Projects Fund	Debt Service Fund	187,552
General Capital Projects Fund	Debt Service Fund	565,471
		<u>\$3,518,449</u>

- (a) To fund debt service
- (b) To fund capital projects

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

(4) Redevelopment Activities

A. Land Held for Redevelopment

Land held for redevelopment of \$4,154,570 at June 30, 2008, is stated at the lowest of historical cost, net realizable value, or agreed-upon sales price if a disposition agreement has been made with a developer performing projects in accordance with the Redevelopment Plan.

B. Elementary School and Public Improvements (Cannery/Burbank Project)

Pursuant to an agreement between the Agency, the City, the Hayward Area Park and Recreation District (HARD), and the Hayward Unified School District, the City has agreed to construct and the Agency has agreed to pay for the design and construction of a new elementary school to be located on a site composed of parcels owned by or to be acquired by the Agency. Upon completion of the school, the site, and improvements are to be conveyed by the Agency to the School District in exchange for a portion of the current school site owned by the School District.

The Agency has also agreed to deconstruct the current school site, and advance funds to HARD to finance the cost of certain improvements to the adjacent Cannery Park, which will be jointly used by HARD and the School District.

To partially compensate the Agency for the above design and construction costs and repay the advances, the School District, HARD and City have agreed to assign certain school development fees and park in lieu fees to the Agency. In addition, the School District has agreed that the Agency may retain pass-through payments due the School District pursuant to the Health and Safety Code as partial compensation for the above costs. At June 30, 2008, the Agency retained \$167,818 in pass-through payments due the School District.

As of June 30, 2008, the Agency had accumulated land held for redevelopment and construction in progress amounting to \$4,154,570 and \$37,737,218, respectively.

C. Loans Receivable

In order to carry out low and moderate housing programs, Redevelopment low and moderate income housing funds were loaned to home buyers and third-party contractors for the purposes of promoting home ownership in the City and developing low and moderate income housing. The loans bear interest at rates equivalent to either the 11th district cost of funds or the rate the City earns on its cash and investments.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

(4) Redevelopment Activities, (Continued)

C. Loans Receivable, (Continued)

Huntwood Commons Apartments — The City has a loan agreement with Eden Housing, Inc., a California nonprofit public benefit corporation Eden Housing intends to rehabilitate thirty-nine units of rental housing for rental to low-income households and one manager's unit. The loans are in the amount of \$840,000 consisting of HOME funds and \$175,500 consisting of Workforce Housing Reward funds. At June 30, 2008 the principal balances outstanding for the HOME and Workforce Housing Reward loan funds were \$840,000 and \$175,500, respectively. The outstanding principal balance of the loan funds will accrue interest at a rate of 3% annually. Repayments of the principal amount of the loan and any accrued interest on such principal shall be deferred until April 30, 2062.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

(5) Capital Assets

Changes in the capital assets consisted of the following:

	Balance at June 30, <u>2007</u>	<u>Additions</u>	<u>Transfers</u>	Balance at June 30, <u>2008</u>
Capital assets not being depreciated:				
Land	\$ 1,834,939	-	-	1,834,939
Construction in progress	<u>23,588,931</u>	<u>24,702,034</u>	<u>(7,110,731)</u>	<u>41,180,234</u>
Total capital assets not being depreciated	<u>25,423,870</u>	<u>24,702,034</u>	<u>(7,110,731)</u>	<u>43,015,173</u>
Capital assets being depreciated:				
Buildings	7,025,166	-	7,110,731	14,135,897
Improvements other than buildings	1,574,361	-	-	1,574,361
Machinery and equipment	<u>15,681</u>	<u>-</u>	<u>-</u>	<u>15,681</u>
Total capital assets being depreciated	<u>8,615,208</u>	<u>-</u>	<u>7,110,731</u>	<u>15,725,939</u>
Less accumulated depreciation for:				
Buildings	560,207	162,534	-	722,741
Improvements other than buildings	-	68,222	-	68,222
Machinery and equipment	<u>11,032</u>	<u>1,209</u>	<u>-</u>	<u>12,241</u>
Total accumulated depreciation	<u>571,239</u>	<u>231,965</u>	<u>-</u>	<u>803,204</u>
Net capital assets being depreciated	<u>8,043,969</u>	<u>(231,965)</u>	<u>7,110,731</u>	<u>14,922,735</u>
Capital assets, net	<u>\$33,467,839</u>	<u>24,470,069</u>	<u>-</u>	<u>57,937,908</u>

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

(5) Capital Assets, (Continued)

Construction in progress for capital assets composed of the following:

	<u>Project Budget</u>	<u>Expended to June 30, 2008</u>	<u>Encumbered</u>	<u>Committed</u>
Land	\$ 3,443,016	3,443,016	-	-
Buildings	31,608,137	27,697,699	3,753,947	156,491
Improvement other than buildings	6,170,262	5,671,604	-	498,658
Streets	<u>5,794,800</u>	<u>4,367,915</u>	<u>643,648</u>	<u>783,237</u>
Total	<u>\$47,016,215</u>	<u>41,180,234</u>	<u>4,397,595</u>	<u>1,438,386</u>

(6) Long-term Obligations

Changes in long-term obligations consist of the following:

Type of Obligation	Outstanding at June 30, 2007	Restatement of June 30, 2007	Retirements	Outstanding at June 30, 2008	Current Portion
Bonds:					
2004 Tax Allocation Bonds	\$43,585,000	-	1,210,000	42,375,000	1,270,000
2006 Tax Allocation Bonds	11,800,000	-	-	11,800,000	-
Advances from the City:					
1990 Water Advance	1,768,196	-	385,000	1,383,196	410,000
2003 Sewer Advance	1,762,500	-	470,000	1,292,500	470,000
Agency Advance	-	<u>11,186,217</u>	<u>800,000</u>	<u>10,386,217</u>	<u>800,000</u>
Total	<u>\$58,195,696</u>	<u>11,186,217</u>	<u>2,865,000</u>	<u>67,236,913</u>	<u>2,950,000</u>

2004 Tax Allocation Bonds:

In fiscal year 2004, the Agency issued \$44,790,000 of Tax Allocation Bonds to provide funds to defease and retire the 1996 Tax Allocation Bonds and to finance various redevelopment projects within the Redevelopment Project Area. The Bonds are a special obligation of the Agency secured by tax increment revenues on parity with the Agency's 2006 Tax Allocation Bonds.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

(6) Long-term Obligations, (Continued)

2004 Tax Allocation Bonds, (Continued):

The Bonds are payable in annual installments as indicated below, until maturity on March 1, 2034. Interest is paid semiannually on March 1 and September 1, with rates ranging from 3% to 5.23% per annum. Bonds outstanding at June 30, 2008 were \$42,375,000.

Future debt service requirements on these bonds are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,270,000	2,102,932	3,372,932
2010	1,335,000	2,039,432	3,374,432
2011	1,400,000	1,972,682	3,372,682
2012	1,460,000	1,909,682	3,369,682
2013	1,525,000	1,843,982	3,368,982
2014-2018	8,740,000	8,112,487	16,852,487
2019-2023	11,030,000	5,804,448	16,834,448
2024-2028	10,670,000	2,418,507	13,088,507
2029-2033	4,010,000	907,360	4,917,360
2034	<u>935,000</u>	<u>49,555</u>	<u>984,555</u>
Totals	<u>\$42,375,000</u>	<u>27,161,067</u>	<u>69,536,067</u>

2006 Tax Allocation Bonds:

In fiscal year 2006, the Agency issued \$11,800,000 of Tax Allocation Bonds to provide funds to finance various redevelopment projects within the Redevelopment Project Area. The Bonds are special obligation of the Agency secured by tax increment revenues on parity with the Agency's 2004 Tax Allocation Bonds.

The Bonds are payable in annual installments as indicated below, until maturity on March 1, 2036. Interest is paid semiannually on March 1 and September 1, with rates ranging from 3.75% to 4.3% per annum. Bonds outstanding at June 30, 2008 were \$11,800,000.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

(6) Long-term Obligations, (Continued)

2006 Tax Allocation Bonds, (Continued):

Future debt service requirements on these bonds are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ -	559,340	559,340
2010	-	559,340	559,340
2011	-	559,340	559,340
2012	80,000	559,340	639,340
2013	80,000	556,340	636,340
2014-2018	455,000	2,732,006	3,187,006
2019-2023	550,000	2,627,738	3,177,738
2024-2028	3,735,000	2,453,250	6,188,250
2029-2033	3,260,000	1,298,950	4,558,950
2034-2036	<u>3,640,000</u>	<u>418,250</u>	<u>4,058,250</u>
Totals	<u>\$11,800,000</u>	<u>12,323,894</u>	<u>24,123,894</u>

1990 Water Fund Advance:

In 1990, the City's Water Enterprise Fund loaned \$5,946,333 to the Agency to finance the purchase of land for development. Interest rates related to this loan vary. Scheduled debt service payments for the loan are being made from available incremental property tax revenues.

2003 Sewer Fund Advance:

During fiscal year 2003, the Sewer Enterprise Fund loaned \$2.35 million to the Agency to partially finance sidewalk improvements. This loan bears interest from 2.25% to 3.00%, which is paid quarterly. Principal is payable over a five-year period commencing the fourth quarter of fiscal year 2006.

Agency Advance:

In addition to the above amounts, funds have been advanced under an Amended Repayment Agreement whereby the Agency has agreed to reimburse the City for a portion of project costs for the B Street/Watkins/Mission Garage and B Street Retail and Civic Center Plaza not to exceed \$11,186,217.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

(6) Long-term Obligations, (Continued)

Agency Advance (Continued):

The Agency is to pay annual installments of \$800,000 July 1 of each year and interest will accrue on the unpaid principal balance at a rate equal to the average rate earned by the City on moneys invested in LAIF for the applicable fiscal year. Interest shall accrue and be added to the principal balance June 30 of each year. As of June 30, 2008, the balance of the agreement is \$10,386,217.

(7) Pass-through payments and tax increment shift to educational revenue augmentation fund (ERAF)

Pursuant to California Redevelopment Law (Health and Safety Code Section 33607.5), the Agency is obligated to pass-through a portion of the gross tax increment received to jurisdictions within the project area. In fiscal year 2008, the Agency calculated and remitted \$773,191 pass-through payments to the affected jurisdictions.

Starting in fiscal year 2003, the State of California directed that a portion of the incremental property taxes that had been received in prior years by redevelopment agencies be paid instead to local educational agencies. Since fiscal year 2005, the Agency has been questioning the County's pass-through allocation to ERAF. For the fiscal year 2008, the Agency accrued an additional liability of \$412,501, which represents the fiscal year 2008 amount that should have been a pass through to ERAF. The cumulative liability being disputed as of June 30, 2008 is \$1,660,211.

The State also directed that the above amounts be included in the Agency's total incremental property tax receipts for purposes of calculating the amounts to be set aside for Low and Moderate Income Housing.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

(8) Commitments and Contingencies

The Agency is involved in several legal proceedings arising from its normal operations. It is the opinion of management that any obligations, which may result from such legal proceedings, will not have a material effect on the financial position of the Agency.

(9) Excess Surplus

Excess surplus exists when the unencumbered fund balance of the Low and Moderate Income Housing Fund (Capital Projects Fund) exceeds the greater of \$1,000,000 or the aggregate amount of tax increment deposited into the Capital Projects Fund during the four prior fiscal years. Encumbered funds are funds reserved and committed pursuant to a legally enforceable contract or agreement for expenditure for authorized redevelopment activities.

In accordance with the Health and Safety code, the Agency prepared its calculation to determine if excess surplus exists in the Capital Projects Fund, as defined by the Health and Safety Code. As a result of the calculation, it was determined that the Agency had a cumulative projected excess surplus of \$1,294,333 as of July 1, 2008. Therefore, the Agency could be subject to provisions for future compliance with Health and Safety Code 33334.10 if funds in the Low and Moderate Housing Fund are not expended or encumbered within the allowable time limit.

As of December 2007, the Agency had set-forth a plan to spend \$750,000 of the excess surplus for housing rehabilitation projects. During fiscal year 2008, a loan was approved and encumbered in that amount for the Majestic Apartments Project. This reduced the excess surplus balance at June 30, 2008 to \$544,333.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

(10) Restatement of Fund Balance/Net Assets

During fiscal year 2007-2008, beginning fund balances/net assets were adjusted by the following:

- (a) Pass-through payments for tax increments received during the fiscal year are made in arrears and therefore should be expensed in the appropriate fiscal year. The amount recorded as pass-through expenditures at June 30, 2007 were actual expenditures incurred for fiscal year ended June 30, 2006 and therefore should be reduced from fund balance.
- (b) Advances from the City to the Agency are considered long-term debt only on the Agency's stand-alone financial statements. The Agency incorrectly recorded \$3,530,696 as a fund liability for the fiscal year ended June 30, 2007.
- (c) Advances from the City to the Agency are considered long-term debt in the Agency's stand-alone financial statements. The Agency has not previously recorded \$11,186,217 of outstanding advances as of June 30, 2007.

The following schedules summarize the effect of the prior period adjustment to the Fund Financial Statements and the Government Wide Statements:

Fund Financial Statements:

Governmental Fund:	<u>General Capital Projects Fund</u>
Fund balance at beginning of year as previously reported	\$6,267,048
(a) Adjustment for pass-through expenditures recorded	(1,494,814)
(b) Adjustment for long-term debt recorded	<u>3,530,696</u>
Fund balance at beginning of year, as restated	<u>\$8,302,930</u>

Agency Wide Statements:

Fund balance at beginning of year as previously reported	\$34,158,190
(a) Adjustment for pass-through expenditures recorded	(1,494,814)
(c) Adjustment for previously unrecorded advance	<u>(11,186,217)</u>
Fund balance at beginning of year, as restated	<u>\$21,477,159</u>



Mayer Hoffman McCann P.C.

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Conrad Government Services Division

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Board of Directors
Redevelopment Agency of the
City of Hayward, California

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Redevelopment Agency of the City of Hayward as of and for the year ended June 30, 2008, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated December 16, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions included those provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by the State Controller and as interpreted in the *Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies*, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

Board of Directors
Redevelopment Agency of the
City of Hayward, California
Page Two

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

We noted certain other matters we reported to the management of the City of Hayward in a separate letter dated December 16, 2008.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management of the Redevelopment Agency, the Board of Directors, and the State Controller and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman Malorn P.C.

Irvine, California
December 16, 2008

APPENDIX B
ANNUAL REPORT OF FINANCIAL TRANSACTIONS
FOR FY 2008

Redevelopment Agency of the City of Hayward

December 2008

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

General Information

Fiscal Year

Members of the Governing Body			
	Last Name	First Name	Middle Initial
Chairperson	Sweeney	Michael	<input type="text"/>
Member	Henson	Olden	<input type="text"/>
Member	Dowling	Kevin	<input type="text"/>
Member	Halliday	Barbara	<input type="text"/>
Member	Quirk	Bill	<input type="text"/>
Member	Laveria May	Anna	<input type="text"/>
Member	Zermeno	Francisco	<input type="text"/>
Member	<input type="text"/>	<input type="text"/>	<input type="text"/>
Member	<input type="text"/>	<input type="text"/>	<input type="text"/>
Member	<input type="text"/>	<input type="text"/>	<input type="text"/>

Agency Officials				
	Last Name	First Name	Middle Initial	Phone
Executive Director	Jones	Greg	<input type="text"/>	(510) 583-4300
Fiscal Officer	Auker	Debra	<input type="text"/>	(510) 583-4010
Secretary	Reyes	Angelina	<input type="text"/>	(510) 583-4405

Report Prepared By		Independent Auditor	
Firm Name	<input type="text" value="Gudino"/>	<input type="text" value="Mayer Hoffman McCann"/>	
Last	<input type="text" value="Henry"/>	<input type="text" value="Farr"/>	
First	<input type="text"/>	<input type="text" value="Jennifer"/>	
Middle Initial	<input type="text"/>	<input type="text"/>	
Street	<input type="text" value="777 B Street"/>	<input type="text" value="2301 Dupont Drive Suite 200"/>	
City	<input type="text" value="Hayward"/>	<input type="text" value="Irvine"/>	
State	<input type="text" value="CA"/>	<input type="text" value="CA"/>	
Zip Code	<input type="text" value="94541-5007"/>	<input type="text" value="92612-"/>	
Phone	<input type="text" value="(510) 583-4091"/>	<input type="text" value="(949) 474-2020"/>	

Mailing Address

Street 1

Street 2

City State Zip

Phone Is Address Changed?

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Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Audit Information

Fiscal Year

Was the Report Prepared from Audited Financial Data, and Did You Submit a Copy of the Audit?

Indicate Financial Audit Opinion

If Financial Audit is not yet Completed, What is the Expected Completion Date?

If the Audit Opinion was Other than Unqualified, State Briefly the Reason Given

Was a Compliance Audit Performed in Accordance with Health and Safety Code Section 33080.1 and the State Controller's Guidelines for Compliance Audits, and Did You Submit a Copy of the Audit?

Indicate Compliance Audit Opinion

If Compliance Audit is not yet Completed, What is the Expected Completion Date?

If compliance opinion includes exceptions, state the areas of non-compliance, and describe the agency's efforts to correct.

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Project Area Report

Fiscal Year 2008

Project Area Name

Downtown Hayward Project Area

Please Provide a Brief Description of the Activities for this Project Area During the Reporting Year.

Activity Report

Forwarded from Prior Year ?

Yes

Enter Code for Type of Project Area Report

P = Standard Project Area Report

A = Administrative Fund

L = Low and Moderate Income Housing Fund

M = Mortgage Revenue Bond Program

O = Other Miscellaneous Funds or Programs

S = Proposed (Survey) Project Area

Does the Plan Include Tax Increment Provisions?

Yes

Date Project Area was Established (MM-DD-YY)

Most Recent Date Project Area was Amended

Did this Amendment Add New Territory?

No

Most Recent Date Project Area was Merged

Will this Project Area be Carried Forward to Next Year?

Yes

Established Time Limit :

Repayment of Indebtedness (Year Only)

Effectiveness of Plan (Year Only)

New Indebtedness (Year Only)

Size of Project Area in Acres

Percentage of Land Vacant at the Inception of the Project Area

Health and Safety Code Section 33320.1 (xx.x%)

Percentage of Land Developed at the Inception of the Project Area

Health and Safety Code Section 33320.1 (xx.x%)

Objectives of the Project Area as Set Forth in the Project Area Plan

(Enter the Appropriate Code(s) in Sequence as Shown)

R = Residential I = Industrial C = Commercial P = Public O = Other

Appendix B - Page 3

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Assessed Valuation Data

Fiscal Year **2008**

Project Area Name

Downtown Hayward Project Area

Frozen Base Assessed Valuation

622,930,415

Increment Assessed Valuation

1,092,229,183

Total Assessed Valuation

1,715,159,598

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Pass-Through / School District Assistance

Fiscal Year

Project Area Name

Tax Increment Pass Through Detail

Other Payments

Amounts Paid To Taxing Agencies Pursuant To:

H & S Code Section 33401

H & S Code Section 33676

H & S Code Section 33607

Total

H & S Code Section 33445

H & S Code Section 33445.5

County			767,035	\$767,035		
Cities				\$0		
School Districts			297,563	\$297,563		
Community College District			41,076	\$41,076		
Special Districts			247,836	\$247,836		
Total Paid to Taxing Agencies	\$0	\$0	\$1,353,510	\$1,353,510	\$0	\$0
Net Amount to Agency				\$10,729,476		
Gross Tax Increment Generated				12,082,986		

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Summary of the Statement of Indebtedness - Project Area

Fiscal Year 2008

Project Area Name

Downtown Hayward Project Area

Tax Allocation Bond Debt

93,988,477

Revenue Bonds

Other Long Term Debt

City/County Debt

13,061,913

Low and Moderate Income Housing Fund

28,235,247

Other

5,892,097

Total

\$141,177,734

Available Revenues

4,017,560

Net Tax Increment Requirements

\$137,160,174

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year

2008

Project Area Name

Downtown Hayward Project Area

Forward from Prior Year

Yes

Bond Type

City/County Debt

Year of Authorization

1975

Principal Amount Authorized

12,556,048

Principal Amount Issued

12,556,048

Purpose of Issue

Property Acquisition

Maturity Date Beginning Year

1990

Maturity Date Ending Year

2010

Principal Amount Unmatured Beginning of Fiscal Year

\$3,530,696

Adjustment Made During Year

Adjustment Explanation

Interest Added to Principal

Principal Amount Issued During Fiscal Year

Principal Amount Matured During Fiscal Year

855,000

Principal Amount Defeased During Fiscal Year

Principal Amount Unmatured End of Fiscal Year

\$2,675,696

Principal Amount In Default

Interest In Default

Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US; State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year

2008

Project Area Name

Downtown Hayward Project Area

Forward from Prior Year	Yes
Bond Type	Tax Allocation Bonds
Year of Authorization	2004
Principal Amount Authorized	44,790,000
Principal Amount Issued	44,790,000
Purpose of Issue	New Capital Projects and Refunding
Maturity Date Beginning Year	2004
Maturity Date Ending Year	2034
Principal Amount Unmatured Beginning of Fiscal Year	\$43,585,000
Adjustment Made During Year	
Adjustment Explanation	
Interest Added to Principal	
Principal Amount Issued During Fiscal Year	
Principal Amount Matured During Fiscal Year	1,210,000
Principal Amount Defeased During Fiscal Year	
Principal Amount Unmatured End of Fiscal Year	\$42,375,000
Principal Amount In Default	
Interest In Default	

Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US,State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year

Project Area Name

Forward from Prior Year	<input type="text" value="Yes"/>
Bond Type	<input type="text" value="Tax Allocation Bonds"/>
Year of Authorization	<input type="text" value="2006"/>
Principal Amount Authorized	<input type="text" value="11,800,000"/>
Principal Amount Issued	<input type="text" value="11,800,000"/>
Purpose of Issue	<input type="text" value="New Capital Projects and Refunding"/>
Maturity Date Beginning Year	<input type="text" value="2006"/>
Maturity Date Ending Year	<input type="text" value="2036"/>
Principal Amount Unmatured Beginning of Fiscal Year	<input type="text" value="\$11,800,000"/>
Adjustment Made During Year	<input type="text"/>
Adjustment Explanation	<input type="text"/>
Interest Added to Principal	<input type="text"/>
Principal Amount Issued During Fiscal Year	<input type="text"/>
Principal Amount Matured During Fiscal Year	<input type="text"/>
Principal Amount Defeased During Fiscal Year	<input type="text"/>
Principal Amount Unmatured End of Fiscal Year	<input type="text" value="\$11,800,000"/>
Principal Amount In Default	<input type="text"/>
Interest In Default	<input type="text"/>

Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US; State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year

2008

Project Area Name

Downtown Hayward Project Area

Forward from Prior Year

Bond Type

City/County Debt

Year of Authorization

1975

Principal Amount Authorized

11,186,217

Principal Amount Issued

11,186,217

Purpose of Issue

Downtown city redevelopment

Maturity Date Beginning Year

2008

Maturity Date Ending Year

2036

Principal Amount Unmatured Beginning of Fiscal Year

Adjustment Made During Year

Adjustment Explanation

Interest Added to Principal

Principal Amount Issued During Fiscal Year

11,186,217

Principal Amount Matured During Fiscal Year

800,000

Principal Amount Defeased During Fiscal Year

Principal Amount Unmatured End of Fiscal Year

\$10,386,217

Principal Amount In Default

Interest In Default

Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US;State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Revenues

Fiscal Year

2008

Project Area Name

Downtown Hayward Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	Total
Tax Increment Gross <i>(Include All Apportionments)</i>	9,666,389		2,416,597		\$12,082,986
Special Supplemental Subvention					\$0
Property Assessments					\$0
Sales and Use Tax					\$0
Transient Occupancy Tax					\$0
Interest Income	1,588,146	204,867	503,989		\$2,297,002
Rental Income	53,400				\$53,400
Lease Income					\$0
Sale of Real Estate					\$0
Gain on Land Held for Resale					\$0
Federal Grants					\$0
Grants from Other Agencies					\$0
Bond Administrative Fees					\$0
Other Revenues	603,644		27,103		\$630,747
Total Revenues	\$11,911,579	\$204,867	\$2,947,689	\$0	\$15,064,135

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Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year 2008

Project Area Name Downtown Hayward Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Administration Costs	1,764,988		195,582		\$1,960,570
Professional Services					\$0
Planning, Survey, and Design					\$0
Real Estate Purchases					\$0
Acquisition Expense					\$0
Operation of Acquired Property	106,436				\$106,436
Relocation Costs					\$0
Relocation Payments					\$0
Site Clearance Costs					\$0
Project Improvement / Construction Costs	25,784,071				\$25,784,071
Disposal Costs					\$0
Loss on Disposition of Land Held for Resale					\$0

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year

Project Area Name

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Decline in Value of Land Held for Resale					\$0
Rehabilitation Costs					\$0
Rehabilitation Grants					\$0
Interest Expense	243,619	2,730,342			\$2,973,961
Fixed Asset Acquisitions			788,560		\$788,560
Subsidies to Low and Moderate Income Housing					\$0
Debt Issuance Costs					\$0
Other Expenditures Including Pass- Through Payment(s)	1,353,510				\$1,353,510
Debt Principal Payments:					
Tax Allocation Bonds and Notes		1,210,000			\$1,210,000
Revenue Bonds, Certificates of Participation, Financing Authority Bonds					\$0
City/County Advances and Loans	1,655,000				\$1,655,000
All Other Long-Term Debt					\$0
Total Expenditures	\$30,907,624	\$3,940,342	\$984,142	\$0	\$35,832,108
Excess (Deficiency) Revenues over (under) Expenditures	(\$18,996,045)	(\$3,735,475)	\$1,963,547	\$0	(\$20,767,973)

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Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year

2008

Project Area Name

Downtown Hayward Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Proceeds of Long-Term Debt					\$0
Proceeds of Refunding Bonds					\$0
Payment to Refunded Bond Escrow Agent					\$0
Advances from City/County					\$0
Sale of Fixed Assets					\$0
Miscellaneous Financing Sources (Uses)	813,488				\$813,488
Operating Transfers In		3,143,375			\$3,143,375
Tax Increment Transfers In					\$0
Operating Transfers Out	3,143,375				\$3,143,375
Tax Increment Transfers Out					\$0
<i>(To the Low and Moderate Income Housing Fund)</i>					
Total Other Financing Sources (Uses)	(\$2,329,887)	\$3,143,375	\$0	\$0	\$813,488

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Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year

2008

Project Area Name

Downtown Hayward Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(\$21,325,932)	(\$592,100)	\$1,963,547	\$0	(\$19,954,485)
Equity, Beginning of Period	\$44,549,401	\$4,609,660	\$8,313,288	\$0	\$57,472,349
Prior Period Adjustments	-1,494,814	-1	1		(\$1,494,814)
Residual Equity Transfers					\$0
Equity, End of Period	\$21,728,655	\$4,017,559	\$10,276,836	\$0	\$36,023,050

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Balance Sheet - Assets and Other Debits

Fiscal Year	2008	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
Assets and Other Debits								
Cash and Imprest Cash		18,904,845		10,208,461				\$29,113,306
Cash with Fiscal Agent		5,321,615	4,017,559					\$9,339,174
Tax Increments Receivable								\$0
Accounts Receivable		275,624						\$275,624
Accrued Interest Receivable		113,897		72,656				\$186,553
Loans Receivable		50,000		3,743,188				\$3,793,188
Contracts Receivable								\$0
Lease Payments Receivable								\$0
Unearned Finance Charge								\$0
Due from Capital Projects Fund								\$0
Due from Debt Service Fund								\$0
Due from Low/Moderate Income Housing Fund								\$0
Due from Special Revenue/Other Funds								\$0

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Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Balance Sheet - Assets and Other Debits

Fiscal Year	2008	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
Investments								\$0
Other Assets								\$0
Investments: Land Held for Resale		4,154,570						\$4,154,570
Allowance for Decline In Value of Land Held for Resale								\$0
Fixed Assets: Land, Structures, and Improvements							57,922,047	\$57,922,047
Equipment							15,861	\$15,861
Amount Available In Debt Service Fund						67,236,913		\$67,236,913
Amount to be Provided for Payment of Long-Term Debt								\$0
Total Assets and Other Debits		\$28,820,551	\$4,017,559	\$14,024,305	\$0	\$67,236,913	\$57,937,908	\$172,037,236

*(Must Equal Total Liabilities,
Other Credits, and Equities)*

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Balance Sheet - Liabilities and Other Credits

Fiscal Year	2008	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
Liabilities and Other Credits								
Accounts Payable		2,298,147		4,168				\$2,302,315
Interest Payable								\$0
Tax Anticipation Notes Payable								\$0
Loans Payable								\$0
Other Liabilities		4,793,749		3,743,301				\$8,537,050
Due to Capital Projects Fund								\$0
Due to Debt Service Fund								\$0
Due to Low/Moderate Income Housing Fund								\$0
Due to Special Revenue/Other Funds								\$0
Tax Allocation Bonds Payable						54,175,000		\$54,175,000
Lease Revenue, Certificates of Participation Payable, Financing Authority Bonds								\$0
All Other Long-Term Debt						13,061,913		\$13,061,913
Total Liabilities and Other Credits		\$7,091,896	\$0	\$3,747,469	\$0	\$67,236,913		\$78,076,278

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Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Balance Sheet - Liabilities and Other Credits

Fiscal Year	2008	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
Equities								
Investment In General Fixed Assets							57,937,908	\$57,937,908
Fund Balance Reserved	13,970,190	4,017,559	10,276,836					\$28,264,585
Fund Balance Unreserved-Designated								\$0
Fund Balance Unreserved-Undesignated	7,758,465							\$7,758,465
Total Equities	\$21,728,655	\$4,017,559	\$10,276,836	\$0			\$57,937,908	\$93,960,958
Total Liabilities, Other Credits, and Equities	\$28,820,551	\$4,017,559	\$14,024,305	\$0	\$67,236,913	\$57,937,908	\$172,037,236	

Appendix B - Page 19

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Summary, Combined Transfers In/Out

Fiscal Year 2008

Operating Transfers In	\$3,143,375
Tax Increment Transfers In	\$0
Operating Transfers Out	\$3,143,375
Tax Increment Transfers Out	\$0

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
--

LISTING OF LAND HELD FOR REDEVELOPMENT FY 2007-08

Russell Way - 24,242 sq. ft. vacant parcel held for resale. Property is now under a five year lease agreement. \$212,000

Cannery Park projects:

203 C Street – SF house on 25,908 sq. ft. lot, purchased 2/10/04. \$500,000

229 C Street – SF house on 10,200 sq. ft. lot, purchased 4/11/02. \$285,000

231 C Street – SF house on 9,180 sq. ft. lot, purchased 5/16/03. \$296,828

Cost value of property and easement interests acquired in May 2006 by exchange with Citation for 199 C Street and 199 Filbert (equal to cost value of property given up **24083 Myrtle Street**) \$282,618

Subtotal RDA General Capital Fund	\$1,576,446
-----------------------------------	-------------

245 C Street – two SF houses on 6,250 sq. ft. lot, purchased 4/15/05. \$588,177

251 C Street – SF house on 5,000 sq. ft. lot, purchased 3/17/05. \$428,443

271 C Street – SF house on 8,875 sq. ft. lot, purchased 2/22/05. \$433,939

22737 Filbert Street – SF house on 12,719 sq. ft. lot, purchased 4/15/05. \$577,721

Cost value of property and easement interests acquired in May 2006 by exchange with Citation/ Libitzky for 199 C Street and 199 Filbert (equal to cost value of property given up **199 Filbert Street** \$492,569 plus \$57,275 net cash difference). \$549,844

Subtotal TABS Capital Projects Fund	\$2,578,124
-------------------------------------	-------------

6/30/08 Total Land Held for Redevelopment \$4,154,570

LISTING OF OTHER AGENCY-OWNED PROPERTIES

Land: City Hall Municipal Parking Structure	\$ 650,000
Bldg: Municipal Parking Structure - 498-space municipal parking structure on approximately 63,500 sq. ft. lot	\$3,558,965
Bldg: 3rd Level Separate Addition	\$3,466,201
Land: Muni Lot #2 – Partial acquisition of land at 1025 A Street (6210± sq. ft.) and full acquisition of land at 1027 A Street, to expand Muni Lot #2, purchased 5/11/05	\$737,439
Land: Muni Lot #2 – Partial acquisition 1077 A St. (2,840± sq. ft.) of land and access easement to expand Municipal Lot #2, purchased 5/11/05	\$110,000
Improvements: Muni Lot #2, completed	\$1,574,361
Land: City Hall Plaza Park (former Site 2 approx 31,910 sq. ft.)	\$337,500
Bldg: Cinema Place Parking Structure	\$7,110,731
6/30/08 Total Other Agency-Owned Properties	<u>\$17,545,197</u>

On-going Construction In Progress projects	\$41,180,234
Cannery Area School	27,697,699
Cannery Park Expansion	5,671,604
Cannery Public Works	4,367,915
Cinema Place B & Foothill parcels	<u>3,443,016</u>
Total	41,180,234

Project Area Report FY 2008

In FY 2008 the Hayward Redevelopment Agency initiated or continued work on the following activities.

In mid-summer 2007 Blake-Hunt Ventures commenced construction on the Cinema Place development, located at the corner of B Street and Foothill Boulevard. The site is owned by the Agency, and leased to the Developer under a 50-year ground lease. The development includes a two-story retail/entertainment complex featuring a 12-screen movie theatre operated by Century Theatres, and 19,500 square feet of restaurant and retail space. As of the end of June 2008 construction was substantially completed on the building shell; and interior improvements subsequently began for the movie theatre, scheduled to open in October 2008. Also, in December 2007 the Agency completed and opened a three-level, 244-space public parking structure on the rear of the Cinema Place site.

The Agency also made significant strides in its efforts to implement the Cannery Area Design Plan. As of June 30, 2008, construction of the new Burbank elementary school, the expansion of Cannery Park, and the construction of streets and parking surrounding these facilities were substantially completed, with the school on schedule to open at the beginning of the new school year in August 2008. The old school was demolished in summer 2008 and the land was transferred by the school district to the Agency as partial consideration for construction of the new school. The Agency intends on selling the surplus site for redevelopment with residential uses; and the land sale proceeds will be used to help defray the cost of the new school. Following the issuance of a Request for Proposals (RFP) in 2007, the Agency selected Citation Homes Central as the developer for the Burbank School Residual site and entered into an Exclusive Negotiating Agreement (ENA) with Citation in July 2008.

During the summer of 2007, model and early phase housing developments by Meritage Homes and Citation Homes were under construction in the former Cannery area. A total of 628 units have been approved for this site to date, and a third parcel has not yet been submitted for entitlement. To the west of Cannery Place, Braddock and Logan was also constructing a 112- unit development called The Terraces at Cross Creek. In late 2007 and early 2008, as the nation began experiencing a collapse in the housing sector, Meritage Homes abandoned construction on its initial units, and the partially completed units were subsequently demolished. The Crossings was substantially complete by summer 2008, and Citation Homes opened model homes in spring 2008. None of these developments are subject to Agency contracts; however, the Agency will receive tax increment from them.

The Retail Attraction Program provides loans to property owners and businesses to bring in targeted retailers to fill persistent vacancies in downtown retail properties. It was initially funded during FY with \$550,000 and an additional \$1,500,000 was proposed for FY 2009. In fiscal year 2008 the Agency approved two loans under the Retail Attraction Program for the downtown area. The first loan, in the amount of \$50,000, was for tenant improvements for a new restaurant called Teriyaki Experience which opened in early

2008. A second loan in the amount of \$150,000 was made for a new restaurant called Bijou, and tenant improvements began for that business in the summer of 2008.

In July 2007 the Agency issued an RFP to solicit proposals for the site of the former 11-story City Hall on City Center Drive in the downtown. The RFP also incorporated the site of Centennial Hall, which is an older, City-owned conference center located directly north of the 11-story building, and also the public parking structure directly south of the building. The RFP focused on redeveloping the site with housing and mixed-use development. Shortly after the RFP was issued, the owner of the 11-story building entered into a contract to sell the building to the MIKA Realty Group of Los Angeles who proposed to seismically retrofit the building and to renovate it for office use. MIKA also proposed acquiring Centennial Hall to replace it with a new 150 room hotel and a new conference center. Additionally, MIKA proposed to retrofit the existing parking structure to develop 162 units of housing on a podium to be built above the structure. To that end, the Agency suspended the RFP process and the Agency Board authorized staff to enter into an ENA with MIKA to redevelop the greater site. In early June 2008 MIKA submitted Planning applications for entitlements to redevelop the site. On June 30, 2008, MIKA closed escrow and acquired the 11-story building.

In connection with the Agency's affordable housing activities, Eden Housing, Inc., a non-profit affordable housing developer completed construction on 60 units of affordable senior housing located at C & Grand Streets, west of the BART station. This housing serves to partially fulfill the Cannery developer's Inclusionary affordable housing obligation. The Agency funded in FY 2007 a \$507,000 loan from its Low and Moderate Income Housing Fund to assist with foundation upgrades associated with an underground storm drain (Sulfur Creek) that was discovered to have impacted the site. The development also includes a new administrative headquarter for Eden Housing, which they occupied in summer of 2008.

Also, with respect to affordable housing activities, the Agency approved in September 2007 a loan in the amount of \$750,000 for the seismic retrofit of the 80-unit Majestic Apartments, located on Torrano Avenue, off of Mission Boulevard. In the prior fiscal year, the City had approved issuing mortgage revenue bonds on behalf of the development. These bonds are secured by the real estate, and paid through the project rents; they are not an obligation of the City. As of June 2008 the owners of the development, Hayward Pacific Associates, were in the process of rehabilitating the development, including the various seismic safety improvements.

The Agency also funded a loan in the amount of \$250,000 to Eden Housing for roof replacement at the Villa Springs apartment complex, which is located in the South Garden area of Hayward. Eden Housing had acquired Villa Springs in 1991 and completed a refinance and initiated a substantial rehabilitation of the complex in 2008. All 66 units in the complex are now rented as affordable for low-income households.

Finally, eleven loans for a total of \$220,000 were made under the First-Time Homebuyer program in FY 2008. This program is also funded by the Low and Moderate Income Housing Fund.

Agency's Progress in Alleviating Blight
(Pursuant to H&S 33080.I (d), (e), and (f))

The Agency continued to make progress in alleviating blight in several specific ways. In January 2008 the Agency Board identified a potential project involving up to eight parcels along the west side of Mission Boulevard from Sycamore Avenue north to Pinedale Court. Three of the parcels near the center of the block at 24311-24311 Mission Boulevard include burned-out and vacant structures. The owners applied for a building permit and tract map in 2005 to redevelop the site and they had yet to obtain approval for and the site remains blighted and the subject of numerous complaints from the neighborhood. On the southern end of the block at 24491 Mission Boulevard is a building that sustained fire damage in December 2007. It has remained vacant since the fire and has been only partially repaired. The remaining four parcels along this section of Mission Boulevard contain older commercial structures with approximately 15 small retail tenants and a fast food franchise. In April 2008 the Agency Board authorized funding for the appraisal of all eight parcels to estimate the cost to acquire and assemble the properties. Though no specific project had been identified for the site, the Agency contemplates assembling the land, or a portion thereof, and issuing an RFP in the future for a potential mixed-use development. Subsequently, in the summer of 2008 the Agency extended offers to purchase the four vacant parcels and continues to negotiate with the owners.

Additionally, in April 2008 the Agency approved \$50,000 to assist auto dealers along Mission Boulevard's Auto Row. The funds were used for banners and signage to help promote and create a uniform identity on Auto Row, which has been blighted with vacant sites due to the closure of both new and used auto dealerships.

Status of Agency Loans
(Pursuant to H&S 33080.I (d), (e), and (f))

The Agency is not in default on any loans, nor is it out of compliance with respect to any of its existing debt.

Supplement to the Annual Report of Community Redevelopment Agencies

Redevelopment Agency ID Number:	13980135800
Name of Redevelopment Agency:	Redevelopment Agency of the City of Hayward

Mark the appropriate box below to indicate the ending date of your agency's fiscal year. Report data for that period only.

September 2007 December 2007 June 2008

Return this form to the **California State Controller's Office**. If you have any questions regarding this form please contact:

U.S. Bureau of the Census, Shannon Doyle, 1-800-242-4523

A. Personnel Expenditures

Report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

Z00	\$ 612,663.00
------------	----------------------

B. Mortgage Revenue Bond Interest Payments

Report your government's total amount of interest paid on mortgage revenue bonds during the year.

U20	\$ 0.00
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APPENDIX C

**DESCRIPTION OF AGENCY'S ACTIVITIES
AFFECTING HOUSING AND DISPLACEMENT**

Redevelopment Agency of the City of Hayward

December 2008

CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
REDEVELOPMENT AGENCY ANNUAL HOUSING ACTIVITY REPORT
FY ENDING: June / 30 / 2008

Agency Name and Address:
Redevelopment Agency of the City of Hayward
777 B Street
Hayward, CA 94541

County of Jurisdiction:
Alameda

Health & Safety Code Section 33080.1 requires agencies (RDAs) to annually report on their Low & Moderate Income Housing Fund and housing activities for the Department of Housing and Community Development (HCD) to report on RDAs' activities in accordance with Section 33080.6.

Please answer each question below. Your answers determine how to complete the HCD report.

1. Check one of the items below to identify the Agency's status at the end of the reporting period:
 New (Agency formation occurred during reporting year. No financial transactions were completed).
 Active (Financial and/or housing transactions occurred during the reporting year)
 Inactive (No financial and/or housing transactions occurred during the reporting year). ONLY COMPLETE ITEM 7
 Dismantled (Agency adopted an ordinance and dissolved itself before start of reporting year). ONLY COMPLETE ITEM 7
2. During reporting year, how many adopted project areas existed? 1 Of these, how many were merged during year? _____
If the agency has one or more adopted project areas, complete SCHEDULE HCD-A for each project area.
If the agency has no adopted project areas, DO NOT complete SCHEDULE HCD-A (refer to next question).
3. Within an area outside of any adopted project area(s): (a) did the agency destroy or remove any dwelling units or displace any households over the reporting period, (b) does the agency intend to displace any households over the next reporting period, (c) did the agency permit the sale of any owner-occupied unit prior to the expiration of land use controls over the reporting period, and/or (d) did the agency execute a contract or agreement for the construction of any affordable units over the next two years?
 Yes (any question). Complete SCHEDULE HCD-B.
 No (all questions). DO NOT complete SCHEDULE HCD-B (refer to next question).
4. Did the agency's Low & Moderate Income Housing Fund have any assets during the reporting period?
 Yes. Complete SCHEDULE HCD-C.
 No. DO NOT complete SCHEDULE HCD-C.
5. During the reporting period, were housing units completed within a project area and/or assisted by the agency outside a project area?
 Yes. Complete all applicable HCD SCHEDULES D1-D7 for each housing project completed and HCD SCHEDULE E.
 No. DO NOT complete HCD SCHEDULES D1-D7 or HCD SCHEDULE E.
6. Specify whether method A and/or B was used to report financial and housing activity information to HCD:
 A. Forms. All required HCD SCHEDULES A, B, C, D1-D7, and E are attached.
 B. On-line (<http://www.hcd.ca.gov/rda/>) "Lock Report" date: _____ HCD SCHEDULES not required.
(lock date is shown under "Admin" Area and "Report Change History")
7. To the best of my knowledge: (a) the representations made above and (b) agency information reported are correct.

Date

Signature of Authorized Agency Representative
City Manager/Executive Director

Title

(510)583-4300

Telephone Number

- IF NOT REQUIRED TO REPORT, SUBMIT ONLY A PAPER COPY OF THIS PAGE.
- IF REQUIRED TO REPORT, AND REPORTING BY USING PAPER FORMS (IN PLACE OF REPORTING ON-LINE), SUBMIT THIS PAGE AND ALL APPLICABLE HCD FORMS (SCHEDULES A-E) WITH A COPY OF AGENCY'S AUDIT.
- IF REPORTING ON-LINE, PRINT AND SUBMIT "CONFIRMATION LETTER" UPON LOCKING REPORT
- MAIL A COPY OF (a) CONFIRMATION LETTER (IF HCD REPORT WAS ELECTRONICALLY FILED) OR (b) COMPLETED FORMS AND (c) AUDIT REPORT TO BOTH HCD AND THE SCO:

Department of Housing & Community Development
Division of Housing Policy
Redevelopment Section
1800 3rd Street, Suite 430
Sacramento, CA 95814

The State Controller
Division of Accounting and Reporting
Local Government Reporting Section
3301 C Street, Suite 500
Sacramento, CA 95816

California Redevelopment Agencies-Fiscal Year 2007/2008
Project Area Contributions to Low and Moderate Income Housing Funds
Sch A Project Area Summary Report
HAYWARD

Project Area	100% of Tax Increment	20% Set Aside Requirement	Tax Increment Allocated	Amount Exempted	Deferral Repayment	Tax Incr. Deposited to Hsng Fund	Percent of Tax Incr Dep	Repayment Deferrals	Other Income	Total Deposited to Housing
DOWNTOWN HAYWARD PROJECT	\$12,082,986	\$2,416,597	\$2,416,597	\$0	\$0	\$2,416,597	20.00%	\$0	\$531,092	\$2,947,689
Agency Totals:	\$12,082,986	\$2,416,597	\$2,416,597	\$0	\$0	\$2,416,597	20.00%	\$0	\$531,092	\$2,947,689

Note: Print this report in Landscape Orientation (Use the Print Icon just above, then Properties then Landscape)

California Redevelopment Agencies - Fiscal Year 2007/2008
 Status of Low and Moderate Income Housing Funds
 Sch C Agency Financial Summary
 HAYWARD

Adjusted Beginning Balance	Project Area Receipts	Agency Other Revenue	Total Expenses	Net Resources Available	Other Housing Fund Assets	Total Housing Fund Assets	Encumbrances	* Unencumbered Balance	Unencumbered Designated	Unencumbered Not Dsgntd
\$8,313,288	\$2,947,689	\$0	\$984,142	\$10,276,835	\$0	\$10,276,835	\$431,440	\$9,845,395	\$0	\$9,845,395

Expenses	Planning and Administration Costs	Subsidies	Total
2007/2008	\$195,582	\$788,560	\$984,142

Appendix C - Page 4

*The Unencumbered Balance is equal to Net Resources Available minus Encumbrances

Note: Print this report in Landscape Orientation (Use the Print Icon just above, then Properties then Landscape)

California Redevelopment Agencies - Fiscal Year 2007/2008
 Status of Low and Moderate Income Housing Funds
 Sch C Agency Financial and Program Detail
 HAYWARD

	Beginning Balance	\$8,313,288
	Adjustment to Beginning Balance	\$0
	Adjusted Beginning Balance	\$8,313,288
Total Tax Increment From PA(s)	\$2,416,597	Total Receipts from PA(s)
		\$2,947,689
	Other Revenues not reported on Schedule A	\$0
	Sum of Beginning Balance and Revenues	\$11,260,977

Expenditure			
<u>Item</u>	<u>Subitem</u>	<u>Amount</u>	<u>Remark</u>
Planning and Administration Costs			
Administration Costs		\$143,179	
Professional Services		\$52,403	
	Subtotal of Planning and Administration Costs	\$195,582	
Subsidies from the LMIHF			
1st Time Homebuyer Down Payment Assistance		\$220,000	
Other		\$568,560	Loan disbursement of \$240,000 for rehabilitation of Villa Springs Apartments and \$328,560 for the seismic retrofit of the Majestic Apartments
	Subtotal of Subsidies from the LMIHF	\$788,560	
	Total Expenditures	\$984,142	

Net Resources Available	\$10,276,835
Indebtedness For Setasides Deferred	\$0

Other Housing Fund Assets		
<u>Category</u>	<u>Amount</u>	<u>Remark</u>
	Total Other Housing Fund Assets	

Total Fund Equity **\$10,276,835**

2003/2004	\$1227726
2004/2005	\$1407138

California Redevelopment Agencies - Fiscal Year 2007/2008
 Status of Low and Moderate Income Housing Funds
 Sch C Agency Financial and Program Detail
 HAYWARD

2005/2006	\$1830963	sum of 4 Previous Years' Tax Increment for 2007/2008	Prior Year Ending Unencumbered Balance	Excess Surplus for 2007/2008
2006/2007	\$2293128	\$6758955	\$8,053,288	\$1,294,333

Sum of Current and 3 Previous Years' Tax Increments	\$7,947,826
Adjusted Balance	\$9,845,395
Excess Surplus for next year	\$1,897,569
Net Resources Available	\$10,276,835
Unencumbered Designated	\$0
Unencumbered Undesignated	\$9,845,395
Total Encumbrances	\$431,440
Unencumbered Balance	\$9,845,395
Unencumbered Balance Adjusted for Debt Proceeds	\$0
Unencumbered Balance Adjusted for Land Sales	\$0
Excess Surplus Expenditure Plan	Yes
Excess Surplus Plan Adoption Date	16-DEC-08

Site Improvement Activities Benefiting Households				
Income Level	Low	Very Low	Moderate	Total

Land Held for Future Development					
Site Name	Num Of Acres	Zoning	Purchase Date	Estimated Start Date	Remark

Use of the Housing Fund to Assist Mortgagors

Income Adjustment Factors	<input type="text"/>	Requirements Completed	<input type="text"/>
Home	\$ <input type="text"/>	Hope	\$ <input type="text"/>

Non Housing Redevelopment Funds Usage

Resource Needs

California Redevelopment Agencies - Fiscal Year 2007/2008
Sch D General Project Information
HAYWARD

Project Area Name: DOWNTOWN HAYWARD PROJECT

Project Name: C & Grand Senior Housing
Address: 566 C Street Hayward 94541
Owner Name: Eden Housing, Inc.

SPECIAL NEEDS UNITS

<u>Category</u>	<u>Sub Category</u>	<u>Count</u>
Special Need Unit	Special Needs	59
Special Need Unit	Disabled (Physical)	6
Special Need Unit	Elderly	59

UNIT INVENTORY

			<u>Very Low</u>	<u>Low</u>	<u>Moderate</u>	<u>Above Mod</u>	<u>Became Ineligible</u>	<u>Total</u>
<u>Other Provided with LMIHF</u>								
			<u>Unit</u>					
New Construction								
Non-Agency	Rental	Elderly	59	0	1	0	0	60
Unit Total			59	0	1	0	0	60

PROJECT FUNDING SOURCE

<u>Funding Source</u>	<u>Amount</u>
Redevelopment Funds	\$507,000
State Funds	\$450,000
Private Funds	\$2,306,990
Owner Equity	\$316,397
TCAC/State Award	\$12,109,199

California Redevelopment Agencies - Fiscal Year 2007/2008
Sch D General Project Information
HAYWARD

Project Area Name: **OUTSIDE PROJECT AREA**

Project Name: First Time Homebuyer Program								
Address: 777 B Street Hayward 94541								
UNIT INVENTORY								
			<u>Very Low</u>	<u>Low</u>	<u>Moderate</u>	<u>Above Mod</u>	<u>Became Ineligible</u>	<u>Total</u>
<u>Other Provided with LMIHF</u>								
		<u>Unit</u>						
Subsidy								
Non-Agency	Owner	Non-Elderly	0	0	11	0	0	11
		Unit Total	0	0	11	0	0	11
PROJECT FUNDING SOURCE								
	<u>Funding Source</u>							<u>Amount</u>
	Redevelopment Funds							\$220,000
	State Funds							\$195,921
	Private Funds							\$2,387,050
	Owner Equity							\$332,031

Project Name: Inclusionary Housing Program								
Address: 777 b street hayward 94541								
Owner Name: City of Hayward								
UNIT INVENTORY								
			<u>Very Low</u>	<u>Low</u>	<u>Moderate</u>	<u>Above Mod</u>	<u>Became Ineligible</u>	<u>Total</u>
<u>Inclusionary</u>								
		<u>Unit</u>						
New Construction								
Non-Agency	Owner	Non-Elderly	0	0	13	0	0	13
		Unit Total	0	0	13	0	0	13

SCHEDULE HCD E
CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES
 (This Form is Information Only: Actual Obligation is based on Implementation Plan)

Report Year: 2007/2008

Agency: HAYWARD

NOTE: This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

PART I [H & SC Section 33413(b)(1)] AGENCY DEVELOPED	
1. New Units	0
2. Substantially Rehabilitated Units	0
3. Subtotal - Baseline of Units (add line 1 & 2)	0
4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)	0
5. Subtotal of Inclusionary Obligation Accrued this year for <u>Very-Low</u> Income Units (line 4 x 50%)	0
PART II [H & SC Section 33413(b)(2)] NON-AGENCY DEVELOPED UNITS	
6. New Units	60
7. Substantially Rehabilitated Units	0
8. Subtotal - Baseline of Units (add lines 6 & 7)	60
9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)	9
10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%)	4
PART III TOTALS	
11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)	9
12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10)	4

**SCHEDULE HCD E1
 CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES
 (This Form is Information Only: Actual Obligation is based on Implementation Plan)**

Report Year: 2007/2008

Agency: HAYWARD

Project Area: DOWNTOWN HAYWARD PROJECT

Project: C & GRAND SENIOR HOUSING

NOTE: This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

PART I [H & SC Section 33413(b)(1)] AGENCY DEVELOPED	
1. New Units	0
2. Substantially Rehabilitated Units	0
3. Subtotal - Baseline of Units (add line 1 & 2)	0
4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)	0
5. Subtotal of Inclusionary Obligation Accrued this year for <u>Very-Low</u> Income Units (line 4 x 50%)	0
PART II [H & SC Section 33413(b)(2)] NON-AGENCY DEVELOPED UNITS	
6. New Units	60
7. Substantially Rehabilitated Units	0
8. Subtotal - Baseline of Units (add lines 6 & 7)	60
9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)	9
10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%)	4
PART III TOTALS	
11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)	9
12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10)	4

APPENDIX D
STATEMENT OF INDEBTEDNESS

Redevelopment Agency of the City of Hayward

December 2008

**STATEMENT OF INDEBTEDNESS - CONSOLIDATED
FILED FOR THE 2008 - 2009 TAX YEAR**

Cover Page

Name of Redevelopment Agency Hayward Redevelopment Agency

Name of Project Area Downtown Hayward Redevelopment Project Area

Balances Carried Forward From:	Line	Current	
		Total Outstanding Debt	Principal/Interest Due During Tax Year
Fiscal Period - Totals (From Form A, Page 1 Totals)	(1)	141,177,734	12,414,758
(Optional) Post Fiscal Period - Totals (From Form B, Page 1 Totals)	(2)		
Grand Totals	(3)	141,177,734	12,414,758
Available Revenues From Calculation of Available Revenues, Line 7	(4)	4,017,560	
Net Requirement	(5)	137,160,174	

Consolidate on this form all of the data contained on Form A and B (including supplemental pages). Form A is to include all indebtedness entered into as of June 30 of the Fiscal Year. Form B may be filed at the option of the Agency, and is to include indebtedness entered into post June 30 of the Fiscal Year, pursuant to Health and Safety Code section 33675(c)(2). This is optional for each agency and is not a requirement for filing the Statement of Indebtedness. The Reconciliation Statement is to include indebtedness from Form A only.

Certification of Chief Financial Officer:
Pursuant to Section 33675(b) of the Health and Safety Code, I hereby certify that the above is a true and accurate Statement of Indebtedness for the above named agency.

<i>Helen Bell</i>	<i>Intiman Finance Director</i>
Name	Title
<i>[Signature]</i>	<i>9/30/08</i>
Signature	Date

Appendix D - Page 1

**STATEMENT OF INDEBTEDNESS - FISCAL YEAR INDEBTEDNESS
FILED FOR THE 2008 - 2009 TAX YEAR**

Form A
Page 1 of 1

Name of Redevelopment Agency Hayward Redevelopment Agency
Name of Project Area Downtown Hayward Redevelopment Project Area

For Indebtedness Entered into as of June 30, 2008

Appendix D - Page 2

Debt Identification	Original Data					Current	
	Date	Principal	Term	Interest Rate	Total Interest	Total Outstanding Debt	Principal/Interest Due During Tax Year
A 20% Low & Mod Income Housing Set-Aside Required by H&S Code	As of 06/30/2008	Based on O/S Debt	Until Paid	N/A	N/A	28,235,247	2,183,400
B 2004 RDA Tax Allocation Bonds	05/20/2004	44,790,000	03/01/2027	3% - 5.23%	35,677,904	69,864,583	3,372,931
C Advance from City of Hayward - Water Enterprise Fund Loan	06/01/1990	5,946,333	06/01/2013	7.506%	N/A	1,383,196	385,000
D Advance from City of Hayward - Sewer Fund Loan	06/30/2003	2,350,000	03/31/2010	2.25% - 3%	379,567	1,292,500	470,000
E							
F Repayment Agreement from City	07/30/2000	14,386,217	Until Paid	N/A	N/A	10,386,217	800,000
G Due to Other Governments	As of 06/30/2008	Based on Fiscal Year End	Until Paid	N/A	N/A	1,247,710	
H 2006 RDA Tax Allocation Bonds	As of 06/30/2008	11,800,000	03/01/2036	4.797%	13,273,218	24,123,894	559,340
I Payables from Operations - Tax Year	As of 06/30/2008	N/A	1 Year	N/A	N/A	4,644,087	4,644,087
J Pass-Thru Obligations - Fiscal Year	As of 06/30/2008	N/A	1 year	N/A	N/A	0	
K						0	
Sub Total, This Page						141,177,734	12,414,758
Totals Forward From All Other Pages						0	0
Totals, Fiscal Year Indebtedness						141,177,734	12,414,758

Purpose of Indebtedness:

- | | |
|---|---|
| (A) <u>Low & Mod Income Housing Set-Aside pursuant to H&S Sec. 3334.2</u> | (G) <u>Accrued liability reserve due to other governments</u> |
| (B) <u>Finance various redevelopment projects</u> | (H) <u>Finance various redevelopment projects</u> |
| (C) <u>Finance various redevelopment projects</u> | (I) <u>Tax year operating requirements</u> |
| (D) <u>Downtown sidewalk & streetscape project - phase II</u> | (J) <u>Pursuant to Health and Safety Code</u> |
| (E) _____ | (K) _____ |
| (F) <u>Redevelopment project costs advanced by the city</u> | |

RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Name of Redevelopment Agency Hayward Redevelopment Agency

Name of Project Area Downtown Hayward Redevelopment Project Area

Tax Year 2008 - 2009

Reconciliation Dates: From July 1, 2007 to June 30, 2008.

Debt Identification:			A	B	C	D	E	F
SOI, page and line:		Brief Description	Outstanding Debt All Beginning Indebtedness	Adjustments		Amounts Paid Against Indebtedness, from:		Remaining Balance (A+B-C-D-E)
Prior Yr	Current Yr			Increases (Attach Explanation)	Decreases (Attach Explanation)	Tax Increment	Other Funds	
Pg 1 Line A	Pg 1 Line A	20% Low & Mod Income Housing Set-Aside Required by H & S Code	29,038,898	1,613,246		2,416,597		28,235,547
Pg 1 Line B	Pg 1 Line B	2004 RDA Tax Allocation Bonds	73,238,015			3,373,432		69,864,583
Pg 1 Line C	Pg 1 Line C	Advance from City of Hayward - Water Enterprise Fund Loan	1,768,196	161,690		546,690		1,383,196
Pg 1 Line C	Pg 1 Line D	Advance from City of Hayward - Sewer Fund Loan	1,762,500	39,992		509,992		1,292,500
Pg 1 Line F	Pg 1 Line F	Repayment Agreement from City	11,186,217			800,000		10,386,217
Pg 1 Line G	Pg 1 Line G	Due to Other Governments	840,931	406,779				1,247,710
Pg 1 Line H	Pg 1 Line H	2006 RDA Tax Allocation Bonds	24,683,234			559,340		24,123,894
Pg 1 Line I	Pg 1 Line I	Payables from Operations - Tax Year	2,676,498	5,797,872		3,033,317	796,966	4,644,087
Pg 1 Line J	Pg 1 Line J	Pass-Thru Obligations - Fiscal Year		843,618		843,618		
TOTAL- THIS PAGE			145,194,489	8,863,197		12,082,986	796,966	141,177,734
TOTALS FORWARD								
GRAND TOTALS			145,194,489	8,863,197		12,082,986	796,966	141,177,734

NOTE: This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI Form A is to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is listed on. If the indebtedness is new to this fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the current SOI, Form A Total Outstanding Debt column.

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EXPLANATIONS OF INCREASES/DECREASES FROM RECONCILIATION STATEMENT

Name of Redevelopment Agency Hayward Redevelopment Agency

Name of Project Area Downtown Hayward Redevelopment Project Area

Tax Year 2008 - 2009

Reconciliation Dates: From July 1, 2007 to June 30, 2008.

Reconciliation Statement References		Explanation
Current Year	Brief Description	
Pg Line	1 A	Increase - Adjust set-aside relative to RDA outstanding debt.
Pg Line	1 C	Increase - Fiscal year accrued interest
Pg Line	1 D	Increase - Fiscal year accrued interest
Pg Line	1 G	Increase - Accrue liability reserve due to other governments
Pg Line	1 G	
Pg Line	1 H	Increase - Adjust to year end payable estimate
Pg Line	1 I	Increase - Fiscal year pass-thru obligation
Pg Line	1 J	

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