

**Recognized Obligation Payment Schedule (ROPS 16-17) - Summary**

Filed for the July 1, 2016 through June 30, 2017 Period

Successor Agency: Hayward  
 County: Alameda

<b>Current Period Requested Funding for Enforceable Obligations (ROPS Detail)</b>		<b>16-17A Total</b>	<b>16-17B Total</b>	<b>ROPS 16-17 Total</b>
<b>Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding</b>				
<b>A</b>	<b>Sources (B+C+D):</b>	<b>\$ 331,070</b>	<b>\$ 64,540</b>	<b>\$ 395,610</b>
B	Bond Proceeds Funding	-	-	-
C	Reserve Balance Funding	319,530	-	319,530
D	Other Funding	11,540	64,540	76,080
<b>E</b>	<b>Enforceable Obligations Funded with RPTTF Funding (F+G):</b>	<b>\$ 2,021,343</b>	<b>\$ 3,218,373</b>	<b>\$ 5,239,716</b>
F	Non-Administrative Costs	1,821,343	3,018,373	4,839,716
G	Administrative Costs	200,000	200,000	400,000
<b>H</b>	<b>Current Period Enforceable Obligations (A+E):</b>	<b>\$ 2,352,413</b>	<b>\$ 3,282,913</b>	<b>\$ 5,635,326</b>

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

\_\_\_\_\_  
 Name Title  
 /s/ \_\_\_\_\_  
 Signature Date

**Hayward Recognized Obligation Payment Schedule (ROPS 16-17) - ROPS Detail**

July 1, 2016 through June 30, 2017

(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	16-17A					16-17B					W										
											Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)					RPTTF						Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)					RPTTF				
											L	M	N	O	P	Q	R	S	T	U		V	W								
																								Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	Bond Proceeds	Reserve Balance	Other Funds
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 16-17 Total	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	16-17A Total	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	16-17B Total									
1	2004 Tax Allocation Bonds	Bonds Issued On or Before	5/1/2004	5/1/2034	Wells Fargo	Bond issue to fund non-housing	Hayward Downtown	30,380,000	N	\$ 3,371,182				773,091	200,000	\$ 2,352,413				3,018,373	200,000	\$ 3,282,913									
6	2006 Tax Allocation Bonds	Bonds Issued On or Before	6/1/2006	6/1/2036	Wells Fargo	Bond issue to fund non-housing	Hayward Downtown	11,380,000	N	\$ 638,008		119,530		151,974		\$ 271,504				366,504		\$ 366,504									
14	Foothill Façade Loans	Improvement/Infrastructure	3/9/2011	1/1/2050	Multiple Property Owners	Matching loan funds for property owners along Foothill Blvd for façade improvement program	Hayward Downtown	200,000	N	\$ 200,000		200,000				\$ 200,000						\$ -									
15	Foothill Façade Loan Project Delivery Costs (Staff Costs/Legal Fees)	Project Management Costs	1/1/2014	6/30/2014	Successor Agency	Project Delivery Costs to Implement Foothill Façade Loan Project	Hayward Downtown	24,902	N	\$ 24,902				12,451		\$ 12,451				12,451		\$ 12,451									
21	Successor Agency Admin Allowance	Admin Costs	2/1/2012	1/1/2050	City of Hayward	Per ABx1 26, to cover administrative costs of Successor Agency		250,000	N	\$ 250,000					125,000	\$ 125,000					125,000	\$ 125,000									
23	Contract for Security Alarm	Property Maintenance	7/11/2012	1/1/2050	ADT Security Services	Alarm Service for Cinema Place garage	Hayward Downtown	2,200	N	\$ 2,200			1,100			\$ 1,100			1,100			\$ 1,100									
25	Contract for Elevator Maint and Repair	Property Maintenance	7/11/2012	1/1/2050	Mitsubishi Electric	Cinema Place Elevator	Hayward Downtown	8,000	N	\$ 8,000			4,000			\$ 4,000			4,000			\$ 4,000									
27	Contract for Sweeping	Property Maintenance	7/11/2012	1/1/2050	Montgomery Sweeping Service	Cinema Place Garage Sweeping	Hayward Downtown	4,680	N	\$ 4,680			2,340			\$ 2,340			2,340			\$ 2,340									
29	Utilities	Property Maintenance	7/11/2012	1/1/2050	PGE	Cinema Place Garage Utilities	Hayward Downtown	7,000	N	\$ 7,000			3,500			\$ 3,500			3,500			\$ 3,500									
31	Utilities	Property Maintenance	7/11/2012	1/1/2050	City of Hayward	Cinema Place Water Utilities	Hayward Downtown	1,200	N	\$ 1,200			600			\$ 600			600			\$ 600									
36	Project Delivery Costs - Burbank Residual Site	Project Management Costs	1/1/2014	6/30/2014	City of Hayward (Successor Agency)	Finalize negotiation and execution of Purchase and Sale Agreement - staff project mgmt costs/legal fees	Hayward Downtown		N																						
37	Property Disposition Costs - former Agency-held properties	Property Dispositions	1/1/2014	6/30/2014	City of Hayward (Successor Agency)	Staff project mgmt costs; legal fees; property mgmt costs; appraisal costs; other associated costs for property disposition	Hayward Downtown	167,654	N	\$ 167,654				83,827		\$ 83,827			50,000	33,827			\$ 83,827								
38	Contract for Env Remediation	Remediation	6/25/2009	8/30/2012	AMEC Foster Wheeler E&I Inc.	Env Remediation - Cinema Place	Hayward Downtown		Y	\$ -						\$ -						\$ -									
48	Reentered Repayment Agreement with City of Hayward	Reentered Agreements	9/23/1975	1/1/2050	City of Hayward	To fund start-up costs of Hayward Redevelopment Project Area		10,180,526	N	\$ 800,000				800,000		\$ 800,000						\$ -									
50	Contract for Environmental Remediation (New Burbank School site)	Remediation	1/1/2014	6/30/2014	TRC	Payment for removal of environmental monitoring wells following DTSC clearance on new Burbank Elementary School site	Hayward Downtown		Y	\$ -						\$ -						\$ -									
53	Environmental Monitoring Expenses	Remediation	1/1/2014	6/30/2014	DTSC	Regulatory monitoring fee associated with clean up work at new Burbank School construction	Hayward Downtown		Y	\$ -						\$ -						\$ -									
64	Housing Authority Administrative Cost Allowance (Per AB 471)	Housing Entity Admin Cost	2/18/2014	7/1/2018	City of Hayward Housing Authority	Administrative cost allowance for Housing Authority pursuant to AB 471		150,000	N	\$ 150,000					75,000	\$ 75,000					75,000	\$ 75,000									
66	2004 TAB Admin Fee FY 2016	Fees	5/1/2004	5/1/2034	Wells Fargo	Annual administrative fee for bond issuance			Y	\$ -						\$ -						\$ -									
67	2004 TAB Admin Fee FY 2016	Fees	5/1/2004	5/1/2034	Willdan	Annual administrative fee for bond issuance			Y	\$ -						\$ -						\$ -									
68	2006 TAB Admin Fee FY 2016	Fees	6/1/2006	6/1/2036	Wells Fargo	Annual administrative fee for bond issuance			Y	\$ -						\$ -						\$ -									
69	2006 TAB Admin Fee FY 2016	Fees	6/1/2006	6/1/2036	Willdan	Annual administrative fee for bond issuance			Y	\$ -						\$ -						\$ -									
70	PERS Liability	Unfunded Liabilities	2/1/2012	12/31/2015	Liability Fund	Liability fund deposit for Agency employee PERS costs			Y	\$ -						\$ -						\$ -									
71	OPEB Liability	Unfunded Liabilities	2/1/2012	12/31/2015	Liability Fund	Liability fund deposit for Agency employee OPEB costs			Y	\$ -						\$ -						\$ -									
72	Cinema Place Sign Maintenance	Property Maintenance	9/26/2014	6/30/2016	Coulthard Identity Group Inc.	Repair and replace parking garage exterior sign	Hayward Downtown		Y	\$ -						\$ -						\$ -									
73	Cinema Place Environmental Remediation	Remediation	7/1/2015	6/30/2016	SF Bay Regional Water Quality Control Board	Regulatory Cost Recovery for Remediation Oversight Activities	Hayward Downtown	3,000	N	\$ 3,000						\$ -			3,000			\$ 3,000									
74	2004 TAB Admin Fee FY 2017	Fees	5/1/2004	5/1/2034	Wells Fargo	Annual administrative fee for bond issuance		1,800	N	\$ 1,800						\$ -				1,800		\$ 1,800									
75	2004 TAB Admin Fee FY 2017	Fees	5/1/2004	5/1/2034	Willdan	Annual administrative fee for bond issuance		3,000	N	\$ 3,000						\$ -				3,000		\$ 3,000									
76	2006 TAB Admin Fee FY 2017	Fees	6/1/2006	6/1/2036	Wells Fargo	Annual administrative fee for bond issuance		2,000	N	\$ 2,000						\$ -				2,000		\$ 2,000									
77	2006 TAB Admin Fee FY 2017	Fees	6/1/2006	6/1/2036	Willdan	Annual administrative fee for bond issuance		700	N	\$ 700						\$ -				700		\$ 700									
78									N	\$ -						\$ -						\$ -									
79									N	\$ -						\$ -						\$ -									
80									N	\$ -						\$ -						\$ -									
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85									N	\$ -						\$ -						\$ -									
86									N	\$ -						\$ -						\$ -									
87									N	\$ -						\$ -						\$ -									
88									N	\$ -						\$ -						\$ -									
89									N	\$ -						\$ -						\$ -									



**Hayward Recognized Obligation Payment Schedule (ROPS 16-17) - Report of Cash Balances  
(Report Amounts in Whole Dollars)**

Pursuant to Health and Safety Code section 34177 (I), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see <a href="#">CASH BALANCE TIPS SHEET</a>									
A	B	C	D	E	F	G	H	I	
Cash Balance Information by ROPS Period		Fund Sources						Comments	
		Bond Proceeds		Reserve Balance		Other	RPTTF		
		Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin		
<b>ROPS 15-16A Actuals (07/01/15 - 12/31/15)</b>									
1	Beginning Available Cash Balance (Actual 07/01/15)			21,132	294,664		-	From M/C Determination	
2	Revenue/Income (Actual 12/31/15) RPTTF amounts should tie to the ROPS 15-16A distribution from the County Auditor-Controller during June 2015					34,343	3,004,369		
3	Expenditures for ROPS 15-16A Enforceable Obligations (Actual 12/31/15)				898		1,175,334		
4	Retention of Available Cash Balance (Actual 12/31/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)				-	38,592	1,126,448	Taken from 1516B RB and OF	
5	ROPS 15-16A RPTTF Balances Remaining	No entry required						702,587	
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ -	\$ -	\$ 21,132	\$ 293,766	\$ (4,249)	\$ -		
<b>ROPS 15-16B Estimate (01/01/16 - 06/30/16)</b>									
7	Beginning Available Cash Balance (Actual 01/01/16) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ -	\$ -	\$ 21,132	\$ 1,420,214	\$ 34,343	\$ 702,587		
8	Revenue/Income (Estimate 06/30/16) RPTTF amounts should tie to the ROPS 15-16B distribution from the County Auditor-Controller during January 2016					32,336	3,423,191		
9	Expenditures for ROPS 15-16B Enforceable Obligations (Estimate 06/30/16)				1,126,448	38,592	3,885,216	Approved Max. 15-16B Obligation Totals	
10	Retention of Available Cash Balance (Estimate 06/30/16) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)			26,080	200,000			16-17 OF and RB	
11	Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)	\$ -	\$ -	\$ (4,948)	\$ 93,766	\$ 28,087	\$ 240,562		





March 14, 2016

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

Dear Ms. McAdoo:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Hayward Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on January 29, 2016. Finance has completed its review of the ROPS 16-17.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 48 – The total outstanding balance for the Reentered Repayment Agreement (Reentry Agreement) with the City of Hayward is overstated. Finance maintains that the balance for this item is overstated. The Reentered Agreement was approved by the Oversight Board on May 21, 2012 for a loan repayment in the amount of \$7,789,843. Therefore, Finance initially determined that the outstanding loan balance reported on the Agency's ROPS Detail Form should be \$7,789,843.

During the ROPS 15-16B Meet and Confer, the Agency contended at the time the Reentered Agreement was approved and executed, the outstanding obligation was estimated to be \$7,789,843, which excluded \$2.2 million that was repaid in March 2011, but subsequently clawed back as part of the Due Diligence Review (DDR). The Agency also contended that the Oversight Board (OB) approved Resolution No. 2015-05 is clarification, not a reentered agreement, in order to reflect the amount that is outstanding based on the Reentered Agreement that was previously approved in 2012. However, Finance denied Resolution No. 2015-05 in our letter dated November 13, 2015 because at the time of execution of the 2012 Reentered Agreement, the outstanding balance was \$7,789,843. Furthermore, HSC section 34178 (a) states that an agency shall not enter or reenter into any agreements with the sponsoring entity. Therefore, the OB does not have the authority to reenter into an agreement with the City of Hayward (City) for the \$2.2 million that was returned as part of the DDR.

We are approving a loan repayment of \$800,000 in Redevelopment Property Tax Trust Fund (RPTTF) funding on ROPS 16-17; therefore, the outstanding loan balance on the subsequent ROPS should be updated to reflect the loan repayment made during the

ROPS 15-16B and ROPS 16-17 periods. In regards to the \$2.2 million that was returned as part of the DDR, if the OB makes a finding that the loan was for legitimate redevelopment purposes, and it meets the definition of a loan, the loan may be placed on a future ROPS for repayment. Refer to HSC section 34191.4 (b) for more guidance.

- Item No. 64 – Housing Authority Administrative Cost Allowance in the amount of \$150,000 is not allowed. Finance continues to deny this item. Finance denied this item on prior reviews because pursuant to HSC section 34171 (p), the housing entity administrative cost allowance is applicable only in cases where the city, county, or city and county that authorized the creation of the redevelopment agency (RDA) elected to not assume the housing functions. Because the housing entity to the former redevelopment agency of the City is the City-formed Housing Authority (Authority) and the Authority operates under the control of the City, the Authority is considered the City under Dissolution Law (ABx1 26 and AB 1484).

The Agency contends that the City elected not to retain the housing functions, but the Authority, as a separate legal entity from the City, did retain the housing functions pursuant to HSC section 34176 (b) (2) and should therefore be eligible for the housing entity administrative allowance. However, pursuant to HSC section 34167.10 (a), the definition of “city” includes, but is not limited to, any reporting entity of the city for purposes of its comprehensive annual financial report (CAFR), any component unit of the city, or any entity controlled by the city or for which the city is financially responsible or accountable. HSC section 34167.10 (a) defines “city” for purposes of all of Dissolution Law, which includes HSC section 34171, as amended by AB 471, and HSC section 34176. The Authority is included in the City’s CAFR, which identifies the Authority as a component unit of the City and states that the City is financially accountable for the component units.

Although the Authority is a separate legal entity from the City, HSC section 34167.10 (c) states that it shall not be relevant that the entity is formed as a separate legal entity. It should also be noted that HSC section 34167.10 (c) goes on to state that “the provisions of this section are declarative of existing law as the entities described herein are and were intended to be included within the requirements of this part [Part 1.8] and Part 1.85...and any attempt to determine otherwise would thwart the intent of these two parts.” Therefore, based on our review, the City, by way of the Authority, elected to retain the housing functions pursuant to HSC section 34176 (a) and is not eligible for \$150,000 of housing entity administrative allowance from Administrative RPTTF funding.

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance’s determination with respect to any items on your ROPS 16-17, except for those items which are the subject of litigation disputing Finance’s previous or related determinations, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance’s website below:

[http://www.dof.ca.gov/redevelopment/meet\\_and\\_confer/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Pursuant to HSC section 34177 (I) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable

obligations. During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Therefore, with the Agency's concurrence, the funding source for the following items has been reclassified to Other Funds and in the amounts specified below:

- Item No. 6 – 2006 Tax Allocation Bonds in the amount of \$119,530. The Agency requests \$271,504 of RPTTF for July 1, 2016 through December 31, 2016 (ROPS A period); however, Finance is reclassifying \$119,530 to Reserve Balance. This item is an enforceable obligation for the ROPS 16-17 period. However, the obligation does not require payment from property tax revenues and the Agency has \$119,530 in available Reserve Balance. Therefore, Finance is approving RPTTF in the amount of \$151,974 and the use of Reserve Balance in the amount of \$119,530, totaling \$271,504 for the ROPS A period.
- Item No. 37 – Property Disposition Costs in the amount of \$50,000. The Agency requests \$167,654 of RPTTF for January 1, 2017 through June 30, 2017 (ROPS B period); however, Finance is reclassifying \$50,000 to Other Funds. This item is an enforceable obligation for the ROPS 16-17 period. However, the obligation does not require payment from property tax revenues and the Agency will receive \$50,000 in Other Funds during the ROPS B period. Therefore, Finance is approving RPTTF in the amount of \$33,827 and the use of available Other Funds in the amount of \$50,000, totaling \$83,827 for the ROPS B period.

The Agency's maximum approved RPTTF distribution for the reporting period is \$5,089,716 as summarized in the Approved RPTTF Distribution table on page 5 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the January 1, 2017 through June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to

HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF.

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

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Tracy Vesely, Finance Director, City of Hayward  
Ms. Carol S. Orth, Tax Analysis, Division Chief, Alameda County

**Attachment**

<b>Approved RPTTF Distribution</b>			
<b>For the period of July 2016 through June 2017</b>			
	<b>ROPS A Period</b>	<b>ROPS B Period</b>	<b>Total</b>
Requested RPTTF (excluding administrative obligations)	\$ 1,940,873	\$ 3,068,373	\$ 5,009,246
Requested Administrative RPTTF	200,000	200,000	400,000
<b>Total RPTTF requested for obligations on ROPS</b>	<b>2,140,873</b>	<b>3,268,373</b>	<b>\$ 5,409,246</b>
<b>Total RPTTF requested</b>	<b>1,940,873</b>	<b>3,068,373</b>	<b>5,009,246</b>
<u>Reclassified Items</u>			
Item No. 6	(119,530)	0	(119,530)
Item No. 37	0	(50,000)	(50,000)
	(119,530)	(50,000)	(169,530)
<b>Total RPTTF authorized</b>	<b>1,821,343</b>	<b>3,018,373</b>	<b>\$ 4,839,716</b>
<b>Total Administrative RPTTF requested</b>	<b>200,000</b>	<b>200,000</b>	<b>400,000</b>
<u>Denied Item</u>			
Item No. 64	(75,000)	(75,000)	(150,000)
<b>Total Administrative RPTTF authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>\$ 250,000</b>
<b>Total RPTTF approved for distribution</b>	<b>1,946,343</b>	<b>3,143,373</b>	<b>\$ 5,089,716</b>

May 17, 2016

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

Dear Ms. McAdoo:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated March 14, 2016. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Hayward Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period of July 1, 2016 through June 30, 2017 (ROPS 16-17) to Finance on January 29, 2016. Finance issued a ROPS determination letter on March 14, 2016. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on April 7, 2016.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific determinations being disputed.

- Item No. 48 – The total outstanding balance for the Reentered Repayment Agreement (Reentry Agreement) with the City of Hayward (City) is overstated. Finance maintains that the balance for this item is overstated. The Reentered Agreement was approved by the Oversight Board on May 21, 2012, for a loan repayment in the amount of \$7,789,843. Therefore, Finance determined that the outstanding loan balance reported on the Agency's ROPS Detail Form should be \$7,789,843 less the amount paid in ROPS 15-16B.

During the Meet and Confer process, the Agency continued to contend that at the time the Reentered Agreement was approved and executed, the outstanding obligation was estimated to be \$7,789,843, which excluded \$2.2 million that was repaid in March 2011, but subsequently clawed back as part of the Due Diligence Review (DDR). The Agency also continued contended that the Oversight Board (OB) approved Resolution No. 2015-05 is clarification, not a reentered agreement, in order to reflect the amount that is outstanding based on the Reentered Agreement that was approved in 2012. However, in our letter dated November 13, 2015, Resolution No. 2015-05 was denied because at the time of execution of the 2012 Reentered Agreement, the outstanding balance was \$7,789,843. Furthermore, HSC section 34178 (a) states that an agency shall not enter or reenter into any agreements with the sponsoring entity. Therefore, the

OB does not have the authority to reenter into an agreement with the City for the \$2.2 million that was returned as part of the DDR.

Finance is approving a loan repayment of \$800,000 in Redevelopment Property Tax Trust Fund (RPTTF) funding on ROPS 16-17; therefore, the outstanding loan balance on the subsequent ROPS should be updated to reflect the loan repayments made during the ROPS 15-16B and ROPS 16-17 periods. In regards to the \$2.2 million that was returned as part of the DDR, if the OB makes a finding that the loan was for legitimate redevelopment purposes, and it meets the definition of a loan, the loan may be placed on a future ROPS for repayment. Refer to HSC section 34191.4 (b) for more guidance.

- Item No. 64 – Housing Authority Administrative Cost Allowance in the amount of \$150,000 is not allowed. Finance continues to deny this item. During the Meet and Confer process, the Agency objected to Finance's determination; however, no new information or documents were provided. Finance denied this item because pursuant to HSC section 34171 (p), the housing entity administrative cost allowance is applicable only in cases where the city, county, or city and county that authorized the creation of the redevelopment agency (RDA) elected to not assume the housing functions. Because the housing entity to the former RDA of the City is the City-formed Housing Authority (Authority) and the Authority operates under the control of the City, the Authority is considered the City under Dissolution Law (ABx1 26 and AB 1484).

The Agency contends that the City elected not to retain the housing functions, but the Authority, as a separate legal entity from the City, did retain the housing functions pursuant to HSC section 34176 (b) (2) and should therefore be eligible for the housing entity administrative allowance. However, pursuant to HSC section 34167.10 (a), the definition of "city" includes, but is not limited to, any reporting entity of the city for purposes of its comprehensive annual financial report (CAFR), any component unit of the city, or any entity controlled by the city or for which the city is financially responsible or accountable. HSC section 34167.10 (a) defines "city" for purposes of all of Dissolution Law, which includes HSC section 34171, as amended by AB 471, and HSC section 34176. The Authority is included in the City's CAFR, which identifies the Authority as a component unit of the City and states that the City is financially accountable for the component units.

Although the Authority is a separate legal entity from the City, HSC section 34167.10 (c) states that it shall not be relevant that the entity is formed as a separate legal entity. It should also be noted that HSC section 34167.10 (c) goes on to state that "the provisions of this section are declarative of existing law as the entities described herein are and were intended to be included within the requirements of this part [Part 1.8] and Part 1.85...and any attempt to determine otherwise would thwart the intent of these two parts." Therefore, based on our review, the City, by way of the Authority, elected to retain the housing functions pursuant to HSC section 34176 (a) and is not eligible for \$150,000 of housing entity administrative allowance.

In addition, per Finance's letter dated March 14, 2016, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable

obligations. During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Therefore, with the Agency's concurrence, the funding source for the following items has been reclassified to Other Funds and in the amounts specified below:

- Item No. 6 – 2006 Tax Allocation Bonds in the amount of \$119,530. The Agency requests \$271,504 of RPTTF for July 1, 2016 through December 31, 2016 (ROPS A period); however, Finance is reclassifying \$119,530 to Reserve Balance. This item is an enforceable obligation for the ROPS 16-17 period. However, the obligation does not require payment from property tax revenues and the Agency has \$119,530 in available Reserve Balance. Therefore, Finance is approving RPTTF in the amount of \$151,974 and the use of Reserve Balance in the amount of \$119,530, totaling \$271,504 for the ROPS A period.
- Item No. 37 – Property Disposition Costs in the amount of \$50,000. The Agency requests \$167,654 of RPTTF for January 1, 2017 through June 30, 2017 (ROPS B period); however, Finance is reclassifying \$50,000 to Other Funds. This item is an enforceable obligation for the ROPS 16-17 period. However, the obligation does not require payment from property tax revenues and the Agency will receive \$50,000 in Other Funds during the ROPS B period. Therefore, Finance is approving RPTTF in the amount of \$33,827 and the use of available Other Funds in the amount of \$50,000, totaling \$83,827 for the ROPS B period.

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 16-17.

The Agency's maximum approved RPTTF distribution for the reporting period is \$5,089,716 as summarized in the Approved RPTTF Distribution table on page 5 (see Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the January 1, 2017 through June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

<http://www.dof.ca.gov/redevelopment/ROPS>

This is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All

items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-3274.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Tracy Vesely, Finance Director, City of Hayward  
Ms. Carol S. Orth, Tax Analysis, Division Chief, Alameda County

Attachment

Approved RPTTF Distribution For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	\$ 1,940,873	\$ 3,068,373	\$ 5,009,246
Requested Administrative RPTTF	200,000	200,000	400,000
<b>Total RPTTF requested for obligations on ROPS</b>	<b>2,140,873</b>	<b>3,268,373</b>	<b>\$ 5,409,246</b>
<b>Total RPTTF requested</b>	<b>1,940,873</b>	<b>3,068,373</b>	<b>5,009,246</b>
<u>Reclassified Items</u>			
Item No. 6	(119,530)	0	(119,530)
Item No. 37	0	(50,000)	(50,000)
	(119,530)	(50,000)	(169,530)
<b>Total RPTTF authorized</b>	<b>1,821,343</b>	<b>3,018,373</b>	<b>\$ 4,839,716</b>
<b>Total Administrative RPTTF requested</b>	<b>200,000</b>	<b>200,000</b>	<b>400,000</b>
<u>Denied Item</u>			
Item No. 64	(75,000)	(75,000)	(150,000)
<b>Total Administrative RPTTF authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>\$ 250,000</b>
<b>Total RPTTF approved for distribution</b>	<b>1,946,343</b>	<b>3,143,373</b>	<b>\$ 5,089,716</b>