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DATE: January 5, 2010

TO: Redevelopment Agency Board Members
Mayor and City Council

FROM: Redevelopment Director

SUBJECT: Adoption of the Annual Report of Redevelopment Agency Activities
For FY 2009

RECOMMENDATION

That the Agency Board adopts the attached resolution approving the Annual Report of Redevelopment Agency Activities for FY 2009 and presents the report to the City Council; and

That the City Council adopts the attached resolution, receiving the Annual Report of Redevelopment Agency Activities for FY 2009.

BACKGROUND

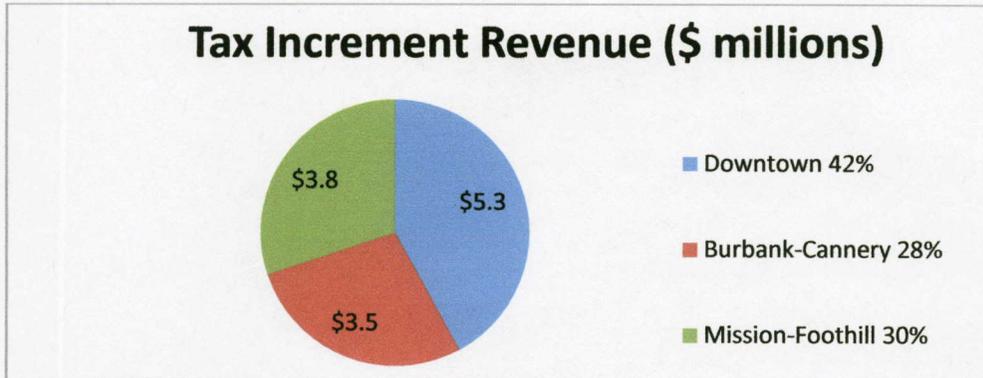
California Redevelopment Law requires the Redevelopment Agency to present an Annual Report to the City Council, and that the City Council reviews the report and takes any action deemed appropriate. The report is then filed with the State Controller. The report contains four major components: 1) the Agency's Independent Financial Audit for FY 2009; 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".

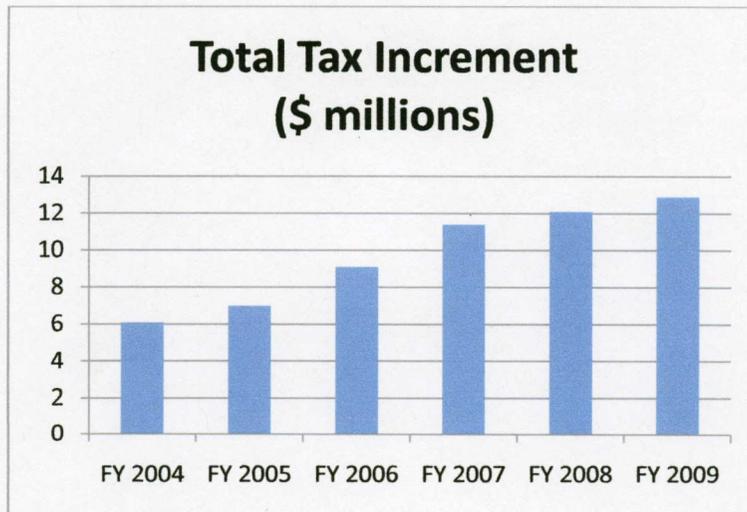
DISCUSSION

Tax Increment Revenue: The Agency's total tax increment revenue was \$12.6 million for FY 2009 compared to \$12.1 million for FY 2008, which reflects a growth rate of approximately 4%. This growth rate is less than the growth rate of 6% during FY 2008, and it is significantly less than the

growth rate of 26% during FY 2007 and prior years, when the housing sector was much stronger. Approximately 42% of the tax increment is generated in the Downtown sub-area, 28% in the Burbank-Cannery sub-area, and 30% in the Mission-Foothill sub-area.

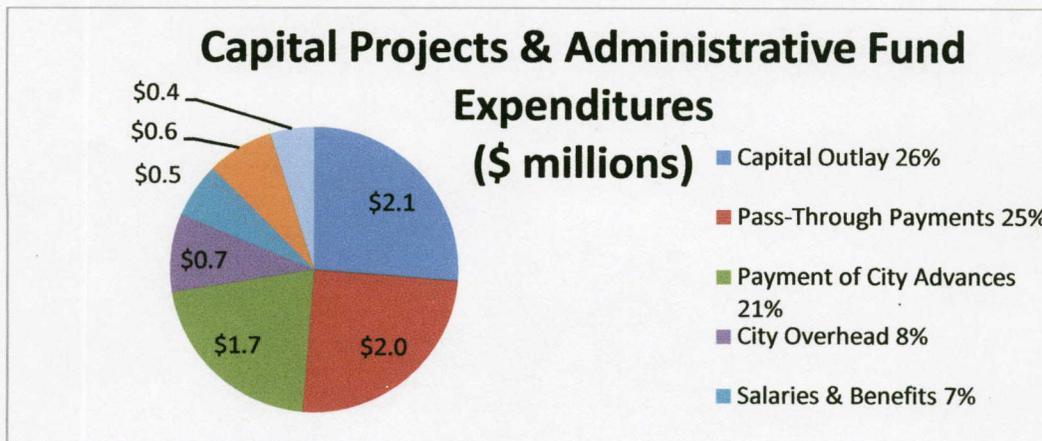


In recent years the tax increment generated by the latter two sub-areas has increased relative to the Downtown. However, in FY 2009, the tax increment generated in the Burbank-Cannery sub-area declined relative to the Mission Sub-Area, most likely as a result of the recession in the housing market. Property tax revenue is expected to slowly increase in this sub-area as the Cannery Place residential development proceeds over the next five to seven years, albeit at reduced levels from previous expectations. For FY 2010, the Agency's total property tax revenue is currently projected to decline by approximately 17% due to economic declines, including the reduction in value of commercial properties such as the Mervyns headquarters on Foothill Boulevard, and auto-oriented properties on Mission Boulevard.



Tax Increment Expenditures: The Agency's expenditures from its primary source of income, Tax Increment Revenue, are in four operating funds: the Capital Projects Fund, the Tax Allocation Bond Fund, the Low and Moderate Income Housing Fund, and Agency Indebtedness Fund. In FY 2009, expenditures from each fund were as follows:

1. **Capital Projects Fund:** The Agency's expenditures from its Capital Projects/Administrative Fund totaled \$8.0 million for FY 2009. Major expenditures from this fund included:
 - \$2.1 million (26%) for property acquisition including the Mission Boulevard properties between Pinedale Court and Sycamore Ave;
 - \$2.0 million (25%) for annual statutory pass-through payments to other taxing entities in the Redevelopment Project Area.
 - \$1.7 million (21%) toward repayment of advances from the City General, Water, and Sewer funds for previous projects, such as the City Hall Parking Structure, B Street sidewalk reconstruction, and B & Foothill property;
 - \$657,000 (8%) for administrative charges from the City;
 - \$529,000 (7%) for employee salaries and benefits;
 - \$607,000 (8%) for supplies and services including legal, consulting, and special initiative including the Downtown Clean and Green Program and the Retail Attraction Program;
 - \$433,000 (5%) for interest and fiscal charges; and



As of the end of FY 2009, the fund balance in the Capital Projects/Administrative Fund was approximately \$10.9 million. Of this amount, \$3.7 million is actually the value of Agency land held for resale (including the Sycamore/Pinedale properties), resulting in an undesignated fund balance of approximately \$7.2 million at the end of FY 2009.

The Agency Board conditionally committed to provide local agency matching funds of up to \$12.7 million for public improvements for the South Hayward BART transit-oriented development proposed by Wittek and Montana. This commitment cannot be funded from immediately available fund balances; therefore, funding for this major project would likely require the issuance of tax allocation bonds, or some other debt instrument, or an infusion of outside capital to generate the needed funds.

2. **Tax Allocation Bond Funds:** The major Redevelopment Project expenditures from the Tax Allocation Bonds (TABS) Capital Projects Fund totaled approximately \$2.5 million net in FY 2009, primarily for the completion of the extension of Filbert Street and the new Burbank School. These activities, as well as parking improvements in the downtown, were

financed from the proceeds of the 2004 and 2006 Tax Allocation Bonds. The Agency's balance sheet shows a balance of \$6.8 million in TABS; however, \$5.9 million of that amount is actually an appraised value of the Residual Burbank School Site, which was deeded to the Agency by the HUSD, pursuant to the Public Facilities Development Agreement. When the Residual Burbank School Site is sold, the sale proceeds will defray the cost of the construction of the new school. The remaining TAB funds, in the amount of approximately \$0.8 million, are expected to be fully drawn down by the end of FY 2010 for outstanding school, park, and public works obligations in the Cannery Area and the downtown.

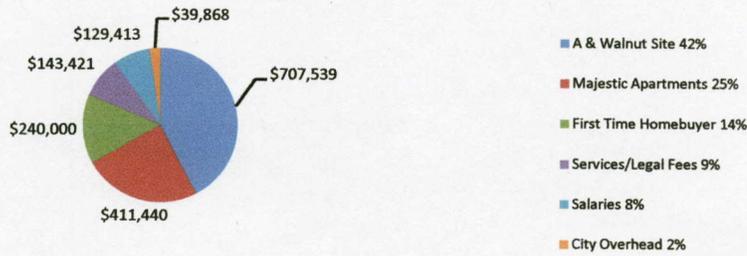
3. Low and Moderate Income Housing Fund: As required by California Community Redevelopment Law, the Low and Moderate Income Housing (Low/Mod) Fund receives 20% of the Agency's gross tax increment revenue. For FY 2009, that amount was approximately \$2.5 million. Of that amount, approximately \$1.7 million was spent during the year for housing-related activities, and the difference was added to the fund balance. The Low/Mod Fund balance was approximately \$12.4 million at the end of FY 2009. 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 \$1.9 million in "excess surplus" Low/Mod funds at end of FY 2009. The schedule also shows the projected cumulative excess surplus for FY 2010 is reduced to \$1.1 million. Excess surplus is determined by formula under Redevelopment Law, and these funds must be expended within a three year time period from when the excess surplus was initially identified. 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 until the excess surplus and additional Low/Mod funds are spent.

In January 2009, recommendations for the use of the Low/Mod funds were presented to the City Council. Subsequently the Agency Board conditionally committed to provide local agency matching funds in the amount of \$7.1 million for affordable housing for the South Hayward BART transit- oriented development proposed by Wittek and Montana, and their partner, Eden Housing. (This is in addition to the \$12.7 from the Capital Projects Fund.) In addition, in FY 2009 the Agency entered into discussions with Eden Housing for the acquisition and rehabilitation of Tennyson Gardens, which led to the issuance of mortgage revenue bonds and approval of an Agency loan in the amount of \$1.5 million for this project, in FY 2010. These commitments, along with other expenditures in FY 2009, have had the effect of reducing the Low/Mod "excess surplus".

The largest expenditure from the Low/Mod Fund during FY 2009 was \$707,539 for the purchase of vacant land at A and Walnut Streets for future affordable housing development. This 32,015 square foot site was surplus property from when the A Street overpass was constructed in the early 1980's and has remained vacant since.

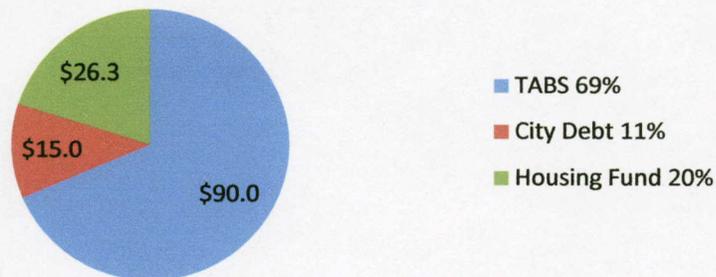
Low and Moderate Income Housing Fund Expenditures



The Agency also advanced \$411,440 against a loan in the amount of \$750,000 for the seismic retrofit of the Majestic Apartments on Torrano Avenue. The apartment 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. Other activities funded through the Low/Mod Fund in FY 2009 included twelve loans under the First-Time Homebuyer program totaling \$240,000. Additionally, \$38,420 was spent on consultant services to initially update the Housing Element.

4. Agency Indebtedness: 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 \$131.3 million. This amount includes \$90 million for TABS (total principal and interest to maturity), loans and advances of \$15 million that the City made to the Agency, and an estimated \$26.3 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.

Indebtedness (\$ millions)



ECONOMIC IMPACT

No significant economic impact directly results from the approval of the Annual Report; however, the submission of the Annual Report is necessary to support the operation of the Redevelopment Agency and to receive property tax increment. The Agency's funds and operations are used to eliminate blight, revitalize the Redevelopment Project Area, and to create and preserve affordable housing, with the objective of enhancing the quality of life for Hayward residents.

FISCAL IMPACT

In the event that the Agency Board does not approve the Annual Report to the State, the Agency could be subject to a forfeiture of up to \$10,000 in tax increment.

PUBLIC CONTACT

The Annual Report for Redevelopment Agency Activities for FY 2008 was presented to the City Council/Agency Board in December 2008 for adoption. In February 2009, a report on strategies to address foreclosures, new First-Time Homebuyer Program guidelines, and proposed affordable housing developments was presented to the City Council/Agency Board. In October 2009, an update on the Agency budget was presented to the City Council/Agency Board.

NEXT STEPS

Staff has already filed a draft of the FY 2009 Annual Report with the State Controller's Office prior to December 31, 2009, as required by California Health and Safety Code, in order to avoid monetary penalties for late filing. Should the Agency Board make any changes to the Annual Report before approving, staff will make the necessary changes to the documents and re-file the Report with the State Controller.

Prepared by: Maret Bartlett, Redevelopment Director

Recommended by: Fran David, Assistant City Manager

Approved by:



Gregory T. Jones, City Manager

Attachments:

Attachment I – Agency Resolution Adopting FY 2009 Annual Report

Attachment II – Council Resolution Acknowledging Receipt of FY 2009 Annual
Report
Attachment III – Agency Annual Report for FY 2009

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

RESOLUTION NO. RA-_____

Introduced by Agency Member _____

RESOLUTION ADOPTING THE ANNUAL REPORT OF
REDEVELOPMENT AGENCY ACTIVITIES FOR FISCAL
YEAR 2009

BE IT RESOLVED by the Redevelopment Agency of the City of Hayward that it does hereby adopt the "Annual Report of Redevelopment Agency Activities for FY 2009" and directs that the report be filed with the Office of the State Controller.

BE IT FURTHER RESOLVED that the Redevelopment Agency of the City of Hayward hereby forwards a copy of the annual report to the City Council of the City of Hayward for its review and appropriate action.

HAYWARD, CALIFORNIA _____

ADOPTED BY THE FOLLOWING VOTE:

AYES: AGENCY MEMBERS:

NOES: AGENCY MEMBERS:

ABSTAIN: AGENCY MEMBERS:

ABSENT: AGENCY MEMBERS:

ATTEST: _____
Secretary of the Redevelopment Agency
of the City of Hayward

APPROVED AS TO FORM:

General Counsel

ATTACHMENT III

ANNUAL REPORT

OF

REDEVELOPMENT AGENCY ACTIVITIES

FOR

FY 2009

Redevelopment Agency of the City of Hayward

December 2009

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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, 2009, Independent Auditors' Report and Independent Auditors' Compliance Report.

B. Annual Report of Financial Transactions for FY 2009

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 2009 Tax Year

APPENDIX A
INDEPENDENT FINANCIAL AUDIT
FOR FY 2009

Redevelopment Agency of the City of Hayward

December 2009

**REDEVELOPMENT AGENCY
OF THE CITY OF HAYWARD**

COMPONENT UNIT FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

(With Independent Auditors' Report Thereon)

**REDEVELOPMENT AGENCY
OF THE CITY OF HAYWARD**

COMPONENT UNIT FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

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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, 2009, 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. The prior year partial comparative information has been derived from the financial statements of the Redevelopment Agency of the City of Hayward for the year ended June 30, 2008 and, in our report dated December 16, 2008, we expressed an unqualified opinion on those financial statements.

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, 2009, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of the Agency's basic financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relations to the basic financial statements taken as a whole.

Redevelopment Agency of the
City of Hayward, California
Page Two

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2009 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
November 30, 2009

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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, 2009

(With comparative information for the prior year)

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Assets:		
Cash and investments (note 2)	\$ 22,561,517	29,113,306
Cash and investments with fiscal agent (note 2)	4,011,163	9,339,174
Accounts receivable	275,624	275,624
Interest receivable	96,559	186,553
Loans receivable (notes 4b & 4c)	39,217,645	3,793,188
Land held for redevelopment (note 4a)	10,272,570	4,154,570
Capital assets not depreciated (note 5)	5,277,955	43,015,173
Capital assets being depreciated (note 5)	<u>14,544,419</u>	<u>14,922,735</u>
Total assets	<u>96,257,452</u>	<u>104,800,323</u>
Liabilities:		
Accounts payable	857,704	2,302,315
Accrued liabilities	1,698,134	2,434,066
Interest payable	866,257	887,424
Refundable deposits	619,833	2,309,796
Long-term debt (note 6):		
Due within one year	3,040,000	2,950,000
Due in more than one year	<u>61,501,985</u>	<u>64,286,913</u>
Total liabilities	<u>68,583,913</u>	<u>75,170,514</u>
Net assets:		
Invested in capital assets, net of related debt	-	40,169
Restricted for:		
Low and moderate income housing	16,742,363	14,020,024
Unrestricted	<u>10,931,176</u>	<u>15,569,616</u>
Total net assets	<u>\$ 27,673,539</u>	<u>29,629,809</u>

See accompanying notes to financial statements

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2009

(With comparative information for the prior year)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2009	2008
Governmental activities:						
Redevelopment	\$ 11,288,376	88,887	-	658,232	(10,541,257)	(658,091)
Interest on long-term debt	3,084,052	-	-	-	(3,084,052)	(3,000,406)
Total governmental activities	<u>\$ 14,372,428</u>	<u>88,887</u>	<u>-</u>	<u>658,232</u>	<u>(13,625,309)</u>	<u>(3,658,497)</u>
General revenues:						
Tax increment					10,657,184	10,729,476
Investment income					939,711	969,558
Other revenues					72,144	112,113
Total general revenues					<u>11,669,039</u>	<u>11,811,147</u>
Change in net assets					(1,956,270)	8,152,650
Net assets at beginning of year					<u>29,629,809</u>	<u>21,477,159</u>
Net assets at end of year					<u>\$ 27,673,539</u>	<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 2009. 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.

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REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2009

(With comparative information for the prior year)

	General	TABs	Low and	Debt Service	Totals	
	Capital	Capital	Moderate		Fund	2009
	Projects	Projects	Income Housing			
Assets:						
Cash and investments	\$ 8,868,757	2,055,862	11,636,898	-	22,561,517	29,113,306
Cash and investments with fiscal agent	-	-	-	4,011,163	4,011,163	9,339,174
Accounts receivable	275,624	-	-	-	275,624	275,624
Interest receivable	35,451	9,779	51,329	-	96,559	186,553
Loans receivable	34,835,254	-	4,382,391	-	39,217,645	3,793,188
Land held for redevelopment	<u>3,695,031</u>	<u>5,870,000</u>	<u>707,539</u>	-	<u>10,272,570</u>	<u>4,154,570</u>
Total assets	<u>\$ 47,710,117</u>	<u>7,935,641</u>	<u>16,778,157</u>	<u>4,011,163</u>	<u>76,435,078</u>	<u>46,862,415</u>
Liabilities:						
Accounts payable	\$ 183,956	641,442	32,306	-	857,704	2,302,315
Accrued liabilities	1,694,095	551	3,488	-	1,698,134	2,434,066
Deferred revenue	34,835,254	-	4,382,391	-	39,217,645	3,793,188
Refundable deposits	<u>78,000</u>	<u>541,833</u>	-	-	<u>619,833</u>	<u>2,309,796</u>
Total liabilities	<u>36,791,305</u>	<u>1,183,826</u>	<u>4,418,185</u>	-	<u>42,393,316</u>	<u>10,839,365</u>
Fund balance:						
Reserved for:						
Capital outlay	-	881,815	-	-	881,815	9,815,620
Land held for redevelopment	3,695,031	5,870,000	707,539	-	10,272,570	4,154,570
Low and moderate income housing	-	-	11,652,433	-	11,652,433	10,276,836
Debt service	-	-	-	4,011,163	4,011,163	4,017,559
Unreserved, undesignated	<u>7,223,781</u>	-	-	-	<u>7,223,781</u>	<u>7,758,465</u>
Total fund balances	<u>10,918,812</u>	<u>6,751,815</u>	<u>12,359,972</u>	<u>4,011,163</u>	<u>34,041,762</u>	<u>36,023,050</u>
Total liabilities and fund balances	<u>\$ 47,710,117</u>	<u>7,935,641</u>	<u>16,778,157</u>	<u>4,011,163</u>	<u>76,435,078</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, 2009

Total fund balances reported on the governmental funds balance sheet \$ 34,041,762

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 19,822,374

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	39,217,645
Interest payable	(866,257)

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	<u>(64,541,985)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 27,673,539

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, 2009

(With comparative information for the prior year)

	General	TABs	Low and	Debt Service	Totals	
	Capital	Capital	Moderate		2009	2008
	Projects	Projects	Income Housing	Fund		
Revenues:						
Incremental property taxes	10,104,170	-	2,526,043	-	12,630,213	12,082,986
Use of money and property	201,723	319,604	507,248	110,240	1,138,815	2,350,402
Charges for services	-	-	23	-	23	25,000
School District reimbursement	381,868	-	-	-	381,868	493,644
Park developer fees	166,223	-	-	-	166,223	-
Other	38,180	-	33,964	-	72,144	112,103
Total revenues	10,892,164	319,604	3,067,278	110,240	14,389,286	15,064,135
Expenditures:						
Current						
Redevelopment:						
Salaries and benefits	528,858	-	129,413	-	658,271	612,663
Services and supplies	528,035	-	143,421	-	671,456	508,783
Administrative charges from the City of Hayward	657,027	-	39,868	-	696,895	614,739
First-time home buyers program	79,500	-	671,440	-	750,940	788,560
Pass-through payments (note 7)	1,973,029	-	-	-	1,973,029	1,353,510
Developer assistance	-	-	-	-	-	1,139,150
Capital outlay	2,133,559	2,515,012	-	-	4,648,571	24,975,742
Debt service:						
Payment of advances	1,680,000	-	-	-	1,680,000	1,655,000
Principal	-	-	-	1,270,000	1,270,000	1,210,000
Interest and fiscal charges	433,058	-	-	2,672,161	3,105,219	2,973,961
Total expenditures	8,013,066	2,515,012	984,142	3,942,161	15,454,381	35,832,108
Excess (deficiency) of revenues over expenditures	2,879,098	(2,195,408)	2,083,136	(3,831,921)	(1,065,095)	(20,767,973)
Other financing sources (uses)						
Proceeds of advances	255,072	-	-	-	255,072	-
Transfers from the City (note 3)	-	-	-	-	-	1,609,383
Transfers to the City (note 3)	(1,171,265)	-	-	-	(1,171,265)	(795,895)
Transfers in (note 3)	3,441,000	7,578	-	3,833,103	7,281,681	4,340,038
Transfers out (note 3)	(3,820,004)	(3,454,099)	-	(7,578)	(7,281,681)	(4,340,038)
Total other financing sources (uses)	(1,295,197)	(3,446,521)	-	3,825,525	(916,193)	813,488
Net change in fund balances	1,583,901	(5,641,929)	2,083,136	(6,396)	(1,981,288)	(19,954,485)
Fund balances at beginning of year	9,334,911	12,393,744	10,276,836	4,017,559	36,023,050	55,977,535
Fund balances at end of year	\$ 10,918,812	6,751,815	12,359,972	4,011,163	34,041,762	36,023,050

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, 2009

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 \$ (1,981,288)

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	3,443,016
Capital outlay expenditures that were transferred to outside entities (notes 4 and 5)	(41,180,234)
Depreciation expense is deducted from the fund balance	(378,316)

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	1,270,000
Repayment of advances from the City of Hayward	1,680,000
Proceeds of advances from the City of Hayward	(255,072)

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	35,424,457
Interest payable	<u>21,167</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (1,956,270)

See accompanying notes to financial statements

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

(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 (GASB) 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, 2009

(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 Statement 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, 2009

(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, 2009

(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 \$5,000 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 Statement 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, 2009

(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 and capital 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, 2009

(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.

J. Prior Year Comparative Information

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's prior year financial statements, from which this selected data was derived. Certain minor reclassifications of prior year data may have been made in order to enhance their comparability with current year figures.

(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.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

(2) Cash and Investments, (Continued)

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.

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	\$22,561,517
Cash and investments with fiscal agent	<u>4,011,163</u>
Total cash and investments	<u>\$26,572,680</u>

Cash and investments as of June 30, 2009 consist of the following:

City of Hayward pooled investments	\$22,561,517
Investments	<u>4,011,163</u>
Total cash and investments	<u>\$26,572,680</u>

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

(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, 2009

(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>		
Money market mutual funds	<u>\$4,011,163</u>	none
Total investments	<u>\$4,011,163</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, 2009, 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, 2009 for money market mutual funds are AAA as provided by Standard and Poor's investment rating system.

(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, 2009 were as follows:

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

(3) Interfund Transactions.(Continued)

<u>Transfer In</u>	<u>Transfer Out</u>	<u>AMOUNT</u>
Debt Service Fund	General Capital Projects Fund	\$3,820,004 (a)
Debt Service Fund	TABs Capital Projects Fund	13,099 (a)
TABs Capital Projects Fund	Debt Service Fund	7,578 (b)
General Capital Projects Fund	TABs Capital Projects Fund	<u>3,441,000 (b)</u>
		<u>\$7,281,681</u>

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

(4) Redevelopment Activities

A. Land Held for Redevelopment

Land held for redevelopment of \$10,272,570 at June 30, 2009, 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. Land held for redevelopment increased by \$6.1 million in the year ended June 30, 2009 due to the land exchange of the old school site (see details below) and acquisitions on Mission Blvd. and A Street.

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

Capital Assets – 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 acquired by the Agency. The project was completed during the year ended June 30, 2009 for a total cost of \$35,944,664. The site and improvements have been conveyed to the School District in exchange for a portion of land owned by the School District (the old school site).

The Agency also agreed to deconstruct the old school site, and finance the cost of certain improvements to the adjacent Cannery Park, which will be jointly used by Hayward Area Recreation and Park District and the School District. This project was completed during the year ended June 30, 2009 for a total cost of \$6,813,260.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

(4) Redevelopment Activities, (Continued)

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

The site and improvements have been conveyed to the Hayward Area Recreation and Park District.

Receivables - 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. Through June 30, 2009, the Agency has retained \$623,255 in pass-through payments, \$166,223 of park in lieu fees, and \$362,692 of development fees. The remaining unreimbursed costs of \$29,958,717 for the School project and \$4,597,037 for Cannery Park have been recorded as a long-term receivable in the accompanying financial statements.

C. Loans Receivable

In addition to the loans noted above, 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.

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, 2009 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, 2009

(5) Capital Assets

Changes in the capital assets consisted of the following:

	Balance at June 30, <u>2008</u>	<u>Additions</u>	<u>Deletions*</u>	Balance at June 30, <u>2009</u>
Capital assets not being depreciated:				
Land	\$ 1,834,939	3,443,016	-	5,277,955
Construction in progress	<u>41,180,234</u>	<u>5,669,133</u>	<u>(46,849,367)</u>	<u>-</u>
Total capital assets not being depreciated	<u>43,015,173</u>	<u>9,112,149</u>	<u>(46,849,367)</u>	<u>5,277,955</u>
Capital assets being depreciated:				
Buildings	14,135,897	-	-	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>15,725,939</u>	<u>-</u>	<u>-</u>	<u>15,725,939</u>
Less accumulated depreciation for:				
Buildings	722,741	314,131	-	722,741
Improvements other than buildings	68,222	62,975	-	68,222
Machinery and equipment	<u>12,241</u>	<u>1,210</u>	<u>-</u>	<u>12,241</u>
Total accumulated depreciation	<u>803,204</u>	<u>378,316</u>	<u>-</u>	<u>803,204</u>
Net capital assets being depreciated	<u>14,922,735</u>	<u>(378,316)</u>	<u>-</u>	<u>14,544,419</u>
Capital assets, net	<u>\$57,937,908</u>	<u>8,733,833</u>	<u>(46,849,367)</u>	<u>19,822,374</u>

*See note 4 for additional information about construction in progress deletions.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

(6) Long-term Obligations

Changes in long-term obligations consist of the following:

<u>Type of Obligation</u>	<u>Outstanding at June 30, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding at June 30, 2009</u>	<u>Current Portion</u>
Bonds:					
2004 Tax Allocation Bonds	\$42,375,000	-	1,270,000	41,105,000	1,335,000
2006 Tax Allocation Bonds	11,800,000	-	-	11,800,000	-
Advances from the City:					
1990 Water Advance	1,383,196	-	410,000	973,196	435,000
2003 Sewer Advance	1,292,500	-	470,000	822,500	470,000
Agency Advance	<u>10,386,217</u>	<u>255,072</u>	<u>800,000</u>	<u>9,841,289</u>	<u>800,000</u>
Total	<u>\$67,236,913</u>	<u>255,072</u>	<u>2,950,000</u>	<u>64,541,985</u>	<u>2,320,000</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.

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, 2009 were \$41,105,000.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

(6) Long-term Obligations, (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>
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	1,595,000	1,775,357	3,370,357
2015-2019	9,145,000	7,705,492	16,850,492
2020-2024	11,580,000	5,253,015	16,833,015
2025-2029	8,840,000	1,863,663	10,703,663
2030-2034	<u>4,225,000</u>	<u>694,830</u>	<u>4,919,830</u>
Totals	<u>\$41,105,000</u>	<u>25,058,132</u>	<u>66,163,132</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, 2009 were \$11,800,000.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

(6) Long-term Obligations, (Continued)

Future debt service requirements on these bonds are as follows:

Year Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	85,000	553,300	638,300
2015-2019	470,000	2,713,544	3,183,544
2020-2024	575,000	2,603,188	3,178,188
2025-2029	5,040,000	2,281,006	7,321,006
2030-2034	2,345,000	1,142,906	3,487,906
2035-2036	<u>3,125,000</u>	<u>236,250</u>	<u>3,361,250</u>
Totals	<u>\$11,800,000</u>	<u>11,764,554</u>	<u>23,564,554</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, 2009

(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, 2009, the balance of the agreement is \$9,841,289.

(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 2009, the Agency calculated and remitted \$1,973,029 pass-through payments to the affected jurisdictions.

Since the Agency began making statutory pass through payments to other taxing entities in FY 2002, the Alameda County Auditor-Controller has maintained a position that pass through payments should be made to the Alameda County Education Revenue Augmentation Fund (County ERAF). The Agency has disputed this position as being inconsistent with California law, and up until FY 2009 the Agency has calculated and held those amounts aside until the dispute could be resolved. In FY 2009, AB 1389 was passed by the State legislature. The new law requires redevelopment agencies to submit an annual report to the County Auditor-Controller regarding their pass through payments; the County Auditor Controllers determine whether the redevelopment agencies are compliant and then issue a report to the State Auditor Controller. As a result of this process, the Alameda County Auditor Controller required the Agency to make payment to the County ERAF in the amount of \$995,486. The Agency, at the advice of legal council, made the payment under protest, and utilized the funds which it has been setting aside in previous years for that purposes.

AB1389 also required all redevelopment agencies to make a "special payment" to the State ERAF fund in FY 2009. This portion of the legislation was challenged in court, and was successfully overturned as an illegal use of redevelopment funds. Therefore, the Agency did not make a State ERAF payment in FY 2009. It should be noted that the State has adopted similar legislation in FY 2010, which is again being challenged by the California Redevelopment Association.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

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

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.

(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 \$1,085,703 as of June 30, 2009. 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.

The Agency has earmarked approximately \$7.1 million to the South Hayward BART Transit Oriented Development Project which included approximately 205 units of affordable housing. Further, the Low and Moderate Housing funds may be used in fiscal year 2010 to pay the State approximately \$4.4 million for the Supplemental Educational Revenue Augmentation Fund (SERAF) in accordance with assembly bill ABX426.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
 Computation of Low and Moderate Income
 Housing Fund - Excess Surplus
 June 30, 2009

Fund Balance - June 30, 2009		\$ 12,359,972
Less:		
Encumbrances		(1,500,000)
Land held for resale		<u>(707,539)</u>
Available Low/Moderate Income Housing Funds		10,152,433
Limitation (Greater of \$1,000,000 or Four Years Set-Aside):		
Set-aside for last four years		
2008 - 2009	2,526,042	
2007 - 2008	2,416,597	
2006 - 2007	2,293,128	
2005 - 2006	<u>1,830,963</u>	
Total set-aside for last four years	<u>9,066,730</u>	
Base limitation	<u>1,000,000</u>	
Greater Amount		<u>9,066,730</u>
Computed Excess Surplus - June 30, 2009		<u>\$ 1,085,703</u>



Mayer Hoffman McCann P.C.

An Independent CPA Firm

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949-263-5520 fx
www.mhm-pc.com

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, 2009, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated November 30, 2009. 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 November 30, 2009.

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 Melman P.C.

Irvine, California
November 30, 2009

APPENDIX B

**ANNUAL REPORT OF FINANCIAL TRANSACTIONS
FOR FY 2009**

Redevelopment Agency of the City of Hayward

December 2009

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	<input type="text" value="Sweeney"/>	<input type="text" value="Michael"/>	<input type="text"/>
Member	<input type="text" value="Henson"/>	<input type="text" value="Olden"/>	<input type="text"/>
Member	<input type="text" value="Dowling"/>	<input type="text" value="Kevin"/>	<input type="text"/>
Member	<input type="text" value="Halliday"/>	<input type="text" value="Barbara"/>	<input type="text"/>
Member	<input type="text" value="Quirk"/>	<input type="text" value="Bill"/>	<input type="text"/>
Member	<input type="text" value="Laveria May"/>	<input type="text" value="Anna"/>	<input type="text"/>
Member	<input type="text" value="Zermeno"/>	<input type="text" value="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	<input type="text" value="Jones"/>	<input type="text" value="Greg"/>	<input type="text"/>	<input type="text" value="(510) 583-4300"/>
Fiscal Officer	<input type="text" value="Auker"/>	<input type="text" value="Debra"/>	<input type="text"/>	<input type="text" value="(510) 583-4010"/>
Secretary	<input type="text" value="Lens"/>	<input type="text" value="Miriam"/>	<input type="text"/>	<input type="text" value="(510) 583-4401"/>

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?

Appendix B- Page 1

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?

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

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?

Appendix B - Page 2

Project Area Report

Fiscal Year 2009

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

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Assessed Valuation Data

Fiscal Year 2009

Project Area Name

Downtown Hayward Project Area

Frozen Base Assessed Valuation

622,930,415

Increment Assessed Valuation

1,148,297,168

Total Assessed Valuation

1,771,227,583

Appendix B - Page 4

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			804,663	\$804,663		
Cities			541,230	\$541,230		
School Districts			340,776	\$340,776		
Community College District			42,260	\$42,260		
Special Districts			244,100	\$244,100		
Total Paid to Taxing Agencies	\$0	\$0	\$1,973,029	\$1,973,029	\$0	\$0
Net Amount to Agency				\$10,657,184		
Gross Tax Increment Generated				12,630,213		

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Summary of the Statement of Indebtedness - Project Area

Fiscal Year 2009

Project Area Name

Downtown Hayward Project Area

Tax Allocation Bond Debt

90,056,205

Revenue Bonds

Other Long Term Debt

City/County Debt

11,636,985

Low and Moderate Income Housing Fund

26,264,907

Other

7,785,026

Total

\$135,743,123

Available Revenues

4,011,162

Net Tax Increment Requirements

\$131,731,961

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="City/County Debt"/>
Year of Authorization	<input type="text" value="1975"/>
Principal Amount Authorized	<input type="text" value="11,186,217"/>
Principal Amount Issued	<input type="text" value="11,186,217"/>
Purpose of Issue	<input type="text" value="Downtown city redevelopment"/>
Maturity Date Beginning Year	<input type="text" value="2008"/>
Maturity Date Ending Year	<input type="text" value="2036"/>
Principal Amount Unmatured Beginning of Fiscal Year	<input type="text" value="\$10,386,217"/>
Adjustment Made During Year	<input type="text"/>
Adjustment Explanation	<input type="text"/>
Interest Added to Principal	<input type="text" value="255,072"/>
Principal Amount Issued During Fiscal Year	<input type="text"/>
Principal Amount Matured During Fiscal Year	<input type="text" value="800,000"/>
Principal Amount Defeased During Fiscal Year	<input type="text"/>
Principal Amount Unmatured End of Fiscal Year	<input type="text" value="\$9,841,289"/>
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

Agency Long-Term Debt

Fiscal Year

Project Area Name

Forward from Prior Year	<input type="text" value="Yes"/>
Bond Type	<input type="text" value="City/County Debt"/>
Year of Authorization	<input type="text" value="1975"/>
Principal Amount Authorized	<input type="text" value="8,296,333"/>
Principal Amount Issued	<input type="text" value="8,296,333"/>
Purpose of Issue	<input type="text" value="Property Acquisition"/>
Maturity Date Beginning Year	<input type="text" value="1990"/>
Maturity Date Ending Year	<input type="text" value="2013"/>
Principal Amount Unmatured Beginning of Fiscal Year	<input type="text" value="\$2,675,696"/>
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" value="880,000"/>
Principal Amount Defeased During Fiscal Year	<input type="text"/>
Principal Amount Unmatured End of Fiscal Year	<input type="text" value="\$1,795,696"/>
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

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="2004"/>
Principal Amount Authorized	<input type="text" value="44,790,000"/>
Principal Amount Issued	<input type="text" value="44,790,000"/>
Purpose of Issue	<input type="text" value="New Capital Projects and Refunding"/>
Maturity Date Beginning Year	<input type="text" value="2004"/>
Maturity Date Ending Year	<input type="text" value="2034"/>
Principal Amount Unmatured Beginning of Fiscal Year	<input type="text" value="\$42,375,000"/>
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" value="1,270,000"/>
Principal Amount Defeased During Fiscal Year	<input type="text"/>
Principal Amount Unmatured End of Fiscal Year	<input type="text" value="\$41,105,000"/>
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

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

Statement of Income and Expenditures - Revenues

Fiscal Year

Project Area Name

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	Total
Tax Increment Gross <i>(Include All Apportionments)</i>	10,104,170		2,526,043		\$12,630,213
Special Supplemental Subvention					\$0
Property Assessments					\$0
Sales and Use Tax					\$0
Transient Occupancy Tax					\$0
Interest Income	521,327	110,240	507,248		\$1,138,815
Rental Income					\$0
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	586,271		33,987		\$620,258
Total Revenues	\$11,211,768	\$110,240	\$3,067,278	\$0	\$14,389,286

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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
Administration Costs	1,393,043		312,702		\$1,705,745
Professional Services	1,431,833				\$1,431,833
Planning, Survey, and Design					\$0
Real Estate Purchases					\$0
Acquisition Expense					\$0
Operation of Acquired Property					\$0
Relocation Costs					\$0
Relocation Payments					\$0
Site Clearance Costs					\$0
Project Improvement / Construction Costs	3,617,115				\$3,617,115
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	433,058	2,672,161			\$3,105,219
Fixed Asset Acquisitions			671,440		\$671,440
Subsidies to Low and Moderate Income Housing					\$0
Debt Issuance Costs					\$0
Other Expenditures Including Pass-Through Payment(s)	1,973,029				\$1,973,029
Debt Principal Payments:					
Tax Allocation Bonds and Notes		1,270,000			\$1,270,000
Revenue Bonds, Certificates of Participation, Financing Authority Bonds					\$0
City/County Advances and Loans	1,680,000				\$1,680,000
All Other Long-Term Debt					\$0
Total Expenditures	\$10,528,078	\$3,942,161	\$984,142	\$0	\$15,454,381
Excess (Deficiency) Revenues over (under) Expenditures	\$683,690	(\$3,831,921)	\$2,083,136	\$0	(\$1,065,095)

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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

2009

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)	-916,193				(\$916,193)
Operating Transfers In		3,825,525			\$3,825,525
Tax Increment Transfers In					\$0
Operating Transfers Out	3,825,525				\$3,825,525
Tax Increment Transfers Out					\$0
<i>(To the Low and Moderate Income Housing Fund)</i>					
Total Other Financing Sources (Uses)	(\$4,741,718)	\$3,825,525	\$0	\$0	(\$916,193)

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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

2009

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	(\$4,058,028)	(\$6,396)	\$2,083,136	\$0	(\$1,981,288)
Equity, Beginning of Period	\$21,728,655	\$4,017,559	\$10,276,836	\$0	\$36,023,050
Prior Period Adjustments					\$0
Residual Equity Transfers					\$0
Equity, End of Period	\$17,670,627	\$4,011,163	\$12,359,972	\$0	\$34,041,762

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

Balance Sheet - Assets and Other Debits

Fiscal Year	2009	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	10,924,619			11,636,898				\$22,561,517
Cash with Fiscal Agent			4,011,163					\$4,011,163
Tax Increments Receivable								\$0
Accounts Receivable	275,624							\$275,624
Accrued Interest Receivable	45,230			51,329				\$96,559
Loans Receivable	34,835,254			4,382,391				\$39,217,645
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

Appendix B - Page 16

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

Balance Sheet - Assets and Other Debits

Fiscal Year 2009	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	9,565,031		707,539				\$10,272,570
Allowance for Decline In Value of Land Held for Resale							\$0
Fixed Assets: Land, Structures, and Improvements						19,818,934	\$19,818,934
Equipment						3,440	\$3,440
Amount Available In Debt Service Fund					64,541,985		\$64,541,985
Amount to be Provided for Payment of Long-Term Debt							\$0
Total Assets and Other Debits	\$55,645,758	\$4,011,163	\$16,778,157	\$0	\$64,541,985	\$19,822,374	\$160,799,437

*(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	2009	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		825,398		32,306				\$857,704
Interest Payable								\$0
Tax Anticipation Notes Payable								\$0
Loans Payable								\$0
Other Liabilities		37,149,733		4,385,879				\$41,535,612
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						52,905,000		\$52,905,000
Lease Revenue, Certificates of Participation Payable, Financing Authority Bonds								\$0
All Other Long-Term Debt						11,636,985		\$11,636,985
Total Liabilities and Other Credits		\$37,975,131	\$0	\$4,418,185	\$0	\$64,541,985		\$106,935,301

Appendix B - Page 18

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Balance Sheet - Liabilities and Other Credits

Fiscal Year	2009	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							19,822,374	\$19,822,374
Fund Balance Reserved		10,446,846	4,011,163	12,359,972				\$26,817,981
Fund Balance Unreserved-Designated								\$0
Fund Balance Unreserved-Undesignated		7,223,781						\$7,223,781
Total Equities		\$17,670,627	\$4,011,163	\$12,359,972	\$0		\$19,822,374	\$53,864,136
Total Liabilities, Other Credits, and Equities		\$55,645,758	\$4,011,163	\$16,778,157	\$0	\$64,541,985	\$19,822,374	\$160,799,437

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	2009	
Operating Transfers In		\$3,825,525
Tax Increment Transfers In		\$0
Operating Transfers Out		\$3,825,525
Tax Increment Transfers Out		\$0

PROJECT AREA REPORT FY 2009

In FY 2009 the Hayward Redevelopment Agency initiated or continued work on the following activities:

ORIGINAL DOWNTOWN AREA & 1987 ANNEX SUB-AREA

In October 2008 the Cinema Place entertainment complex opened to the public with a grand-opening celebration for the Century Theatre. The development is 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 Cinemark USA/Century Theatres, and 19,500 square feet of restaurant and retail space. Additionally, there is a three-level, 244-space public parking structure on the rear of the Cinema Place site, which was constructed by the Agency/City and opened in December 2007. During the FY 2009 two food/restaurant tenants opened in the complex; however, leasing activity of the remaining retail/restaurant space was slow due to the recessionary state of the national economy, which has also impacted ticket sales for the theater. To that end, the Agency has worked closely with the developer and Century to promote the complex and to enhance the environment for customers, by offering incentives to prospective tenants, installing lighting along Theatre Alley (which extends from the theater to the parking structure), hiring garage security, and by commissioning artists to create decorative murals along Theatre Alley. The Agency continues to work with the California Regional Water Quality Control Board to remediate environmental conditions at the site.

The Retail Attraction Program provides loans to property owners and businesses to attract targeted retailers to fill persistent vacancies in downtown retail properties. It was initially funded in FY 2006 with \$550,000, and an additional \$1,500,000 was approved during FY 2009. Loans for two new businesses, the Golden Tea Garden and Yogurt Sugar Shack & Deli, were approved in FY 2009 in the amounts of \$30,000 and \$49,500, respectively. Both of the businesses opened during FY 2009 as well as the upscale Bijou Restaurant & Bar, which had received a loan under the program in FY 2008 in the amount of \$150,000. All of these new businesses are within walking distance to Cinema Place.

In December 2007 the Agency appropriated \$543,000 in funding for the Downtown Clean & Safe Program to improve environmental conditions in the downtown. During FY 2009, upgraded and additional street lights were installed along B Street and in Municipal Lot Two, new trash containers were installed throughout the downtown, and sidewalk cleanliness was addressed. Additionally, in an effort to thwart graffiti, staff initiated discussions with local artists to paint decorative murals on private buildings and on public utility infrastructure. Funding for the program was leveraged with contributions from the Downtown Business Improvement District (sidewalks) and Community Development Block Grant Funds (murals).

In June 2008 the Agency entered into an ENA with the MIKA Realty Group to redevelop the City Center Campus. The site includes the former 11-story City Hall, which is now

owned by MIKA, and Centennial Hall and a parking structure – both of which are owned by the City of Hayward. During FY 2009 the Agency negotiated with MIKA to sell the City-owned properties to MIKA for redevelopment with a new Hyatt Place hotel and conference facility, and with multi-family housing to be built on a podium above the existing garage. Additionally, MIKA would retrofit the office building as class A office space. Though the Agency and MIKA have negotiated the terms of a deal, progress on the project have been impacted by the economy; MIKA has been unable to secure financing for the project, and has also been unable to secure office building tenants. The Agency is exploring various financing options to assist the developer including the use of Recovery Act Economic Development bonds. Centennial Hall was closed in October 2009.

BURBANK/CANNERY SUB-AREA

The Agency made significant strides in its efforts to implement the Cannery Area Design Plan. In August 2008 construction of the new Burbank Elementary School was completed and the school opened. The new school is two stories and contains approximately 80,000 square feet, including 41 classrooms, music and science rooms, a teaching garden, and a separate kindergarten play area. The school also features a multi-purpose room which serves as a cafeteria, auditorium, gymnasium, and it is also available to the Hayward Area Recreation District (HARD) for recreational basketball use during non-school hours. The new school was built to house 850 students, as compared to the old school which housed 600 students in an overcrowded facility that included 25 portable classrooms. The expansion of Cannery Park and the construction of streets and parking surrounding these facilities were also completed August 2008. The park improvements include new restrooms, picnic facilities, distinctive climbing features and granite seats, a water play area, a skateboard facility, and a new basketball half-court. Additionally, two existing baseball fields were improved and lighting for nighttime use was installed. The Agency continues to work with the California Department of Toxic Substance Control to obtain case closure for environmental conditions at the site.

The old Burbank 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. However, in February 2009, due to the recessionary state of the economy, it was mutually agreed by the Agency and the developer to terminate negotiations. The Agency plans on issuing a new RFP to solicit new development proposals for the site, once the housing sector improves.

The recession also impacted housing development in the former Cannery Area. A total of 628 units had been approved for this site to date and were under construction by Meritage Homes and Citation Homes. Meritage lost its financing and halted construction in December 2008, and in early 2009, Meritage's partially completed units were demolished. Subsequently in the summer of 2009, the Meritage property was taken over

by Integral Communities. Citation Homes also temporarily halted construction in early 2009 at the site, but resumed later that year. Citation is temporarily leasing 16 completed duet-style units until the housing market improves, and is currently under construction on 28 additional townhomes. To the west of Cannery Place, Braddock and Logan also has a 112-unit development called The Terraces at Cross Creek under construction, and these are also temporarily being offered as rental units. None these developments are subject to Agency contracts; however, the Agency will receive tax increment from them, as well as park fees and school fees from the Cannery Place construction.

FOOTHILL/MISSION SUB-AREA

During fall of 2008 the City completed construction of new, redevelopment-funded street improvements in the Calhoun/Webster neighborhood east of Mission Boulevard. The improvements included installation of new curbs, gutters, and sidewalks on Douglas Street. In FY 2009 the Agency acquired and cleared four parcels of eight parcels on the west side of Mission Boulevard between Sycamore Avenue and Pinedale Court. These initial acquisitions included significantly blighted properties, which had been subject to fire damage. It is the Agency's intent is to assemble the block for redevelopment purposes. The Agency will continue to pursue acquisitions of these parcels as funds permit.

In June 2006 the City adopted the South Hayward BART/Mission Boulevard Concept Plan for the area extending along Mission Boulevard from Harder Road to Industrial Boulevard, including the South Hayward BART Station. The plan promotes intensified land uses to encourage the development of a transit-friendly, smart-growth area near the South Hayward BART Station. In the summer of 2009, the Agency funded the South Hayward BART/Mission Boulevard Form-Based Code Project to further refine the concept, vision, and design guidelines of the 2006 plan with zoning regulations, subdivision standards, and design standards.

Implementation of the South Hayward BART/Mission Boulevard Concept Plan was evidenced in March 2009 when a transit-oriented development by Wittek and Montana was approved by the City at the South Hayward BART station parking lots and former Perry and Key site along Mission Boulevard. The project consists of a mixed-use retail and housing development including 788 units of housing and a Safeway lifestyle store. The proposed housing includes 125 affordable family apartments and 81 affordable senior apartments to be developed by Eden Housing. The total cost of the project will be approximately \$242 million. Shortly thereafter, the City and Eden Housing submitted applications for State Proposition 1C funds in the amount of \$47 million, consisting of \$17 million for the affordable housing and \$30 million for public improvements. As part of the application process, the Agency has conditionally committed to provide local match funds of \$19.8 million, including \$12.7 million for public improvements and \$7.1 million affordable housing from the Low and Moderate Income Housing Fund. The City and Eden Housing were fully awarded the State Proposition 1C funds on June 30, 2009.

AFFORDABLE HOUSING

The 60-unit rental C & Grand Senior Housing Development by Eden Housing, Inc. was completed in the summer of 2008. This development had received a \$500,000 loan from Low and Moderate Income Housing funds in order to pay for unanticipated foundation costs, but was primarily funded by a HUD 202 grant, tax credits, and a land and cash contribution by Citation Homes, in fulfillment of its Inclusionary Housing obligation.

Rehabilitation and leasing of the 81-unit, Majestic Apartments was completed in early in 2009. In September 2007, the Agency approved a loan in the amount of \$750,000 from the Loan and Moderate Income Housing Fund for the seismic retrofit of this development, which is located on Torrano Avenue, off of Mission Boulevard, and the City had also approved and issued mortgage revenue bonds on to rehabilitate the units. These bonds are secured by the real estate, and paid through the project rent; they are not an obligation of the City.

In June 2009 the Agency purchased a 32,015 square foot vacant site on the corner of A and Walnuts Street along the northern edge of the Burbank/Cannery Area. The site was purchased for \$707,000 with Low and Moderate Income Housing funds in anticipation of future affordable housing development. The site was surplus property, acquired by the City of Hayward when the A Street overpass was constructed in the early 1980's.

At the end of FY 2009 work was completed on the rehabilitation of the Villa Springs apartment complex, which is located in the South Garden area of Hayward. During FY 2008 the Agency funded a loan to the owner, Eden Housing, in the amount of \$250,000 for roof replacement at the complex. All 61 units in the complex are now rented as affordable for low-income families.

In summer of 2009 the Agency negotiated with Eden Housing (Tennyson Preservation Limited Partnership) the terms of a loan in the amount of \$1.5 million from the Low and Moderate Income Housing Funds to rehabilitate the Tennyson Gardens a 96-unit affordable rental complex located on Tennyson Road. The loan will be leveraged with Multi-Family Housing Revenue Refunding bonds to assist in the transfer of a portion of the ownership interest and the refinance of existing obligations. It was anticipated that the loan would be brought to the Agency Board in fall of 2009 for approval.

Twelve loans amounting to a total of \$240,000 were made under the First-Time Homebuyer program in FY 2009. This program is also funded by the Low and Moderate Income Housing Fund. Also, the City's housing staff also applied for, and secured Federal Neighborhood Stabilization Program funds under the American Recovery and Reinvestment Act of 2008, in order to undertake a foreclosed home acquisition/rehabilitation and resale program. This program is getting underway.

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 including the follow projects referenced above:

- The Agency installed in the Calhoun/Webster neighborhood new curbs, gutters, and sidewalks on Douglas Street
- The Agency acquired and cleared fire-damaged structures on four parcels on the west side of Mission Boulevard between Sycamore Avenue and Pinedale Court.
- Through the Clean and Safe program mural were created on downtown buildings and utilities were painted with decorate art in an effort to thwart graffiti. Upgraded lighting was also installed downtown in an effort to reduce crime, and increase the sense of safety.
- The City Center Campus project promotes the redevelopment of the vacant 11-story office building in the downtown that has been the target of vandalism and crime.

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.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
--

LISTING OF LAND HELD FOR REDEVELOPMENT FY 2008-09

RDA General Capital Fund

Russell Way; 24,242 sq. ft. vacant parcel held for resale	\$212,000.00
24311 Mission Blvd acquisition 12/22/08	\$1,822,415.26
24491 Mission Blvd acquisition 10/17/08	\$1,660,615.70
Total RDA General Capital Fund	\$3,695,030.96

TABS Capital Projects Fund

School Residual Property: Land transfer from HUSD to RDA at appraised value (Parcel 1) 7/28/08	\$5,870,000.00
---	----------------

Low and Moderate Income Housing Fund

123-197 A Street acquisition 6/24/09	\$707,539.00
--------------------------------------	--------------

6/30/09 Total Land Held for Redevelopment \$10,272,569.96

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
Land: Cinema Place B & Foothill parcels	\$3,443,016
Bldg: Cinema Place Parking Structure	\$7,110,731
6/30/09 Total Other Agency-Owned Properties	<u>\$20,988,213</u>

Supplement to the Annual Report of Community Redevelopment Agencies

Redevelopment Agency ID Number:	13980135800
Name of Redevelopment Agency:	Redevelopment Agency 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 2008

December 2008

June 2009

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	\$ 658,271
------------	------------

B. Mortgage Revenue Bond Interest Payments

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

U20	\$ 0
------------	------

APPENDIX C

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

Redevelopment Agency of the City of Hayward

December 2009

California Redevelopment Agencies-Fiscal Year 2008/2009
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	\$12,630,213	\$2,526,043	\$2,526,043	\$0	\$0	\$2,526,043	20.00%	\$0	\$541,235	\$3,067,278
Agency Totals:	\$12,630,213	\$2,526,043	\$2,526,043	\$0	\$0	\$2,526,043	20.00%	\$0	\$541,235	\$3,067,278

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

California Redevelopment Agencies - Fiscal Year 2008/2009
 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
\$10,276,836	\$3,067,278	\$0	\$1,691,681	\$11,652,433	\$0	\$11,652,433	\$1,500,000	\$10,152,433	\$0	\$10,152,433

Expenses	Housing Rehabilitation	Planning and Administration Costs	Property Acquisition	Subsidies	Total
2008/2009	\$431,440	\$312,702	\$707,539	\$240,000	\$1,691,681

*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 2008/2009
 Status of Low and Moderate Income Housing Funds
 Sch C Agency Financial and Program Detail
 HAYWARD

	Beginning Balance	\$10,276,836
	Adjustment to Beginning Balance	\$0
	Adjusted Beginning Balance	\$10,276,836
Total Tax Increment From PA(s) \$2,526,043	Total Receipts from PA(s)	\$3,067,278
	Other Revenues not reported on Schedule A	\$0
	Sum of Beginning Balance and Revenues	\$13,344,114

Expenditure	<u>Item</u>	<u>Subitem</u>	<u>Amount</u>	<u>Remark</u>
Housing Rehabilitation				
			\$431,440	
		Subtotal of Housing Rehabilitation	\$431,440	
Planning and Administration Costs				
	Administration Costs		\$169,281	
	Professional Services		\$143,421	
		Subtotal of Planning and Administration Costs	\$312,702	
Property Acquisition				
	Acquisition Expense		\$707,539	
		Subtotal of Property Acquisition	\$707,539	
Subsidies from the LMIHF				
	1st Time Homebuyer Down Payment Assistance		\$240,000	
		Subtotal of Subsidies from the LMIHF	\$240,000	
		Total Expenditures	\$1,691,681	

Net Resources Available \$11,652,433

Indebtedness For Setasides Deferred \$0

California Redevelopment Agencies - Fiscal Year 2008/2009
 Status of Low and Moderate Income Housing Funds
 Sch C Agency Financial and Program Detail
 HAYWARD

Other Housing Fund Assets

<u>Category</u>	<u>Amount</u>	<u>Remark</u>
-----------------	---------------	---------------

Total Other Housing Fund Assets

Total Fund Equity \$11,652,433

2004/2005	\$1407138			
2005/2006	\$1830963			
2006/2007	\$2293128	sum of 4 Previous Years' Tax Increment for 2008/2009	Prior Year Ending Unencumbered Balance	Excess Surplus for 2008/2009
2007/2008	\$2416597	\$7947826	\$9,845,395	\$1,897,569

Sum of Current and 3 Previous Years' Tax Increments \$9,066,731

Adjusted Balance \$10,152,433

Excess Surplus for next year \$1,085,702

Net Resources Available \$11,652,433

Unencumbered Designated \$0

Unencumbered Undesignated \$10,152,433

Total Encumbrances \$1,500,000

Unencumbered Balance \$10,152,433

Unencumbered Balance Adjusted for Debt Proceeds \$0

Unencumbered Balance Adjusted for Land Sales \$0

Excess Surplus Expenditure Plan Yes

Excess Surplus Plan Adoption Date 15-DEC-09

Site Improvement Activities Benefiting Households

<u>Income Level</u>	<u>Low</u>	<u>Very Low</u>	<u>Moderate</u>	<u>Total</u>
---------------------	------------	-----------------	-----------------	--------------

Land Held for Future Development

<u>Site Name</u>	<u>Num Of Acres</u>	<u>Zoning</u>	<u>Purchase Date</u>	<u>Estimated Start Date</u>	<u>Remark</u>
A & Walnut Site	.73	medium density residential	06/25/2009	07/01/2011	held for future affordable housing

California Redevelopment Agencies - Fiscal Year 2008/2009
Status of Low and Moderate Income Housing Funds
Sch C Agency Financial and Program Detail
HAYWARD

Use of the Housing Fund to Assist Mortgagees

Requirements Completed

Income Adjustment Factors

Hope

Home

**Non Housing Redevelopment
Funds Usage**

Resource Needs

LMIHF Deposits/Withdrawals

<u>Document Name</u>	<u>Document Date</u>	<u>Custodian Name</u>	<u>Custodian Phone</u>	<u>Copy Source</u>
General Ledger	30-JUN-09	Accounting Dept - Henry Gudino	(510) 583-4091	City Hall 777 B Street, Hayward, CA 94541

Achievements

Description

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	12	0	0	12
		Unit Total	0	0	12	0	0	12
PROJECT FUNDING SOURCE								
	<u>Funding Source</u>				<u>Amount</u>			
	Redevelopment Funds				\$240,000			
	State Funds				\$29,807			
	Private Funds				\$2,704,883			
	Owner Equity				\$361,654			

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	9	0	0	9
		Unit Total	0	0	9	0	0	9

**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: 2008/2009

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	28
7. Substantially Rehabilitated Units	0
8. Subtotal - Baseline of Units (add lines 6 & 7)	28
9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)	4
10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%)	2
PART III TOTALS	
11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)	4
12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10)	2

**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: 2008/2009

Agency: HAYWARD

Project Area: DOWNTOWN HAYWARD PROJECT

Project: TERRACES AT CROSS CREEK

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	28
7. Substantially Rehabilitated Units	0
8. Subtotal - Baseline of Units (add lines 6 & 7)	28
9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)	4
10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%)	2

**PART III
 TOTALS**

11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)	4
12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10)	2

APPENDIX D
STATEMENT OF INDEBTEDNESS

Redevelopment Agency of the City of Hayward

December 2009

STATEMENT OF INDEBTEDNESS - CONSOLIDATED
FILED FOR THE 2009 - 2010 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)	131,326,032	11,436,487
(Optional) Post Fiscal Period - Totals	(From Form B, Page 1 Totals)	(2)	4,417,091	4,417,091
Grand Totals		(3)	135,743,123	15,853,578
Available Revenues				
From Calculation of Available Revenues, Line 7		(4)	4,011,162	
Net Requirement		(5)	131,731,961	

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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>Debra C Auker</i>	<i>Director of Finance</i>
	Name	Title
	<i>Debra C Auker</i>	<i>9/30/09</i>
	Signature	Date

STATEMENT OF INDEBTEDNESS - FISCAL YEAR INDEBTEDNESS
FILED FOR THE 2009- 2010 TAX YEAR

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

For indebtedness Entered into as of June 30, 2009.

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 06/30/2009	Based on O/S Debt	Until Paid	N/A	N/A	26,264,907	2,287,20
B 2004 RDA Tax Allocation Bonds	05/20/2004	44,790,000	03/01/2027	3% - 5.23%	35,677,904	66,491,651	3,374,43
C Advance from City of Hayward - Water Enterprise Fund Loan	06/01/1990	5,946,333	06/01/2013	7.506%	N/A	973,196	558,91
D Advance from City of Hayward - Sewer Fund Loan	06/30/2003	2,350,000	03/31/2010	2.25% - 3%	379,567	822,500	488,66
E Repayment Agreement from City	07/30/2000	14,386,217	06/30/2014	Market Avg 2%	1,576,960	9,841,289	800,00
F Due to Other Governments	As of 06/30/2009	Based on Fiscal Year End	1 year	N/A	N/A	1,865,325	1,865,32
G 2006 RDA Tax Allocation Bonds	As of 06/30/2009	11,800,000	03/01/2036	4.797%	13,273,218	23,564,554	559,34
H Payables from Operations-Tax Year	As of 06/30/2009	N/A	1 year	N/A	N/A	1,502,610	1,502,61
I Pass-Thru Obligations - Fiscal Year	As of 06/30/2009	N/A	1 year	N/A	N/A	0	
J							
Sub Total, This Page						131,326,032	11,436,48
Totals Forward From All Other Pages						0	
Totals, Fiscal Year Indebtedness						131,326,032	11,436,48

Purpose of Indebtedness:

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

**STATEMENT OF INDEBTEDNESS – POST FISCAL YEAR INDEBTEDNESS ONLY
FILED FOR THE 2009- 2010 TAX YEAR**

Form B
(Optional)

Name of Redevelopment Agency Hayward Redevelopment Agency

Name of Project Area Area Downtown Hayward Redevelopment Project Area

For Indebtedness Entered into Post June 30, 2009 as of May 10, 2010

Debt Identification	Original Data					Current	
	Date	Principal	Term	Interest Rate	Total Interest	Total Outstanding Debt	Principal/Interest Due During Tax Year
AB 26 4x Supplemental ERAF	May 10 2010	4,417,091	1 year	N/A	N/A	4,417,091	4,417,091
Totals, Post Fiscal Year Indebtedness						4,417,091	4,417,091

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Purpose of Indebtedness:

- (F) As per AB 26 4x legislation for Supplemental ERAF _____
- (G) _____
- (H) _____
- (I) _____
- (J) _____
- (F) _____

- (G) _____
- (H) _____
- (I) _____
- (J) _____
- (K) _____
- (L) _____

RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

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

Tax Year 2009-2010 Reconciliation Dates: From July 1, 2008 To June 30, 2009.

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Debt Identification:			A Outstanding Debt All Beginning Indebtedness	B		C	D		E	F
				Adjustments		Amounts Paid Against Indebtedness, from:	Tax Increment	Other Funds	Remaining Balance (A+B-C-D-E)	
SOI, page and line:		Brief Description		Increases	Decreases					
Prior Yr	Current Yr					(Attach Explanation)	(Attach Explanation)			
Page 1 Line A	Page 1 Line A	20% Low & Mod income Housing Set-Aside	28,235,547	555,402			2,526,042		26,264,907	
Page 1 Line B	Page 1 Line B	2004 RDA Tax Allocation Bonds	69,864,583				3,372,932		66,491,651	
Page 1 Line C	Page 1 Line C	Advance from City of Hayward - Water Enterprise Fund Loan	1,383,196	143,595			553,595		973,196	
Page 1 Line D	Page 1 Line D	Advance from City of Hayward - Sewer Fund Loan	1,292,500	29,327			499,327		822,500	
Page 1 Line F	Page 1 Line E	Repayment Agreement from City	10,386,217	255,072			800,000		9,841,289	
Page 1 Line G	Page 1 Line F	Due to Other Governments	1,247,710	1,704,515			1,086,900		1,865,325	
Page 1 Line H	Page 1 Line G	2006 RDA Tax Allocation Bonds	24,123,894				559,340		23,564,554	
Page 1 Line I	Page 1 Line H	Payables from Operations-Tax Year	4,644,087		1,414,787		1,610,052	116,638	1,502,610	
TOTAL- THIS PAGE			141,177,734	2,687,911	1,414,787		11,008,188	116,638	131,326,032	
TOTALS FORWARD				1,622,024			1,622,024			
GRAND TOTALS			141,177,734	4,309,935	1,414,787		12,630,212	116,638	131,326,032	

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.

RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Name of Agency Hayward Redevelopment Agency

Name of Project Area Downtown Hayward Redevelopment Project Area

Tax Year 2009-2010 Reconciliation Dates: From July 1, 2008 To June 30, 2009.

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	
P 1 Line J	P 1 Line I	Pass-Thru Obligations - Fiscal Year		1,622,024		1,622,024		
TOTAL- THIS PAGE				1,622,024		1,622,024		

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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 2009-2010

Reconciliation Dates: From July 1, 2008 to June 30, 2009

Reconciliation Statement References		Explanation
Current Year	Brief Description	
Page 1 Line A		Increase - Adjust set-aside relative to RDA outstanding debt.
Page 1 Line C		Increase - Fiscal year accrued interest
Page 1 Line D		Increase - Fiscal year accrued interest
Page 1 Line E		Increase - Fiscal year accrued interest
Page 1 Line F		Increase - Accrue liabilities to other governmental agencies
Page 1 Line H		Decrease - Adjust to year end payable estimate
Page 1 Line I		Increase - Fiscal year pass through obligations

CALCULATION OF AVAILABLE REVENUES

AGENCY NAME Hayward Redevelopment Agency

PROJECT AREA Downtown Hayward Redevelopment Project Area

TAX YEAR 2009 - 2010

RECONCILIATION DATES: JULY 1, 2008 TO JUNE 30, 2009

Beginning Balance, Available Revenues (See Instructions)	1.	<u>4,017,560</u>
Tax Increment Received - Gross All Tax Increment Revenues, to include any Tax Increment passed through to other local taxing agencies.	2.	<u>12,630,212</u>
All other Available Revenues Received (See Instructions)	3.	<u>110,240</u>
Revenues from any other source, included in Column E of the Reconciliation Statement, but not included in (1-3) above	4.	<u> </u>
Sum of Lines 1 through 4	5.	<u>16,758,012</u>
Total amounts paid against indebtedness in previous year. (D + E on Reconciliation Statement)	6.	<u>12,746,850</u>
Available Revenues, End of Year (5 - 6)	7.	<u><u>4,011,162</u></u>

**FORWARD THIS AMOUNT TO STATEMENT OF
INDEBTEDNESS, COVER PAGE, LINE 4**

NOTES

Tax Increment Revenues:

The only amount(s) to be excluded as Tax Increment Revenue are any amounts passed through to other local taxing agencies pursuant to Health and Safety Code Section 33676. Tax Increment Revenue set-aside in the Low and Moderate Income Housing Fund will be washed in the above calculation, and therefore omitted from Available Revenues at year end.

Item 4. above:

This represents any payments from any source other than Tax Increment OR available revenues. For instance, an agency funds a project with a bond issue. The previous SOI included a Disposition Development Agreement (DDA) which was fully satisfied with these bond proceeds. The DDA would be shown on the Reconciliation Statement as fully repaid under the "other" column (Col E), but with funds that were neither Tax Increment, nor "Available Revenues" as defined. The amounts used to satisfy this DDA would be included on line 4 above in order to accurately determine ending "Available Revenues."