



CITY OF  
**HAYWARD**  
HEART OF THE BAY

**DATE:** May 8, 2012  
**TO:** Mayor and City Council  
**FROM:** Assistant City Manager  
**SUBJECT:** Agenda Item #4 – Correction and Revised Resolution

Staff is presenting a revision to Attachment I, which is the resolution approving the Modified First Recognized Obligation Payment Schedule (ROPS), to correct a minor error identified. A redline version of the resolution is attached. In addition, staff is including a new Exhibit E to this Resolution to incorporate the staff response letter to the Department of Finance on the items beign questioned on the First ROPS.

*Prepared by:* Kelly McAdoo Morariu, Assistant City Manager

Approved by:

Fran David, City Manager

Attachments:

Revised Attachment I Resolution and new Exhibit E to the Resolution

RESOLUTION NO. RSA12-\_\_

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HAYWARD, ACTING AS THE GOVERNING BOARD OF THE SUCCESSOR AGENCY FOR THE REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD, IN COMPLIANCE WITH A STATE DEPARTMENT OF FINANCE REQUEST FOR RECONSIDERATION OF SPECIFIED ITEMS ON THE APPROVED RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD ENDING JUNE 30, 2012 (“FIRST ROPS”), INCLUDING APPROVAL OF A MODIFIED FIRST ROPS AND APPROVAL OF A REVISED ADMINSTRATIVE BUDGT.

WHEREAS, the California state legislature enacted Assembly Bill x1 26 (the “Dissolution Act”) to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*); and

WHEREAS, on December 29, 2011, the California Supreme Court delivered its decision in *California Redevelopment Association v. Matosantos*, finding ABx1 26 the Dissolution Act largely constitutional; and

WHEREAS, under the Dissolution Act and the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency of the City of Hayward (the “Dissolved RDA”), were dissolved on February 1, 2012; and

WHEREAS, on January 24, 2012 and pursuant to Health and Safety Code Section 34173, the City Council of the City of Hayward (the “City Council”) declared that the City of Hayward, a charter city (the “City”), would act as successor agency (the “Successor Agency”) for the Dissolved RDA effective February 1, 2012; and

WHEREAS, under the Dissolution Act, the City, in its capacity as Successor Agency, must prepare a “Recognized Obligation Payment Schedule” (“ROPS”) that enumerates the enforceable obligations and expenses of the Successor Agency for specified six-month periods; and

WHEREAS, the Successor Agency staff prepared, and on March 6, 2012, the City Council, acting as the Governing Board of the Successor Agency, approved the initial recognized obligation payment schedule for the period January through June 2012 (the “Proposed First ROPS”) and the administrative budget for the Successor Agency’s general administrative costs and expenses during the period from February 1 through June 30, 2012 (the “Proposed First Administrative Budget”), from which is documented the Successor Agency's administrative cost allowance for Fiscal Year 2012, as defined and prescribed in Health and Safety Code Section 34171(b) (the “FY 2011-12 Administrative Cost Allowance”); and

WHEREAS, pursuant to the Dissolution Act, the duly-constituted Oversight Board for the Successor Agency met at a duly-noticed public meeting on April 9, 2012, to review and consider the Proposed First ROPS, and specific obligations listed on the Proposed First ROPS, and by adoption of Oversight Board Resolution No. 12-01, approved the Proposed First ROPS (the “Approved First ROPS”), attached hereto as Exhibit A, incorporated herein by this reference, and

also approved the Proposed First Administrative Budget prepared by Successor Agency staff, which documents an FY 2012 Administrative Cost Allowance in the minimum amount authorized under the Dissolution Act of \$250,000 (the "Approved First Administrative Budget") ; and

WHEREAS, staff posted the Approved First ROPS and the Approved First Administrative Budget on the Successor Agency's website, and transmitted the Approved First ROPS together with the Approved First Administrative Budget to the Auditor-Controller of the County of Alameda (the "County-Auditor"), to the California State Controller (the "State Controller"), and to the California Department of Finance (the "DOF") by notice dated April 12, 2012; and

WHEREAS, under Health and Safety Code Section 34179(h), Oversight Board actions do not become effective for three (3) business days, pending request for review by the DOF. If the DOF requests a review of a given Oversight Board action, the DOF has ten (10) days from the date of its request to approve the Oversight Board action or return the action to the Oversight Board for its reconsideration and any particular disapproved item shall not become effective until approved by the DOF; and

WHEREAS, within the three (3) business day notice period, the DOF informed the Successor Agency and the Oversight Board that the DOF was requesting review of unspecified items on the Approved First ROPS and sent an informal request for additional information, to which the Successor Agency staff timely responded; and

WHEREAS, by letter of April 27, 2012 (the "DOF Formal Notification Letter"), attached to this Resolution as Exhibit B and incorporated in this Resolution by this reference, the DOF notified the Successor Agency and the Oversight Board that the DOF was returning specified items in the Approved First ROPS for reconsideration by the Oversight Board, specifically requesting the Oversight Board reconsider the inclusion of the following items on the Approved First ROPS that were disapproved by the DOF (collectively, the "Reconsideration Items"):

- Item 3, page 1 of the Approved First ROPS (the "Repayment Agreement");
- Item 5, page 1 of the Approved First ROPS (the "Housing Set-Aside Payment");
- Item 9, page 1 of the Approved First ROPS ("Employee Payroll Costs");
- Item 13, page 1 of the Approved First ROPS ("Insurance Costs");
- Item 14, page 1 of the Approved First ROPS ("Successor Agency Legal Fees");
- Item 18, page 1 of the Approved First ROPS ("Agency Allocation Cost");
- Item 19, page 1 of the Approved First ROPS ("BIA Support Payment");
- Item 25, page 1 of the Approved First ROPS ("Administrative Cost Allowance");
- Item 26-31, page 1 of the Approved First ROPS ("Cinema Place Maintenance Costs");
- Item 44, page 2 of the Approved First ROPS ("Financial Consultant Fees"); and
- Item 45, page 2 of the Approved First ROPS ("Weed Removal Contract"); and

WHEREAS, the DOF Formal Notification Letter was issued within the ten day decision period authorized by Health and Safety Code Section 34179(h), which expired on or about April 28, 2012 (the "DOF Notification Deadline"); and

WHEREAS, pursuant to the DOF Formal Notification Letter, and consistent with the guidance issued by Ana Matosantos, the Director of the DOF, by letter dated March 2, 2012, only the Reconsideration Items (as defined below) are ineffective until approved by the DOF; and

WHEREAS, other than the Reconsideration Items identified in the DOF Formal Notification Letter, the remainder of the enforceable obligations and recognized obligations listed on the Approved First ROPS (the "Accepted Enforceable Obligations"), are approved for inclusion in the Approved First ROPS for the six-month period ending June 30, 2012, and failure by the DOF to challenge the Accepted Enforceable Obligations listed on the Initial ROPS forecloses the DOF's challenge of the Accepted Enforceable Obligations because of the expiration of the DOF Notification Deadline; and

WHEREAS, by letter of May 8, 2012 (the "Successor Agency Response Letter"), attached to this Resolution as Exhibit E and incorporated in this Resolution by this reference, the Successor Agency staff:

- Accede to the DOF's request that the following Reconsideration Items be deleted from the Approved First ROPS (collectively, the "Deleted Items"):
  - The Repayment Agreement because no payments were due under the agreement during the time period covered in the Approved First ROPS. Removal of the Repayment Agreement, from the Approved First ROPS, shall not abrogate, waive, impair or in any other manner affect the right or ability of the City, as a charter city, to initiate and prosecute any litigation with respect to the Repayment Agreement, including, without limitation, any litigation contesting the purported invalidity of said agreement pursuant to the Dissolution Act;
  - The Housing Set Aside Payment because listing of the receipt of the funds is not an expenditure of the Successor Agency and is thus incorrectly included in the Approved First ROPS;
  - The Financial Consultant Fees because no payments are required to be made under the agreement during the time period covered in the Approved First ROPS; and
  - The Weed Removal Contract because no payments are required to be made under the agreement during the time period covered in the Approved First ROPS.
- Partially accede to the DOF's request that the following Reconsideration Items be modified in the Approved First ROPS in the manner described below (collectively, the "Modified Items"):
  - The deletion of payments past January 2012 for Employee Payroll Costs. The January payment for Employee Payroll Costs is accurately included as an obligation paid in January because the Dissolved RDA was required to make that payment to cover employee payroll prior to the dissolution of the Dissolved RDA. The Employee Payroll Costs incurred by the Successor Agency after the February 1, 2012 dissolution

of the Dissolved RDA are more accurately included under the Administrative Cost Allowance Budget for the period ending June 30, 2012;

- The deletion of payments past January 2012 for Agency Overhead Allocation Costs. The January payment for Agency Allocation Costs is accurately included as an obligation paid in January because the Dissolved RDA was required to make that payment for its share of administrative overhead costs prior to the dissolution of the Dissolved RDA. The Agency Overhead Allocation Costs incurred by the Successor Agency after the February 1, 2012 dissolution of the Dissolved RDA are more accurately included under the Administrative Cost Allowance Budget for the period ending June 30, 2012; and 2012.
- ~~○ The deletion of payments past January 2012 for the BIA Support Payment. The January payment for BIA Support is accurately included as an obligation paid in January because the Dissolved RDA was authorized to make that payment under the Dissolved RDA's annual budget appropriations, in effect prior to the dissolution of the RDA. The BIA Support Payments will not be incurred by the Successor Agency after the February 1, 2012 dissolution of the Dissolved RDA and will be deleted from the Approved First ROPS; and~~
- Provide further information to the DOF in support of treatment of the following Reconsideration Items (together, the "Further Consideration Items") as enforceable obligations, with the request that the DOF give further consideration to the treatment of the Further Consideration Items in light of the additional information provided in the Successor Agency Response Letter and because:
  - The Insurance Costs listed on the Approved First ROPS are associated with the Successor Agency's continued requirement to carry liability insurance coverage for properties and projects of the Successor Agency and constitute project delivery costs and not administrative expenses or overhead of the Successor Agency;
  - The Successor Agency Legal Fees have been modified to differentiate between project related legal fees that constitute project delivery costs that do not constitute administrative costs of the Successor Agency and other legal fees that are not an administrative cost of the Successor Agency and other legal fees that are more accurately included under the Administrative Cost Allowance Budget for the period ending June 30, 2012;
  - The Cinema Place Maintenance Costs listed on the Approved First ROPS are associated with the Successor Agency's continued requirement to perform property maintenance and remediation and constitute project delivery costs and not an administrative cost of the Successor Agency; and
  - The BIA Support Payment in January 2012 was a cost of the Dissolved Agency prior to dissolution and is not an administrative expense of the Successor Agency

- Acknowledge an adjustment of the Successor Agency's Approved First Administrative Budget to increase the FY 2012 Administrative Cost Allowance from the minimum amount authorized under the Dissolution Act of \$250,000 to the five percent of the property tax allocated or \$397,329.

WHEREAS, in compliance with the DOF Formal Notification Letter, the Successor Agency staff has prepared for consideration of approval by the Oversight Board a modified Approved First ROPS (the "Proposed Modified First ROPS"), attached to this Resolution as Exhibit C and incorporated in this Resolution by this reference; and

WHEREAS, the Proposed Modified First ROPS (1) deletes the Agreed Deleted Items, as requested by the DOF; (2) adjusts the Modified Items partially acceding to the DOF's request for removal of payments past January 2012; (3) retains the Further Consideration Items pending DOF consideration of the additional information provided to the DOF in the Successor Agency Response Letter, with the understanding and agreement that the future treatment of the Further Consideration Items as enforceable obligations will be dependent on the DOF's further consideration and subsequent approval; and (4) adjusts the Administrative Cost Allowance from the minimum amount authorized under the Dissolution Act of \$250,000 to the five percent of the property tax allocated or \$397,329, as allowed by the DOF;

WHEREAS, in compliance with the DOF Formal Notification Letter, the Successor Agency staff has prepared for consideration of approval by the Oversight Board a modified administrative budget for Successor agency general administrative costs and expenses during the period from February 1 through June 30, 2012 (the "Proposed Modified First Administrative Budget"), attached to this Resolution as Exhibit D and incorporated in this Resolution by this reference; and

NOW, THEREFORE, BE IT RESOLVED that the City Council, acting as the Governing Board of the Successor Agency, hereby finds and determines that the foregoing recitals are true and correct, and, together with information provided by the Successor Agency staff (including the Successor Agency Response Letter) and the public, form the basis for the approvals, findings, and determinations set forth below.

BE IT FURTHER RESOLVED that the City Council, acting as the Governing Board of the Successor Agency, as requested by the DOF in the Formal Notification Letter, has duly considered the Reconsideration Items and hereby makes the modifications and determinations with respect to the Reconsideration Items and the Approved First ROPS as described in the foregoing recitals and as set forth in the Proposed Modified First ROPS.

BE IT FURTHER RESOLVED that no further action of the Successor Agency is required in connection with the Accepted Enforceable Obligations contained on the Approved ROPS and the Proposed Modified First ROPS. The Reconsideration Deadline has passed for the Accepted Enforceable Obligations without challenge by the DOF. Consequently, each of the Accepted Enforceable Obligations constitutes an "enforceable obligation" and "recognized obligation" for all purposes of the Dissolution Act, and is necessary for the continued maintenance and

preservation of property owned by the Successor Agency until disposition and liquidation, the continued administration of the ongoing agreements herein approved by the Oversight Board, or the expeditious wind-down of the affairs of the Dissolved RDA by the Successor Agency.

BE IT FURTHER RESOLVED that the City Council, acting as the Governing Board of the Successor Agency, hereby approves the Proposed Modified First ROPS in the form attached to this Resolution as Exhibit C, subject to approval by the Oversight Board. The City Council hereby declares its intent that the Proposed Modified First ROPS (Exhibit C) shall amend, replace, and supersede the Approved First ROPS (Exhibit A) in its entirety.

BE IT FURTHER RESOLVED that under Health and Safety Code Section 34177(j), the Proposed Modified First Administrative Budget must be submitted by the Successor Agency for approval by the Oversight Board.

BE IT FURTHER RESOLVED that City Council, acting as the Governing Board of the Successor Agency, hereby approves the Proposed Modified First Administrative Budget in the form presented to the City Council and attached hereto as Exhibit D, and authorizes the Successor Agency to incur costs for the general administrative activities and functions described in the Proposed Modified First Administrative Budget.

BE IT FURTHER RESOLVED that the City Council, acting as the Governing Board of the Successor Agency, finds that the Proposed Modified First Administrative Budget supports an FY 2012 Administrative Cost Allowance to the Successor Agency in the amount of \$397,329.

BE IT FURTHER RESOLVED that the Oversight Board authorizes and directs the Successor Agency staff to take all actions necessary under the Dissolution Act to post the Proposed Modified First ROPS and the Proposed Modified First Administrative Budget on the Successor Agency website, to transmit the Proposed Modified First ROPS and the Proposed Modified First Administrative Budget to the Auditor-Controller and to the State Controller and the DOF, to inform the Auditor-Controller of the adjustment to the FY 2012 Administrative Cost Allowance, and to take any other actions necessary to ensure the validity of Proposed Modified First ROPS and the Proposed Modified First Administrative Budget, including but not limited to the FY 2012 Administrative Cost Allowance.

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

BE IT FURTHER RESOLVED that this Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

HAYWARD, CALIFORNIA, May 8, 2012

ADOPTED BY THE FOLLOWING VOTE:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ATTEST: \_\_\_\_\_  
Secretary of the Successor Agency of the  
City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
General Counsel

Exhibit A

APPROVED ROPS

**[Insert Copy of APPROVED FIRST ROPS]**

Exhibit B

FORMAL NOTIFICATION LETTER

**[Insert Copy of Formal Notification Letter]**

Exhibit C

PROPOSED MODIFIED FIRST ROPS

**[Insert Copy of Proposed Modified First ROPS]**

Exhibit E

SUCCESSOR AGENCY RESPONSE LETTER

**[Insert Copy of Successor Agency Response Letter]**



CITY OF  
**HAYWARD**  
HEART OF THE BAY

May 8, 2012

Mark Hill, Program Budget Manager  
Department of Finance  
915 L Street  
Sacramento, CA 95814-3706

Dear Mr. Hill:

Thank you for your letter dated April 27, 2012, and your approval of the items listed on the Recognized Obligation Payment Schedule for the period ending June 30, 2012 ("First ROPS") submitted by the City of Hayward, as successor agency ("Successor Agency") to the dissolved Hayward Redevelopment Agency ("Dissolved RDA"), with the limited exception of certain items which are discussed in more detail below.

A. Concurrence with DOF Request to Remove Two Items from the First ROPS

The Successor Agency concurs with the Department of Finance ("DOF") position, and will seek modifications of the First ROPS by its oversight board ("Oversight Board") concerning the following items raised in your April 27 letter:

1. Repayment Agreement (page 1, Item 3). The Repayment Agreement with the City of Hayward (page 1, Item 3) was entered into in 1975, the same year that the Hayward Downtown Redevelopment Plan (Hayward's first and only redevelopment plan) was adopted. The Successor Agency included this item on the first ROPS, in part, because of the pendency of AB 1585, which would expressly permit contracts like the Repayment Agreement to stand because it was entered into within two years of plan adoption and concerned the project area covered by the plan. However, because no payments are due under this agreement during the period of time covered by the First ROPS, we will accede to your request that the item be removed from the First ROPS; however, removal of the Repayment Agreement shall not abrogate, waive, impair or in any other manner affect the right or ability of the City, as a charter city, to initiate and prosecute any litigation with respect to the Repayment Agreement, including, without limitation, any litigation contesting the purported invalidity of this agreement pursuant to the Dissolution Act. The modified First ROPS that has been prepared for consideration of approval by the Oversight Board at its May 21 meeting deletes Item 3 on page 1, as requested in your letter.

2. Low and Moderate Income Housing Set-Aside (Page 1, Item 5). The assertion in your letter that the 20% set-aside requirement ended with passage of ABx1 26 in June 2011 is incorrect. Health and Safety Code Section 33334.2, which imposes the 20% set aside, was untouched by ABx1 26 and consequently, the former Hayward Redevelopment Agency had the obligation to set-aside 20% of tax increment into the Low and Moderate Income Housing Fund until the Agency was dissolved on February 1, 2012. However, since Item 5 on Page 1 was listing only a receipt of funds, and not an

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expenditure of funds, it was incorrectly included on the First ROPS. The modified First ROPS that has been prepared for consideration of approval by the Oversight Board at its May 21 meeting deletes this item, as requested in your letter.

B. Continued Consideration of Administrative Cost Items Raised By DOF

With respect to the third item raised in your April 27 letter, concerning what should be characterized as administrative costs, the Successor Agency respectfully submits the following information for your consideration explaining why only some of these items should be considered administrative costs subject to the 5% (\$397,329) cap. To clarify this issue, we are revising the First ROPS to place all administrative costs under Item 25, so that the remaining line items identified by the DOF under bullet point 3 of your letter may either be eliminated entirely or narrowed to include only costs that are not administrative. Each line item identified in the DOF letter as administrative is discussed below:

1. Item 9, page 1 (Employee Payroll Costs) - We concur with the DOF's determination that the employee payroll costs for February-June 2012 are administrative costs. All payments under this line item for February through June will be moved to Line Item 25 (Successor Agency Administrative Allowance) in the modified First ROPS and these costs will be included in the Successor Agency Administrative Budget. The January payment in the amount of \$61,308.17 will remain on the First ROPS because these were actual employee payroll costs incurred by the Redevelopment Agency in the last month of its existence, and not Successor Agency administrative costs subject to the 5% cap. We ask that you please reconsider this item, as modified, and recognize the January payments to employees of the former Redevelopment Agency prior to its dissolution are not subject to the administrative cost cap.

2. Item 13, page 1 (Insurance Costs) – The cost of liability insurance for the Successor Agency is a project-related cost, not an administrative cost. The insurance is required to cover ongoing project-related activities of the Successor Agency, many of which date back decades, to implement enforceable obligations related to former Redevelopment Agency properties and projects, and not to Successor Agency activities to wind down the former Redevelopment Agency. We ask that you please reconsider Item 13, page 1 and allow these insurance costs to remain as a project-related cost that is not subject to the administrative cost cap.

3. Item 14, page 1 (Successor Agency Legal Fees) – Legal fees have now been divided into two categories. On the Modified ROPS, legal fees related to enforceable obligations have been broken out and included with various project line items on the Modified First ROPS while legal fees related to Successor Agency activities to wind down the former redevelopment agency have been characterized as administrative costs and moved to Line Item 25 (Successor Agency Administrative Allowance). In addition, the former Redevelopment Agency incurred legal costs prior to its dissolution on February 1, 2012. These costs remain on the ROPS as an enforceable obligation for January 2012. This was an actual cost of the former Redevelopment Agency in the last month of its existence and not a cost of the Successor Agency. We ask that you please reconsider this item, as modified, and recognize legal fees for project delivery are costs that are not subject to the administrative cost cap.

4. Item 18, page 1 (Agency Allocation Costs) – The cost allocation listed in this line item is for January 2012 only, before Agency dissolution. This was an actual cost of the former Redevelopment Agency in the last month of its existence and not a cost of the Successor Agency. We ask that you please

reconsider this item and recognize that the January payment for Agency allocation costs is not an administrative cost of the Successor Agency that is subject to the administrative cost cap.

5. Item 19, page 1 (BIA Support Payment) – This \$4,583 payment, made in January 2012 by the former Redevelopment Agency to the Hayward Downtown Business Association, is clearly not an administrative cost of the Successor Agency. The Successor Agency has not and will not be making any further payments to the Downtown Business Association since Redevelopment Agency dissolution on February 1, 2012. We ask that you please reconsider this item and recognize that the January 2012 payment is not an administrative cost of the Successor Agency that is subject to the administrative cost cap.

6. Items 26-31 (Cinema Place property costs) - Your letter incorrectly characterizes all Successor Agency costs associated with the Cinema Place project as administrative costs subject to the administrative cost cap. However, these are all project-related third party costs (for a security patrol, alarm service, elevator maintenance, garage sweeping and garage utilities) incurred by the Successor Agency to meet contractual obligations of the former Redevelopment Agency related to the Cinema Place development. Cinema Place is a privately owned cinema and retail center in downtown Hayward, constructed by a private developer on land owned by the former Redevelopment Agency and ground leased to the private developer. The adjoining Cinema Place garage is a parking garage that was owned by the former Redevelopment Agency and is now owned by the City of Hayward. The Ground Lease with the private developer obligates the City, as successor to the Redevelopment Agency, to perform certain environmental remediation work on the property and to maintain the parking garage through the provision of security patrols, payment of utility costs, and maintenance of the elevator. These are not costs incurred by the Successor Agency to maintain property occupied by the Successor Agency. We ask that you please reconsider this item and recognize that Cinema Place costs are property-related project delivery costs and not administrative costs of the Successor Agency that are subject to the administrative cost cap.

6. Items 44 and 45, page 2 (Financial Consultant Fees and Weed Abatement) – The Successor Agency does not anticipate making these payments in the period of time covered by the First ROPS and will remove these items from the First ROPS. The modified First ROPS that has been prepared for consideration of approval by the Oversight Board at its May 21 meeting deletes Items 44 and 45.

Please note that our agreement to remove or modify certain items in the First ROPS as described in this letter shall not abrogate, waive, impair or in any other manner affect the right or ability of the City of Hayward, as a charter city, to initiate and prosecute any litigation with respect to the First ROPS, including, without limitation, any litigation contesting the purported invalidity of any agreements pursuant to the Dissolution Act.

Thank you for your consideration of the information set forth in this letter. We would be pleased to meet with your staff or answer any other questions that the DOF may have. We will expect to hear a response to this letter within ten days. If no response is received by May 18, 2012, we understand that DOF will be deemed to be in accord with our proposals outlined in this letter, and will proceed to take the modified First ROPS, including the changes outlined in this letter, to our Oversight Board on May 21, 2012.

Sincerely,

A handwritten signature in blue ink, appearing to be 'K. Morariu', with a long horizontal flourish extending to the right.

Kelly McAdoo Morariu, Assistant City Manager  
on behalf of the Hayward Successor Agency

cc: Carol S. Orth, Tax Analysis Division Chief, Alameda County Auditor-Controller  
Fran David, City of Hayward City Manager  
Tracy Vesely, City of Hayward Director of Finance  
Stacy Bristow, City of Hayward Neighborhood Partnership Manager