



Transmitted via e-mail

April 14, 2023

Sunny Rief, Assistant Chief Financial Officer  
City of Huntington Beach  
2000 Main Street  
Huntington Beach, CA 92648

### **2023-24 Annual Recognized Obligation Payment Schedule**

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Huntington Beach Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2023 through June 30, 2024 (ROPS 23-24) to the California Department of Finance (Finance) on January 29, 2023. Finance has completed its review of the ROPS 23-24.

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

- Item No. 12 – Emerald Cove 2010 Series A Lease Revenue Refunding Bonds in the total outstanding amount of \$6,837,845 was requested in error. Item No. 12 was denied in Finance's determination letter dated December 18, 2012. The Agency inadvertently requested Redevelopment Property Tax Trust Fund (RPTTF) under Item No. 12 instead of Item No. 79 – Land Sale Emerald Cove. Finance is approving funding for Item No. 79 pursuant to the judgment in the matter of *City of Huntington Beach et al. v. State of California et al.* (Case No. 34-2018-80002876). Therefore, with the Agency's concurrence, Finance made the following adjustments:

<b>Item No.</b>	<b>Requested RPPTF</b>	<b>Adjusted RPTTF</b>	<b>Authorized RPTTF</b>
<b>12</b>	\$6,837,845	(\$6,837,845)	\$0
<b>79</b>	0	6,837,845	6,837,845
<b>Total</b>	\$6,837,845	\$0	\$6,837,845

- Item No. 29 – Bella Terra Parking Infrastructure Property Tax Sharing Agreement. The Agency requested \$2,347,103 in error. According to the debt service schedule, the amount needed for the January 1, 2024 through June 30, 2024 (ROPS 23-24B) period should be \$1,939,365. Therefore, with the Agency's concurrence, Finance made an adjustment of \$407,738.
- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the Oversight Board (OB) has approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources necessary to successfully wind-down the Agency.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the July 1, 2020 through June 30, 2021 (ROPS 20-21) period. The ROPS 20-21 prior period adjustment (PPA) will offset the ROPS 23-24 RPTTF distribution. The amount of RPTTF authorized includes the prior period adjustment (PPA) resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$12,164,145, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2023 through December 31, 2023 period (ROPS A period), and one distribution for the January 1, 2024 through June 30, 2024 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 23-24 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Except for the adjusted item, Finance approves the remaining items listed on the ROPS 23-24 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 23-24, except items which are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days from the date of this letter. The Agency must use the RAD App to complete and submit its Meet and Confer request form. The Meet and Confer process and guidelines are available on our website:

[http://dof.ca.gov/Programs/Redevelopment/Meet\\_And\\_Confer/](http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/)

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 23-24. This determination only applies to items when funding was requested for the 12-month period. If a determination by Finance in a previous ROPS is currently the subject of litigation, the item will continue to reflect the determination until the matter is resolved.

The ROPS 23-24 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 23-24 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to Finance's review and may be adjusted even if not adjusted on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

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

Please direct inquiries to Todd Vermillion, Supervisor, or Dylan Newton, Staff, at (916) 322-2985.

Sincerely,

Original signed by Marilyn Standing Horse for:

JENNIFER WHITAKER  
Program Budget Manager

cc: Ursula Luna-Reynosa, Director of Community Development,  
City of Huntington Beach  
Christopher Ranftl, Administrative Manager I, Property Tax Unit, Orange County  
Kathy Tavoularis, Countywide Oversight Board Representative

<b>Approved RPTTF Distribution July 2023 through June 2024</b>			
	<b>ROPS A</b>	<b>ROPS B</b>	<b>Total</b>
RPTTF Requested	\$ 8,844,592	\$ 3,803,238	\$ 12,647,830
Administrative RPTTF Requested	125,000	125,000	250,000
<b>Total RPTTF Requested</b>	<b>8,969,592</b>	<b>3,928,238</b>	<b>12,897,830</b>
<b>RPTTF Requested</b>	<b>8,844,592</b>	<b>3,803,238</b>	<b>12,647,830</b>
<u>Adjustment(s)</u>			
Item No. 12	(6,837,845)	0	(6,837,845)
Item No. 29	0	(407,738)	(407,738)
Item No. 79	6,837,845	0	6,837,845
	0	(407,738)	(407,738)
<b>RPTTF Authorized</b>	<b>8,844,592</b>	<b>3,395,500</b>	<b>12,240,092</b>
<b>Administrative RPTTF Authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>250,000</b>
ROPS 20-21 Prior Period Adjustment (PPA)	(325,947)	0	(325,947)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 8,643,645</b>	<b>\$ 3,520,500</b>	<b>\$ 12,164,145</b>