



Transmitted via e-mail

April 5, 2024

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

### **2024-25 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, 2024 through June 30, 2025 (ROPS 24-25) to the California Department of Finance (Finance) on January 26, 2024. Finance has completed its review of the ROPS 24-25.

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

- Item No. 3 – 2002 Tax Allocation Refunding Bonds in the amount of \$799,500 has been reclassified from Redevelopment Property Tax Trust Fund (RPTTF) to Bond Proceeds. The Agency has cash in its bond reserve account in the amount of \$1,884,779 which must be used to satisfy the final debt service payment. Therefore, with the Agency's concurrence, \$799,500 has been reclassified from RPTTF to Bond Proceeds.
- Item No. 4 – 1999 Tax Allocation Refunding Bonds in the amount of \$369,000 has been reclassified from RPTTF to Bond Proceeds. The Agency has cash in its bond reserve account in the amount of \$840,859 which must be used to satisfy the final debt service payment. Therefore, with the Agency's concurrence, \$369,000 has been reclassified from RPTTF to Bond Proceeds.
- Item No. 14 - Strand Hotel and Mixed-Use Project and Item No. 30 - Bella Terra Property Tax Sharing Agreement, have been partially reclassified from RPTTF to Bond Proceeds. The Agency has cash in its bond reserve accounts in excess of the amounts needed to satisfy the final debt service payments for Item Nos. 3 and 4, as noted above. Specifically, after the reclassifications above, \$1,085,279 (\$1,884,779 - \$799,500) and \$471,859 (\$840,859 - \$369,000) are available in the bond reserve accounts, respectively.

The total amount available after the reclassifications for Item Nos. 3 and 4 is \$1,557,138 (\$1,085,279 + \$471,859). Therefore, with the Agency's concurrence, the funding sources for the following items have been reclassified in the amounts specified below:

Item No.	Item Name	Total Funding Approved	RPTTF Approved	Bond Proceeds Approved	Other Funds Approved
14	Strand Hotel and Mixed-Use Project	\$677,904	\$0.00	\$677,904	\$0
30	Bella Terra Property Tax Sharing Agreement	1,412,552	456,349	879,234	76,969
	<b>Total</b>	\$2,090,456	\$456,349	\$1,557,138	\$76,969

- Item No. 29 – Bella Terra Parking Infrastructure Property Tax Sharing Agreement. The Agency requested \$1,874,824 from RPTTF in error. According to the debt service schedule provided, the last payment was due on June 30, 2023. Therefore, with the Agency's concurrence, Finance reduced the requested amount \$1,874,824 to \$0.
- Item No. 119 – Waterfront loan repayment in the requested amount of \$9,828,541 is partially allowed. HSC section 34191.4 (b) (3) (A) allows repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in the preceding fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year.

According to the Orange County Auditor-Controller's report, the ROPS residual pass-through amount distributed to the taxing entities for fiscal year 2012-13 and 2023-24 are \$1,593,590 and \$18,785,006, respectively. Pursuant to the repayment formula, the maximum repayment amount authorized for the ROPS 24-25 period is \$8,595,708. Therefore, of the \$9,828,541 requested, \$1,232,833 (\$9,828,541 – 8,595,708) is not eligible for RPTTF funding.

- 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) 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, 2021 through June 30, 2022 (ROPS 21-22) period. The ROPS 21-22 prior period adjustment (PPA) will offset the ROPS 24-25 RPTTF distribution. The amount of RPTTF authorized includes the 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 \$8,405,859, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2024 through December 31, 2024 period (ROPS A period), and one distribution for the January 1, 2025 through June 30, 2025 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 24-25 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 items, Finance approves the remaining items listed on the ROPS 24-25 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 24-25, 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 24-25. 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 24-25 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 24-25 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.

Sunny Han  
April 5, 2024  
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Please direct inquiries to [RedevelopmentAdministration@dof.ca.gov](mailto:RedevelopmentAdministration@dof.ca.gov).

Sincerely,

Original signed by:

Cheryl L. McCormick, CPA  
Chief, Office of State Audits and Evaluations

cc: Steve Holtz, Deputy 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 2024 through June 2025</b>			
	<b>ROPS A</b>	<b>ROPS B</b>	<b>Total</b>
RPTTF Requested	\$ 7,910,180	\$ 7,038,948	\$ 14,949,128
Administrative RPTTF Requested	125,000	125,000	250,000
<b>Total RPTTF Requested</b>	<b>8,035,180</b>	<b>7,163,948</b>	<b>15,199,128</b>
<b>RPTTF Requested</b>	<b>7,910,180</b>	<b>7,038,948</b>	<b>14,949,128</b>
<u>Adjustment(s)</u>			
Item No. 3	(799,500)	0	(799,500)
Item No. 4	(369,000)	0	(369,000)
Item No. 14	(677,904)	0	(677,904)
Item No. 29	0	(1,874,824)	(1,874,824)
Item No. 30	0	(879,234)	(879,234)
Item No. 119	(1,232,833)	0	(1,232,833)
	(3,079,237)	(2,754,058)	(5,833,295)
<b>RPTTF Authorized</b>	<b>4,830,943</b>	<b>4,284,890</b>	<b>9,115,833</b>
<b>Administrative RPTTF Authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>250,000</b>
ROPS 21-22 prior period adjustment (PPA)	(959,974)	0	(959,974)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 3,995,969</b>	<b>\$ 4,409,890</b>	<b>\$ 8,405,859</b>