



March 23, 2015

Ms. Lori Ann Farrell, Director of Finance
City of Huntington Beach
2000 Main Street
Huntington Beach, CA 92648

Dear Ms. Farrell:

Subject: Long-Range Property Management Plan

Pursuant to Health and Safety Code (HSC) section 34191.5 (b), the City of Huntington Beach Successor Agency (Agency) submitted a Long-Range Property Management Plan (LRPMP) to the California Department of Finance (Finance) on November 7, 2014. The Agency subsequently submitted a revised LRPMP to Finance on March 9, 2015. Finance has completed its review of the LRPMP, which may have included obtaining clarification for various items.

The Agency received a Finding of Completion on May 13, 2014. Further, based on our review and application of the law, we are approving the Agency's use or disposition of all the properties listed on the LRPMP. Our approval also took into account the following:

- Property Nos. 5 through 13 – It is our understanding the Agency will remit property sale /property interest sale proceeds to the Orange County Auditor-Controller, for distribution to the taxing entities, as currently required by law. Additionally, Finance would like to remind the Agency that proceeds cannot be retained, in total, to pay specific enforceable obligations, nor can the Agency accelerate payments, unless expressly required under the fulfillment of that enforceable obligation.
- Property Nos. 8 through 13 – The Agency has selected 'Other Liquidation' as the disposition option for these properties. However, it is our understanding the Agency plans to sell the property, and remit the proceeds to the Orange County Auditor-Controller for distribution to the taxing entities, as required by law. 'Other Liquidation' is not an allowable disposition option under HSC 34191.5 (c) (2). Based on clarification provided by the Agency, Finance has confirmed the disposition option to mean 'Sale of Property'.

In accordance with HSC section 34191.4, upon receiving a Finding of Completion from Finance and approval of a LRPMP, all real property and interests in real property shall be transferred to the Community Redevelopment Property Trust Fund of the Agency, unless that property is subject to the requirements of an existing enforceable obligation. Pursuant to HSC section 34191.3 the approved LRPMP shall govern, and supersede all other provisions relating to, the disposition and use of all the real property assets of the former redevelopment agency.

Any Agency actions taken pursuant to a Finance approved LRPMP which requires the Agency to enter into a new agreement are subject to oversight board (OB) approval per HSC section 34181 (f). Any OB action approving a new agreement in connection with the LRPMP should be submitted to Finance for review and approval.

Pursuant to HSC section 34167.5, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter do not in any way eliminate the Controller's authority. Should the Controller claw back real property assets not contemplated in the existing approved LRPMP, the LRPMP must be revised to include these additional real assets. The revised LRPMP must be approved by the OB and Finance before the disposition of the clawed back assets can occur.

Please direct inquiries to Nichelle Thomas, Supervisor, or Alex Watt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Kellee Fritzal, Deputy Director of Economic Development, City of Huntington Beach
Mr. Frank Davies, Property Tax Manager, Orange County
Ms. Elizabeth Gonzalez, Bureau Chief, Local Government Audit Bureau, California State
Controller's Office
California State Controller's Office