



Recognized Obligation Payment Schedule

Per AB 1X 26 – Section 34169 and 34171

Recognized Obligation Payment Schedule

Background

- ▶ All of the debt obligations on the Recognized Obligation Payment Schedule were made pursuant to various provisions of State Law and Regulations, including:
 - The State of California Constitution, Article 16, Section C(2)
 - The California Health & Safety Code
 - The State Controller's Division of Accounting and Reporting Guidelines - Agency's Annual Statement of Indebtedness

Recognized Obligation Payment Schedule

Background

- These debt obligations were also reflected on the Redevelopment Agency's annual Statement of Indebtedness, pursuant to California Health and Safety Code Section 33675, as required by the State Controller's Division of Accounting and Reporting.
- Lastly, these obligations have been audited for compliance with all applicable laws, regulations and statutes by the City's external independent auditors, currently Macias, Gini and O'Connell LLP, as part of the annual audit of the Redevelopment Agency's separately issued financial statements, known as the Component Unit Financial Report (CUFR), and also as part of the City's Comprehensive Annual Financial Report (CAFR).

Recognized Obligation Payment Schedule

- ▶ **Line:** 1 – 12
- ▶ **Total Outstanding Debt:** \$8,409,666
- ▶ **Description:**
 - Legally binding Operative Agreements for costs related to the expenditures of the Redevelopment Agency from the period of 1985-1996.
 - Expenditures include land purchases, project creation costs, project management costs, administrative costs, and indirect costs.
 - Before a Redevelopment Agency can receive tax-increment funds the Agency must incur loans, advances, or other indebtedness to carry out the redevelopment plan.

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Some examples of land purchases completed by the Redevelopment Agency from 1985-1996 covered through these Operative Agreements include:

1985 – Mushroom Farm Acquisition in the Main-Pier Project Area

1986 – APN 165-364-05 in the Oak view Area to provide affordable housing
APN 159-141-46 and 159-141-82 acquired in the Talbert-Beach Project Area

1987 – APN 024-084-02 and 024-170-01 in the Yorktown-Lake Project Area

1987 – Purchase of a portion of Blufftop Park in the Main-Per Project Area

1989 – APN 024-166-19,024-206-07, 024-148-05 and 024-291-11 in the Main-Pier Project Area

1993 – APN 159-141-02,023-041-04, 024-147-33 and 023-041-06 in the Main-Pier and Yorktown Lake Project Areas

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As an example, in January of 1986, the Redevelopment Agency amended the standing Operative Agreements to repay the City for direct capital loans to the Agency and to repay the City's administrative expenses incurred on the agency's behalf.

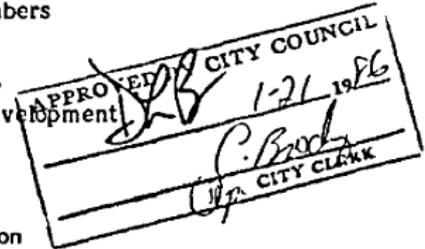
This was the tool that allowed the Agency to create debt in order to begin to receive Tax Increment.

REQUEST FOR REDEVELOPMENT AGENCY ACTION

LA BELLE
Wayne LEE
RH 86-1

Date January 6, 1986

Submitted to: Honorable Chairman and Redevelopment Agency Members
 Submitted by: Charles W. Thompson, Chief Executive Officer
 Prepared by: Douglas N. La Belle, Deputy City Administrator/Redevelopment
 Subject: AMENDMENTS TO OPERATIVE AGREEMENTS



Consistent with Council Policy? Yes [] New Policy or Exception

Statement of Issue, Recommendation, Analysis, Funding Source, Alternative Actions, Attachments: ROB

STATEMENT OF ISSUE:

As direct loans are made by the city to the Redevelopment Agency or as the city incurs administrative expenses on behalf of the Agency it is appropriate to amend the various Operative Agreements. The attached Amendments will document this Agency debt through August 31, 1985.

RECOMMENDATION:

Approve and authorize the execution of the attached Amendments to the Operative Agreements between the city and the Redevelopment Agency.

ANALYSIS:

Through the standing Operative Agreements between the city and Redevelopment Agency the Redevelopment Agency agrees to repay the city for direct capital loans to the Agency and to repay the city for administrative expenses incurred on the Agency's behalf. The terms of these Agreements require that the Agency pay 10 percent annual interest on the debt and that such obligation is limited to the availability of tax increment. To assure that the amount of Redevelopment Agency debt to the city is properly documented by each Redevelopment Project Area it is necessary to periodically amend the Operative Agreement for each Project Area. The attached Amendments will increase Agency debt as follows:

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- ▶ **Line:** 13
- ▶ **Total Outstanding Debt:** \$734,559
- ▶ **Description:**
 - In Fiscal Year 1983/84, \$405,536 was expended for the purchase of Bluff top Park in the Main/Pier Project Area.

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- ▶ **Line: 16**
- ▶ **Total Outstanding Debt: \$3,648,139**
- ▶ **Description:**
 - In 1990, the City transferred parcels 024-166-19, 024-206-07, 024-148-05, and 024-291-11 to the Redevelopment Agency in the Main/Pier Project Area. The value of the parcels totaled \$2,267,000.

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- ▶ **Line: 17**
- ▶ **Total Outstanding Debt: \$4,110,245**
- ▶ **Description:**

This outstanding obligation refers to advances made to the Redevelopment Agency during Fiscal Year 1991/92. These advances were partially for the acquisition of land in the Main-Pier Project Area including parcels 024-153-01 and 024-152-11. This land was part of over 10 parcels, which were acquired in order to eliminate blight in the downtown area and led to the development of the Strand Project.



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- ▶ **Line: 18**
- ▶ **Total Outstanding Debt: \$5,468,098**
- ▶ **Description:**
 - In May 2009, the City entered into an agreement with the Redevelopment Agency to convey ownership of the Emerald Cove Senior Apartments to the Low-Income Housing Fund. The \$5,171,000 note is payable to the Park and Acquisition Fund through September 2021.



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- ▶ **Line:** 19-20
- ▶ **Total Outstanding Debt:** \$4,114,227
- ▶ **Description:**
 - Legally binding Operative Agreements for costs related to the expenditures of the Redevelopment Agency from the period of 1986-1987.
 - Led to water infrastructure construction for the Main/Pier (Merged) Project Area.

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- ▶ **Line: 21**
- ▶ **Total Outstanding Debt: \$663,806**
- ▶ **Description:**
 - Legally binding Operative Agreements for costs related to the expenditures of the Redevelopment Agency from the period of 1987-88.
 - Led to drainage infrastructure construction for the Main/Pier (Merged) Project Area.

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- ▶ **Line: 22**
- ▶ **Total Outstanding Debt: \$275,438**
- ▶ **Description:**
 - Legally binding Operative Agreements for costs related to the expenditures of the Redevelopment Agency from the period of 1989-1990.
 - Led to Sewer infrastructure construction for the Main/Pier (Merged) Project Area.

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- ▶ **Line: 23-25**
- ▶ **Total Outstanding Debt: \$759,733**
- ▶ **Description:**
 - Deferred Developer Fees from the Park and Acquisition Fund, Sewer Fund, and Drainage Fund.



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Recognized Obligation Payment Schedule

- ▶ **Line:** Page 2, 1
- ▶ **Total Outstanding Debt:** \$1,362,500
- ▶ **Description:**
 - In 1994, a \$1,362,500 loan was entered into from the Agency Housing Set-Aside Fund to acquire private properties within the Third Block in the Main/Pier Project Area.

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- ▶ **Line:** Page 2, 13
- ▶ **Total Outstanding Debt: \$4,054,198**
- ▶ **Description:**
 - Emerald Cove 2010 Series A Lease Revenue Refunding Bonds Debt Service Payments.



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- ▶ **Line:** Page 2, 15
- ▶ **Total Outstanding Debt:** \$643,727
- ▶ **Description:**
 - State of California HELP Loan borrowed by the Agency for a Senior Rental Complex, Bowen Court.



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- ▶ **Line:** Page 2, 16
- ▶ **Total Outstanding Debt:** \$13,922,294
- ▶ **Description:**
 - Property Tax Sharing Agreement required under the terms of the Owner Participation Agreement (10/2/2000) and the Second Implementation Agreement (09/17/2007) for the redevelopment of the Huntington Center Mall, Bella Terra.





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- ▶ **Line:** Page 3, 1
- ▶ **Total Outstanding Debt: \$13,997,626**
- ▶ **Description:**
 - Property Tax Sharing Agreement under the Disposition and Development Agreement (DDA) with CIM Group, LLC for the development of hotel, retail, restaurant, and public parking structure for the Strand Project. The implementation of the DDA and the Sixth Implementation Agreement were entered into from June 1999 to November 2008.



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- ▶ **Line:** Page 3, 2
- ▶ **Total Outstanding Debt:** \$1,088,861
- ▶ **Description:**
 - The Strand Project additional parking agreement.



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- ▶ **Line:** Page 3, 3
- ▶ **Total Outstanding Debt:** \$27,428,830
- ▶ **Description:**
 - Bella Terra Phase II, Affordable Housing Agreement approved on October 4, 2010, for construction of a 467 mixed-use unit project. Project is currently under construction and financed by property tax allocations.



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- ▶ **Line:** Page 3, 4
- ▶ **Total Outstanding Debt: \$5,500,000**
- ▶ **Description:**
 - Owner Participation Agreement approved on October 16, 2006, for future development of a 31-acre site located at Pacific Coast Highway and First Street (i.e. Pacific City).



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- ▶ **Line:** Page 3, 5
- ▶ **Total Outstanding Debt:** \$2,640,000 (estimated)
- ▶ **Description:**
 - Pre and Post AB1290 statutory payments mandated by Health and Safety Code (HSC) Section 33607:

Pass Through Entities

City of Huntington Beach
HB Retirement Override
Coast Community College District
Oceanview Elementary School District
Huntington Beach Union High School District
HB Elementary School District (General Fund)
Westminster Elementary School District
Orange County Department of Education
OC Agencies (OC General Fund, Flood Control District, Harbors Beaches & Parks)
Orange County Sanitation District
Orange County Transportation Authority
Orange County Vector Control
Orange County Water District
Orange County Cemetery District
Metropolitan Water District

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- ▶ **Line:** Page 3, 6
- ▶ **Total Outstanding Debt: \$424,801**
- ▶ **Description:**
 - Successor Agency administrative obligations relating to maintaining payments on Recognized Obligations and other activities allowed under AB 1X 26.
 - Capped at 5% of property taxes in year one and 3% in every year thereafter.

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- ▶ **Line:** Page 3, 7
- ▶ **Total Outstanding Debt: \$306,403**
- ▶ **Description:**
 - Housing Authority staffing and operating costs to perform statutory obligations for housing affordability, production, reporting, and compliance as per Government Code.

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- ▶ **Line:** Page 3, 8
- ▶ **Total Outstanding Debt: \$160,000**
- ▶ **Description:**
 - Outside Counsel for Successor Agency compliance and monitoring.

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- ▶ **Line:** Page 3, 9
- ▶ **Total Outstanding Debt: \$10,185**
- ▶ **Description:**
 - Independent financial statement and compliance of the Agency in accordance with Government Auditing Standards Statement on Auditing Standards (SAS) No. 117, “Compliance Audit” – Macias Gini & O’Connell LLP.

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- ▶ **Line:** Page 3, 10
- ▶ **Total Outstanding Debt: \$75,000**
- ▶ **Description:**
 - Specialized financial analysis and compliance services for Disposition and Development Agreements and Owner Participation Agreements.

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- ▶ **Line:** Page 3, 11
- ▶ **Total Outstanding Debt: \$150,000**
- ▶ **Description:**
 - Specialized consulting services to ensure compliance with statutory obligations for Housing reporting, auditing, and compliance.



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- ▶ **Line:** Page 4, 1
- ▶ **Total Outstanding Debt: \$75,000**
- ▶ **Description:**
 - Statutory obligation for Housing compliance services required by Community Redevelopment Law – Ameri-national.
 - Monitoring of residual receipt payments.
 - Compliance with Federal Single Audit requirements as per OMB Circular A-133.

Recognized Obligation Payment Schedule

- ▶ **Line:** Page 4, 2
- ▶ **Total Outstanding Debt: \$150,000**
- ▶ **Description:**
 - Outside Counsel to ensure compliance with statutory obligations for Housing compliance services required by Community Redevelopment Law.

Recognized Obligation Payment Schedule

- ▶ **Line:** Page 4, 3-4
- ▶ **Total Outstanding Debt: \$3,227,706**
- ▶ **Description:**
 - As part of the State take of Redevelopment funds in 2009 and 2010, the Agency borrowed \$3,227,706 in 2009, and \$700,000 in 2010 from the Low-Income Housing Set-Aside Fund in order to meet the SERAF payment amount.
 - These amounts are required to be paid back to the Low-Income Housing Fund, pursuant to AB 1X 26.

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- ▶ **Line:** Page 4, 5

- ▶ **Total Outstanding Debt:** \$4,812

- ▶ **Description:**

- As part of the Owner Participation Agreement approved in 1991, for the development of the three story building Ocean View Promenade, the Agency agreed to a rent differential agreement, which guarantees a certain rent level for the office space at Ocean View Promenade.

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- ▶ **Line:** Page 4, 6
- ▶ **Total Outstanding Debt:** \$39,637,666
- ▶ **Description:**
 - This outstanding debt relates to the Statutory Housing Set-Aside required by Health and Safety Code Section 33487 as previously reported on the State Controller's Report per Health and Safety Code Section 33675.

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- ▶ **Line:** Page 4, 7
- ▶ **Total Outstanding Debt: \$100,000**
- ▶ **Description:**
 - This outstanding debt relates to contract attorney costs for Covenant enforcement for Affordable housing projects for the purpose of increasing, improving, and preserving the City's supply of low- and moderate-income housing pursuant to the requirements of Section 33413(b)(4) and 33490(a)(2) and (3) of the California Community Redevelopment Law, Health and Safety Code Section 33000, et. seq.

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- ▶ **Line:** Page 4, 8
- ▶ **Total Outstanding Debt: \$1,483,151**
- ▶ **Description:**
 - This outstanding debt relates to the unfunded CalPERS pension liability as per the CalPERS Actuarial Valuation as of June 30, 2010.

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- ▶ **Line:** Page 4, 9
- ▶ **Total Outstanding Debt: \$409,000**
- ▶ **Description:**
 - This outstanding debt relates to the unfunded Supplemental Retirement Plan's liabilities as per the AON Actuarial Valuation as of September 30, 2011.

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- ▶ **Line:** Page 4, 10-11

- ▶ **Total Outstanding Debt:** \$240,000

- ▶ **Description:**

- This outstanding debt relates to the unfunded obligations for retiree medical benefits and OPEB liabilities, as per the AON Actuarial Valuation as of September 30, 2011.

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- ▶ **Line:** Page 4, 12
- ▶ **Total Outstanding Debt: \$124,391**
- ▶ **Description:**
 - This outstanding debt relates to unused employee General Leave for City employees directly involved in the Housing and Redevelopment Projects and Administration.

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- ▶ **Line:** Page 4, 13-14
- ▶ **Total Outstanding Debt: \$45,000**
- ▶ **Description:**
 - This outstanding debt relates to a contract for Nagasaki and Associates and Tierra West who conducts real estate appraisals and financial analysis for the Successor Agency.

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- ▶ **Line:** Page 4, 15
- ▶ **Total Outstanding Debt:** \$1,500
- ▶ **Description:**
 - This outstanding debt relates to tuition reimbursement for Redevelopment Agency staff pursuant to the MEO Memorandum of Understanding



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- ▶ **Line:** Page 5, 1
- ▶ **Total Outstanding Debt: \$302,489**
- ▶ **Description:**
 - This debt relates to a loan from the Merged Project Area to the Southeast Coastal Area for administrative and project management costs in Fiscal Year 2004-2005.

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- ▶ **Line:** Page 5, 2
- ▶ **Total Outstanding Debt: \$7,000**
- ▶ **Description:**
 - Successor Agency administrative obligations relating to maintaining payments on Recognized Obligations and other activities as required by AB 1X 26 for the Southeast Coastal Project Area (i.e. 5 percent administrative allocation).

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- ▶ **Line:** Page 5, 3
- ▶ **Total Outstanding Debt:** \$344,816
- ▶ **Description:**
 - Advance from City on construction of Conservancy Grant funded block wall and associated landscaping.



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- ▶ **Line:** Page 5, 4
- ▶ **Total Outstanding Debt:** \$262,804
- ▶ **Description:**
 - Legally binding Operative Agreements for costs related to capital projects of the Redevelopment Agency from a period of 2004-2005 in the Southeast Coastal Project Area.

Recognized Obligation Payment Schedule

- ▶ **Line:** Page 5, 5
- ▶ **Total Outstanding Debt:** \$64
- ▶ **Description:**
 - 20% Low-Income Housing Set-Aside required by statute for the Southeast Coastal Project Area.

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- ▶ **Line:** Page 5, 6
- ▶ **Total Outstanding Debt: \$13,000**
- ▶ **Description:**
 - Post AB 1290 statutory payments mandated by Health and Safety Code Section 33607.

Recognized Obligation Payment Schedule

- ▶ **Line:** Page 5, 7
- ▶ **Total Outstanding Debt: \$5,000**
- ▶ **Description:**
 - This obligation refers to a contract for a property tax valuation assessment for AES.

Recognized Obligation Payment Schedule

- ▶ **Line:** Page 2, 3-12
- ▶ **Total Outstanding Debt:** \$26,808,648
- ▶ **Description:**
 - Tax Allocation Bond indebtedness (principal and interest) for debt issued in 1999 and 2002, Arbitrage Compliance Specialists, a 15-year arbitrage rebate payment to the IRS, payments to fiscal agents, and preparation of Continuing Disclosure Annual Reports.

Recognized Obligation Payment Schedule

Questions?

Recognized Obligation Payment Schedule

- ▶ **Line:** Page 1,14
- ▶ **Total Outstanding Debt: \$2,225,001**
- ▶ **Description:**
 - During 1987, the Driftwood Mobile Home Park in the value of \$1,228,381 was sold by the City to the Agency. The land was subsequently transferred to the developers of the Waterfront Project.



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▶ **Line:** Page 1, 15

▶ **Total Outstanding Debt: \$46,856,319**

▶ **Description:**

- In 1989, the City sold land to the Agency totaling \$29,000,200 via Disposition and Development and Owner Participation Agreements in the Main/Pier project area. This included the following purchases:

Waterfront (Hilton and Hyatt) \$22,400,000

Main Street Parking/Commercial Space \$3,133,500

California Resorts aka Pierside Pavilion \$1,512,500

Town Square \$1,956,000



Recognized Obligation Payment Schedule

- ▶ **Line:** Page 2, 2
- ▶ **Total Outstanding Debt: \$5,803,061**
- ▶ **Description:**
 - Disposition and Development Agreement was approved on September 14, 1998, for the Waterfront Development.



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- ▶ **Line:** Page 2, 14
- ▶ **Total Outstanding Debt: \$3,804,470**
- ▶ **Description:**
 - Loan Agreement with the U.S. Department of Housing and Urban Development for capital improvements at the Hilton/Hyatt properties. (Section 108 Loan)



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Questions?