

HUNTINGTON BEACH OVERSIGHT BOARD

*of the Successor Agency of the former
City of Huntington Redevelopment Agency*

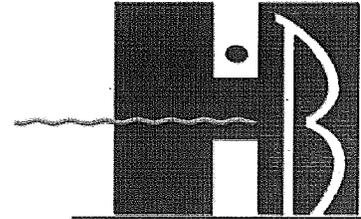
Special Meeting Agenda

November 5, 2014

4:00 P.M.

City Hall, 2000 Main Street, Civic Center Lower Level,
Room B-8, Huntington Beach, CA 92648

Teleconferencing Location:
2 Park Plaza, Suite 100, Irvine, CA 92614



Huntington Beach
Oversight Board

WEB ACCESS:

Meeting audio archives can be accessed
at <http://huntingtonbeach.granicus.com>

REMINDER

As a courtesy to those in attendance, please
silence your cell phones and pagers

MEETING ASSISTANCE NOTICE - AMERICANS WITH DISABILITIES ACT

In accordance with the Americans with Disabilities Act the following services are available to members of our community who require special assistance to participate in Oversight Committee meetings. If you require special assistance, 48-hour prior notification will enable the city to make reasonable arrangements. To make arrangements for an assisted listening device (ALD) for the hearing impaired, American Sign Language interpreters, a reader during the meeting and/or large print agendas, please contact the Oversight Board Secretary's Office at (714) 536-5227.

OVERSIGHT COMMITTEE AGENDA

The Oversight Committee agenda and supporting documentation is made available for public review during normal business hours in the Office of the Oversight Board Secretary, 2000 Main Street immediately following distribution of the agenda packet to a majority of the Board Members. Questions on agenda items may be directed to the Oversight Board Secretary's Office at (714) 536-5227. The agenda packet is posted on the city's website at <http://www.huntingtonbeachca.gov/Government/agendas/>.

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SUPPLEMENTAL COMMUNICATION

Staff and members of the public have the opportunity to submit information related to an agenda item following distribution of the agenda packet to the Board Members. This information is identified as "Supplemental Communication" and is assembled into a packet by the Oversight Board Secretary on the day of the meeting. The Brown (Open Meetings) Act requires that copies of Supplemental Communication be made available to the public immediately upon distribution of material to a majority of the Board Members. Communication received by any individual at the meeting will be made available to the public in the Oversight Board Secretary's Office the following morning.

PUBLIC COMMENTS

This is the time of the meeting for the Board Members to receive comments from the public regarding items of interest or agenda items. Pursuant to the Brown (Open Meeting) Act, the Board Members may not enter into discussion regarding items not on the Oversight Committee agenda. The Board Members strive to treat members of the public with respect. Comments or concerns provided by the public shall be done in a civil and respectful manner.

To participate in Public Comments, **yellow Request to Speak** forms are available at the entrance table and are collected by the Oversight Board Secretary. Each speaker is allowed 3 minutes, and time may not be donated to another speaker.

This agenda contains a brief general description of each item the Oversight Board will consider. The City Clerk has on file copies of written documentation relating to each item of business on this Agenda available for public inspection. Contact the City Clerk's Office at (714) 536-5227 or view the Agenda and related materials on the City's website at <http://www.huntingtonbeachca.gov>. Materials related to an item on this Agenda submitted to the Oversight Board after distribution of the Agenda Packet are available for public inspection in the City Clerk's Office at 2000 Main Street, Huntington Beach, California during normal business hours. Such documents may also be available on the City's website subject to staff's ability to post documents before the meeting.

Special Accommodations

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (714) 536-5227. Notification 48 hours prior to the meeting will enable City staff to make reasonable arrangements to ensure accessibility.
(28 CFR 35.102.35.104 ADA Title II)

HUNTINGTON BEACH OVERSIGHT BOARD

***of the Successor Agency of the former
City of Huntington Redevelopment Agency***

Special Meeting Agenda

November 5, 2014

4:00 P.M.

City Hall, 2000 Main Street, Civic Center Lower Level, Room B-8,
Huntington Beach, CA 92648

***Teleconferencing Location:
2 Park Plaza, Suite 100, Irvine, CA 92614***

**4:00 PM – ROOM B-8
CIVIC CENTER, 2000 MAIN STREET
HUNTINGTON BEACH, CA 92648**

**TELECONFERENCING LOCATION: (BOARD MEMBER LUCY DUNN)
2 PARK PLAZA, SUITE 100
IRVINE, CA 92614**

BOARD MEMBERS: City of Huntington Beach appointee **Mayor Matthew M. Harper**; County Board of Supervisors appointees **Lucy Dunn** and **Steve Bone**; Community Colleges Districts appointee **W. Andrew “Andy” Dunn**; Orange County Office of Education appointee **Carrie Delgado**; Former Huntington Beach Redevelopment Agency employee representative **Kellee Fritzal**; Special District – Orange County Sanitation District appointee **Joe Carchio**

CALL TO ORDER

ROLL CALL: Chair Harper, Vice Chair Carchio, Bone, Delgado, A. Dunn, L. Dunn, Fritzal

PLEDGE OF ALLEGIANCE: To be led by Mayor Harper

SUPPLEMENTAL COMMUNICATIONS: Announced by Board Secretary.

PUBLIC COMMENTS: *This is the portion of the meeting for any member of the public to address the Oversight Board on any matter that is within the subject matter jurisdiction of the board. The Brown Act, with limited exception, does not allow the board or staff to discuss unagendized issues brought forth under Public Comments. Comments should be limited to 3 minutes per person.*

BUSINESS:

- 1. Adopt Oversight Board Resolution No. 2014-06 approving the Long Range Property Management Plan (LRPMP)**

Recommended Board Action:

Adopt Resolution No. 2014-06, "A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach Approving the Long Range Property Management Plan Prepared Pursuant to California Health and Safety Code Section 34191.5."

2. Adopt Oversight Board Resolution No. 2014-07 re-approving the Purchase and Sale Agreement for the Edinger Hotel location

Recommended Board Action:

Adopt Resolution No. 2014-07, "A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach Re-Approving A Purchase and Sale Agreement and Directing the Transfer of Ownership of Real Property in Accordance with Health and Safety Code Section 34181(a) [APN NOs. 142-081-06, 142-081-09, 142-081-10, 142-081-11, 142-081-12, and 142-081-28]"

3. Approve and adopt the minutes of the Oversight Board Special Meeting of September 22, 2014

Recommended Board Action:

Approve and adopt the minutes of the Oversight Board Special Meeting of September 22, 2014, as written and on file in the office of the Secretary of the Board.

MEMBER REPORTS/ANNOUNCEMENTS

ADJOURNMENT

The next Regular Meeting is scheduled for Monday, April 13, 2015, 4:30 PM at City Hall, 2000 Main Street, Civic Center Lower Level, Room B-8.

**Oversight Board of the Huntington
Beach Successor Agency
to the Redevelopment Agency**

Agenda Item #1

AGENDA REPORT

Oversight Board of the Huntington Beach Successor Agency to the Redevelopment Agency

MEETING DATE: November 5, 2014

SUBJECT/ACTION: Adopt Oversight Board Resolution No. 2014-06 approving the Long Range Property Management Plan (LRPMP)

STATEMENT OF ISSUE:

Pursuant to Assembly Bill 1484 (AB 1484), all successor agencies are required to prepare a Long Range Property Management Plan (LRPMP) that will govern the disposition and use of the former non-housing properties owned by the former redevelopment agency. The Oversight Board is asked to review and approve the LRPMP which, after consideration by the Oversight Board, will then be sent to the California Department of Finance (DOF) by November 13, 2014, which is six months from the date the Successor Agency received its Finding of Completion from DOF.

RECOMMENDED ACTION:

Motion to:

Adopt Resolution No. 2014-06, "A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach Approving the Long Range Property Management Plan Prepared Pursuant to California Health and Safety Code Section 34191.5."

BACKGROUND:

Pursuant to Assembly Bill 1484 (AB 1484) all successor agencies are required to prepare a Long Range Property Management Plan (LRPMP) that will govern the disposition and use of the non housing properties owned by the former redevelopment agency. The LRPMP must be approved by the Successor Agency and then by the Oversight Board. The approved plan is then submitted to the DOF for review no later than six (6) months following the issuance of a Finding of Completion.

The DOF issues the Finding of Completion once the Successor Agency has paid the amount indicated by the due diligence reviews and the county auditor-controller has reported those payments to DOF. The Huntington Beach Successor Agency received its Finding of Completion on May 13, 2014, so the LRPMP is due to DOF by November 13, 2014. Pursuant to Health and Safety Code Section 34191.5(c), the LRPMP must include a detailed inventory with background information and the recommended use or disposition of each property. Permitted actions under the LRPMP include:

- Retention of the property for governmental use;

- Retention of the property for future development of approved enforceable obligations;
- Use of the property to fulfill a current enforceable obligation; and
- Sale of the property with proceeds distributed to the taxing entities.

Generally, DOF interprets AB 1484 to require successor agencies to sell property unless it has an approved enforceable obligation attached to it or is used for a governmental purpose. The Huntington Beach Successor Agency owns seven (7) properties containing thirteen (13) parcels described below, which were all acquired for general redevelopment purposes. Six of the seven properties have buildings and/or approved planning entitlements and one is undeveloped.

<u>Property</u>	<u>Disposition Type</u>	<u>Recipient</u>	<u>Estimated Sales Price from Recipient</u>	<u>Timing of Sale</u>
International Surf Museum	Future Development	City	\$0	ASAP
Downtown Alley	Government Use	City	\$0	ASAP
Public Skate Park	Government Use	City	\$0	ASAP
Westminster Parcel	Future Development	City of Huntington Beach / City of Westminster	\$0	ASAP
Waterfront Hyatt Regency	Other Liquidation or, in the alternative, Enforceable Obligation	Designated Buyer	\$7,900,000, less repayment of the two enforceable obligations	ASAP
Waterfront Hilton/Parcel C	Other Liquidation or, in the alternative, Enforceable Obligation	Designated Buyer	FMV of the Leased Fee Interest	4th Quarter 2015-1st Quarter 2016
Edinger Hotel	Other Liquidation	Designated Buyer	\$3,100,000	ASAP

As part of the wind down process of redevelopment, appraisals and/or a value is required to be established on the properties that are recommended for sale. The estimated values for those properties determined by the appraisals are shown on the following table. The LRPMP does not require that new appraisals be conducted. The Successor Agency and then the Oversight Board are required to review and approve the LRPMP. Once approved, the LRPMP will be sent to California Department of Finance for approval and then for Agency implementation. The actual amount of sales

proceeds will be dependent upon the market conditions and the final sales prices, less listing costs and escrow fees.

The Successor Agency is scheduled to review the LRPMP at its meeting on November 3, 2014.

ATTACHMENT(S):

1. Resolution No. 2014-06, "A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach Approving the Long Range Property Management Plan Prepared Pursuant to California Health and Safety Code Section 34191.5."
2. Long Range Property Management Plan, including Appendix A – Finding of Completion, Appendix B – HB Inventory Matrix, Appendix C – Map of Properties, and Appendix W – Long Range Property Management Checklist.

***Appendix documents D-V on file in the Oversight Board Secretary's Office**

RESOLUTION NO. 2014-06

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH APPROVING THE LONG RANGE PROPERTY MANAGEMENT PLAN PREPARED PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34191.5

WHEREAS, the Redevelopment Agency of the City of Huntington Beach (“Redevelopment Agency”) was a redevelopment agency in the City of Huntington Beach (“City”), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) (“Redevelopment Law”); and

Assembly Bill No. X1 26 (2011-2012 1st Ex. Sess.) (“AB 26”) was signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law and to the California Health and Safety Code (“H&S Code”), including adding Part 1.8 (commencing with Section 34161) (“Part 1.8”) and Part 1.85 (commencing with Section 34170) (“Part 1.85”) to Division 24 of the H&S Code; and

Pursuant to AB 26, as modified by the California Supreme Court on December 29, 2011 by its decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency, were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and expeditiously winding down the business and fiscal affairs of the former redevelopment agencies; and

The City Council of the City elected for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB 26 (“Successor Agency”); and

On June 27, 2012, the Legislature passed and the Governor signed Assembly Bill No. 1484 (“AB 1484”, Chapter 26, Statutes 2012). AB 1484 imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind down process of former redevelopment agencies, including the preparation of a Long Range Property Management Plan; and

AB 26 and AB 1484, as further amended, are collectively referred to herein as the “Dissolution Act”; and

H&S Code Section 34179 of the Dissolution Act establishes a seven (7) member local entity with respect to each successor agency and such entity is titled the “oversight board.” The oversight board has been established for the Successor Agency (hereinafter referred to as the “Oversight Board”); and

Pursuant to H&S Code Section 34191.5(a) of the Dissolution Act, upon the issuance of the Finding of Completion to the Successor Agency, a Community Redevelopment Property Trust Fund (“Trust”) will be established to serve as the repository of certain real properties of the former Redevelopment Agency that are identified in the Due Diligence Reviews by H&S Code Section 34179.5(c)(5)(C) of the Dissolution Act; and

Pursuant to H&S Code Section 34191.5(b) of the Dissolution Act, once the California Department of Finance (“DOF”) issues a Finding of Completion to the Successor Agency, the Successor Agency shall prepare a LRPMP that addresses the disposition and use of certain real properties of the former Redevelopment Agency. The LRPMP shall be submitted to the Oversight Board and the DOF for approval no later than 6 months following the issuance of the Finding of Completion to the Successor Agency; and

Pursuant to H&S Code Section 34191.4(a) of the Dissolution Act, upon the approval of the LRPMP by the DOF, all real property and interests in real property identified in the DDRs by H&S Code Section 34179.5(c)(5)(C) of the Dissolution Act shall be transferred to the Trust, unless such a property is subject to the requirements of any existing enforceable obligation; and

H&S Code Section 34191.5(c) of the Dissolution Act requires that the LRPMP (1) include an inventory of all properties in the Trust, which inventory shall consist of specific information relating to each such property including, without limitation, the date of and purpose for acquisition, value of property, applicable zoning, any property revenues and contractual requirements for disposition of same, history of environmental issues and any related studies and remediation efforts, potential for transit-oriented development and advancement of planning objectives of the Successor Agency, and history of previous development proposals and activity; and (2) address the use or disposition of all properties in the Trust, including (i) the retention of such property for governmental use pursuant to H&S Code Section 34181(a) of the Dissolution Act, (ii) the retention of such property for future development, (iii) the sale of such property, or (iv) the use of such property to fulfill an enforceable obligation; and

On May 13, 2014, the Successor Agency received its Finding of Completion; and

The Successor Agency has prepared a proposed LRPMP (“LRPMP”) for consideration by the Successor Agency and then for consideration by the Oversight Board and the DOF. The LRPMP includes 13 parcels comprising seven properties, namely:

<u>Property Name</u>	<u>Parcel Number on Inventory</u>
Surf Museum	1
Downtown Alley	2
Skate Park	3
Westminster Parcel	4
Waterfront Hyatt Regency Hotel	5
Waterfront Hilton Hotel/Parcel C	6,7
Edinger Hotel	8, 9, 10, 11, 12, 13;

and

On November 3, 2014, the Successor Agency approved the proposed LRPMP. The proposed LRPMP, as approved by the Successor Agency, is attached to the Staff Report prepared for this Agenda Item, and is presented to the Oversight Board for review and approval; and

For each of the properties, the LRPMP includes all of the information required by H&S Code Section 34191.5(c) of the Dissolution Act and their respective use and disposition are in accordance with the Dissolution Act; and

The Edinger Hotel property is proposed to be sold to Miramar GP, LP, a California limited partnership (“Miramar”), a private third party developer, pursuant to a proposed Purchase and Sale Agreement and Joint Escrow Instructions dated January 27, 2012, as further amended by an Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated January 31, 2012, and further amended by that Escrow Amendment/Supplement dated April 25, 2012, and further amended by that Second Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated June 25, 2012, and further amended by that Third Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated as of January 25, 2013, and further amended by that Fourth Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated as of January 21, 2014 (collectively, the “Agreement”); and

In accordance with the appraised value of the Edinger Hotel property, as supported by an appraisal dated January 9, 2012, attached to the LRPMP, the “Purchase Price” for the Edinger Hotel property is \$3,100,000; and

The anticipated sale proceeds from the sale of the Edinger Hotel property to Miramar pursuant to the proposed Agreement in the amount of \$3,100,000 will be remitted after the close of escrow to the Orange County Auditor-Controller’s Office for distribution to the taxing entities in accordance with H&S Code Section 34191.5(c)(2)(B) of the Dissolution Act; and

The proposed Agreement was previously considered by the Oversight Board and approved on January 8, 2013 by Resolution No. 2013-04 and will be re-considered for approval by the Oversight Board at the same meeting as the Oversight Board’s consideration of the proposed LRPMP. The proposed Agreement will likewise be

submitted to the DOF for review concurrently with the proposed LRPMP if approved by the Oversight Board; and

Pursuant to H&S Code Section 34191.3 of the Dissolution Act, once the LRPMP is approved by the DOF, the LRPMP shall govern, and supersede all other provisions of the Dissolution Act relating to, the disposition and use of the properties; and

The activity proposed for approval by this Resolution has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, Sections 15000 *et seq.*, hereafter the "Guidelines"), and the City's environmental guidelines; and

The activity proposed for approval by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines. In this regard, the projects associated with the properties identified in the LRPMP, along with their respective contractual agreements, have been reviewed and analyzed pursuant to CEQA and their required environmental documents have been prepared, circulated and approved/certified by the appropriate lead agency; and

All of the prerequisites with respect to the approval of this Resolution have been met.

NOW, THEREFORE, the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach does hereby resolve as follows:

1. The Oversight Board hereby determines that the foregoing recitals are true and correct.

2. The Oversight Board hereby approves the Long Range Property Management Plan ("LRPMP"), substantially in the form attached to the Staff Report prepared for this Agenda Item.

3. The Oversight Board hereby authorizes and directs the Executive Director, or designee, of the Successor Agency to remit to the Orange County Auditor-Controller's Office for distribution to the taxing entities in accordance with H&S Code Section 34191.5(c)(2)(B) of the Dissolution Act the proceeds of the Purchase Price that are received from the sale of the Edinger Hotel property pursuant to the proposed Agreement.

4. The Oversight Board hereby authorizes and directs the Executive Director, or designee, of the Successor Agency to: (i) submit the LRPMP, as approved by the Oversight Board, to the California Department of Finance ("DOF") electronically in PDF format and to the Orange County Auditor-Controller; (ii) post a copy of the LRPMP, as approved by the Oversight Board, on the Successor Agency's internet website; (iii) revise the LRPMP and make such changes and amendments as necessary, before official

submittal of the LRPMP to the DOF, in order to complete the LRPMP in the manner provided by the DOF and to conform the LRPMP to the form or format as prescribed by the DOF; (iv) make non-substantive changes and amendments to the LRPMP deemed necessary and as approved by the Executive Director of the Successor Agency and its legal counsel; and (v) take such other actions and execute such other documents as are necessary to effectuate the intent of this Resolution on behalf of the Successor Agency and the Oversight Board.

5. The staff of the Successor Agency is hereby authorized to execute and record such documents and instruments and to do any and all other things which they may deem necessary or advisable to effectuate this Resolution and any such actions previously taken are hereby ratified, including, without limitation, execution of any deeds or certificates of acceptance.

6. The Oversight Board determines that the activity approved by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines.

7. The adoption of this Resolution is not intended to and shall not constitute a waiver of any constitutional, legal or equitable rights that the Successor Agency or Oversight Board may have to challenge, through any administrative or judicial proceedings, the effectiveness and/or legality of all or any portion of the Dissolution Act, any determinations rendered or actions or omissions to act by any public agency or government entity or division in the implementation of the Dissolution Act, and any and all related legal and factual issues, and the Successor Agency or Oversight Board expressly reserves any and all rights, privileges, and defenses available under law and equity.

8. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that its Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

9. This Resolution shall take effect upon the date of its adoption.

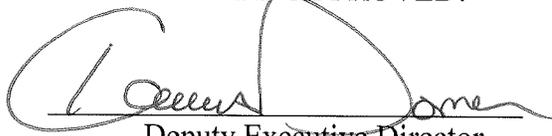
PASSED AND ADOPTED by the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach at a meeting thereof held on the 5th day of November, 2014.

Chairperson

REVIEWED AND APPROVED:

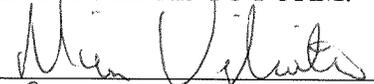
INITIATED AND APPROVED:

Executive Director



Deputy Executive Director

APPROVED AS TO FORM:



Sgt Board Counsel

Long Range Property Management Plan

Successor Agency to the former
Redevelopment Agency of the City of
Huntington Beach

2000 Main Street, Huntington Beach,
California 92648

Approved by Successor Agency on November 3, 2014

Approved by Oversight Board on November 5, 2014

Approved by Department of Finance on _____, 2014

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

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Westminster Parcel (Parcel 4)	15
Waterfront Hyatt Regency Hotel (Parcel 5)	18
Waterfront Hilton Hotel/Parcel C (Parcel 6 and 7)	22
Edinger Hotel (Parcels 8 – 13)	27

Appendix A Finding of Completion Letter

Appendix B Property Inventory Data

Appendix C Map of Properties

Appendix D Redevelopment Plan

Appendix E Redevelopment Implementation Plan

Appendix F General Plan

Appendix G Downtown Specific Plan (Specific Plan 5)

Appendix H Beach and Edinger Specific Plan (Specific Plan 14)

Appendix I Local Coastal Plan

Appendix J Historic Survey

Appendix K CUP # 08-005

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Appendix L	Surf Museum Lease
Appendix M	Vans Ground Lease
Appendix N	Hyatt Regency (Parcel 5) Ground Lease
Appendix O	Waterfront Disposition and Development Agreements (5)
Appendix P	Parcel 5 Section 108 Loan
Appendix Q	Parcel 5 Promissory Note
Appendix R	Waterfront Hilton (Parcel 6) Ground Lease
Appendix S	Implementation Agreement No. 5
Appendix T	Parcel C (Parcel 7) Fire and Parking Easements
Appendix U	Edinger Hotel Purchase and Sale Agreement
Appendix V	Appraisal / Reuse Analysis / 33433 Report
Appendix W	Long Range Property Management Plan Checklist

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

INTRODUCTION

As required by Health & Safety Code Section 34191.5, this document is the Long-Range Property Management Plan (LRPMP) of the Successor Agency of the former Redevelopment Agency of the City of Huntington Beach (Former Agency). The Successor Agency received a Finding of Completion from the Department of Finance (DOF) on May 13, 2014 (Appendix A).

In accordance with Health & Safety Code Section 34191.5(c), the LRPMP includes an inventory of properties included in the Community Redevelopment Property Trust Fund and provides the proposed plan for disposition and uses of each of the properties.

SUCCESSOR AGENCY ASSET SUMMARY

Section 34191.5(c)(1) of the Health and Safety Code, which was added as part of Assembly Bill 1484 (AB 1484), requires that the LRPMP include an inventory of all properties held in the Community Redevelopment Property Trust Fund. For the Successor Agency, this inventory identifies 13 parcels comprising seven properties. In accordance with statutory requirements each of these 13 legal parcels are described in Appendix B and a map showing the location of the seven properties is presented in Appendix C.

The following pages describe each of the following properties, and the applicable legal parcel or parcels comprising each:

Property Name	Parcel Number on Inventory
Surf Museum	1
Downtown Alley	2
Skate Park	3
Westminster Parcel	4
Waterfront Hyatt Regency Hotel	5
Waterfront Hilton Hotel/Parcel C	6,7
Edinger Hotel	8, 9, 10, 11, 12, 13

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Property Disposition and Use

LRPMP also provides the planned use or disposition of each of the 13 parcels in the manner described in Health & Safety Code Section 34191.5(c)(2). The following summarizes the four types of permitted disposition/use:

Plan Category	Use/Disposition Purpose of Property	Property Transferee
Enforceable Obligation	Use Consistent with Enforceable Obligation Terms	Designated Enforceable Obligation Recipient
Governmental	Governmental Use in Accordance with Section 34181(a)	Appropriate Public Jurisdiction
Future Development	Transfer to City for use in a project identified in the Approved Redevelopment Plan. To the extent required by law, disposition proceeds to be distributed among Taxing Entities in accordance with a Compensation Agreement.	City
Other Liquidation	Sale by Successor Agency to private buyer with proceeds distributed to Taxing Entities	Designated Buyer

Summary of Recommended Property Disposition and Use

As required by Health & Safety Code Section 34191.5(c)(2), the LRPMP identifies that:

- ❖ Two (2) of the properties (3 legal parcels) are to be liquidated or, in the alternative, retained for purposes of fulfilling an enforceable obligation;
- ❖ Two (2) of the properties (2 legal parcels) are to be dedicated for governmental use purposes;
- ❖ One (1) of the properties (6 legal parcels) is to be liquidated; and
- ❖ Two (2) of the properties (2 legal parcels) are to be held for future development.

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Summary of Plan Category Decision

The relevant “approved redevelopment plan” that identifies the projects for which the properties will be disposed and used consists of:

- ❖ The Huntington Beach Merged Redevelopment Plan, which was adopted by Ordinance No. 3343 on December 16, 1996, as amended on July 15, 2002 (Appendix D);
- ❖ The accompanying Implementation Plan for the Huntington Beach Merged Project Area (HB Implementation Plan) adopted by the Former RDA on December 21, 2009 in accordance with the requirements of Health & Safety Code Section 33490 (Appendix E);
- ❖ General Plan (Appendix F);
- ❖ Downtown Specific Plan / Specific Plan 5 (Appendix G);
- ❖ Beach and Edinger Specific Plan / Specific Plan 14 (Appendix H); and
- ❖ Local Coastal Plan (Appendix I).

Redevelopment Plan (Appendix D)

The objectives and goals of the Redevelopment Plan are provided below:

Huntington Beach Merged Project Area Redevelopment Plan Goals:

1. Eliminate and prevent the spread of conditions of blight including: underutilized properties and deteriorating buildings, incompatible and uneconomic land uses, deficient infrastructure and facilities, obsolete structure, and other economic deficiencies in order to create a more favorable environment for commercial, office, industrial, residential and recreational development.
2. Expand the commercial base of the Project Area.
3. Improve public facilities and public infrastructure.
4. Improve inadequate drainage infrastructure.
5. Improve and/or provide electric, gas, telephone, and wastewater infrastructure to both developed and undeveloped properties within the Project Area.
6. Promote local job opportunities.
7. Encourage the cooperation and participation of residents, businesses, business persons, public agencies and community organizations in the redevelopment/revitalization of the Project Area.
8. Implement design and use standards to assure high aesthetic and environmental quality, and provide unity and integrity to developments within the Project Area.
9. Address parcels of property that are: of irregular form and shape, are inadequately sized for proper usefulness and development, and/or are held in multiple ownership.
10. Remove impediments to land disposition and development through the assembly of property into reasonably sized and shaped parcels served by improved infrastructure and public facilities.

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

11. Recycle and/or develop underutilized parcels to accommodate higher and better economic uses while enhancing the City's financial resources.
12. Promote the rehabilitation of existing housing stock.
13. Increase, improve, and preserve the community's supply of housing affordable to very-low, low and moderate income households.

Huntington Beach Merged Project Area Implementation Plan (Appendix E)

The goals and objectives of the Implementation Plan match those of the Redevelopment Plan. However, the following property-specific programs mentioned in the Implementation Plan are as follows:

Waterfront Hilton
Hotel / Parcel C
(Parcels 6,7)

Edinger Hotel
(Parcels 8-13)

Local Coastal Program (Appendix I)

The purpose of the Coastal Development Permit (CDP) is to implement the California Coastal Act of 1976 (Division 20 of the Public Resources Code) as amended, in accordance with the City's Local Coastal Program (LCP). The Local Coastal Program includes the City's land-use plans, zoning ordinance, zoning map, and implementing actions certified by the Coastal Commission pursuant to the Coastal Act and adopted by the City Council for the purpose of carrying out the provisions of the Coastal Act within the coastal zone. Any person, partnership, or corporation, or state or local government agency wishing to undertake development in the coastal zone shall obtain a Coastal Development Permit in accord with the provisions of this chapter, unless exempt or categorically excluded. Such permit must be issued prior to the start of development and shall be required in addition to any other permits or approvals required by the City. All development within the coastal zone requires a coastal development permit unless specifically exempted or excluded. A public hearing shall be required prior to any action on a Coastal Development Permit. Any person may submit written comment to the Director on an application for a Coastal Development Permit, or on a Coastal Development Permit appeal, at any time prior to the close of the public hearing.

Summary of Recommended Property Disposition and Use

As required by Health & Safety Code Section 34191.5(c)(2), the LRPMP identifies that:

- ❖ Two (2) of the properties (3 legal parcels) are needed to be retained for purposes of fulfilling an enforceable obligation;
- ❖ Two (2) of the properties (2 legal parcels) are dedicated for governmental use purposes;
- ❖ One (1) of the properties (6 legal parcels) is to be liquidated; and
- ❖ Two (2) of the properties (2 legal parcels) is to be held for approved redevelopment plan projects.

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Property	Disposition Type	Recipient	Estimated Sales Price from Recipient	Timing of Sale
International Surf Museum	Future Development	City	\$0	ASAP
Downtown Alley	Government Use	City	\$0	ASAP
Public Skate Park	Government Use	City	\$0	ASAP
Westminster Parcel	Future Development	City of Huntington Beach / City of Westminster	\$0	ASAP
Waterfront Hyatt Regency	Other Liquidation or, in the alternative, Enforceable Obligation	Designated Buyer	\$7,900,000, less repayment of the two enforceable obligations	ASAP
Waterfront Hilton/Parcel C	Other Liquidation or, in the alternative, Enforceable Obligation	Designated Buyer	FMV of the Leased Fee Interest	4th Quarter 2015-1st Quarter 2016
Edinger Hotel	Other Liquidation	Designated Buyer	\$3,100,000	ASAP

LONG RANGE PROPERTY MANAGEMENT PLAN

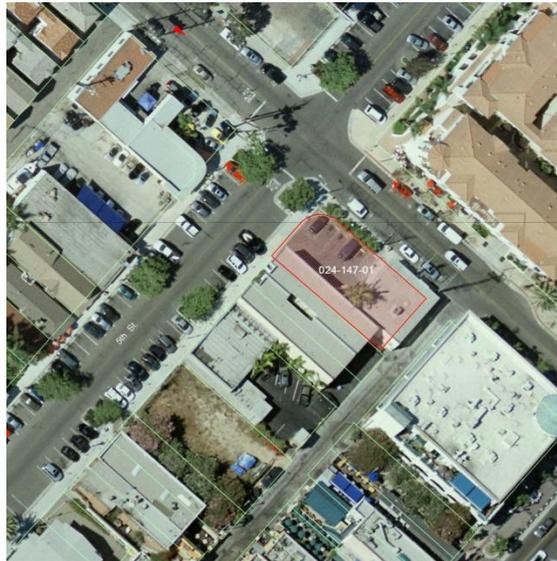
The following provides the details for each parcel to be disposed by the Successor Agency.

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

International Surfing Museum/Library (Parcel 1)

The property, consisting of one parcel, is located on the corner of Olive and 5th in the Downtown area. The existing improvement is a historically significant building that the Successor Agency leases for the use of the International Surfing Museum and Library. The Museum was ranked as one of the 125 icons of Orange County in 2014 by the Orange County Register.



Parcel Data	
Address	411 Olive Street
APN	024-147-01
Lot Size	5,375 Square Feet, 0.12 Acres
Existing Improvements	The parcel is improved with a 2,052 square foot, one-story wood-framed commercial building built in 1935 and six adjacent parking spaces. The building has historic significance and is called out in the City's 1996 General Plan and the updated historic survey conducted by the City in 2014 (Appendix J).
Existing Use	Houses the International Surfing Museum/Library
Use Restrictions	CUP #08-005 (Appendix K); Local Coastal Plan (Appendix I)
Zoning	Specific Plan 5 – District 1 (Appendix G), which allows for mixed-use commercial / residential development. Per the Local Coastal Plan, the site must provide visitor serving commercial uses only on the ground floor.
Former Project Area	Main-Pier Redevelopment Project Area
Current Title	Successor Agency to the Huntington Beach Redevelopment Agency

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Acquisition & Valuation Information

Purchase Date	March 7, 1988
Purchase Price	\$285,000
Purpose	To acquire a blighted vacant property with the intent of restoration.
Current Value (Est.)	\$0
Method of Valuation	<p>The parcel is considered to be undevelopable for the following reasons:</p> <ul style="list-style-type: none">▪ The CUP allows for the installation of two Southern California Edison (SCE) electrical transformer cabinets on a 520 square foot portion of the parcel. Thus the CUP will limit the ability to use the entire Site for development.▪ The existing building is designated historic and would need City Council approval to be demolished.▪ The Downtown Specific Plan requires developments to meet the parking requirements on-site. However, due to the size and configuration of the parcel, a new development would have difficulty parking the project in a subterranean parking garage in a financially feasible manner as well as structurally. <p>Therefore, the highest and best use is the existing structure. The value of the existing structure is limited by the following:</p> <ul style="list-style-type: none">▪ A historic designation that restricts changes to the building.▪ The property is not ADA compliant.▪ The property has not been earthquake retrofitted.▪ To park the 5,375 square foot building to code, there needs to be 11 parking spaces. The fact that the property is under parked will limit the types of commercial uses that would be interested in the property. <p>While the property currently generates \$3,000 per year, and assuming an 8% capitalization rate, the value is estimated at \$37,500. However, due to the fact that the property is not ADA compliant or earthquake retrofitted, these costs, necessary to lease to a commercial tenant, the property is estimated to have a \$0 value.</p>

Revenues Generated by Property and Contractual Requirements

Annual Revenues Generated	\$3,000
Contractual Requirements	Lease (Appendix L)
Lease Rate	\$3,000 + CPI Increases per year
Lessee	International Surf Museum Foundation and Visit Huntington Beach
Lessor	Successor Agency of the Huntington Beach Redevelopment Agency

History of Environmental Contamination or Remediation Efforts

History of Environmental Contamination	None
Remediation Efforts Completed Studies	None

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Transit-Oriented Development & Advancement of Agency Planning Objectives

Potential for TOD	None
Agency Planning Objectives	The property will continue to host the world renowned International Surfing Museum and library that educates and supports the surf culture. The existing use of a museum is approved by the California Coastal Commission as a visitor serving commercial use in accordance with the Local Coastal Plan.

Brief History of Previous Development Proposals and Activities

Prior to the former Agency acquiring the property, the existing building was used for medical office space, a restaurant and a nightclub. However, at the time of the acquisition in March 1988, the building was vacant and in disrepair. In 1988, the former Agency entered into a one-year lease with the International Surfing Museum Foundation (Foundation) for \$10 per year. The Foundation agreed to restore the building. The Foundation continued to lease the space through January 2012 when the Foundation asked Visit Huntington Beach (formally the Huntington Beach Visitors and Marketing Bureau) to assist the Foundation with staffing, rent and building improvements. The current lease between the Successor Agency and the Bureau expires in January 2017. The lease requires the Bureau to pay the Successor Agency rent in the amount of \$250 per month in 2014. This amount will increase with inflation through the end of the lease term in 2017.

The International Surfing Museum Foundation was established in 1987 and moved to the parcel in June 1990. The Museum/Library invested approximately \$35,000 into new flooring, lighting and ADA improvements in the building in November 2013. There are no plans to move the Museum/Library elsewhere and it is expected that the lease will be renewed in 2017 at market rate rent.

Recommendation for Disposition

Retain for Future Development The parcel has been used as a museum since 1990 and the tenant invested \$35,000 in building improvements in 2013. The City does not intend to change the use when the current lease expires in 2017, as the use is consistent with the Local Coastal Plan and encourages visitors to visit the City's beach front.

Implementation Plan The parcel will transfer to the City at no cost, as the minimal rent earned from the lease will be used for administrative and maintenance costs by the City. If the City should sell the property in the future, the proceeds will be shared with the Taxing Entities to the extent required by law.

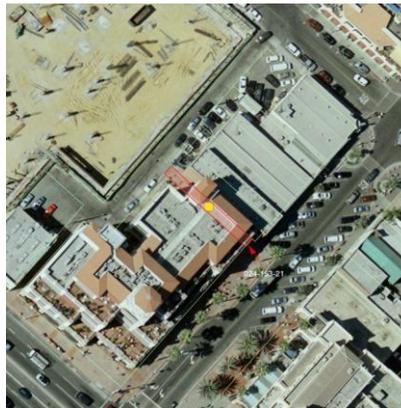


Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Downtown Alley (Parcel 2)

The parcel is a 10-foot wide alleyway between buildings providing a pedestrian connection from Main Street to 5th Street near Pacific Coast Highway in the former Main-Pier Redevelopment Project Area.



Parcel Data	
Address	Main Street near Pacific Coast Highway
APN	024-153-21
Lot Size	1,022 Square Feet, 0.02 Acres
Existing Improvements	Paved Alleyway
Existing Use	Public Access
Use Restrictions	Coastal Zone; Public Access
Zoning	Specific Plan 5 – District 1 (Appendix G)
Former Project Area	Main-Pier Redevelopment Project Area
Current Title	Successor Agency to the Huntington Beach Redevelopment Agency

Acquisition & Valuation Information	
Purchase Date	February 19, 1993
Purchase Price	\$1
Purpose	Provide safe pedestrian/public access between Main Street and 5 th Street
Current Value (Est.)	\$0
Method of Valuation	The size (ten feet wide) and location of the parcel makes it an undevelopable remnant and is considered to have no effective value.

Revenues Generated by Property and Contractual Requirements	
Annual Revenues Generated	None
Contractual Requirements	None

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

History of Environmental Contamination or Remediation Efforts

History of Environmental Contamination	None
Remediation Efforts	None
Completed Studies	None

Transit-Oriented Development & Advancement of Agency Planning Objectives

Potential for TOD Agency Planning Objectives	None The parcel provides public access between streets on large blocks in the downtown. The Downtown Specific Plan 5 also calls the parcel out as an alleyway and part of the downtown circulation plan.
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Brief History of Previous Development Proposals and Activities

In 1993, the former Agency acquired the parcel through a land exchange with the Developer of the adjacent Abdelmuti project. The Abdelmuti project includes a 42,000 mixed-use commercial development with seven on-site parking spaces located on the corner of Main Street and PCH. The exchange of land was considered to be an equal exchange valued at \$1. The former Agency received the property from the Developer for future dedications including the alleyway. The parcel is currently used to provide public pedestrian access from Main Street to 5th Street.

Recommendation for Disposition

Government Use	The Successor Agency is responsible for maintaining the property; however, the City has been maintaining the property, including lighting. The parcel is used by the public for pedestrian access between 5 th Street and Main Street in the middle of a larger block. While the parcel does not currently have an easement recorded on it (since the Successor Agency owns it) if the Agency were to sell the parcel to a third party, the City would require a public access easement be recorded, which would remove any value to the parcel.
Implementation Plan	Given the public use, the parcel will be transferred to the City at no cost, which is the same as the effective current value. The City intends to place a public access easement on the parcel. The Successor Agency, upon approval of this LRPMP, will promptly affect the transfer of the government use properties to the applicable public entity by grant deed or quitclaim deed.

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach



Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Public Skate Park (Parcel 3)

The parcel is located east of Gothard between McFadden and Center Avenue in the former Huntington Center Redevelopment Project Area.



Parcel Data	
Address	7541 Center Avenue
APN	142-073-03
Lot Size	108,910 Square Feet; 2.50 Acres
Existing Improvements	Public Skate Park
Existing Use	Public Skate Park
Use Restrictions	Public Skate Park; lease restrictions (Appendix M); Specific Plan 14 park requirement (Appendix H - Book III: City Actions Section 3.2.4 Parks, Page 114); undergoing inclusion in City's Parks Master Plan (to be completed in 2015)
Zoning	Specific Plan 14 – T5 (Town Center Neighborhood) (Appendix H)
Former Project Area	Huntington Center Redevelopment Project Area
Current Title	Successor Agency to the Huntington Beach Redevelopment Agency

Acquisition & Valuation Information	
Purchase Date	December 9, 1987
Purchase Price	\$1,055,071 (as part of the full price of Parcel 4)
Purpose	For the future Gothard-Hoover Street Extension and Realignment.
Current Value (Est.)	\$0
Method of Valuation	The property is currently leased to Vans for \$1 per year and the use is restricted to a public skate park. Given that the parcel will be included in the City's Parks Master Plan as well as the ground lease restrictions and environmental issues, the effective value of the parcel is \$0.

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Revenues Generated by Property and Contractual Requirements

Annual Revenues Generated	\$1 per year
Contractual Requirements	30 year Ground Lease with automatic extensions (Appendix M)
Lease Rate	\$1 per year
Lessee	VF Outdoor Inc.
Lessor	Successor Agency of the Huntington Beach Redevelopment Agency

History of Environmental Contamination or Remediation Efforts

History of Environmental Contamination	The site was previously used as a tree farm and storage area for the City. Although the soil test and soil gas vapor sampling reported low levels of methane, metals and Total Recoverable Petroleum Hydrocarbons (TRPH's), the tests results did not reach the level that would warrant remediation.
Remediation Efforts	Potential methane gas concerns were addressed through the City's requirement of methane barrier installation for the two constructed buildings on site. However, any other development other than a skate park would require additional mitigation.
Completed Studies	Phase 1 and 2 Soils Reports

Transit-Oriented Development & Advancement of Agency Planning Objectives

Potential for TOD Agency Planning Objectives	None The use meets Specific Plan 14 park requirement (Appendix H - Book III: City Actions Section 3.2.4 Parks, Page 114). In addition, the skate park assists the City in meeting its General Plan and Parks Master Plan strategic plan goals by providing free park use. The City is currently updating its Parks Master Plan and the skate park will be included. The Beach Edinger Specific Plan EIR also discussed that the City is below National and State standards on park space.
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Brief History of Previous Development Proposals and Activities

Once it was established that the parcel was not required for the Gothard-Hoover Street Extension and Realignment, the former Agency sought other uses for the property. Due to the environmental issues that do not allow digging on the property as well as the fact that in 2008 the School District closed the skate park at Huntington Beach High School, the former Agency concluded that a public skate park would be an appropriate use for the site.

A Ground Lease was entered into with VF Outdoor Inc, dba Vans, to lease the property to Vans for \$1 per year over a 20 year term with one 10-year option (Appendix M). In return, Vans was required to construct, operate and maintain a public skate park that is free and open to the public open 7 days a week from 10 AM to 6 PM. Vans is also required to supervise the skate park and provide free equipment for low income children to use. Vans constructed a free 42,500 square foot skate facility that includes every type of skating terrain, restrooms, lockers and a small concession/retail building.

The revenue generated by the on-site concessions does not cover Vans' staff costs of providing supervision at the public skate park, as well as the cost of insurance and operations. The skate park was opened in March 2014. The City and Vans are currently working with both Golden West College and high school skate teams to create synergy between the educational and recreational elements of the City. The skate park is providing over 50 jobs in the community.

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Recommendation for Disposition

Government Use This parcel is improved with a public skate park that is leased and operated by Vans. While Vans is allowed to lease concession space, the income generated from the concessions is not sufficient to cover the costs of supervising, operating and insuring the skate park as required by the ground lease. This use meets the park land requirement in the Specific Plan, General Plan and the Parks Master Plan.

Implementation Plan The parcel will be transferred to the City at no cost, which is the same as the effective current value. The Successor Agency, upon approval of this LRPMP, promptly will affect the transfer of the government use properties to the applicable public entity by grant deed or quitclaim deed.

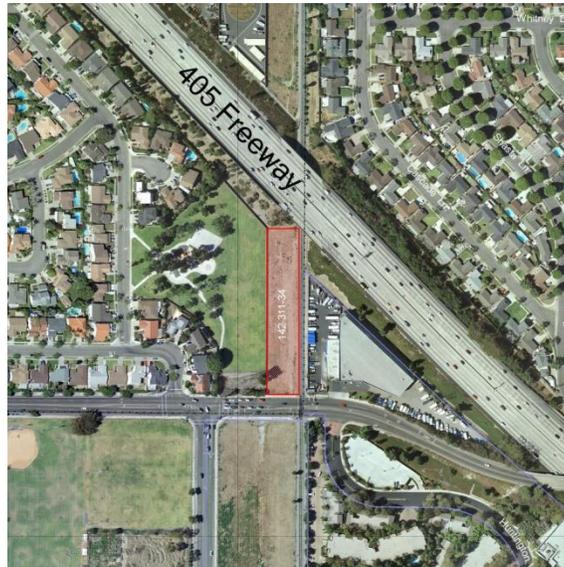


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Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Westminster Parcel (Parcel 4)

The parcel is located on the west side of the 405 Freeway and McFadden Avenue and is between College Park and the railroad tracks in the City of Westminster. The property is currently unimproved next to a park in the City of Westminster, the 405 Freeway and a storage facility.



Parcel Data

Address	No Address
APN	142-311-34
Lot Size	50,573 Square Feet; 1.16 Acres
Existing Improvements	None
Existing Use	Vacant Land / Landscaping
Use Restrictions	None
Zoning	Park/Open Space – City of Westminster
Former Project Area	N/A
Current Title	Successor Agency to the Huntington Beach Redevelopment Agency

Acquisition & Valuation Information

Purchase Date	December 9, 1987
Purchase Price	\$489,929 as part of the full price of Parcel 3
Purpose	For the future Gothard-Hoover Street Expansion and Realignment
Current Value (Est.)	\$0
Method of Valuation	Given the location, configuration and size, the Parcel is considered to be undevelopable for commercial uses and thus is considered to have no effective value.

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Revenues Generated by Property and Contractual Requirements

Annual Revenues Generated	None
Contractual Requirements	None

History of Environmental Contamination or Remediation Efforts

History of Environmental Contamination	Unknown; no tests have occurred.
Remediation Efforts Completed	None at this time
Studies	City of Huntington Beach Water Department is currently studying the parcel.

Transit-Oriented Development & Advancement of Agency Planning Objectives

Potential for TOD Agency Planning Objectives	Unknown The City of Huntington Beach has had three water wells fail within the general location, the City's Water Department needs an approximately 100 foot by 120 foot portion of the parcel to create a replacement water well (12,000 square feet). The Water Department is conducting soils and geological testing on the site. A multi-city group (including Huntington Beach) is considering the site for a multi-city animal shelter on the remaining approximate 38,500 square feet of the parcel. Discussions regarding the development have just commenced. A new shelter will assist the County due to overcrowding and the distance to the County Animal Shelter. Alternatively, the City of Westminster has expressed interest in developing the remaining area as a park, if the shelter is not developed.
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Brief History of Previous Development Proposals and Activities

Once it was established that the parcel was not required for the Gothard-Hoover Street Extension and Realignment, the former Agency sought other uses for the property. On January 27, 2011, the City released a Request for Bids (RFB) for the sale of Parcel 4. The RFB was placed on the City's website, sent to public agencies, local realtors and adjoining property owners. The City received a bid for the purchase of the parcel. Subsequent to receiving that bid, the Westminster Redevelopment Agency expressed interest in purchasing the property and provided a second bid. Based on the two bids, staff recommended that the parcel be sold to the Westminster Redevelopment Agency. The sale was never consummated due to the state-wide elimination of redevelopment agencies.

Due to the failure of three (3) nearby water wells, the City Water Department is in need of the majority of the site for water wells and is currently conducting soils and geological testing on the site. A multi-city group (including Huntington Beach) is looking to the site in regards to placing an animal shelter on the remaining approximately 38,500 square feet of the parcel. The City of Westminster has also expressed interest in the remaining area as a park, if the shelter is not developed.

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Recommendation for Disposition

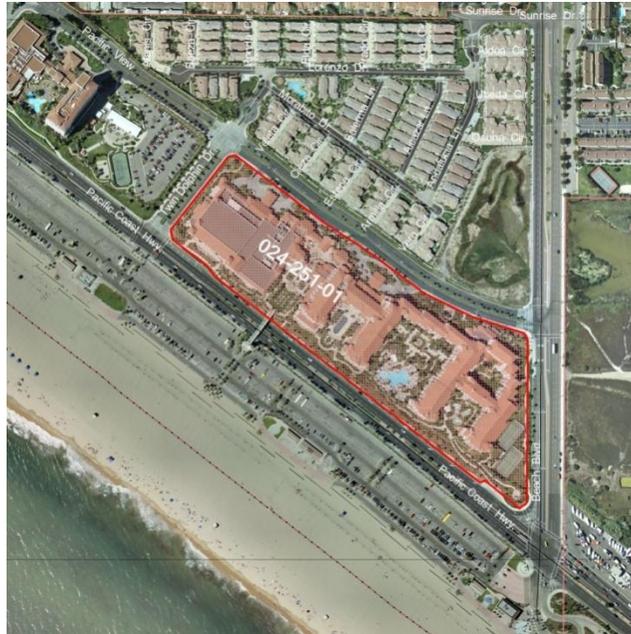
Retain for Future Development	The Site is considered undevelopable for commercial uses and three public entities are interested in developing the parcel for public use.
Implementation Plan	<p>The Successor Agency, upon approval of this LRPMP, promptly will affect the transfer of the government use properties to the applicable public entity by grant deed or quitclaim deed. An approximately 12,000 square foot (100 feet x 120 feet) portion of the Parcel will be transferred to the City of Huntington Beach's Water Department at no cost. The following are the options for the remaining approximately 38,500 square feet of the parcel. The City will continue discussions with the multi-jurisdictional cities in regards to the animal shelter for the portion of the parcel that will remain after the water well is developed. That portion of the parcel will be transferred to the City at no cost and the shelter will be developed in cooperation with other northwest Orange County cities.</p> <ul style="list-style-type: none">▪ If the animal shelter project does not go forward, the Successor Agency will offer the remnant portion to the City of Westminster to be used as a public park.▪ If the City of Westminster is not interested in the property, then the Successor Agency will market the remnant portion on the open market to be sold at the appraised highest and best use value. The proceeds from the sale of the remnant parcel will be distributed to the Taxing Entities to the extent required by law.

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Waterfront Hyatt Regency Hotel (Parcel 5)

The parcel is located on the northwest corner of Beach Boulevard and Pacific Coast Highway in the former Main-Pier Redevelopment Project Area and is improved with the 517 room Hyatt Hotel. The hotel also includes 9,090 square feet of commercial space, a 52,000 square foot conference center, 20,000 square foot spa, three restaurant and lounges, and 990 underground parking spaces.



Parcel Data	
Address	21500 Pacific Coast Highway
APN	024-251-01
Lot Size	660,741 Square Feet; 15.17 Acres
Existing Improvements	517 room Hyatt Hotel
Existing Use	Hotel
Use Restrictions	Ground Lease (Appendix N); Local Coastal Plan (Appendix I)
Zoning	Specific Plan 5 – District 3 (Appendix G)
Former Project Area	Main-Pier Redevelopment Project Area
Current Title	Successor Agency to the Huntington Beach Redevelopment Agency

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Acquisition & Valuation Information

Purchase Date	September 19, 1988
Purchase Price	\$7,722,159
Purpose	To develop a hotel, which was to be included within a 44-acre master plan that includes residential developments and hotels. Included remediation and infrastructure (including roads, water sewer).
Current Value (Est.)	\$7,900,000 based on an appraisal, less repayment of the two enforceable obligations
Method of Valuation	Based on the Fair Market Value of the Successor Agency's Leased Fee Interest in the property.

Revenues Generated by Property and Contractual Requirements

Annual Revenues Generated	\$184,618/annual
Contractual Requirement	99 Year Ground Lease expires in 2097(Appendix N)
Lease Rate	Base rent with annual CPI increase plus a share of room revenue above the base rent.
Lessee	PCH Beach Resorts LLC
Lessor	Successor Agency to the Huntington Beach Redevelopment Agency

History of Environmental Contamination or Remediation Efforts

History of Environmental Contamination	Hazardous material remediation was required, as well as wetlands mitigation. Seven abandoned oil wells were on site that had not met the Division of Oil and Gas requirements for future housing or commercial development. The former gas station also had leaking tanks with soil contamination.
Remediation Efforts	All seven oil wells needed to be re-abandoned and recapped to current state standards. The City received a letter of "No Further Action" in approximately 1999.
Completed Studies	Numerous studies, if desired, can be provided.

Transit-Oriented Development & Advancement of Agency Planning Objectives

Potential for TOD Agency Planning Objectives	Not Applicable Keep existing Hotel with a large employment base.
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Brief History of Previous Development Proposals and Activities

The Hyatt Regency is the result of years of redevelopment planning from 1982 to 2003. As part of the comprehensive and complex "Waterfront" development, the Hyatt Regency opened in January 2003. Besides the Hyatt Regency, the multi-phased Waterfront development includes the Waterfront Hilton Beach Resort that opened in 1990, a 184 unit residential component and a future expansion of the Waterfront Hilton on a parcel of land adjacent to the existing hotel. When the Disposition and Development Agreement (DDA) for the Waterfront project was approved in 1988 (Appendix O), the purpose for the redevelopment efforts was to eliminate blight and assist with economic revitalization.

The Main-Pier Redevelopment Plan was adopted in 1982 and amended in 1983 to include the Waterfront site, which totaled 44-acres. The site was blighted, showing evidence of physical

Long Range Property Management Plan

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deterioration and obsolescence due to long deferred maintenance. The former Agency purchased the fee title in 1988, which was subject to an existing ground lease. With fee title to the site, the former Agency approved a DDA with Robert L. Mayer, as Trustee of the Robert L. Mayer Trust of 1982 (Developer) in September 1988 that provided for a six phase development that would remove a gas station, a pitch and putt golf course, the Huntington Beach Inn, and the 239-space Driftwood Beach Club mobile home park along with its associated buildings and paved parking areas, as well as relocate the City's Beach Maintenance Facility. A portion of the site adjacent to Beach Boulevard included a small degraded wetlands area. In addition to the already mentioned blighting conditions above ground, seven abandoned oil wells were found to be on the site. These wells did not meet the Division of Oil and Gas requirements for future housing or commercial development and had to be re-abandoned and recapped to current standards.

As stated above, the Waterfront Hilton Beach Resort opened in 1990. In 1998, the former Agency and Mayer Financial L.P., an affiliate of the original Developer, entered into an Amended and Restated DDA to redefine how the remaining phases of development would be carried out. The amended DDA called for the fee interest in the residential portion of the site to be sold to the Developer for the subsequent development of 184 units, which occurred in 2003. In addition, the amended DDA called for the relocation of the remaining 102 mobile home park residents to be completed, which occurred at about the same time. Since approval of the amended DDA, there have been five implementation agreements to the DDA.

Pursuant to the 1998 amended DDA, in 2001 the former Agency and PCH Beach Resorts, LLC, a subsidiary of the Developer, (Lessee) entered into a 99-year ground lease for Parcel 5. The 1998 amended DDA and 2001 ground lease called for Parcel 5 to be developed with the 517 room Hyatt Regency hotel. Given the extraordinary off-site and on-site improvements that were necessary to complete the Hyatt Regency, the project was established to have a \$22 million financial gap, as verified by the Summary Report that at that time was required by California Health and Safety Code Section 33433.

The 1998 DDA called for the financial gap to be filled with the following:

1. The City, on behalf of the former Agency, entered into a \$6 million Section 108 loan (Appendix P) with the US Department of Housing and Urban Development (HUD). The City and the former Agency entered into a loan agreement that made the former Agency responsible for repaying this Section 108 loan with property tax increment.
2. The remaining financial gap was filled by the Developer agreeing to impose a Communities Facilities District (CFD) on the property, and to make the CFD debt service payments. The Developer and the former Agency executed a Promissory Note that requires the former Agency to rebate the debt service payments using property tax increment (Promissory Note, Appendix Q).

The DOF has established that the debt service payments on the Section 108 loan and the Promissory Note are Enforceable Obligations. The debt service payments are as follows:

1. The Section 108 loan requires an annual payment ranging from \$448,000 to \$538,000 per year from tax increment, has an existing balance of \$2,300,000, and expires on August 1, 2019.
2. The Promissory Note requires an annual payment of approximately \$735,000 per year, and the obligation expires on August 1, 2022. The current outstanding balance is \$4,620,000.

The Lessee has offered to purchase the Successor Agency's leased fee interest in Parcel 5 from the Successor Agency for \$7,900,000. The Successor Agency agrees this is the current Fair Market Value of the Successor Agency's Leased Fee Interest in the premises and the offered price is supported by an appraisal prepared by the highly respected consulting firm of PKF Consulting USA which the Successor Agency's financial consultant has reviewed and accepted. The ground lease is set to expire in 2097, and the Lessee has a Right of First Refusal if the Successor Agency should sell Parcel 5 prior to the end of the ground lease term.

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Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Recommendation for Disposition

Enforceable Obligation

The DOF has approved two Enforceable Obligations on Parcel 5, the Promissory Note and the Section 108 Loan. These obligations will continue through 2022 and 2019, respectively.

Implementation Plan

The Successor Agency is in negotiations with the Lessee with the goal of selling the fee interest in the property for the agreed upon Fair Market Value price of \$7,900,000. If the sale transaction is consummated, the proceeds will be used to first repay the two Enforceable Obligations on Parcel 5, the Promissory Note and the Section 108 Loan, in full in compliance with the provisions of AB 1484 and AB 1X 26 and any remaining proceeds will be shared with the Taxing Entities to the extent required by law. The Lessee would continue operating the desired hotel use, employing over 400 employees and providing sales tax, additional property tax and transient occupancy tax to the City.

If the Successor Agency and the Lessee are unable to reach agreement on the sale transaction terms or the sale is not consummated within a reasonable period of time after the DOF approves this LRPMP, the Successor Agency will continue to market the property at the Fair Market Value of the Leased Fee Interest, subject to the Lessee's Right of First Refusal. If a sale transaction is consummated, the proceeds will be used first to pay the two Enforceable Obligations on Parcel 5, the Promissory Note and the Section 108 Loan, in full in compliance with the provisions of AB 1484 and AB 1X 26 and any remaining proceeds will be shared with the Taxing Entities to the extent required by law.

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Waterfront Hilton Hotel/Parcel C (Parcel 6 and 7)

The parcel is located on Pacific View Avenue between Huntington Street and Twin Dolphin Drive on Pacific View Avenue in the former Main-Pier Redevelopment Project Area and consists of a 290 room Hilton Hotel and Parcel C – the future site of an expansion to the existing hotel, currently used as additional parking and event space as needed.



Parcel Data	
Address	21100 Pacific Coast Highway
APN	024-252-01 and 024-252-02
Lot Size	Hilton - 156,657 Square Feet; 3.60 Acres; Parcel C - 158,023 Square Feet, 3.63 Acres
Existing Improvements	A 290 room Hilton Hotel; surface parking lot and event space
Existing Use	Hotel and parking lot, event space
Use Restrictions	Ground Lease (Appendix R); Disposition and Development Agreement and four Implementation Agreements (Appendix O); 5 th DDA Implementation Agreement (Appendix S); Local Coastal Plan (Appendix I); Parcel C - parking and access (Fire) easements (Appendix T)
Zoning	Specific Plan 5 – District 3 (Appendix G)
Former Project Area	Main-Pier Redevelopment Project Area
Current Title	Successor Agency to the Huntington Beach Redevelopment Agency

Acquisition & Valuation Information	
Purchase Date	September 19, 1988
Purchase Price	\$3,677,703
Purpose	To develop two hotel towers, which was to be included within a 44-acre master plan that includes residential developments and three hotels.
Current Value (Est.)	To be determined based on an appraisal of the value of the Successor Agency's leased fee interest. The Lessee of both parcels has submitted an appraisal to the Successor Agency valuing the Successor Agency's leased fee interest as of January 1, 2016 (estimated date of conveyance). As of

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

the date this LRPMP is being approved, the Successor Agency has not accepted the Lessee's appraisal. If the Successor Agency and the Lessee reach an agreement on the terms and conditions of a sale of the Successor Agency's leased fee interest to the Lessee before the DOF approves this LRPMP, the Successor Agency may submit an amendment to this LRPMP to its Oversight Board and DOF for consideration.

Method of Valuation	Based on the Fair Market Value of the Successor Agency's Leased Fee interest in the property.
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Revenues Generated by Property and Contractual Requirements

Annual Revenues Generated	\$450,000 per year
Lease Rate	Base plus annual CPI increases
Contractual Requirement	Ground Lease; Future Ground Lease, Fifth Implementation Agreement to the Amended DDA
Lessee	Waterfront Hotel LLC
Lessor	Successor Agency

History of Environmental Contamination or Remediation Efforts

History of Environmental Contamination	Hazardous material remediation was required, as well as wetlands mitigation. Seven abandoned oil wells were on site that had not met the Division of Oil and Gas requirements for future housing or commercial development. The former gas station also had leaking tanks with soil contamination.
Remediation Efforts	All seven oil wells needed to be re-abandoned and recapped to current state standards. The City received a letter of "No Further Action" in 1999.
Completed Studies	Numerous studies, if desired, can be provided. Parcel C may need further studies.

Transit-Oriented Development & Advancement of Agency Planning Objectives

Potential for TOD	Not applicable
Agency Planning Objectives	Keep existing Hotel and build a second tower with a large employment base.

Brief History of Previous Development Proposals and Activities

The Waterfront Hilton Hotel/Parcel C is the result of redevelopment planning from 1982 to 2003. As part of the comprehensive and complex "Waterfront" development, the Waterfront Hilton opened in 1990. Besides the Waterfront Hilton, the multi-phased Waterfront development includes the Hyatt Regency that opened in January 2003, a 184 unit residential component and a future expansion of the Waterfront Hilton hotel on the adjacent Parcel 7 (also known as Parcel C). When the Disposition and Development Agreement (DDA) between the former Agency and the original Developer of the Waterfront project was approved in 1988 (Appendix O), the purpose of the redevelopment efforts was to eliminate blight and assist with economic revitalization.

The Main-Pier Redevelopment Plan was adopted in 1982 and amended in 1983 to include the Waterfront site, which totaled 44-acres. The site was blighted, showing evidence of physical deterioration and obsolescence due to long deferred maintenance. The former Agency purchased the fee title in 1988, which was subject to an existing ground lease. With fee title to the site, the former

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Agency approved a DDA with the Developer in September 1988 that provided for a six phase development that would remove a gas station, a pitch and putt golf course, the Huntington Beach Inn, and the 239-space Driftwood Beach Club mobile home park along with its associated buildings and paved parking areas, as well as relocate the City's Beach Maintenance Facility. A portion of the site adjacent to Beach Boulevard included a small degraded wetlands area. In addition to the already mentioned blighting conditions above ground, seven abandoned oil wells were found to be on the site. These wells did not meet the Division of Oil and Gas requirements for future housing or commercial development and had to be re-abandoned and recapped to current standards.

In April 28, 1989, the former Agency and Robert L. Mayer, as Trustee of the Robert L. Mayer Trust, entered into a 99-year ground lease (Appendix R) and the Waterfront Hilton was completed on Parcel 6 in 1990. The lessee's interest in the Ground Lease was subsequently assigned to The Waterfront Hotel LLC, an affiliate of the original Developer/lessee. As stated above, the Waterfront Hilton Beach Resort was completed and opened in 1990. The Lessee also leases the adjacent Parcel 7/Parcel C, which the DDA designates as the site of a planned expansion of the Waterfront Hilton. In accordance with the DDA and Lease terms, the base rent for the Waterfront Hilton parcel and Parcel 7/Parcel C was recently updated (as of January 1, 2014) based on an appraisal of the Leased Fee Interest in the property.

In 1998, the former Agency and Mayer Financial L.P., also an affiliate of the original developer, amended the DDA to redefine how the remaining phases would be carried out. The amended DDA called for the fee interest in the residential portion of the site to be sold to the Developer for the subsequent development of 184 units, which sale occurred in 2003. In addition, the relocation of the remaining 102 mobile home park residents was completed. Since approval of the amended DDA, there have been five implementation agreements to the DDA.

Pursuant to the 1998 DDA, the Developer submitted an application to the City to construct the hotel expansion on Parcel 7/Parcel C by December 31, 2009. This hotel expansion is currently proposed to be comprised of 151 rooms, with a spa, fitness facility and lounge/bar for guests. The project will add needed public infrastructure upgrades to off-site improvements; create additional hospitality industry and construction jobs, and increase property tax, sales tax and transient occupancy tax revenue.

On October 20, 2008 and October 18, 2010, the 3rd and 4th Implementation Agreements to the 1998 DDA were executed between the former Agency and the Developer to extend the Schedule of Performance for the development of Parcel 7/Parcel C. On May 16, 2011, the 5th Implementation Agreement to the DDA (Appendix S) was executed between the former Agency and the Developer to provide for an amended and restated ground lease to consolidate Parcels 6 and 7 into one site which would be covered by a new consolidated ground lease if construction commences on the hotel expansion within the time set forth in the 5th Implementation Agreement. The consolidated ground lease includes both a base rent and a participation rent, and the term is set at 99 years. In addition, under the terms of the agreement, the City of Huntington Beach (not the Successor Agency) will receive a payment of \$250,000 from the Developer each time an extension to the DDA is granted, to provide compensation for the estimated loss in TOT that the City would have received as a result of the timely development of the third hotel, and with the Developer entitled to a credit against these extension payments for specified project-related costs.

If construction has not commenced on the third hotel by December 31, 2016, the consolidated ground lease will not go into effect. In that case, the existing Parcel 6 ground lease would remain in place through December 31, 2086, and Parcel 7 would continue to be encumbered by a Parking Easement Agreement (in the form set forth in Attachment C to the "Interim Short Term Lease" executed by the former Agency on April 14, 1999), a "License Agreement to Provide Landscaping and other Improvements in the Public Right of Way", that was executed on February 20, 2001, and the "Reciprocal Fire Lane Access Easement Agreement" dated August 30, 1995. The Parking Easement Agreement provides for a parking easement on Parcel 7 for the benefit of Parcel 6 (Hilton property), as more particularly set forth in the Parking Easement Agreement.

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

The Lessee of Parcels 6 and 7 has offered to purchase the Successor Agency's leased fee. The Lessee's proposal is that the conveyance would occur in approximately the 4th quarter of 2015 or the 1st quarter of 2016, when the Lessee is prepared to pull building permits and break ground on the hotel expansion project. The proposed purchase price is based upon an appraisal of the value of the Successor Agency's leased fee interest in Parcels 6 and 7 as of January 1, 2016, which appraisal was prepared by the highly respected consulting firm of PKF Consulting USA. As of the date this LRPMP is being approved, the Successor Agency has not accepted the PKF appraisal. The Successor Agency and Lessee of Parcels 6 and 7 are currently negotiating a purchase transaction for the fee interest in Parcels 6 and 7. Key components of the negotiations are a requirement that the Lessee will be required to construct the hotel expansion on Parcel 7 in a timely fashion, and that the purchase price will be set at the Fair Market Value of the Leased Fee Interest in the property. If the Successor Agency and the Developer are unable to reach agreement on the sale transaction terms, or the sale is not consummated, the Successor Agency will continue to follow the requirements in the legal agreements for Parcels 6 and 7 and fulfill the Enforceable Obligations. In that event, the Successor Agency will continue to market Parcel 6 at the Fair Market Value of the Leased Fee Interest and/or Parcel 7 at the Fair Market Value of the Fee Interest, subject to the requirements imposed by the legal agreements and the Enforceable Obligations.

Recommendation for Disposition

Enforceable Obligation

Through the approval of Resolution No. 389, "A Resolution of the Redevelopment Agency of the City of Huntington Beach, California, Approving and Making Certain Findings Pursuant to Health and Safety Code Section 33433 for a Proposed Fifth Implementation Agreement to Amended and Restated Disposition and Development Agreement by and among the Redevelopment Agency of the City of Huntington Beach, the City of Huntington Beach, and Mayer Financial, L.P. including an attached Lease by and between the Redevelopment Agency of the City of Huntington Beach and the Waterfront Hotel, LLC" If the consolidated site lease does not become effective, the Parcel 6 ground lease remains in place through 2086.

Implementation Plan

The Successor Agency is currently in negotiations with the Developer with the goal of selling the fee interest in Parcels 6 and 7 if: 1) the timing of the conveyance is tied to the commencement of construction on the hotel expansion on Parcel 7; and 2) if the Successor Agency and Developer can reach agreement on the Fair Market Value of the Leased Fee Interest. If the Successor Agency and the Developer are unable to reach agreement on the sale transaction terms or the sale is not consummated, the Successor Agency will continue to follow the requirements in the legal agreements for Parcels 6 and 7 and fulfill the Enforceable Obligations for Parcels 6 and 7.

The following summarizes the potential disposition alternatives for Parcels 6 and 7:

- Alternative 1: The Lessee begins construction on the hotel expansion on Parcel 7 by December 31, 2016, and the Lessee purchases the Successor Agency's leased fee interest in Parcels 6 and 7 for Fair Market Value as determined by the Successor Agency based upon an appraisal. The proceeds will be shared with the Taxing Entities to the extent required by law. If the Successor Agency and Lessee reach agreement on the terms and conditions of a sale by the Successor Agency to the Lessee of the Successor Agency's leased fee interest in Parcels 6 and 7 to the Lessee before the DOF approves this LRPMP, the Successor Agency may submit an amendment to this LRPMP to its Oversight Board and DOF for consideration.
- Alternative 2: The Lessee begins construction on the hotel expansion on

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Parcel 7 by December 31, 2016, pursuant to the existing DDA, but either the Successor Agency and the Lessee are unable to reach agreement on the sale transaction terms for the conveyance of the leased fee interest in Parcels 6 and 7 or the sale is not consummated. Within a reasonable time after the Lessee's 99-year lease of Parcels 6 and 7 commences, the Successor Agency will market the property at the Fair Market Value of the Leased Fee Interest, subject to the Lessee's Right of First Refusal. If a sale transaction is consummated, the proceeds will be shared with the Taxing Entities to the extent required by law.

- Alternative 3: The Lessee does not commence construction on the hotel expansion on Parcel 7 in accordance with the Schedule of Performance, the DDA terminates as to Parcel 7, and the existing Lease on Parcel 6 remains in place. Within a reasonable time after the DDA terminates as to Parcel 7, the Successor Agency will market both (i) its separate leased fee interest in Parcel 6 at the Fair Market Value of its Leased Fee Interest, subject to the Lessee's Right of First Refusal, and (ii) its fee interest in Parcel 7 for its intended development as a hotel at the Fair Market Value of the fee interest in the property as encumbered with the Fire Easement, Parking Easement and Landscaping Easements; provided, however, Parcels 6 and 7 will not necessarily be marketed as being sold together. The sales proceeds for both Parcels will be shared with the Taxing Entities to the extent required by law.
- Alternative 4: The Lessee does not commence construction on the hotel expansion on Parcel 7 in accordance with the Schedule of Performance, the DDA terminates as to Parcel 7, and the existing Lease on Parcel 6 remains in place. Within a reasonable time after the DDA terminates as to Parcel 7, the Successor Agency will market its separate leased fee interest in Parcel 6 at the Fair Market Value of its Leased Fee Interest, subject to the Lessee's Right of First Refusal, and (ii) convey its fee interest in Parcel 7 to the City to be retained for future development as a hotel as encumbered with the Fire Easement, Parking Easement and Landscaping Easements. The sales proceeds for both Parcels will be shared with the Taxing Entities to the extent required by law.

It is anticipated that Alternative 1 will generate the highest proceeds of the four alternatives for the Taxing Entities.



Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

Edinger Hotel (Parcels 8 – 13)

The property is located on the southeast corner of Edinger Avenue and Parkside Lane and is undeveloped with the exception of a vacated Big O Tire Store on Parcel 8.



Parcel Data	
Address	7872 Edinger Avenue
APN	142-081-09, 10, 11, 12, 06, 28
Lot Size	79,199 Square Feet, 1.82 Acres
Existing Improvements	Undeveloped with the exception of Parcel 8 which includes a vacant 8,169 Square Foot auto retail shop.
Existing Use	None
Use Restrictions	Property is restricted by a Purchase and Sale Agreement (Appendix U) to hotel development.
Zoning	Specific Plan 14 – T4 (Appendix H)
Former Project Area	Huntington Center Redevelopment Project Area
Current Title	Successor Agency to the Huntington Beach Redevelopment Agency

Acquisition & Valuation Information	
Purchase Date	All parcels were purchased in 1988 with the exception of Parcel 13, which was purchased in 2009.
Purchase Price	\$4,844,425
Purpose	The parcels were acquired as an opportunity to pursue a more comprehensive redevelopment proposal for the entire block, and the development of a hotel.
Current Value (Est.)	\$3,100,000
Method of Valuation	The property is restricted to the development of a 120 to 140 room branded hotel by the amended Purchase and Sale Agreement (PSA). In

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

accordance with the PSA, the developer will acquire the land for \$3.10 million. This sales price is supported by an appraisal dated January 9, 2012 (Appendix V). It should be noted that the value is impacted by hazardous materials located on the site, as well as the potential for additional environmental remediation that may be required. Therefore, given the environmental remediation risks and the provisions for such risks already agreed to within the PSA, it is concluded that the sales price listed in the PSA is appropriate as the current market value. If the current PSA were to be cancelled and the insurance policies expire, the likelihood of negotiating a similar deal would be unlikely, since the remediation requirements would be known and there is no longer redevelopment funds to off-set the financial gap created by the required remediation. Thus the sales price would likely be substantially lower than \$3.10 million.

Revenues Generated by Property and Contractual Requirements

Annual Revenues Generated	None
Contractual Requirements	Purchase and Sale Agreement (Appendix U)

History of Environmental Contamination or Remediation Efforts

History of Environmental Contamination	The Phase 1 and 2 reports on Parcel 8 were limited in scope due to the operating Big O Tire Store on the site. One plume was found from hydraulic leaks and is estimated to cost \$200,000 to remediate. The Successor Agency placed \$200,000 in an escrow account. However, there was no way to know if the plume leaked onto surrounding properties. The Successor Agency has obtained a \$5 million insurance policy for potential leakage from that single plume to the surrounding properties (2014 premium was approved by DOF). The policy will expire in 2016. The Developer is responsible for any other plumes that are found on the property and leakages from those plumes. As a result, the Developer was required by the PSA to obtain an insurance policy for \$2.5 million to cover this risk.
Remediation Efforts Completed	Will occur when the building is demolished by the Developer.
Studies Completed	Phase 1 and limited Phase 2 reports are completed.

Transit-Oriented Development & Advancement of Agency Planning Objectives

Potential for TOD Agency Planning Objectives	None. This property is noted in the former Agency's latest Implementation Plan (Appendix E). The former Agency acquired the 7872 Edinger Avenue parcel to combine with the adjacent Agency-owned properties in 2009. In 2009, the former Agency also prepared a RFQ for the development of a hotel at the southeast corner of Edinger Avenue and Parkside Lane. This hotel site could achieve a high quality nationally branded hotel consisting of approximately 120 to 150 rooms with amenities that would make the hotel an attractive lodging option in the central region of Orange County. As stated in the most recent Implementation Plan, the project will meet the following planning goals: <ul style="list-style-type: none">▪ Eliminate and prevent the spread of conditions of blight.▪ Expand the commercial base of the Project Area.▪ Improve public facilities and public infrastructure.
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Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach

- Promote local job opportunities.
 - Implement design and use standards to assure high aesthetic and environmental quality, and provide unity and integrity to developments within the Project Area.
 - Remove impediments to land disposition and development through the assembly of property into reasonably sized and shaped parcels served by improved infrastructure and public facilities.
 - Recycle and/or develop underutilized parcels to accommodate higher and better economic uses while enhancing the City's financial resources.
-

Brief History of Previous Development Proposals and Activities

The former Agency issued an RFP on October 2009 in search of a hotel developer to develop a high quality, select brand hotel on the site with a minimum of 125 hotel rooms. Ayres Hotel Company was selected by staff; however, the former Agency and Ayres could not come to terms and the property was transferred from the former Agency to the City for continued attempts at redevelopment.

After several failed attempts with other hotel developers, on January 27, 2012, the City entered into a PSA with Campbell Lodging to purchase the property and develop the site as a Hyatt Place Hotel, or similar brand hotel, ranging in size from 120 to 140 rooms.

On October 2, 2012, Campbell Lodging, Inc. transferred its interest in the PSA to KPHL, LLC. Since then, there have been four amendments to the PSA (January 31, 2012 – 1st Amendment; June 2012 – 2nd Amendment; and January 25, 2013 – 3rd Amendment). On January 21, 2014, the parties entered into the 4th Amendment, which extended the close of escrow deadline to June 30, 2015. The property has been reconveyed to the Successor Agency and remains subject to the terms of the PSA. The extension allows additional time to process project entitlements and final parcel map as well as obtain a Finding of Completion and a certified LRPMP from the DOF. The sales price is substantiated by an appraisal review by Nagasaki & Associates, dated January 9, 2012, that valued the parcels at \$2.94 million to \$3.50 million.

The property is fully entitled and the developer has the financing in place. Once the LRPMP has been approved by DOF, the sale can take place immediately.

Recommendation for Disposition

Other Liquidation	The parcels will be held by the Successor Agency until the sale of the property is closed per the PSA, which is estimated to be June 2015.
Implementation Plan	The Successor Agency will request that the Oversight Board ratify and affirm the PSA and will re-submit to Department of Finance as a part of this Long Range Property Management Plan. The \$3.10 million in sales proceeds, set in the PSA and substantiated by the appraisal, will be distributed to the Taxing Entities to the extent required by law.

Long Range Property Management Plan

Successor Agency to the former Redevelopment Agency of the City of Huntington Beach





May 13, 2014

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

Dear Ms. Farrell:

Subject: Finding of Completion

The California Department of Finance (Finance) has completed the Finding of Completion for the City of Huntington Beach Successor Agency.

Finance has completed its review of your documentation, which may have included reviewing supporting documentation submitted to substantiate payment or obtaining confirmation from the county auditor-controller. Pursuant to Health and Safety Code (HSC) section 34179.7, we are pleased to inform you that Finance has verified that the Agency has made full payment of the amounts determined under HSC section 34179.6, subdivisions (d) or (e) and HSC section 34183.5.

This letter serves as notification that a Finding of Completion has been granted. The Agency may now do the following:

- Place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes per HSC section 34191.4 (b) (1). Loan repayments will be governed by criteria in HSC section 34191.4 (a) (2).
- Utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants per HSC section 34191.4 (c).

Additionally, the Agency is required to submit a Long-Range Property Management Plan to Finance for review and approval, per HSC section 34191.5 (b), within six months from the date of this letter.

Please direct inquiries to Derk Symons, Staff Finance Budget Analyst, or Chris Hill, Principal Program Budget Analyst, at (916) 445-1546.

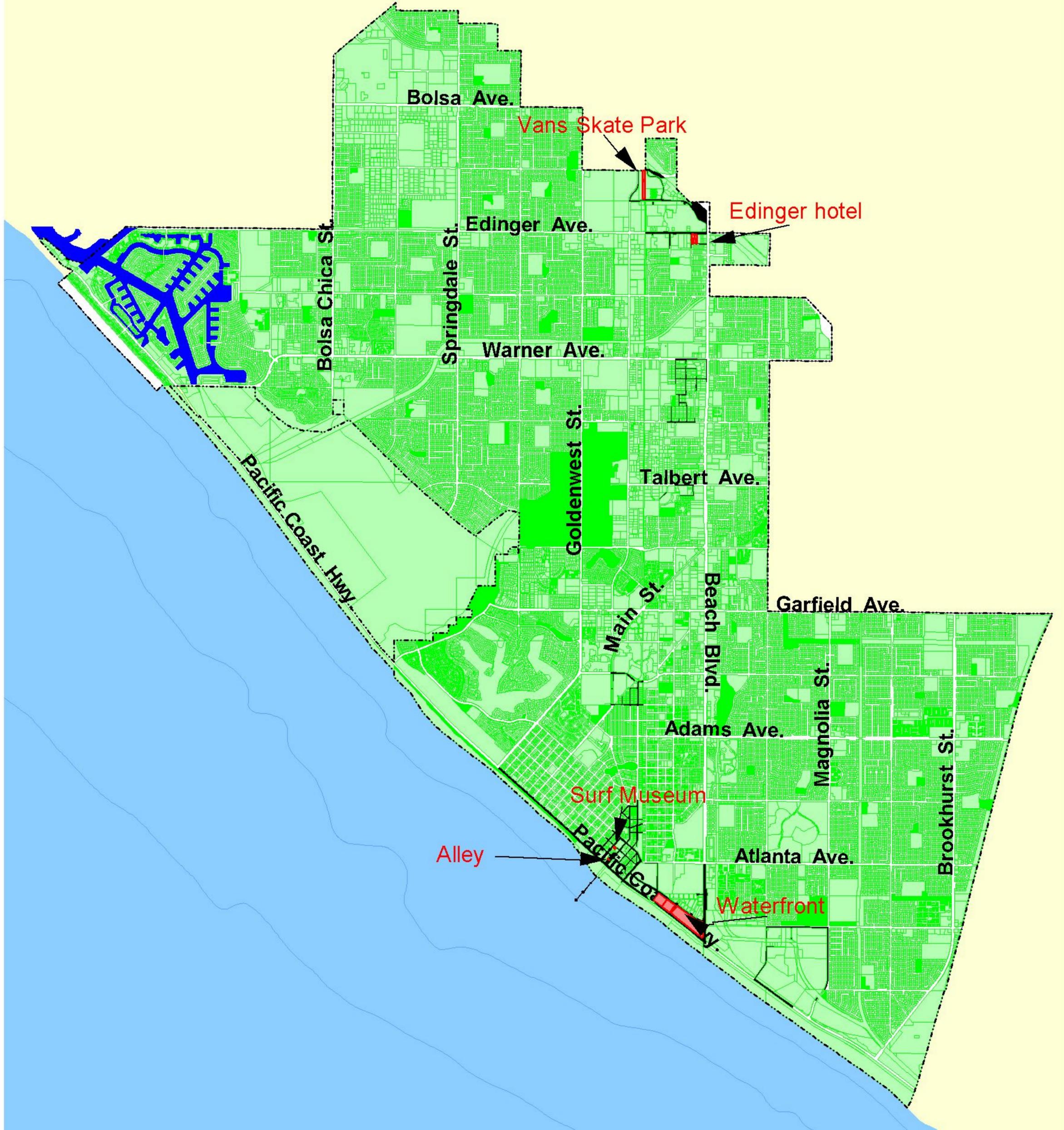
Sincerely,

JUSTYN HOWARD
Assistant Program Budget Manager

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

HUNTINGTON BEACH SUCCESSOR AGENCY
 ORANGE COUNTY
 LONG RANGE PROPERTY MANAGEMENT PLAN - PROPERTY INVENTORY DATA

No.	Property Type	Permissible Use	Permissible Use Detail	Acquisition Date	Value at Time of Purchase	Estimated Current Value	Value Basis	Date of Estimate	Proposed Sale Value	Proposed Sale Date	Purpose for which property was acquired	Address	APN #	Lot Size	Current Zoning	Estimate of		Contractual Requirements	Environmental History	TOD Potential	Advancement of planning objectives of the successor agency	History of previous development proposals and activity
																Income/Revenue	Year					
Surf Museum																						
1	Museum	FD	Transfer to City	3/7/1988	\$285,000	\$0	Existing Lease	10/15/2014	\$0	ASAP	Future redevelopment	411 Olive Avenue	024-147-01	5,375	SP5-D1	\$3,000 + CPI / Year	Lease	None	None	None	Cultural & Educational	Leased to non-profits for International Surfing Museum
Downtown Alley																						
2	Public Access	G	Transfer to City	2/19/1993	\$1	\$0	Undevelopable Remnant	10/15/2014	\$0	ASAP	Public Access	No Address	024-153-21	1,022	SP5-D1	\$0	None	None	None	None	Provide Public Access	Alley has been used for public access since 1993.
Public Skate Park																						
3	Skate Park	G	Transfer to City	12/9/1987	\$1,055,071	\$0	Existing Ground Lease and Restricted Use	10/15/2014	\$0	ASAP	Gothard-Hoover Extension	7541 Center Avenue	142-073-03	108,910	SP14-T5	\$1/Year	Ground Lease	Potential methane gas concerns were addressed through methane barrier installation requirement.	None	None	Public Park	Gothard-Hoover Extension (cancelled); opened as a public skate park in March 2014
Westminster Parcel																						
4	Landscaping	FD	Transfer 12,000 Sf to City's Water Department; Remaining portion to City for an animal shelter	12/9/1987	\$489,929	\$0	Current zoning and potential public uses	10/15/2014	\$0	ASAP	Gothard-Hoover Extension	No Address	142-311-34	50,573	Park / Open Space	\$0	None	Unknown	Unknown	Public Infrastructure	Gothard-Hoover Extension (cancelled); discussions to convey to City of Westminster for a public park	
Waterfront Hyatt Regency																						
5	Hyatt Hotel	EO	Remain with SA	9/19/1988	\$7,722,159	\$7,900,000	FMV of the Leasehold Interest	N/A	TBD	Unknown	Hotel Development	21500 Pacific Coast Hwy	024-251-01	660,741	SP5-D3	\$184,618 / Year	Ground Lease	City received a "No Further Action" letter in 1999	None	Keep existing hotel with a large employment base.	Entered into DDA in 1988; 517 room Hyatt hotel opened in 2003.	
Waterfront Hilton / Parcel C																						
6	Hilton Hotel	EO	Remain with SA	9/19/1988	\$1,830,869	TBD	FMV of the Leasehold Interest at Time of Sale	N/A	TBD	Unknown	Hotel Development	21100 Pacific Coast Hwy	024-252-01	156,657	SP5-D3	\$450,000 / Year	Ground Lease	City received a "No Further Action" letter in 1999	None	Keep existing hotel with a large employment base.	Entered into DDA in 1988; 290 room Hilton hotel opened in 1990.	
7	Vacant				024-252-02								158,023	Implementation Plan / Build a second tower with a large employment base.								Developer has been seeking financing to develop the 3rd hotel.
Edinger Hotel																						
8	Vacant	Other Liquidation	Sell to Developer Subject to PSA	7/1/1988	\$662,925	\$3,100,000	PSA / 33433 Report / Appraisal	10/15/2014	\$3,100,000	ASAP (By 6/30/2015)	Hotel Development	7880 Edinger Avenue	142-081-06	18,000	SP14-T4	\$0	PSA	Phase I, limited Phase II completed	None	Implementation Plan	RFP issued in 2009 for hotel development, entered DDA for development of 120-140 room hotel	
9				No Address	142-081-09							4,803										
10				7861 Aldrich Drive	142-081-10							11,207										
11				7871 Aldrich Drive	142-081-11							12,680										
12				7891 Aldrich Drive	142-081-12							10,000										
13	Auto Store	7872 Edinger Avenue	142-081-28	22,509																		



Bolsa Ave.

Vans Skate Park

Edinger hotel

Edinger Ave.

Bolsa Chica St.

Springdale St.

Warner Ave.

Goldenwest St.

Talbert Ave.

Pacific Coast Hwy.

Main St.

Beach Blvd.

Garfield Ave.

Adams Ave.

Magnolia St.

Surf Museum

Alley

Pacific Coast Hwy.

Atlanta Ave.

Waterfront

Brookhurst St.



LONG-RANGE PROPERTY MANAGEMENT PLAN CHECKLIST

Instructions: Please use this checklist as a guide to ensure you have completed all the required components of your Long-Range Property Management Plan. Upon completion of your Long-Range Property Management Plan, email a PDF version of this document and your plan to:

Redevelopment_Administration@dof.ca.gov

The subject line should state “[Agency Name] Long-Range Property Management Plan”. The Department of Finance (Finance) will contact the requesting agency for any additional information that may be necessary during our review of your Long-Range Property Management Plan. Questions related to the Long-Range Property Management Plan process should be directed to (916) 445-1546 or by email to Redevelopment_Administration@dof.ca.gov.

Pursuant to Health and Safety Code 34191.5, within six months after receiving a Finding of Completion from Finance, the Successor Agency is required to submit for approval to the Oversight Board and Finance a Long-Range Property Management Plan that addresses the disposition and use of the real properties of the former redevelopment agency.

GENERAL INFORMATION:

Agency Name: Redevelopment Agency of the City of Huntington Beach

Date Finding of Completion Received: May 13, 2014

Date Oversight Board Approved LRPMP: November 5, 2014

Long-Range Property Management Plan Requirements

For each property the plan includes the date of acquisition, value of property at time of acquisition, and an estimate of the current value.

Yes No

For each property the plan includes the purpose for which the property was acquired.

Yes No

For each property the plan includes the parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

Yes No

For each property the plan includes an estimate of the current value of the parcel including, if available, any appraisal information.

Yes No

For each property the plan includes an estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.

Yes No

For each property the plan includes the history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.

Yes No

For each property the plan includes a description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

Yes No

For each property the plan includes a brief history of previous development proposals and activity, including the rental or lease of the property.

Yes No

For each property the plan identifies the use or disposition of the property, which could include 1) the retention of the property for governmental use, 2) the retention of the property for future development, 3) the sale of the property, or 4) the use of the property to fulfill an enforceable obligation.

Yes No

The plan separately identifies and list properties dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation.

Yes No

ADDITIONAL INFORMATION

- If applicable, please provide any additional pertinent information that we should be aware of during our review of your Long-Range Property Management Plan.

Agency Contact Information

Name: Kellee Fritzal Name:

Title: Deputy Director Title:

Phone: 714-374-1519 Phone:

Email: kfritzal@surfcity-hb.org Email:

Date: October 29, 2014 Date:

Department of Finance Local Government Unit Use Only

DETERMINATION ON LRPMP: APPROVED DENIED

APPROVED/DENIED BY: _____ DATE: _____

APPROVAL OR DENIAL LETTER PROVIDED: YES DATE AGENCY NOTIFIED: _____

**Oversight Board of the Huntington
Beach Successor Agency
to the Redevelopment Agency**

Agenda Item #2

AGENDA REPORT

Oversight Board of the Huntington Beach Successor Agency to the Redevelopment Agency

MEETING DATE: November 5, 2014

SUBJECT/ACTION: Adopt Resolution No. 2014-07 of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach Relating to Re-approving the Purchase and Sale Agreement for the Edinger Hotel location

STATEMENT OF ISSUE:

The Oversight Board is asked to re-approve the Purchase and Sale Agreement for parcels located on Edinger and Parkside for construction of a hotel.

RECOMMENDED ACTION: Motion to:

- 1) Adopt Resolution No. 2014-07, “A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach Re-Approving A Purchase and Sale Agreement and Directing the Transfer of Ownership of Real Property in Accordance with Health and Safety Code Section 34181(a) [APN NOs. 142-081-06, 142-081-09, 142-081-10, 142-081-11, 142-081-12, and 142-081-28]”

DISCUSSION:

In response to the elimination of redevelopment agencies, in March 2011, the Huntington Beach City Council and the former Redevelopment Agency took various actions to transfer Agency assets and to transition activities of the former Agency to the City of Huntington Beach (City) in order to continue to implement redevelopment in the City. Subsequent to that, AB 1x 26 was signed into law on June 29, 2011, which considered the transfer of assets to be unauthorized and invalid and which dissolved the former Redevelopment Agency as of February 1, 2012. The Huntington Beach City Council and Successor Agency approved the process documentation confirming ownership of the former Redevelopment Agency assets with the Successor Agency. On January 8, 2013, the Oversight Board took action re-confirming the property assets are with the Successor Agency. However, Department of Finance (DOF) did not approve the transfers and instructed the Successor Agency to process the Long Range Property Management Plan (LRPMP) as the vehicle to re-confirm ownership. The Oversight Board is reviewing the LRPMP this meeting and therefore, it is asked to re-approve the Purchase and Sale Agreement and direct the transfer of ownership.

The former Redevelopment Agency issued an RFP on October 2009 in search of a hotel developer to develop a high quality, select brand hotel on the site with a minimum of 125 hotel rooms. Ayres Hotel Company was selected by staff; however, the former Agency and Ayres could not come to terms and the property was transferred from the former Agency to the City for continued attempts at redevelopment.

After several failed attempts with other hotel developers, on January 27, 2012, the City entered into a Purchase and Sale Agreement (PSA) with Campbell Lodging to purchase the property and develop the site as a Hyatt Place Hotel, or similar brand hotel, ranging in size from 120 to 140 rooms.

On October 2, 2012, Campbell Lodging, Inc. transferred its interest in the PSA to KPHL, LLC. Since then, there have been four amendments to the PSA (January 31, 2012 – 1st Amendment; June 2012 – 2nd Amendment; and January 25, 2013 – 3rd Amendment). On January 21, 2014, the parties entered into the 4th Amendment, which extended the close of escrow deadline to June 30, 2015. The property has been reconveyed to the Successor Agency and remains subject to the terms of the PSA. The extension allows additional time to process project entitlements and final parcel map as well as obtain a Finding of Completion and a certified LRPMP from the DOF. The sales price is substantiated by an appraisal review by Nagasaki & Associates, dated January 9, 2012, that valued the parcels at \$2.94 million to \$3.50 million.

The property is fully entitled and the developer has the financing in place. Once the LRPMP has been approved by DOF, the sale can take place immediately.

Attachment

- 1) Resolution No. 2014-07, “A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach Re-Approving A Purchase and Sale Agreement and Directing the Transfer of Ownership of Real Property in Accordance with Health and Safety Code Section 34181(a) [APN Nos. 142-081-06, 142-081-09, 142-081-10, 142-081-11, 142-081-12, and 142-081-28]”

RESOLUTION NO. 2014-07

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH RE-APPROVING A PURCHASE AND SALE AGREEMENT AND DIRECTING THE TRANSFER OF OWNERSHIP OF REAL PROPERTY IN ACCORDANCE WITH HEALTH AND SAFETY CODE SECTION 34181(a) [APN NOS. 142-081-06, 142-081-09, 142-081-10, 142-081-11, 142-081-12, AND 142-081-28]

WHEREAS, the former Redevelopment Agency of the City of Huntington Beach (“Agency”) was a redevelopment agency in the City of Huntington Beach (“City”), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) (“CRL”); and

The Agency was responsible for the administration of redevelopment activities within the City; and

Section 33220 of the CRL provides that certain public bodies may aid and cooperate in the planning, undertaking, construction or operation of redevelopment projects; and

The City and the Agency entered into a number of Cooperation Agreements to continue the effort to redevelop, revitalize and/or eliminate blight in the City to achieve the purposes and goals of the CRL, to repay debt to the City and to provide for affordable housing, as appropriate and as authorized by redevelopment law in effect at the time of approval of said agreements; and

Pursuant to such authority set forth in the CRL and other applicable law, on March 7, 2011, by Resolution No. 2011-17, the City approved and accepted the transfer of certain real property located in the City of Huntington Beach, California, APN Nos. 142-081-06, 142-081-09, 142-081-10, 142-081-11, 142-081-12, and 142-081-28 (collectively, the “Agency Property”); and

Pursuant to Resolution No. 2011-17, the City executed certificates of acceptance (collectively, the “Certificates of Acceptance”) for the Agency Deeds designed to transfer ownership of the Agency Property from the Agency to the City (collectively the “Agency Deeds”); and

On or about March 10, 2011, the Agency Deeds, along with the Certificates of Acceptance, were recorded in the official records of the County of Orange; and

Neither the Cooperation Agreements nor the purported transfer of the Agency Property (or any of the related documents and actions) were challenged within the applicable statute of limitations; and

AB x1 26 (“AB 26”) was signed by the Governor of California on June 28, 2011, making certain changes to the CRL and adding Part 1.8 and Part 1.85 to Division 24 of the California Health and Safety Code; and

AB 26 states, in part, that “[t]he Legislature hereby finds that a transfer of assets by a redevelopment agency [after January 1, 2011] is deemed not to be in the furtherance of the [CRL] and is thereby unauthorized.”; and

AB 26 further states, in part, that “[c]ommencing [February 1, 2012], ... arrangements between the city ... that created the redevelopment agency and the redevelopment agency are invalid...”; and

AB 26 further states, in part, that “[a]ll ... properties [and] buildings ... of the former redevelopment agency are transferred on [February 1, 2012], to the control of the successor agency”; and

Subsequent to the date of transfer of the Agency Property to the City, the City and Campbell Lodging, Inc. entered into that certain Purchase Agreement and Joint Escrow Instructions dated January 27, 2012, as further amended by an Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated January 31, 2012, and further amended by that Escrow Amendment/Supplement dated April 25, 2012, and further amended by that Second Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated June 25, 2012, and further amended by that Third Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated as of January 25, 2013, and further amended by that Fourth Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated as of January 21, 2014 (collectively, the “Purchase Agreement”) relating to the sale of the Agency Property and the development thereon of a high-quality, first-class, four story, 120-140 room Hyatt Place Hotel or other brand hotel (“Project”) pursuant to the terms and conditions contained in the Purchase Agreement. The rights of “Buyer” under the Purchase Agreement have been assigned to Miramar GP, LP, a California limited partnership (“Miramar”), a private third party developer; and

The disposition of the Agency Property pursuant to the Purchase Agreement is aimed at maximizing value in that the purchase price for the Agency Property pursuant to the Purchase Agreement is within the fair market value range of the Agency Property as determined by an appraisal of the Agency Property dated January 9, 2012 prepared by Nagasaki & Associates; and

On or about April 20, 2012, the California State Controller issued correspondence stating, in part, that “[i]f your city ... received any assets from a redevelopment agency after January 1, 2011, your city ... hereby is ordered to ... reverse the transfer and return the applicable assets to the successor agency of the relevant redevelopment agency”; and

Under AB 26, each successor agency shall have an oversight board with fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from

distributions of property taxes and other revenues pursuant to California Health and Safety Code Section 34188; and

The oversight board has been established for Successor Agency to the Redevelopment Agency of the City of Huntington Beach (“Successor Agency”) (which oversight board shall hereinafter be referred to as the “Oversight Board”) and all seven (7) members have been appointed to the Oversight Board pursuant to California Health and Safety Code Section 34179; and

AB 1484 (“AB 1484”) was signed by the Governor of California on June 27, 2012, making changes to AB 26 and certain additional changes to the CRL; and

AB 1484, at Section 34179.5(c)(2) of Part 1.85 of the California Health and Safety Code, categorizes certain assets as those “transferred after January 1, 2011 ... by the redevelopment agency ... to the city ... that formed the redevelopment agency...” (“Section 34179.5(c)(2) Assets”); and

AB 1484, at Section 34179.5(c)(1) of Part 1.85 of the California Health and Safety Code, categorizes certain other assets as those “transferred from the former redevelopment agency to the successor agency on or about February 1, 2012.” (“Section 34179.5(c)(1) Assets”); and

Because (i) AB 26 states that a transfer of assets by a redevelopment agency after January 1, 2011 was “unauthorized”, (ii) AB 26 states that commencing February 1, 2012, arrangements between a redevelopment agency and the city that created it are “invalid” and (iii) the State Controller has purported to order that ownership of certain assets be vested in successor agencies, the Agency Property is therefore not categorized as Section 34179.5(c)(2) Assets; and

Because AB 26 states that all properties and buildings of the former redevelopment agency are transferred on February 1, 2012 to the control of the successor agency, the Agency Property was therefore categorized as Section 34179.5(c)(1) Assets; and

The City and Successor Agency do not acknowledge that the purported transfer of the Agency Property by the Agency to the City in 2011 was not in furtherance of the CRL; and

The City and Successor Agency do not acknowledge the effectiveness of the Legislature’s purported deeming not to be in furtherance of the CRL of the purported transfer of assets that was conducted in accordance with the CRL at the time when made and was not challenged within the applicable statute of limitations; and

The City and Successor Agency do not acknowledge that commencing February 1, 2012, arrangements between the redevelopment agency and the city that created it are invalid; and

The City and Successor Agency do not acknowledge the effectiveness of the California State Controller’s order to reverse the transfer of the Agency Property and return the applicable assets to the Successor Agency; and

The City and Successor Agency have limited financial resources and desire not to initiate litigation at this time with regard to AB 26, AB 1484 and/or the purported order by the California State Controller that ownership of the Agency Property be vested in the Successor Agency; and

Therefore, in order to avoid the costs of litigation and other costs, the City and Successor Agency took action in a manner consistent with AB 26, AB 1484 and the California State Controller's purported order, and in furtherance of the Successor Agency's duties under Section 34179.6(h)(1) and Section 34179.6(f), by processing documentation reflecting ownership of the Agency Property by the Successor Agency pursuant to City Resolution No. 2012-71 and Successor Agency Resolution No. 2012-07, without acknowledging the effectiveness of AB 26, AB 1484 and/or such order and duties, expressly disclaiming the same. Quitclaim Deeds were recorded on October 17, 2012 whereby the City quitclaimed to the Successor Agency the City's right, title and interest in the Agency Property; and

Pursuant to H&S Code Section 34191.5(b) of the Dissolution Act, once the California Department of Finance ("DOF") issues a Finding of Completion to the Successor Agency, the Successor Agency shall prepare a Long Range Property Management Plan ("LRPMP") that addresses the disposition and use of certain real properties of the former Agency. The LRPMP shall be submitted to the Oversight Board and the DOF for approval no later than 6 months following the issuance of the Finding of Completion to the Successor Agency; and

On May 13, 2014, the Successor Agency received its Finding of Completion; and

At this same meeting of the Oversight Board, the Oversight Board will consider for approval the Successor Agency's LRPMP whereby the Successor Agency proposes, among other things, to sell the Agency Property to Miramar pursuant to the proposed Purchase Agreement. The LRPMP will thereafter be submitted to the DOF for review concurrently with the proposed Purchase Agreement; and

The anticipated sale proceeds from the sale of the Agency Property to Miramar pursuant to the proposed Purchase Agreement in the amount of \$3,100,000 will be remitted after the close of escrow to the Orange County Auditor-Controller's Office for distribution to the taxing entities in accordance with H&S Code Section 34191.5(c)(2)(B) of the Dissolution Act; and

The proposed Purchase Agreement was previously considered by the Oversight Board and approved on January 8, 2013 by Resolution No. 2013-04; and

All of the prerequisites with respect to the approval of this Resolution have been met.

NOW, THEREFORE, the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach does hereby resolve as follows:

1. The Oversight Board hereby finds and determines that the foregoing recitals are true and correct.

2. The Oversight Board hereby re-approves of the terms of the Purchase Agreement.

3. The Oversight Board hereby re-approves of and directs the sale and conveyance of the Agency Property from the City or Successor Agency to Miramar in accordance with the terms and conditions set forth in the Purchase Agreement, for the purpose of developing the Project.

4. The Oversight Board hereby approves of the transfer to the Successor Agency of the purchase price received from the sale of the Agency Property for distribution to the taxing agencies in accordance with AB 26/AB 1484. Specifically, the Oversight Board hereby approves of the transfer of all of the net proceeds received from the sale of the Agency Property to the Orange County Auditor-Controller and the distribution of such proceeds to the taxing entities.

5. The Oversight Board hereby acknowledges and agrees that the Purchase Agreement constitutes the existence of an enforceable obligation pursuant to Part 1.8 and Part 1.85 of Division 24 of the Health and Safety Code for the purposes of, without limitation, the disposition of assets previously owned by the Agency.

6. The Oversight Board hereby authorizes and directs the Executive Director of the Successor Agency, or his or her designee, and the City Manager, or his or her designee, to take all actions and sign any and all documents necessary to implement and effectuate the Purchase Agreement and the actions approved by this Resolution (including, without limitation, approving extensions of deadlines or dates set forth in the Purchase Agreement and its attachments) as determined necessary by the City Manager or Executive Director, or his or her designee, approving amendments to the Purchase Agreement and its attachments as determined necessary by the City Manager or Executive Director, or his or her designee, to effectuate the Purchase Agreement, executing documents on behalf of the Successor Agency and City (including, without limitation, assignment and assumption agreements, certificates of acceptance, grant deeds and quitclaim deeds), and administering the Successor Agency's and City's obligations, responsibilities and duties to be performed pursuant to this Resolution and the Purchase Agreement.

7. The Oversight Board does not intend, by adoption of this Resolution, to waive any constitutional, legal and/or equitable rights of the Oversight Board, the Successor Agency or the City under law and/or in equity by virtue of the adoption of this Resolution and actions approved and taken pursuant to this Resolution and, therefore, reserves all such rights of the Oversight Board, the Successor Agency and the City under law and/or in equity.

8. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that its Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

9. This Resolution shall take effect upon the date of its adoption.

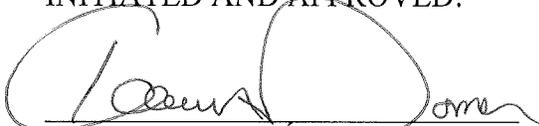
PASSED AND ADOPTED by the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach at a meeting thereof held on the 5th day of November, 2014.

Chairperson

REVIEWED AND APPROVED:

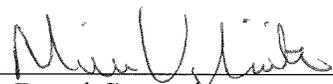
INITIATED AND APPROVED:

Executive Director



Deputy Executive Director

APPROVED AS TO FORM:



sa Board Counsel

**Oversight Board of the Huntington
Beach Successor Agency
to the Redevelopment Agency**

Agenda Item #3

Special Meeting Minutes
City of Huntington Beach Oversight Board of the Successor Agency
of the Former City of Huntington Beach Redevelopment Agency

Monday, September 22, 2014
4:00 PM - Room B-8
Civic Center, 2000 Main Street
Huntington Beach, California 92648

4:00 PM – ROOM B-8
CIVIC CENTER, 2000 MAIN STREET
HUNTINGTON BEACH, CA 92648

TELECONFERENCING LOCATION: (BOARD MEMBER LUCY DUNN)
2 PARK PLAZA, SUITE 100
IRVINE, CA 92614

CALL TO ORDER – The Meeting was called to order by Mayor Harper at 4:04 PM

ROLL CALL: Bone, Carchio, Fritzal, Harper, L. Dunn (Via Conference Call)

ABSENT: A. Dunn and Delgado

SUPPLEMENTAL COMMUNICATIONS: Announced by Board Secretary - None

PUBLIC COMMENTS: *This is the portion of the meeting for any member of the public to address the Oversight Board on any matter that is within the subject matter jurisdiction of the board. The Brown Act, with limited exception, does not allow the board or staff to discuss issues brought forth under Public Comments. Comments should be limited to 3 minutes per person. - None*

BUSINESS:

- 1. Adopted Oversight Board Resolutions No. 2014-04 and 2014-05 approving the Recognized Obligation Payment Schedule (ROPS) and Administrative Budget for the Huntington Beach Successor Agency for the Period of January 1, 2015, through June 30, 2015 in accordance with Health and Safety Code Section 34177 and related actions**

City of Huntington Beach Director of Finance, Lori Ann Farrell gave a brief oral presentation on the ROPS and Administrative budget which were being considered for approval. She noted that the ROPS have been presented in the same format as provided by the State. The only item not previously requested and new to this ROPS was this 6 month period repayment of the SERAF debt obligation from 2009 between the former Redevelopment Agency and the Housing Authority of a little more than \$1.2 million. This item could not previously be included in the ROPS until the Finding of Completion was done. The total SERAF repayment will be approximately \$3.4 million so the Board will see this item carried over on the next few ROPS. After that loan is paid back, the City General Fund Loans can be requested.

Board Member Bone asked about the amount of the City General Fund loans and Director Farrell indicated that, while the amount was initially calculated as \$80 million or so, State Legislation lowered the allowable interest rates bringing the amount closer to \$20 million. She also reported that a lawsuit has been brought by one city in regard to this recalculation.

Board Member Bone followed up by asking if there was enough money coming in to make the \$20 million dollar repayment, and Director Farrell said that it would take quite some time.

When questioned by Board Member Bone as to the new interest rate, Director Farrell indicated it is close to the State Controller's LAIF rate.

Board Member Bone announced he would recuse himself from discussion and voting on ROPS line items #2 (Hyatt Regency Project) and #13 (Hyatt/Hilton Properties).

There being no further discussion nor questions, a motion was made by Vice Chair Carchio, second Fritzal to adopt Resolution No. 2014-04, "A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach Approving the Recognized Obligation Payment Schedule for the Period January 1, 2015 through June 30, 2015 ("ROPS 14-15B")" and to adopt Resolution No. 2014-5, "A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach Approving the Successor Agency Administrative budget for the Period of January 1, 2015 through June 30, 2015."

The motion carried by the following vote:

AYES: Chair Harper, Vice Chair Carchio, Bone (except ROPS Line Item #2 and #13), L. Dunn and Fritzal
RECUSED: Bone for Items #2 and #13 of the ROPS
NOES: None
ABSENT: A. Dunn and Delgado

2. Approved and adopted the minutes of the Oversight Board Special Meeting of June 17, 2014

A motion was made by Vice Chair Carchio, second Fritzal to approve and adopt the minutes of the Oversight Board Special Meeting of June 17, 2014 as written and on file in the office of the Secretary of the Board. The motion carried by the following vote:

AYES: Chair Harper, Vice Chair Carchio, Bone, L. Dunn and Fritzal
NOES: None
ABSENT: A. Dunn and Delgado

MEMBER REPORTS/ANNOUNCEMENTS: None

ADJOURNMENT: The meeting was adjourned by Chair Harper at 4:14 p.m.

The Regular Meeting scheduled for Monday, October 13, 2014, 4:30 PM is CANCELLED.

The next Regular Meeting is scheduled for Monday, April 13, 2015, 4:30 PM at City Hall, 2000 Main Street, Civic Center Lower Level, Room B-8.

Joan L. Flynn
Secretary of the Huntington Beach
Oversight Board of the Successor
Agency of the Former City of
Huntington Beach, California
Redevelopment Agency

Matthew M. Harper
Chair of the Huntington Beach
Oversight Board of the Successor
Agency of the Former City of
Huntington Beach, California
Redevelopment Agency

DRAFT