



CITY OF HUNTINGTON BEACH

Fred A. Wilson
City Manager

August 12, 2015

The Honorable Glenda Sanders
Presiding Judge of the Superior Court
700 Civic Center Drive West
Santa Ana, California 92701

RE: "Joint Powers Authorities: Issues of Viability, Control, Transparency, and Solvency"

Dear Judge Sanders:

This letter constitutes, in accordance with Section 933.05 of the California Penal Code, the response of the City of Huntington Beach to the Orange County Grand Jury 2014-15 Report, dated June 29, 2015, titled "Joint Powers Authorities: Issues of Viability, Control, Transparency, and Solvency" (Grand Jury Report). The enumerated items in this response correspond to the Findings and Recommendations contained in the Grand Jury Report for the City of Huntington Beach.

Grand Jury Findings and Recommendations

The City of Huntington Beach is providing the following response to each of the findings and recommendations, in accordance with California Penal Code Sections 933 and 933.05 (a) and (b).

Findings

F.3 Orange County has 18 vertical Joint Powers Authorities created by a city along with its redevelopment agency that no longer exists. The Grand Jury determined that these Joint Powers Authorities serve no benefit to the public or the taxpayers and have the potential for misuse or obfuscation of public funds.

Response: Disagree with Finding. *Effective July 17, 2014, the Huntington Beach Public Financing Authority Joint Powers Agreement was amended to remove the Huntington Beach Redevelopment Agency as a member (see Attachment #1). An Amendment of a Joint Powers Agreement form was filed with the State of California Secretary of State on July 25, 2014 (see Attachment #2).*

Recommendations

R.2 All Vertical Joint Powers Authorities created by a city along with its redevelopment agency should submit the necessary paperwork with the State of California requesting termination of their existence. (F.3)

Response: Completed. *Effective July 17, 2014, the Huntington Beach Public Financing Authority Joint Powers Agreement was amended to remove the Huntington Beach Redevelopment Agency as a member (see Attachment #1). An Amendment of a Joint Powers Agreement form was filed with the State of California Secretary of State on July 25, 2014 (see Attachment #2).*

On behalf of the City of Huntington Beach, I want to thank you for the opportunity to provide this response to the Orange County Grand Jury.

Sincerely,



Fred A. Wilson
City Manager

Attachments

1. Huntington Beach Public Financing Authority Joint Powers Amended Agreement
2. Filing of Amended Agreement with Secretary of State

cc: City Council
City Attorney
Assistant City Manager
Director of Finance



DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

July 17, 2014

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

Dear Ms. Farrell:

Subject: Approval of Oversight Board Action

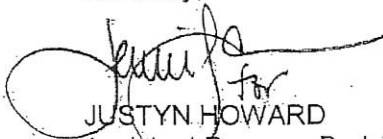
The City of Huntington Beach Successor Agency (Agency) notified the California Department of Finance (Finance) of its June 17, 2014 Oversight Board (OB) resolution on June 17, 2014. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, OB Resolution No. 2014-03, authorizing the Agency to execute and deliver a second amendment to the Joint Exercise of Powers Agreement relating to the Huntington Beach Public Financing Authority (Financing Authority) is approved.

The City of Huntington Beach and the Agency are the only members of the Financing Authority. It is our understanding the Joint Exercise of Powers Agreement is being amended to remove the Agency, and including the City of Huntington Beach's Housing Authority as a member. No new obligations will be created for the Agency.

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

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

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

**SECOND AMENDMENT TO
JOINT EXERCISE OF POWERS AGREEMENT**

by and among

CITY OF HUNTINGTON BEACH

and

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE
CITY OF HUNTINGTON BEACH**

and

HUNTINGTON BEACH HOUSING AUTHORITY

Dated as of July 17, 2014

**relating to the
HUNTINGTON BEACH PUBLIC FINANCING AUTHORITY**

**SECOND AMENDMENT TO
JOINT EXERCISE OF POWERS AGREEMENT**

THIS SECOND AMENDMENT TO JOINT EXERCISE OF POWERS AGREEMENT (this "Second Amendment") is made and entered into as of July 17, 2014, by and among the CITY OF HUNTINGTON BEACH (the "City"), the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH (the "Agency"), and the HUNTINGTON BEACH HOUSING AUTHORITY (the "Housing Authority").

WITNESSETH:

WHEREAS, pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California and referred to herein as the "Law"), the City Council of the City created the former Redevelopment Agency of the City of Huntington Beach (the "Former RDA"); and

WHEREAS, the Former RDA was a redevelopment agency, a public body, corporate and politic duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Law; and

WHEREAS, the City agreed to serve as the successor agency (referred to herein as the Agency) to the Former RDA commencing upon the dissolution of the Former RDA on February 1, 2012 pursuant to Assembly Bill XI 26 ("AB 26"); and

WHEREAS, pursuant to Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, commencing with Section 6500 thereof (the "Act"), two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, pursuant to the Act and the Joint Exercise of Powers Agreement, dated as of March 7, 1988, as amended by the First Amendment to Joint Exercise of Powers Agreement, dated as of May 16, 1988 (collectively, the "First Amended Joint Powers Agreement"), each by and between the City and the Former RDA (collectively, the "Original Members"), the Original Members created and established the Huntington Beach Public Financing Authority (the "Authority") for the purposes set forth in the First Amended Joint Powers Agreement and to exercise the powers described in the First Amended Joint Powers Agreement, which each of the Original Members determined would provide significant public benefits; and

WHEREAS, the City, the Agency and the Housing Authority now desire to enter into this Second Amendment in order to substitute the Housing Authority for the Agency as a member of the Authority (each, a "Member" and collectively, the "Members") and to make certain other amendments to the First Amended Joint Powers Agreement;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants contained herein, the parties hereto agree as follows:

Section 1.1. Substituted Member. The First Amended Joint Powers Agreement is hereby amended to substitute the Housing Authority for the Agency as a Member of the Authority such that the term "Agency" is replaced with the term "Housing Authority" every place it appears in the First Amended Joint Powers Agreement. The Housing Authority is hereby afforded the rights, benefits and protections of the Agency (as such term is used in the First Amended Joint Powers Agreement) provided for under the First Amended Joint Powers Agreement as amended by this Second Amendment and hereby undertakes the obligations of the Agency (as such term is used in the First Amended Joint Powers Agreement) under the First Amended Joint Powers Agreement as amended by this Second Amendment. (In no manner does the Housing Authority assume any other obligation of the Agency under any other agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Agency is a party or is otherwise subject.) The Agency is hereby relieved of the obligations of the Agency (as such term is used in the First Amended Joint Powers Agreement) provided for under the First Amended Joint Powers Agreement as amended by this Second Amendment.

Section 1.2. Amendment to Section 8.01. Section 8 of the First Amended Joint Powers Agreement, entitled "Notices", is hereby amended to read in full as follows:

Section 8.01. Notices. Notices hereunder shall be in writing and shall be sufficient if delivered to:

City of Huntington Beach
2000 Main Street
Huntington Beach, California 92648
Attention: City Manager

Huntington Beach Housing Authority
2000 Main Street
Huntington Beach, California 92648
Attention: Executive Director

Section 1.3. Effect of Second Amendment. This Second Amendment and all of the terms and provisions herein contained shall form part of the First Amended Joint Powers Agreement as fully and with the same effect as if all such terms and provisions are set forth in the First Amended Joint Powers Agreement from and after the effective date of this Second Amendment. The First Amended Joint Powers Agreement is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as heretofore amended and supplemented, and as amended and supplemented hereby. If there shall be any conflict between the terms of this Second Amendment and the terms of the First Amended Joint Powers Agreement (as in effect on the day prior to the effective date of this Second Amendment), the terms of this Second Amendment shall prevail.

Within 30 days after the effective date of this Second Amendment, the Authority will cause a notice of this Second Amendment to be prepared and filed with the office of the Secretary of State of the State of California in the manner set forth in Section 6503.5 of the Act.

Section 1.4. Counterparts. This Second Amendment may be executed in counterparts, each of which shall be deemed an original.

Section 1.5. Effective Date. Upon the execution and delivery hereof by the parties hereto, this Second Amendment shall be effective as of the day and year first hereinabove written.

Signatures on following page

RESOLUTION NO. 2014-29

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUNTINGTON BEACH APPROVING THE EXECUTION AND DELIVERY OF A SECOND AMENDMENT TO JOINT EXERCISE OF POWERS AGREEMENT AND OTHER MATTERS RELATED THERETO RELATING TO THE HUNTINGTON BEACH PUBLIC FINANCING AUTHORITY

WHEREAS, pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California and referred to herein as the "Law"), the City Council of the City of Huntington Beach (the "City") created the former Redevelopment Agency of the City of Huntington Beach (the "Former RDA"); and

WHEREAS, the Former RDA was a redevelopment agency, a public body, corporate and politic duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Law; and

WHEREAS, the City agreed to serve as the successor agency (referred to herein as the Agency) to the Former RDA commencing upon the dissolution of the Former RDA on February 1, 2012 pursuant to Assembly Bill XI 26 ("AB 26"); and

WHEREAS, pursuant to Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, commencing with Section 6500 thereof (the "Act"), two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, pursuant to the Act and the Joint Exercise of Powers Agreement, dated as of March 7, 1988 as amended by the First Amendment to Joint Exercise of Powers Agreement, dated as of May 16, 1988 (collectively, the "First Amended Joint Powers Agreement"), each by and between the City and the Former RDA (collectively, the "Original Members"), the Original Members created and established the Huntington Beach Public Financing Authority (the "Authority") for the purposes set forth in the First Amended Joint Powers Agreement and to exercise the powers described in the First Amended Joint Powers Agreement, which each of the Original Members determined would provide significant public benefits; and

WHEREAS, the City, the Successor Agency to the Redevelopment Agency of the City of Huntington Beach (the "Agency") and the Huntington Beach Housing Authority (the "Housing Authority") now desire to amend the First Amended Joint Powers Agreement pursuant to the Second Amendment to Joint Exercise of Powers Agreement (such Second Amendment to Joint Exercise of Powers Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Second Amendment") in order to substitute the Housing Authority for the Agency as a member of the Authority and to make certain other amendments to the First Amended Joint Powers Agreement; and

WHEREAS, there has been prepared and submitted to this meeting a form of the Second Amendment; and

WHEREAS, the City Council desires to authorize the execution and delivery of such document and the performance of such acts by or on behalf of the City as may be necessary or desirable to effect the execution and delivery of such document;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HUNTINGTON BEACH, DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The Second Amendment, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. The City Manager, the Assistant City Manager and the Director of Finance of the City, and such other officers of the City as the City Manager may designate (collectively, the "Authorized Officers") are, and each of them is, hereby authorized and directed, for and in the name of the City, to execute and deliver the Second Amendment in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Second Amendment by such Authorized Officer.

Section 2. The officers and employees of the City are, and each of them is, hereby authorized and directed, for and in the name of the City, to do any and all things and to execute and deliver any and all documents which they or any of them deem necessary or advisable in order to consummate the transactions contemplated by this Resolution and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution.

Section 3. All actions heretofore taken by the officers and employees of the City in connection with or related to any of the agreements or documents referred to herein, are hereby approved, confirmed and ratified.


Section 4. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the City Council of the City of Huntington Beach at a regular meeting thereof held on the 16th day of June, 2014.




Mayor

REVIEWED AND APPROVED:




City Manager

INITIATED AND APPROVED:



Director of Finance

APPROVED AS TO FORM:



City Attorney

STATE OF CALIFORNIA
COUNTY OF ORANGE) ss:
CITY OF HUNTINGTON BEACH)

I, JOAN L. FLYNN the duly elected, qualified City Clerk of the City of Huntington Beach, and ex-officio Clerk of the City Council of said City, do hereby certify that the whole number of members of the City Council of the City of Huntington Beach is seven; that the foregoing resolution was passed and adopted by the affirmative vote of at least a majority of all the members of said City Council at a **Regular** meeting thereof held on **June 16, 2014** by the following vote:

AYES: Katapodis, Hardy, Harper, Boardman, Sullivan Carchio
NOES: None
ABSENT: Shaw
ABSTAIN: None



City Clerk and ex-officio Clerk of the
City Council of the City of
Huntington Beach, California



State of California
Secretary of State

FILE NO. 2151

FILED
Secretary of State
State of California
JUL 25 2014

AMENDMENT OF A JOINT POWERS AGREEMENT
(Government Code section 6503.5)

Instructions:

- 1. Complete and mail to: Secretary of State, P.O. Box 942877, Sacramento, CA 94277-0001.
2. Include filing fee of \$1.00.
3. Do not include attachments.
4. A copy of the full text of the joint powers agreement and amendments, if any, must be submitted to the State Controller's office. For address information, contact the State Controller's office at www.sco.ca.gov.

(Office Use Only)

Date of filing initial notice with the Secretary of State: May 19, 1988

File number of initial notice: 876

Name of the agency or entity created under the agreement and responsible for the administration of the agreement:
Huntington Beach Public Financing Authority; City of Huntington Beach

Agency's or Entity's Mailing Address: 2000 Main Street, P.O. Box 190, Huntington Beach, CA 92648

Title of the agreement: Second Amendment to Joint Exercise of Powers Agreement, dated as of July 17, 2014, by and among City of Huntington Beach, Successor Agency to the Redevelopment Agency of the City of Huntington Beach and Huntington Beach Housing Authority

Complete one or more boxes below. The agreement has been amended to:

- [X] Change the parties to the agreement as follows: City of Huntington Beach and Huntington Beach Housing Authority (Successor Agency to the Redevelopment Agency of the City of Huntington Beach was removed as a member)
[] Change the name of the administering agency or entity as follows:
[] Change the purpose of the agreement or the powers to be exercised as follows:
[X] Change the short title of the agreement as follows: Second Amendment to Joint Exercise of Powers Agreement, dated as of July 17, 2014
[] Make other changes to the agreement as follows:

RETURN ACKNOWLEDGMENT TO: (Type or Print)

NAME [Orrick, Herrington & Sutcliffe LLP
ADDRESS 777 South Figueroa Street, Suite 3200
Los Angeles, California 90017
CITY/STATE/ZIP [Attention: Laura Gao, Project Manager

Date 7/22/14

Signature [Handwritten Signature
Joan L Flynn, Secretary

Typed Name and Title



I hereby certify that the foregoing transcript of 281 page(s) is a full, true and correct copy of the original record in the custody of the California Secretary of State's office.

JUL 25 2014 AB

Date: _____

Debra Bowen

DEBRA BOWEN, Secretary of State



State of California
Secretary of State

STATEMENT OF FACTS
ROSTER OF PUBLIC AGENCIES FILING
(Government Code section 53051)

FILED
Secretary of State
State of California
JUN 20 2014

(Office Use Only)

Instructions:

1. Complete and mail to: Secretary of State,
P.O. Box 942877, Sacramento, CA 94277-0001 (916) 653-3984
2. A street address must be given as the official mailing address or as
the address of the presiding officer.
3. Complete addresses as required.
4. If you need additional space, attach information on an 8½" X 11" page, one sided and legible.

New Filing Update

Legal name of Public Agency: Huntington Beach Public Financing Authority

Nature of Update: Update of directors

County: Orange

Official Mailing Address: 2000 Main Street, Huntington Beach, CA 92648

Name and Address of each member of the governing board:

Chairman, President or other Presiding Officer (Indicate Title): Chair

Name: Matthew M. Harper Address: 2000 Main Street, Huntington Beach, CA 92648

Secretary or Clerk (Indicate Title): Secretary

Name: Joan L. Flynn Address: 2000 Main Street, Huntington Beach, CA 92648

Members:

Name: Joe Shaw Address: 2000 Main Street, Huntington Beach, CA 92648

Name: Connie Boardman Address: 2000 Main Street, Huntington Beach, CA 92648

Name: Joe Carchio Address: 2000 Main Street, Huntington Beach, CA 92648

Name: Jill Hardy Address: 2000 Main Street, Huntington Beach, CA 92648

Name: Jim Katapodis Address: 2000 Main Street, Huntington Beach, CA 92648

RETURN ACKNOWLEDGMENT TO: (Type or Print)

June 16, 2014

Date

NAME Joan L. Flynn, Clerk
ADDRESS 2000 Main Street, 2nd Floor
CITY/STATE/ZIP Huntington Beach, CA 92648

Joan L. Flynn
Signature
Joan L. Flynn, Secretary
Typed Name and Title

State of California
Secretary of State

Statement of Facts
Roster of Public Agencies Filing
Updated Filing

Page 2 of 2
Huntington Beach Public Financing Authority

Additional Members:

Name: Dave Sullivan

Address: 2000 Main Street, Huntington Beach, CA 92648



I hereby certify that the foregoing transcript of 02 page(s) is a full, true and correct copy of the original record in the custody of the California Secretary of State's office. *SP*

AUG 01 2014

Date: _____

Debra Bowen

DEBRA BOWEN, Secretary of State

ATTACHMENT 2