



CITY OF GARDEN GROVE

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September 23, 2015

Honorable Glenda Sanders, Presiding Judge
Orange County Superior Court
700 Civic Center Drive West
Santa Ana, CA 92701

RE: Response to Orange County Grand Jury Report, *Joint Powers Authorities: Issues of Viability, Control, Transparency, and Solvency*

Dear Judge Sanders:

I have reviewed the Orange County Grand Jury Report, *Joint Powers Authorities: Issues of Viability, Control, Transparency, and Solvency*. On behalf of the City of Garden Grove, I am providing responses to Findings F1 and F3, and Recommendations R1 and R2, as requested by the Grand Jury.

Response to Findings

F1: *Orange County has nine "inactive" Joint Powers Authorities that have no viable activity, revenue, expenditure, assets, or liabilities. 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.*

The City disagrees partially with this finding. The City agrees that the Orange County Regional Airport Authority, which Garden Grove is a member City, does not have viable activity or revenue; however, we disagree that the JPA has potential for misuse or obfuscation of public funds. We additionally agree that this JPA's purpose has been fulfilled and there is no longer a benefit to the taxpayers.

The Garden Grove Public Finance Authority (GGPFA) is a conduit entity used to facilitate debt financing for the City of Garden Grove and related entities. It provides for the financing of public capital improvements for members through the purchase by the Authority of obligations of a member pursuant to bond purchase agreements, and/or the loan of funds to a member. The GGPFA has enabled the issuance of several outstanding bonds with maturity extending through 2030. As a result, the JPA cannot legally be dissolved. The GGPFA will also be used in the future for other public financing activities.

F3: *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.*

The City disagrees wholly with this finding. The members of the GGPFA are the City of Garden Grove, the Garden Grove Sanitary District, and the former Redevelopment Agency whose rights and obligations were assumed by the Successor Redevelopment Agency. Further, the GGPFA still has outstanding bonds and obligations facilitated by the JPA through a maturity date of December 2030.

Response to Recommendations

R1: *All Orange County Joint Powers Authorities that are "inactive" should submit the official paperwork with the State of California requesting termination of their existence or provide at the next public meeting the justification for continuing the Joint Powers Authority. (F.1.)*

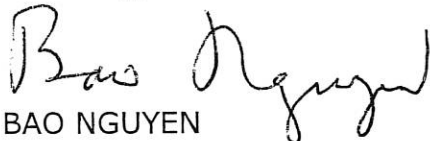
With regard to the Orange County Regional Airport Authority, the recommendation has not yet been implemented, but will be implemented in FY 2015-16 until complete. The Orange County Regional Airport Authority is inactive and the City of Garden Grove will take the lead to terminate the JPA.

With regard to the GGPFA, the recommendation will not be implemented because it is not warranted. The GGPFA is active as indicated in the response to F1 above.

R2: *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.)*

The recommendation will not be implemented because it is not warranted. The GGPFA is active as indicated in the response to F3 above.

Sincerely,



BAO NGUYEN
Mayor

C: Orange County Grand Jury