

To: Huntington Beach City Council

From: Huntington Beach Finance Commission

Date: October 30, 2025

The City of Huntington Beach Finance Commission has been involved in reviewing and analyzing the financial issues that revolve around the lease agreement with Arcis Golf. Arcis was formally notified in July of 2024 that they were deficient in payments to the city of over \$400,000 based on an audit that was performed by Davis Farr LLP. Since that time Arcis responded in August 2025 that they agreed with the city of Huntington Beach that they were deficient in payments due to the city of approximately \$114,000. As of September 2025, there has been no resolution between the two parties in regards to these differences.

The Finance Commission is also aware of numerous issues associated with the maintenance and general upkeep of the golf course property. These include water drainage issues, pond water condition, general golf course condition, and a general lack of quality maintenance of the property.

The Finance Commission recommends the city take the following take more aggressive actions to bring these issues to conclusion. We recommend the following:

- Assign an individual to report regularly to the city council on reaching closure on the financial disagreements between Arcis and the city on what they owe in terms of rent and lates fees until this matter is closed
- Based on the difficulties associated with reaching agreement on proper fees owed and a continued behavior of late payments work with legal to assess whether Arcis is in breach of contract and consider making a decision to terminate the existing agreement and bring in a new operator ahead of the current lease end date of 2028.

The Finance Commission is willing to help in any way we can to remedy this situation and help make this a much healthier operation for the overall benefit of our city financially, for the residents that reside on or around the golf course, and for the general golfing public who utilize the Meadowlark Golf Course for their enjoyment

City of Huntington Beach Finance Commission