



MINUTES FINANCE COMMISSION MEETING

Wednesday, October 22, 2025 - 5:00 p.m.
City of Huntington Beach
Council Chambers
Huntington Beach, CA 92648

For the audio recording of the October 22, 2025, Finance Commission Meeting, please visit the City's website at: <https://huntingtonbeach.legistar.com/Calendar.aspx>

Chair Gates called the meeting to order at 5:00 p.m. and Chair Gates led the Pledge of Allegiance.

MEMBERS
PRESENT: Kelly Gates, Chair
Frank Lo Grasso, Vice-Chair
David Cicerone, Commissioner
Austin Edsell, Commissioner
Paul Geery, Commissioner
Billy Hamilton, Commissioner

MEMBERS
ABSENT: None

STAFF PRESENT Robert Torrez, Interim Chief Financial Officer
Jason Schmitt, City Treasurer
Zack Zithisakthanankul, Assistant Chief Financial Officer
Joyce Zacks, Assistant City Treasurer
Charles Kovac, Housing Manager, Community Development
Jessica Castro, Public Works, Senior Accounting Technician
Shari Saraye, Finance, Senior Buyer

PUBLIC COMMENTS

None.

CONSENT ITEMS

Approval of Meeting Minutes

Motion: Moved by Vice Chair Lo Grasso and seconded by Commissioner Geery to approve the Finance Commission Meeting Minutes dated September 24, 2025, as presented

The motion carried by the following votes: 5-0-1-0

Ayes: Gates; Lo Grasso; Geery; Cicerone; Edsell

Noes: None

Absent: None

Abstain: Hamilton

DISCUSSION ITEMS AND POTENTIAL RECOMMENDATIONS

D1. TEFRA Process, CMFA Housing Bonds – Commissioner Hamilton

The Finance Commission received a detailed briefing from Community Development Housing Manager, Charles Kovac regarding the Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing held during the Tuesday, October 21, 2025, City Council meeting for the Pelican Harbor Senior Housing Project. Charles explained that the project's tax-exempt bonds are issued by the California Municipal Finance Authority, and that the City has no financial liability for the bonds repayment. Because the prior TEFRA authorization had expired, a new hearing was required to preserve the tax-exempt status of the previously issued bonds and allows a portion of the financing to transition from construction to permanent financing. The Housing Manager also outlined updates tied to the hearing, including extended affordability requirements, an annual payment obligation from the developer, and modified terms for the City's loan. Commissioners inquired about the project's total cost, financing structure, bond-related fees, the City's loan position, potential impacts to property-tax revenue, the financial transparency of Jamboree Housing, the rules governing Home Investment Partnerships (HOME) fund, and how the project contributes to Regional Housing Needs Assessment (RHNA) obligations. Commissioners also discussed concerns about timing and the implications if the City Council does not approve the TEFRA action. Commissioners noted that the City Council continued the Tuesday, October 21, 2025, TEFRA item to its next City Council meeting on Tuesday, October 28, 2025, for further evaluation.

D2. Options to Improve Financial Reporting – Commissioner Cicerone

Commissioner Cicerone met with City Treasurer Jason Schmitt and Interim Chief Financial Officer (CFO) Robert Torrez to collaborate on enhancing the completeness, transparency, and timeliness of the City's financial reporting in order to better educate and inform the public regarding the City's financial condition. The discussion also focused on strengthening internal processes, procedures, and systems, particularly addressing issues related to leases, accounting practices, and the reconciliation of cash receipts with receivables. Commissioners commended the Finance and Treasury departments for their constructive and proactive efforts to resolve these matters. Finance provided an update on the implementation of the decentralized budget module, Gravity, noting that portions of the system are already in place and outlining the next steps, system capabilities, and implementation timeline. Finance also discussed plans to acquire an additional module for the Business License division to streamline the business license application process and improve the citizen-facing dashboard, which was reported as user-friendly by staff that tested the software. The Finance department reported that it meets biweekly with the Treasury department to review and refine operational processes, with a continued focus on improving service delivery to the community. Commissioners inquired further about the functionality of the Gravity system, particularly regarding the input of historical records. The City Treasurer noted that the Treasury department continues to partner with departments citywide to expand automation efforts and determine how to leverage existing technologies. Ongoing initiatives include collaboration with the Water Billing division on the implementation of the MyMeter system, as well as the development of a cash flow model and other process improvements designed to enhance efficiency and reduce manual procedures. Commissioners requested an evaluation of the City's true reserve needs, noting that such an assessment would help citizens better understand the City's overall financial position. The Treasury department invited the Commissioners to attend the Treasury's Investment Advisory Board meeting on Thursday, October 23, 2025, where a presentation will be given on the

status of the City's reserves and an overview of the City's investment policy. Commissioners also inquired about how the City could incorporate artificial intelligence (AI) into its operations. Treasury responded that the first step is to fully leverage existing technologies and streamline current processes; once that foundation is established, the City can begin developing a production model to determine how AI can best be utilized to enhance efficiency and support operational needs.

D3. Elan/Breakwater Bond Counsel Opinion – Commissioner Cicerone

The Commission continued its discussion regarding the Elan/Breakwater financing structure and the outstanding questions related to the bond counsel's opinion. A Commissioner reiterated concerns raised about how bonds were issued without a voter-approved process. Robert Torrez, CFO provided an update explaining that he conducted a review of past study sessions, resolutions, and video recordings, and identified the bond counsel involved. He reported that the City Attorney's Office is in communication with bond counsel to obtain clarification. Commissioners questioned how future ownership, refinancing, or disposition of the property would occur, including whether the City would be required to issue bonds or finance the project in later years. The Finance Commission raised concerns about the City's limited control over the sale and/or ownership of the property, responsibility to taxing entities, and the broader issue of JPA structures. The Commission discussed the need for a formal legal opinion from the City Attorney and the implications of similar financing structures used in other projects. The CFO stated he would provide an update from the City Attorney's Office for the next Finance Commission meeting.

D4. Huntington Harbor Yacht Club Financial Update – Commissioner Cicerone

The Commissioner requested an update on the Huntington Harbor Yacht Club lease and financial reporting requirements. Commissioners raised concerns regarding the Yacht Club's obligation under its lease to provide financial statements, noting that the Commission has not received the requested documents to review. The CFO confirmed that the financials have been requested from Community & Library Services but have not yet been provided and noted that staff must follow an internal process before the information can be released. Commissioners discussed the property and raised questions about the extent to which the facility operates as a private club despite sitting on public land. Concerns were also expressed about potential upcoming capital improvement needs, and whether the current lease revenue adequately reflects the property's value. There was uncertainty about whether the City owns both the land and the building or only the land, with staff agreeing to verify the lease terms. The Commission emphasized the importance of receiving financial statements necessary to evaluate the rent component of the lease. The Commissioners requested the item to be discussed at the next Finance Commission meeting.

D5. Meadowlark Golf Course Updates – Commissioner Cicerone and Geery

The Commissioner informed staff that the Meadowlark Task Force on Saturday, October 29, 2025 will have an public open forum at the Senior Center where residents will be invited to provide input on the future of the Meadowlark Golf Course. Commissioners discussed a future financial review by an outside consultant and the broader evaluation of operating and revenue opportunities of the asset. A Commissioner emphasized that the City has no intention of selling the land and described the education they received from tours of other municipal golf courses, which highlighted opportunities to substantially improve revenue, facilities, and food-and-beverage operations. The Commission

reviewed the draft letter prepared for the City Council regarding current operator performance and lease compliance. After discussing a few edits, the Commission refined the document.

Motion: Moved by Commissioner Hamilton and seconded by Vice-Chair Lo Grasso to move the item and present the attached letter to the City Council with the Commission's edits made during the meeting.

The motion carried by the following votes: 6-0-0-0

Ayes: Gates; Lo Grasso; Geery; Cicerone; Edsell; Hamilton

Noes: None

Absent: None

Abstain: None

COMMISSIONER COMMENTS

Vice-Chair Lo Grasso commended the Finance Commission on the work they have done in the last couple of years.

Chair Gates announced Dave Chennault as the newest addition to the Finance Commission. The Chair thanked everyone for their hard work, wishes everyone a happy Halloween, and reminded everyone of the Meadowlark Task Forces public forum at the Senior Center on October 29, 2025.

ADJOURNMENT

Motion: Moved by Chair Gates and seconded by Commissioner Cicerone to adjourn the meeting at 7:16 p.m.

The motion carried by the following votes: 6-0-0

Ayes: Gates; Lo Grasso; Geery; Cicerone; Edsell; Hamilton

Noes: None

Absent: None

Submitted by:

Robert Torrez, Interim Chief Financial Officer

By: Skyler Barthold, Management Aide