

Alex Vargas, Mayor  
Katrina Manning, Mayor Pro Tem  
Angie Reyes English, Councilmember  
Alex Monteiro, Councilmember  
L. David Patterson, Councilmember



Dayna S. Williams-Hunter, City Clerk  
Marie Poindexter-Hornback, City Treasurer

**CITY OF HAWTHORNE  
CITY COUNCIL SUCCESSOR AGENCY SPECIAL MEETING  
AGENDA FOR DECEMBER 10, 2024 6:00 PM  
COUNCIL CHAMBER AT CITY HALL  
4455 W. 126th STREET, HAWTHORNE, CALIFORNIA**



DIANA CUCALON, HAWTHORNE DEPUTY CITY CLERK



**AGENDA ITEM NO. 1.**

**CITY OF HAWTHORNE  
City Council  
AGENDA BILL**

For the meeting of 12/10/2024  
Originating Department: Finance

---

**City Manager:**

**Department Head:**

**SUBJECT:**

RESOLUTION NO. 2024-02  
APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE ("ROPS") FOR THE TWELVE-MONTH FISCAL PERIOD FROM JULY 1, 2025 THROUGH JUNE 30, 2026 ("ROPS 25-26") AND TAKING CERTAIN RELATED ACTIONS.

**RECOMMENDED MOTION:**

Staff recommends that the City Council adopt SA Resolution 2024-02 approving ROPS 25-26, a Recognized Obligation Payment Schedule for the twelve-month fiscal period from July 1, 2025 through June 30, 2026 and taking certain related actions.

**DISCUSSION:**

**BACKGROUND:**

Assembly Bill ("AB") x1 26, AB 1484, and Senate Bill 107 (collectively, the "Dissolution Act") dissolved Redevelopment agencies and require the Successor Agency to the Hawthorne Redevelopment Agency ("Successor Agency") to wind down the obligations of the former Hawthorne Redevelopment Agency ("Former Agency"). The wind down is accomplished, in large part, through the preparation of an annual ROPS, covering the upcoming fiscal year. The ROPS lists the obligations to be funded and serves as a request for an allocation of property tax increment revenue deposited by the Auditor-Controller in the Redevelopment Property Tax Trust Fund ("RPTTF").

The ROPS must be approved by the Oversight Board to the Successor Agency ("Oversight Board") and submitted to the State Department of Finance ("DOF"). Pursuant to Health and Safety Code ("HSC") Section 34177(l), DOF provides the ROPS form for successor agencies to use to report enforceable obligations. Pursuant to HSC Section 34177(l)(2)(C), a copy of the ROPS must also be submitted to the Los Angeles County Auditor-Controller ("Auditor-Controller") and State Controller's Office.

**DISCUSSION:**

The Successor Agency has already paid off several of the Former Agency's obligations. Remaining obligations include the 2016 Tax Allocation Refunding Bonds and related costs, Oceangate Owner Participation Agreement ("OPA") rebates, Gateway Disposition and Development Agreement rebates, as well as administrative expenses. The ROPS Detail page lists each of the remaining obligations, including the amount requested in the current year and an estimate of the total debt or obligation remaining for each item.

In total, the Successor Agency requests approval for \$4,585,321 in expenditures, including \$1,370,625 from a reserve balance set aside in the prior fiscal year and \$3,214,696 in funds from the RPTTF. This represents a decrease from the amount requested on the prior year's ROPS, mostly due to the lower debt service payment (item 38) and an adjustment to the calculation of the OPA rebate (item 35) as detailed in the OPA. There are no new items on the ROPS.

On the Report of Cash Balances, the Successor Agency identifies any available funds that can be used to pay enforceable obligations. After all available funds are allocated or exhausted, which they have been, the Successor Agency can request funding for enforceable obligations from RPTTF.

**ECONOMIC DEVELOPMENT STRATEGIC PLAN:**

.

**FISCAL IMPACT:**

ROPS 25-26 must be approved by the Hawthorne Successor Agency's Oversight Board and submitted to DOF for the Successor Agency to receive RPTTF, administered by the Los Angeles County Auditor-Controller ("Auditor-Controller"), and to pay enforceable obligations during the ROPS 25-26 period. In total, the Successor Agency requests approval for \$4,585,321 in expenditures, including \$1,370,625 from a reserve balance set aside in the prior fiscal year and \$3,214,696 in funds from the RPTTF.

**NOTICING PROCEDURE:**

None.

**ATTACHMENTS**

ROPS Reso 25-26

ROPS 25-26

SA Admin Budget 25-26

## RESOLUTION NO. 2024-02

### **A RESOLUTION OF THE SUCCESSOR AGENCY TO THE HAWTHORNE REDEVELOPMENT AGENCY APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE TWELVE-MONTH FISCAL PERIOD FROM JULY 1, 2025 THROUGH JUNE 30, 2026 AND TAKING CERTAIN RELATED ACTIONS**

**WHEREAS**, the City of Hawthorne elected to serve as the Successor Agency to the former Hawthorne Redevelopment Agency (“Successor Agency”) pursuant to Assembly Bill x1 26 (“ABx1 26”) as codified in the California Health & Safety Code (“HSC”); and

**WHEREAS**, ABx1 26 was amended by Assembly Bill 1484 and Senate Bill 107 (collectively, the “Dissolution Act”); and

**WHEREAS**, among the duties of successor agencies under the Dissolution Act as amended is the preparation of an annual Recognized Obligation Payment Schedule (“ROPS”), per HSC Section 34177 (l), that includes the ensuing two six-month periods for consideration by a consolidated oversight board and the California Department of Finance (“DOF”) for purposes of administering the wind-down of financial obligations of the former Redevelopment Agency; and

**WHEREAS**, HSC Section 34177 (l) further requires that the proposed ROPS be transmitted to the County Oversight Board, after which time the County Oversight Board may approve the ROPS and the Successor Agency’s transmittal of the adopted ROPS to DOF, the County Auditor-Controller, and the State Controller’s Office for their consideration; and

**WHEREAS**, the proposed ROPS 25-26 for the six-month periods from July 1, 2025 through December 31, 2025 and January 1, 2026 through June 30, 2026, attached hereto as Exhibit “A”, has been prepared and is consistent with the provisions of the Dissolution Act and in the format made available by DOF; and

**WHEREAS**, the Successor Agency is required to prepare an annual administrative budget and submit it to the Oversight Board per HSC Section 34177 (j); and

**WHEREAS**, the Successor Agency prepared the Fiscal Year 2025-26 Administrative Budget in accordance with the Dissolution Act, attached hereto as Exhibit “B”; and

**WHEREAS**, the Oversight Board will review the ROPS 25-26 and the Fiscal Year 2025-26 Administrative Budget on January 21, 2025; and

**WHEREAS**, the Successor Agency desires to approve the ROPS 25-26, along with the Fiscal Year 2025-26 Administrative Budget, and transmit it to various parties as required by the Dissolution Act.

**NOW, THEREFORE**, the Successor Agency to the Hawthorne Redevelopment Agency does hereby resolve as follows:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution, incorporated herein by this reference.

Section 2. The Successor Agency hereby approves and adopts the ROPS 25-26 covering

the period of July 1, 2025 to June 30, 2026 in substantially the form attached hereto as Exhibit "A", as required by the Dissolution Act. The Successor Agency accepts changes made by the Consolidated Oversight Board in advance in order to enable the Successor Agency to submit the ROPS 25-26 to DOF by the deadline of February 1, 2025.

Section 3. Pursuant to the Dissolution Act, the Successor Agency approves the Fiscal Year 2025-26 Administrative Budget for the period July 1, 2025 to June 30, 2026 submitted herewith as Exhibit "B", which is incorporated herein by this reference.

Section 4. The City Manager or another representative of the Successor Agency is hereby authorized and directed to post a copy of the ROPS 25-26 on the City's website and transmit a copy of the ROPS 25-26 to the offices of the Los Angeles County Auditor-Controller, the State Controller's Office, and the State of California Department of Finance.

PASSED AND ADOPTED by the Successor Agency at a meeting held on the 10<sup>th</sup> day of December, 2024.

ALEX VARGAS, \_\_\_\_\_  
CHAIR, SUCCESSOR AGENCY TO THE  
HAWTHORNE REDEVELOPMENT AGENCY

ATTEST:

\_\_\_\_\_  
DAYNA S. WILLIAMS-HUNTER,  
SECRETARY, SUCCESSOR AGENCY  
ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
ROBERT KIM,  
LEGAL COUNSEL

**EXHIBIT A**

**ROPS 25-26**

**Recognized Obligation Payment Schedule (ROPS 25-26) - Summary  
Filed for the July 1, 2025 through June 30, 2026 Period**

**Successor Agency:** Hawthorne  
**County:** Los Angeles

<b>Current Period Requested Funding for Enforceable Obligations (ROPS Detail)</b>	<b>25-26A Total (July - December)</b>	<b>25-26B Total (January - June)</b>	<b>ROPS 25-26 Total</b>
<b>A Enforceable Obligations Funded as Follows (B+C+D)</b>	<b>\$ 1,370,625</b>	<b>\$ -</b>	<b>\$ 1,370,625</b>
B Bond Proceeds	-	-	-
C Reserve Balance	1,370,625	-	1,370,625
D Other Funds	-	-	-
<b>E Redevelopment Property Tax Trust Fund (RPTTF) (F+G)</b>	<b>\$ 590,254</b>	<b>\$ 2,624,442</b>	<b>\$ 3,214,696</b>
F RPTTF	477,754	2,511,942	2,989,696
G Administrative RPTTF	112,500	112,500	225,000
<b>H Current Period Enforceable Obligations (A+E)</b>	<b>\$ 1,960,879</b>	<b>\$ 2,624,442</b>	<b>\$ 4,585,321</b>

**Certification of Oversight Board Chairman:**

Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

Alex Vargas  
Name \_\_\_\_\_ Title Mayor/Chair

/s/ \_\_\_\_\_  
Signature \_\_\_\_\_ Date

**Hawthorne**  
**Recognized Obligation Payment Schedule (ROPS 25-26) - ROPS Detail**  
**July 1, 2025 through June 30, 2026**

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
Item #	Project Name	Obligation Type	Agreement Execution Date	Agreement Termination Date	Payee	Description	Project Area	Total Outstanding Obligation	Retired	ROPS 25-26 Total	ROPS 25-26A (Jul - Dec)					25-26A Total	ROPS 25-26B (Jan - Jun)					25-26B Total
											Fund Sources						Fund Sources					
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
								\$41,846,660		\$4,585,321	\$-	\$1,370,625	\$-	\$477,754	\$112,500	\$1,960,879	\$-	\$-	\$-	\$2,511,942	\$112,500	\$2,624,442
8	Oceangate OPA Properties Tax Increment Rebate Payments	OPA/DDA/ Construction	06/23/2001	11/25/2034	Oceangate Properties	Tax Increment Payments Due to Oceangate Properties per 6th Implementation Agreement	Project Area No. 2	1,737,797	N	\$174,578	-	-	-	174,578	-	\$174,578	-	-	-	-	-	\$-
9	Successor Agency Administrative/ Employee Costs	Admin Costs	02/01/2012	09/01/2036	City of Hawthorne Employees and Various Vendors	Payroll cost for Successor Agency employees, consultants, salaries, insurance, and benefits, supplies, equipment, and other operational supplies.	All Project Areas	3,012,500	N	\$225,000	-	-	-	-	112,500	\$112,500	-	-	-	-	112,500	\$112,500
31	Gateway DDA Tax Increment Payment	OPA/DDA/ Construction	09/07/2000	09/13/2029	US Bank	Tax increment payments into Special Fund required by the Gateway Center Disposition and Development Agreement	Project Area No. 2	2,008,530	N	\$303,176	-	-	-	303,176	-	\$303,176	-	-	-	-	-	\$-
35	Tax Rebates - Oceangate OPA Sales Tax Component	Business Incentive Agreements	07/01/1992	11/25/2034	Oceangate Properties	Tax rebates for Oceangate Properties	Project Area No. 2	12,777,083	N	\$737,192	-	-	-	-	-	\$-	-	-	-	737,192	-	\$737,192
36	2016 Tax Allocation Refunding Bonds	Refunding Bonds Issued After 6/27/12	01/28/2016	09/01/2036	US Bank	Principal and Interest payments on bond	Project Area No. 2	20,764,625	N	\$1,736,750	-	1,370,625	-	-	-	\$1,370,625	-	-	-	366,125	-	\$366,125
37	Fiscal Agent Fees	Fees	01/28/2016	09/01/2036	US Bank	Trustee Fees for 2016 Bonds	Project Area No. 2	30,000	N	\$2,500	-	-	-	-	-	\$-	-	-	-	2,500	-	\$2,500
38	2016 Tax	Reserves	01/28/	09/01/2036	US Bank	Reserve	Project	1,396,125	N	\$1,396,125	-	-	-	-	-	\$-	-	-	-	1,396,125	-	\$1,396,125

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
Item #	Project Name	Obligation Type	Agreement Execution Date	Agreement Termination Date	Payee	Description	Project Area	Total Outstanding Obligation	Retired	ROPS 25-26 Total	ROPS 25-26A (Jul - Dec)					25-26A Total	ROPS 25-26B (Jan - Jun)					25-26B Total
											Fund Sources						Fund Sources					
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
	Allocation Refunding Bond Reserve		2016			required per bond indenture	Area No. 2															
39	Continuing Disclosure	Professional Services	12/01/2016	09/01/2036	Harris & Associates	Continuing Disclosure reports for 2001 and 2016 TAB's	Project Area No. 2	120,000	N	\$10,000	-	-	-	-	-	\$-	-	-	-	10,000	-	\$10,000

**Hawthorne**  
**Recognized Obligation Payment Schedule (ROPS 25-26) - Report of Cash Balances**  
**July 1, 2022 through June 30, 2023**  
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (I), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation.								
A	B	C	D	E	F	G	H	
	<b>ROPS 22-23 Cash Balances (07/01/22 - 06/30/23)</b>	<b>Fund Sources</b>				<b>Comments</b>		
		<b>Bond Proceeds</b>		<b>Reserve Balance</b>	<b>Other Funds</b>			<b>RPTTF</b>
		Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, grants, interest, etc.			Non-Admin and Admin
<b>1</b>	<b>Beginning Available Cash Balance (Actual 07/01/22)</b> RPTTF amount should exclude "A" period distribution amount.			3,038,329	358	455,591	E: Includes \$2,165,125 requested as reserve in 20-21 for 21-22 expenditures, plus 20-21 PPA of \$772,212, plus 21-22 PPA of \$100,992. F: Other funds are positive following the ROPS 22-23 cash balance correction. G: 19-20 PPA, which reduced the RPTTF distribution for ROPS 22-23.	
<b>2</b>	<b>Revenue/Income (Actual 06/30/23)</b> RPTTF amount should tie to the ROPS 22-23 total distribution from the County Auditor-Controller				26,869	4,340,417	F: Interest earnings in FY 22-23 G: RPTTF received for ROPS 22-23.	
<b>3</b>	<b>Expenditures for ROPS 22-23 Enforceable Obligations (Actual 06/30/23)</b>			2,165,123		2,405,059	E: Expenditure of reserves on 2016 Bonds debt service, per DOF approval. G: Based on the ROPS 22-23 PPA CAC reported actuals for RPTTF non-administration and administration less \$2,204,000 held as reserve to pay 2016 TABs.	
<b>4</b>	<b>Retention of Available Cash Balance (Actual 06/30/23)</b> RPTTF amount retained should only include the amounts distributed as reserve for future period(s)			873,206	27,227	2,204,000	E: 20-21 PPA of \$772,212, 21-22 PPA of \$100,992, plus \$2 unspent reserve F: Interest Revenue on hand G: Reserve for 2016 TABs	

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation.

A	B	C	D	E	F	G	H
	<b>ROPS 22-23 Cash Balances (07/01/22 - 06/30/23)</b>	<b>Fund Sources</b>					<b>Comments</b>
<b>Bond Proceeds</b>		<b>Reserve Balance</b>	<b>Other Funds</b>	<b>RPTTF</b>			
Bonds issued on or before 12/31/10		Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin		
							debt service payment in ROPS 22-23.
<b>5</b>	<b>ROPS 22-23 RPTTF Prior Period Adjustment</b> RPTTF amount should tie to the Agency's ROPS 22-23 PPA form submitted to the CAC		<b>No entry required</b>			186,949	G: 22-23 requested PPA of \$186,949.
<b>6</b>	<b>Ending Actual Available Cash Balance (06/30/23)</b> C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$-	\$-	\$-	\$-	\$-	

**Hawthorne**  
**Recognized Obligation Payment Schedule (ROPS 25-26) - Notes**  
**July 1, 2025 through June 30, 2026**

Item #	Notes/Comments
8	The requested amount is calculated assuming a standard 2% increase in property values, with a 10% buffer added to the resulting payment calculation in case a property increases in value more significantly due to improvements or a transfer of ownership.
9	
31	The rebate is based on 50% of the incremental property tax revenue generated by the DDA properties, less a pro rata share of County administrative fees, the former 20% low & moderate income housing set aside, pass through payments, and debt service on the 1998, 2004, and 2006 Bonds (refunded by the 2016 Bonds). The requested amount is the greater of the projection from prior year's actual payment amount or \$200,000. Due to the item needing adjustments with Amended ROPS 22-23 and 24-25, the higher threshold buffer is necessary to avoid more adjustments and reduce SA Admin-related costs for adjustments.
35	Payment is based on sales taxes, which are difficult to predict. As of Fiscal Year 2023-24, a sales tax rebate is paid only for Parcel 1 sales taxes above a threshold. Applying recent annual growth provides a projected rebate amount of \$670,175. Adding a 10% buffer to projected sales tax revenues suggests an appropriate estimate of \$737,193.
36	
37	
38	
39	

**EXHIBIT B**

**Fiscal Year 2025-26 Administrative Budget**

## EXHIBIT B

### HAWTHORNE SUCCESSOR AGENCY ADMINISTRATIVE BUDGET FY 2025-26 FOR JULY 1, 2025 to JUNE 30, 2026

Expense Category	Responsibilities	FY 2025-26 Proposed Budget
<b>AGENCY STAFF</b>		
Finance	<ul style="list-style-type: none"> <li>• Process payment of enforceable obligations</li> <li>• Maintain documentation of Agency records</li> <li>• Coordinate with consultant to answer questions and provide documentation as requested by Oversight Board, County Auditor-Controller, and Department of Finance</li> </ul>	\$60,000
Legal	<ul style="list-style-type: none"> <li>• Provide general legal services as needed</li> </ul>	\$40,000
City Manager	<ul style="list-style-type: none"> <li>• Provide direction to other staff and consultants as needed</li> </ul>	\$30,000
Other	<ul style="list-style-type: none"> <li>• Administration and implementation of Agency wind-down</li> </ul>	\$20,000
<b>AGENCY STAFF TOTAL</b>		<b>\$150,000</b>
<b>CONTRACTS</b>		
Administrative services	<ul style="list-style-type: none"> <li>• Prepare ROPS, PPA, staff reports, and resolutions</li> <li>• Assist with administration of the Owner Participation Agreement (“OPA”) and other reporting</li> <li>• Coordinate with and answer questions for Oversight Board, County Auditor-Controller, and Department of Finance</li> <li>• Attend Oversight Board meeting</li> <li>• Monitor and project cash flow to ensure sufficient revenues for obligations and to inform Agency staff of expected revenues</li> </ul>	\$45,000
Legal services	<ul style="list-style-type: none"> <li>• Provide special legal services as needed</li> </ul>	\$30,000
<b>CONTRACTS TOTAL</b>		<b>\$75,000</b>
<b>TOTAL BUDGET</b>		<b>\$225,000</b>