

**MINUTES
REGULAR MEETING OF THE
ORANGE COUNTYWODE OVERSIGHT BOARD**

January 16, 2024, 8:30 AM

1. CALL TO ORDER

The regular meeting of the Orange Countywide Oversight Board was called to order at 8:45 AM on January 16, 2024 by Chairman Probolsky, presiding officer.

Present:	6	Chairman:	Brian Probolsky
		Board Member:	Charles Barfield
		Board Member:	Nicholas Dunlap
		Board Member:	Louis McClure
		Board Member:	Dean West
		Board Member:	Phillip E. Yarbrough
Absent:	1	Board Member:	VACANT

Also present: Kathy Tavoularis, Staff and Clerk of the Board; Patrick “Kit” Bobko, Legal Counsel; Chris Nguyen, Consultant; Cameron Wessel, Consultant.

2. PLEDGE OF ALLEGIANCE

Board Member Dunlap led the Pledge of Allegiance.

ANNOUNCEMENT OF BOARD MEMBER RESIGNATION

Chairman Probolsky announced that Board Member Steve Franks had resigned from the Board, effective today, January 16, 2024. Chairman Probolsky thanked Board Member Franks for his 5 years of service to the Board and noted that his seat is appointed by the Orange County Board of Supervisors.

3. APPROVAL OF THE MINUTES FROM NOVEMBER 14, 2023, SPECIAL MEETING

Board Member Yarbrough moved, and Board Member McClure seconded, to approve the minutes from the November 14, 2023, special Board meeting.

YES – Probolsky, McClure, West, Yarbrough
NO – None
ABSTAIN – Barfield, Dunlap

4. ELECTION OF BOARD VICE CHAIRMAN

Board Member Yarbrough moved, and Board Member Barfield seconded, the nomination of Nicholas Dunlap to fill the vacancy in the position of Vice Chairman.

YES – Probolsky, Barfield, Dunlap, McClure, West, Yarbrough
NO – None
ABSENT – None

REARRANGE ORDER OF AGENDA

Board Member Yarbrough moved, and Board Member McClure seconded, to take up consideration of Agenda Items 6A-6C prior to Agenda Item 5.

YES – Probolsky, Dunlap, Barfield, McClure, West, Yarbrough
NO – None
ABSENT – None

- 6. ADOPT RESOLUTIONS REGARDING REQUESTS BY SUCCESSOR AGENCIES FOR ANNUAL RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) AND ADMINISTRATIVE BUDGET**
- A. Garden Grove**
 - B. Irvine**
 - C. Mission Viejo**

Board Member Yarbrough moved, and Board Member Barfield seconded, to adopt the resolutions approving the annual ROPS and administrative budgets for the Successor Agencies of Garden Grove, Irvine, and Mission Viejo.

YES – Probolsky, Dunlap, Barfield, McClure, West, Yarbrough
NO – None
ABSENT – None

5. RECEIVE BIDS, ADOPT RESOLUTION, AND PROVIDE DIRECTION REGARDING DISPOSITION OF LA HABRA SUCCESSOR AGENCY PROPERTY (APN: 018-381-64)

Board Member Yarbrough moved, and Board Member Barfield seconded, to take public comments on this item prior to any staff presentations or Board discussion for this item.

YES – Probolsky, Dunlap, Barfield, McClure, West, Yarbrough
NO – None
ABSENT – None

There were three public commenters:

- Susan Pritchard, a school board member, expressed concern regarding the \$57,500 price. She asked for consideration of the taxing entities. She noted the land had been purchased in the 1990s for \$2.5 million. She expressed that she had researched what the taxing entities would receive from the sale, and she stated it would be 17% to the La Habra City School District, 10% to the Lowell Joint School District, and 17% to the Fullerton Joint Union High School District. She expressed concern about why the land was being purchased for \$57,500 due to it being significantly below the \$2.5 million value. She asked the Oversight Board to not approve the proposed sale. She stated her belief that the taxing entities deserve the best price for the property.
- Bob Wheatley of Goldenwheat Properties, LLC, asked the Oversight Board to not approve the sale to the City of La Habra. He urged the Board to approve the sale to his company, Goldenwheat Properties, LLC, and to direct the Successor Agency to provide the necessary legal documents to sell to Goldenwheat, because Goldenwheat was the highest bidder for the property by the November 7 bid deadline. He also stated his belief that La Habra violated the Brown Act. He further argued that even if the City's \$57,500 bid were valid, it was not the highest bid, because Goldenwheat's bid of \$75,000 was the highest bid. He expressed that Health and Safety Code §34179(p) states that the Oversight Board can supersede decisions of the Successor Agency. He further stated that Health and Safety Code §34181(a)(1) states that the Oversight Board can direct the Successor Agency to dispose of all assets. He urged the Oversight Board to instruct the Executive Director of the Successor Agency to transfer the property to Goldenwheat Properties, including a quitclaim.
- Mary Lou Adame-Martinez, a real estate agent, introduced Quin Barron, a real estate agent at her office, and Salvador C. Martinez, her husband and a bidder on the property. She stated Mr. Barron had submitted an offer via email to La Habra's listing agent on behalf of Mr. Martinez on October 24 for \$100,000. They followed up three times with La Habra's listing agent by phone as well as by email on October 27. She stated she has copies of these emails and phone records. She stated the buyer submitted a bona fide offer in good faith that was

ignored and never presented. She expressed that she is upset that the \$100,000 bid was not included with the list of bids. She argued the \$100,000 offer should be accepted. She stated it is a disservice otherwise. She requested that the property be transferred to Mr. Martinez for \$100,000. She expressed that they are prepared to litigate against any party involved if Mr. Martinez's \$100,000 bid is not accepted as the highest bid.

Miranda Cole-Corona, Economic Development and Housing Manager for La Habra, spoke on behalf of the Successor Agency. She reported that the Successor Agency followed the outlines of the Oversight Board resolution. She stated the Successor Agency obtained an appraisal in April that determined the value of the property was \$30,000. She stated that at the direction of the Oversight Board, the Successor Agency hired a broker via an RFP to place the property for sale. She stated the broker received three offers, and then requested a Best and Final Offer from each bidder. She stated the City of La Habra is the highest bidder. She introduced the Successor Agency's special counsel, Seth Merewitz of Best Best & Krieger.

Oversight Board Consultant Chris Nguyen delivered the staff presentation. He noted that this agenda item had been drafted by the Successor Agency for consideration by the Oversight Board. He stated that the Oversight Board had formed an Ad Hoc Subcommittee on Asset Disposal in 2019 and that the subcommittee examined properties that were low-hanging fruit at the time, and that this property was the only one still remaining from that group of properties. He noted that the Oversight Board had passed a resolution in January 2022 directing the Successor Agency to present a plan for disposing of this property. He stated that the Oversight Board passed a resolution at a special meeting in June 2022 directing the Successor Agency to complete a bidding process for the property. He noted that in July 2023, the Oversight Board adopted a revision to the June 2022 resolution requiring the Successor Agency to submit the results of the bidding process to the Oversight Board by October 2023. He described that from October 17 to November 7, the property was listed by GM Properties, the Successor Agency's broker, and open for bids. He stated that at the November 14 special meeting of the Oversight Board, the Successor Agency told the Oversight Board that three offers had been received that were close in price and that a Best and Final Offer would be requested from each bidder. He stated that November 16 was the deadline for each bidder to submit a Best and Final Offer. He noted that the Successor Agency's staff report stated that the Successor Agency solicited a bid from the City on November 20 and that the City submitted its bid for the property on December 4.

Mr. Nguyen stated that the La Habra City Council and Successor Agency both met on December 18 and that rather than described what happened, the video would be played instead.

Staff showed the video of the December 18 La Habra City Council agenda item regarding this property and La Habra Successor Agency agenda item regarding this property.

Chairman Probolsky recessed this agenda item until after closed session.

7. ADOPT RESOLUTION REGARDING RE-ESTABLISHMENT OF SUCCESSOR AGENCY ENFORCEABLE OBLIGATION AND REQUESTING DIRECTION FROM STATE DEPARTMENT OF FINANCE

A. Huntington Beach

8. ADOPT RESOLUTION REGARDING REQUEST BY SUCCESSOR AGENCY FOR ANNUAL RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) AND ADMINISTRATIVE BUDGET

A. Huntington Beach

Chairman Probolsky took up Agenda Items 7A and 8A concurrently, as they are tied to each other, and offered representatives of the Huntington Beach Successor Agency time to speak about these items.

Huntington Beach City Attorney Michael Gates, introduced himself, Senior Deputy City Attorney Nadin Said, and Chief Financial Officer Sunny Han. He had suggested an amendment to the resolution, which was included with the staff report for Item 7A. He argued that the unamended resolution in Agenda Item 7A is not consistent with State law in having the State Department of Finance do the calculation of the outstanding amount on the enforceable obligation because the Oversight Board should run the calculation itself.

Chairman Probolsky recessed these agenda items until after closed session.

CLOSED SESSION

CS-1. CONFERENCE WITH LEGAL COUNSEL – INITIATION OF LITIGATION –

Pursuant to Government Code Section 54956.9(d)(4):

Number of Cases: One Case

CS-2. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION –

Pursuant to Government Code Section 54956.9(d)(2):

Number of Cases: One Case

There was no reportable action from Closed Session.

5. RECEIVE BIDS, ADOPT RESOLUTION, AND PROVIDE DIRECTION REGARDING DISPOSITION OF LA HABRA SUCCESSOR AGENCY PROPERTY (APN: 018-381-64) (Continued from Earlier in the Meeting)

Chairman Probolsky reopened discussion on Agenda Item 5.

Board Member West expressed that he continued to be troubled with La Habra, noting that their documents tended to be fuzzy, including spreadsheets. He noted the LRPMP

listed the property at \$2.5 million while the appraisal provided by the Successor Agency include a \$11.3 million number. He expressed concern with transparency in this process, noting the \$2,500,000 on the LRPMP yet a “\$2,500,00” figure on another Excel sheet. He stated his concern about the lack of clarity and visibility. He was concerned about the restriction on the property and asked why would the Redevelopment Agency inhibit the property? He noted that the restriction has led to the problem today. He expressed concern about the process being flawed.

Miranda Cole-Corona, Economic Development and Housing Manager for La Habra, stated that \$2.5 million appeared to be the amount of improvements made in 1990 and was then carried on to the LRPMP. She stated that in 2023, an appraisal was done, determining the value of the property to be \$30,000. She noted that appraisal was submitted with the agenda item. She stated that the deed restriction was recorded in 1990 with the bond issuance for the property. She noted that both parties would need to agree in order to remove the deed restriction, and that they currently do not agree to remove the restriction.

Board Member West asked why the City had not expressed an interest in purchasing the property until now.

Ms. Cole-Corona stated that the City wanted to see where the market was.

Board Member Yarbrough asked, “When did you become aware of the Martinez bid?”

Ms. Cole-Corona stated she first became aware of the Martinez bid at this Oversight Board meeting.

Board Member Yarbrough asked if the broker did not tell La Habra about the Martinez bid.

Ms. Cole-Corona confirmed that the broker did not tell La Habra about the Martinez bid.

Board Member West asked if the appraisers had any expertise on deed restrictions.

Seth Merewitz of Best Best & Krieger, Special Counsel to the La Habra Successor Agency, stated that he did not know, except that the appraisers were MAI licensed.

Board Member West noted that the restriction seemed to be a major issue that needed disclosure.

Ms. Cole-Corona stated that it was disclosed in the listing for bidders.

Board Member West asked about the LRPMP.

Ms. Cole-Corona stated that she did not work at La Habra at the time that the LRPMP was developed.

Board Member Yarbrough asked under what authority the Successor Agency obtain bids after November 7.

Mr. Merewitz argued that Health and Safety Code §34177(e) allows the Successor Agency to handle the process in any way that it chooses. La Habra submitted the appraisal and purchase option.

Board Member Yarbrough asked if the City reviewed the bids after November 7.

Mr. Merewitz stated he could not disclose a matter from La Habra's Closed Session. He noted that the Oversight Board has the right to accept or reject the process. He stated the offer is well above the appraisal level. He further stated that the Successor Agency is looking to conclude this matter, as he believes the Oversight Board is.

Chairman Probolsky asked if the bids were disclosed in the agenda items.

Ms. Cole-Corona stated that La Habra had two Closed Session meetings on November 20 and December 4.

Board Member Yarbrough moved, and Board Member Barfield seconded, to reject Agenda Item 5 and to consider the matter of the disposition of the La Habra Successor Agency property at a later date.

YES – Probolsky, Dunlap, Barfield, McClure, West, Yarbrough

NO – None

ABSENT – None

7. ADOPT RESOLUTION REGARDING RE-ESTABLISHMENT OF SUCCESSOR AGENCY ENFORCEABLE OBLIGATION AND REQUESTING DIRECTION FROM STATE DEPARTMENT OF FINANCE (Continued from Earlier in the Meeting)

A. Huntington Beach

8. ADOPT RESOLUTION REGARDING REQUEST BY SUCCESSOR AGENCY FOR ANNUAL RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) AND ADMINISTRATIVE BUDGET (Continued from Earlier in the Meeting)

A. Huntington Beach

Chairman Probolsky reopened discussion on Agenda Items 7A and 8A.

Board Member Barfield moved, and Board Member West seconded, to approve the resolution regarding re-establishment of the Huntington Beach Successor Agency enforceable obligation and requesting direction from State Department of Finance

(Agenda Item 7A) and the resolution regarding Huntington Beach's annual ROPS and administrative budget (Agenda Item 8A).

YES – Probolsky, Dunlap, Barfield, McClure, West, Yarbrough
NO – None
ABSENT – None

COMMENTS & ADJOURNMENT:

PUBLIC COMMENTS:

None.

STAFF COMMENTS:

Kathy Tavoularis reminded Board Members that the Form 700 is due by April 1.

Chris Nguyen welcomed Board Member Dunlap to the Board and congratulated him on becoming Vice Chairman.

BOARD COMMENTS:

None.

ADJOURNMENT

Chairman Probolsky adjourned the meeting at 10:46 AM.

BRIAN PROBOLSKY
CHAIRMAN OF THE COUNTYWIDE OVERSIGHT BOARD

KATHY TAVOULARIS
CLERK OF THE BOARD

DATE