

# Orange Countywide Oversight Board

Agenda Item No. 6

Date: September 17, 2024

From: Successor Agency to the Costa Mesa Redevelopment Agency

Subject: Resolution of the Countywide Oversight Board in the Matter of the Formal Dissolution of the Successor Agency to the Costa Mesa Redevelopment Agency and Taking Related Actions

## **Recommended Action:**

Adopt resolution to formally dissolve the Successor Agency to the Costa Mesa Redevelopment Agency (the “Successor Agency”) and taking related actions.

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The Successor Agency’s Board of Directors (the “SA Board”) adopted its Resolution No. SA 24-08, on February 20, 2024, to request the Countywide Oversight Board’s approval of the formal dissolution of the Successor Agency. They submitted this information to the Countywide Oversight Board on June 27, 2024, and the Countywide Oversight Board adopted Resolution No. 24-022, on July 23, 2024, approving the request. The California State of Department of Finance (the “DOF”) issued its letter, dated August 23, 2024 (the “DOF Approval”), approving the Countywide Oversight Board resolution and the request.

Pursuant to HSC Section 34187(e), the Successor Agency must take the following steps within 100 days of the DOF’s approval:

- (1) dispose of all remaining assets and transfer the any proceeds to the County Auditor-Controller for distribution to the affected taxing entities.
- (2) send notification (the “Notification”) to the Countywide Oversight Board that it has complied with such disposition and transfer of proceeds.

On August 23, 2024, the Department of Finance notified the Successor Agency that its request to formally dissolve has been approved. On September 11, 2024, the Successor Agency transmitted a letter to serve as the Notification to the Countywide Oversight Board for the purposes of HSC Section 34187(e)

Per HSC Section 34187(f), upon receipt of the Notification, the Countywide Oversight Board must verify that, with respect to the Successor Agency, all obligations have been retired or paid off, all outstanding litigation has been resolved, and all remaining assets have been disposed of with any proceeds remitted to the County Auditor-Controller for distribution to the affected taxing entities. Within 14 days of verification, the Countywide Oversight Board must adopt a final resolution to dissolve the Successor Agency, which will become effective immediately.

The SA Final Resolution recites the SA Board’s findings and determinations that: (i) all of the Successor Agency’s obligations have been retired or paid off, (ii) there is no outstanding litigation

## **Orange Countywide Oversight Board**

to which the Successor Agency is a party, and (iii) all of the Successor Agency's assets have been disposed of with any proceeds thereof will remit to the County Auditor-Controller.

It is recommended that the Countywide Oversight Board adopt the attached final resolution to formally dissolve the Successor Agency.

### Impact on Taxing Entities:

In conjunction with the retirement and pay-off of all the Successor Agency's enforceable obligation and the dissolution of the Successor Agency, all statutory and contractual pass-through payments relating to the project areas of the former Redevelopment Agency of the City of Costa Mesa will cease and no further property tax will be allocated to the Successor Agency's Redevelopment Property Tax Trust Fund.

### Staff Contact(s):

Carol Molina, City of Costa Mesa / Finance Director

Ash Hassan, City of Costa Mesa / Finance Officer- Accounting

### Attachments:

Attachment 1 -- Proposed Oversight Board Resolution (with Successor Agency Board Resolution No. SA 24-08, as Exhibit A).

**RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD**

**RESOLUTION NO. 24-027**

**IN THE MATTER OF THE FORMAL DISSOLUTION OF THE SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY AND TAKING RELATED ACTIONS**

**WHEREAS**, pursuant to AB X1 26 (enacted in June 2011) and the California Supreme Court’s decision in *California Redevelopment Association, et al. v. Costa Mesa* (the “**Former Agency**”) was dissolved as of February 1, 2012, and the Successor Agency to the Costa Mesa Redevelopment Agency (the “**Successor Agency**”) was constituted; and

**WHEREAS**, pursuant to Section 34179(j) of the California Health and Safety Code (“**HSC**”), commencing on and after July 1, 2018, the Orange Countywide Oversight Board (the “**Countywide Oversight Board**”) has jurisdiction over the Successor Agency; and

**WHEREAS**, the Successor Agency is tasked with winding down the Former Agency’s affairs; and

**WHEREAS**, pursuant to HSC Section 34187(b), the Successor Agency shall submit to the Countywide Oversight Board a request, with a copy to the Orange County Auditor-Controller (the “**County Auditor-Controller**”) to formally dissolve the Successor Agency within 30 days of meeting the following criteria (collectively, the “**Dissolution Criteria**”):

- (i) all enforceable obligations have been retired or paid off,
- (ii) all real property has been disposed of pursuant to HSC Section 34181 or 34191.4, and
- (iii) all outstanding litigation has been resolved.; and

**WHEREAS**, on June 27, 2024, the Countywide Oversight Board received a copy of Resolution No. SA 24-08, adopted on February 20, 2024 (the “**SA Request Resolution**”), by the Board of Directors (the “**SA Board**”) of the Successor Agency, which is set forth in Exhibit A attached hereto; and

**WHEREAS**, by adoption of SA Resolution, the SA Board found and determined that the Successor Agency have met the Dissolution Criteria and requested the Countywide Oversight Board to approve and direct the Successor Agency’s formal dissolution; and

**WHEREAS**, pursuant to HSC Section 34187(b), the Countywide Oversight Board shall approve the Successor Agency’s dissolution request within 30 days and, further, shall submit such request to the California State Department of Finance (the “**DOF**”); and

**WHEREAS**, the Countywide Oversight Board adopted Resolution No. 24-022, on July 23, 2024 (the “**OB Approving Resolution**”), approving the Successor Agency’s request to formally dissolve; and

**WHEREAS**, the DOF issued its letter, dated August 23, 2024 (the “**DOF Approval**”), approving the OB Approval Resolution; and

**WHEREAS**, pursuant to HSC Section 34187(e), within 100 days of the issuance of the DOF’s Approval, the Successor Agency shall dispose of all remaining assets as directed by the Countywide Oversight Board and the proceeds of such disposition shall be transferred to the County Auditor-Controller (the “**Final Transfer**”); and

**WHEREAS**, as memorialized in the SA Request Resolution, the Successor Agency’s remaining assets consisted only of the Released Bond Funds (as defined in the SA Request Resolution); and

**WHEREAS**, no remaining funds to the County Auditor-Controller; and

**WHEREAS**, the SA sent a letter (the “**SA Notification**”) on September 11, 2024, to notify the Countywide Oversight Board of the completion of the Final Transfer, and a copy of the SA Notification is set forth in Exhibit B;

**WHEREAS**, pursuant to HSC Section 34187(f), upon receipt of the SA Notification, the Countywide Oversight Board shall: (i) make a verification (the “**Verification**”) all of the Successor Agency’s obligations have been retired or paid off, all outstanding litigation has been resolved, and all remaining assets have been disposed of with any proceeds remitted to the County Auditor-Controller for distribution to the affected taxing entities; and (ii) within 14 days of Verification, adopt a final resolution of dissolution for the Successor Agency, which shall be effective immediately; and

**WHEREAS**, the Countywide Oversight Board has completed the Verification;

NOW, THEREFORE, BE IT RESOLVED THAT THE ORANGE COUNTYWIDE OVERSIGHT BOARD:

**SECTION 1.** The Recitals set forth above are true and correct and are incorporated into the Resolution by this reference.

**SECTION 2.** The Countywide Oversight Board hereby finds, determines and verifies that, with respect to the Successor Agency, all of the Successor Agency’s obligations have been retired or paid off, all outstanding litigation has been resolved, and all remaining assets have been disposed of with any proceeds remitted to the County Auditor-Controller for distribution to the affected taxing entities.

**SECTION 3.** The Successor Agency is hereby dissolved.

**SECTION 4.** The Clerk of the Countywide Oversight Board is hereby directed to send copies of this Resolution to the City of Costa Mesa, the County Auditor-Controller, the State Controller's Office, and the DOF by electronic means and in a manner of each entity's choosing.

**SECTION 5.** The approval of this Resolution does not commit the Countywide Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act (California Public Resources Code Section 21000 *et seq.*).

**SECTION 6.** If any provision of this Resolution or the application of any such provision to any person or circumstance is held valid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Countywide Oversight Board declares that the Countywide Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

**SECTION 7.** Pursuant to HSC Section 34187(f), this Resolution shall become effective immediately upon adoption.

**SECTION 8.** The Clerk of the Countywide Oversight Board shall certify to the adoption of this Resolution.

The foregoing was passed and adopted by the following vote of the Orange Countywide Oversight Board on the 17th day of September 2024.

EXHIBIT A

SA Request Resolution

Resolution No. SA 24-08

adopted by the Board of Directors of the Costa Mesa Successor Agency

(attached)

EXHIBIT B

SA Notification

Notification sent by the Costa Mesa Successor Agency

(attached)

## SUCCESSOR AGENCY RESOLUTION NO. 2024-08

### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY REQUESTING THE ORANGE COUNTYWIDE OVERSIGHT BOARD TO FORMALLY DISSOLVE THE SUCCESSOR AGENCY

#### RECITALS:

- A. Pursuant to AB X1 26 (enacted in June 2011) and the *California Supreme Court's decision in California Redevelopment Association, et. I v. Matasantos, et al., 53 Cal. 4<sup>th</sup> 231 (2011)*, the Redevelopment Agency of the City of Costa Mesa (the "Former Agency") was dissolved as of February 1, 2012, and the Successor Agency to the Costa Mesa Redevelopment Agency (the "Successor Agency") was constituted.
- B. Pursuant to Section 34179(j) of the California Health and Safety Code ("HSC"), from and after July 1, 2018, the Orange Countywide Oversight Board (the "Oversight Board") is the oversight board for the Successor Agency.
- C. The Successor Agency is tasked with winding down the Former Agency's affairs.
- D. Pursuant to HSC Section 34187(b), the Successor Agency shall submit to the Oversight Board a request, with a copy to the Orange County Auditor-Controller (the "County Auditor-Controller"), to formally dissolve the Successor Agency within 30 days of meeting the following criteria (collectively, the "Dissolution Criteria"):
  - i. All enforceable obligations have been retired or paid off: and,
  - ii. All real property has been disposed of pursuant to HSC Section 34181 or 34191.4; and,
  - iii. All outstanding litigation has been resolved.
- E. The Successor Agency is not a party to any outstanding litigation.
- F. All the Successor's Agency real property (transferred from the Former Agency upon dissolution) has been disposed of pursuant to HSC Section 34181 or the Successor Agency's long-range property management plan ("LRPMP"), which LRPMP was approved by the California State Department of Finance (the "DOF") on January 22, 2014, per HSC Section 34191.4.
- G. At the time of the Former Agency's dissolution, there was one outstanding series of bonds issued by the Former Agency: the 2003 Tax Allocation Bonds Refunding Bonds.
- H. The final maturity date of the 2003 Tax Allocation Bonds Refunding Bonds was October 1, 2017 and have been fully paid.



- I. With the Successor Agency having met the Dissolution Criteria of HSC Section 34187(b), this Board of Directors (the "Board") desires to request the Oversight Board to approve the Successor Agency's request to dissolve and, after such approval, submit the request to the DOF.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY, HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:**

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Board hereby finds and determines that all of the Dissolution Criteria set forth in HSC Section 34187(b) for the Successor Agency's dissolution have been met.

Section 3. The Board hereby requests the Oversight Board to adopt a resolution (the "OB Resolution") to: (i) approve the Successor Agency's request to formally dissolve, (ii) submit this Resolution and the OB Resolution to the DOF in accordance with HSC Section 34187(b).

Section 4. The Agency Clerk is hereby directed to cause copies of this Resolution to be submitted to: (i) the Oversight Board, and (ii) the County Auditor-Controller.

Section 5. The Board hereby finds and determines that the request to dissolve the Successor Agency set forth herein.

Section 6. The officers and the other staff members of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things, including the execution of any instruments, which they may deem necessary or advisable to effectuate this Resolution and any such actions previously taken are hereby ratified and confirmed.

PASSED AND ADOPTED this 20<sup>th</sup> day of February, 2024.

  
\_\_\_\_\_  
John Stephens, Chair

ATTEST:

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Brenda Green, Agency Clerk

  
\_\_\_\_\_  
Kimberly Hall Barlow, Agency Attorney

STATE OF CALIFORNIA )  
COUNTY OF ORANGE ) ss  
CITY OF COSTA MESA )

I, BRENDA GREEN, Agency Clerk of the Successor Agency of the Costa Mesa Redevelopment Agency, DO HEREBY CERTIFY that the above and foregoing is the original of Resolution No. 2024-08 and was duly passed and adopted by the Board of Directors of the Successor Agency of the Costa Mesa Redevelopment Agency at a regular meeting held on the 20<sup>th</sup> day of February, 2024, by the following roll call vote, to wit:


AYES: Agency Members: CHAVEZ, GAMEROS, MARR, REYNOLDS, HARLAN, AND STEPHENS.

NOES: Agency Members: NONE.

ABSENT: Agency Members: HARPER.

ABSTAIN: Agency Members: NONE.

IN WITNESS WHEREOF, I have hereby set my hand and affixed the seal of the City of Costa Mesa this 21<sup>st</sup> day of February, 2024.

  
\_\_\_\_\_  
Brenda Green, Agency Clerk



# CITY OF COSTA MESA

77 FAIR DRIVE, P.O. BOX 1200, COSTA MESA, CA 92628-1200

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FROM THE OFFICE OF THE FINANCE DIRECTOR/CITY TREASURER

September 11, 2024

Dear Honorable Oversight Board Members,

On August 23, 2024, the State of California Department of Finance notified the City of Costa Mesa that its request to formally dissolve the Successor Agency to the former Costa Mesa Successor Agency (Agency) has been approved. The State of California Department of Finance further directed the Agency to dispose of any remaining assets and transfer all proceeds from asset disposition to the County Auditor-Controller, which has been completed. The County of Orange confirmed the disposal of the remaining assets held by the City of Costa Mesa Successor Agency.

Additionally, with the approval of the State of California Department of Finance to dissolve, this letter shall serve as the Notification to the Orange Countywide Oversight Board for the purposes of HSC Section 34187(e).

Please contact me directly at 714-754 5243 or via email at [Carol.Molina@costamesaca.gov](mailto:Carol.Molina@costamesaca.gov) should you have any questions.

Sincerely,

Carol Molina  
Finance Director



August 23, 2024

Andrea Pham, Finance Manager  
City of Costa Mesa  
77 Fair Drive  
Costa Mesa, CA 92626

### **Approval of Redevelopment Successor Agency Dissolution**

The City of Costa Mesa Successor Agency (Agency) notified the California Department of Finance (Finance) of its July 23, 2024 Oversight Board (OB) resolution on July 29, 2024, requesting to dissolve the Agency. Pursuant to Health and Safety Code (HSC) section 34187 (d), Finance has completed its review of the OB action.

Based on our review and application of the law, OB Resolution 24-022 approving the dissolution of the Agency, is approved. It is our understanding that the Agency has met the conditions pursuant to HSC section 34187 (b) as follows:

- All enforceable obligations identified in the Recognized Obligation Payment Schedule have been retired or paid off.
- All real property has been disposed pursuant to HSC section 34181 or 34191.4.
- All outstanding litigation has been resolved.

Pursuant to HSC section 34187 (e), within 100 days upon receipt of this letter, the Agency shall dispose of any remaining assets as directed by the OB and proceeds from asset dispositions are to be transferred to the County-Auditor Controller. In addition, the Agency is to notify the OB of its compliance related to any remaining assets. Upon notification of the Agency's compliance, and within 14 days of verification, the OB shall submit to Finance a final resolution of the Agency's dissolution which shall be effective immediately.

Please direct inquiries to [RedevelopmentAdministration@dof.ca.gov](mailto:RedevelopmentAdministration@dof.ca.gov).

Sincerely,

Cheryl L. McCormick, CPA  
Chief, Office of State Audits and Evaluations

cc: Carol Molina, Finance Director, City of Irvine  
Samantha Nguyen, Fiscal Analyst, Property Tax Unit, Orange County  
Kathy Tavoularis, Countywide Oversight Board Representative

August 16, 2024

VIA ELECTRONIC MAIL:  
[KATHY.TAVOULARIS@AC.OCGOV.COM](mailto:KATHY.TAVOULARIS@AC.OCGOV.COM)

Kathy Tavoularis  
Orange County Oversight Board Manager  
1770 N. Broadway  
Santa Ana, California 92706

Re: City of Costa Mesa Successor Agency ROPS

Dear Ms. Tavoularis,

I serve as City Attorney for the City of Costa Mesa, and counsel to the Successor Agency to the Costa Mesa Redevelopment Agency (“Successor Agency”). Pursuant to your request to Ash Hassan, this letter will confirm that, as of this date, our office is not aware of any pending litigation involving the Successor Agency.

Very truly yours,



Kimberly Hall Barlow

KHB:wag  
Cc: Ash Hassan





# CITY OF COSTA MESA

77 FAIR DRIVE, P.O. BOX 1200, COSTA MESA, CA 92628-1200

FROM THE OFFICE OF THE FINANCE DIRECTOR/CITY TREASURER

September 3, 2024

California State Board of Equalization  
PO Box 942879  
Sacramento, CA 94279-0063

To Whom It May Concern,

This letter is to serve as notification that the Successor Agency to the Costa Mesa Redevelopment Agency has received approval from the Orange Countywide Oversight Board and the California Department of Finance to dissolve. The final payment of funds on hand paid in full as of August 2023 to the County of Orange, and the remaining dissolution items are anticipated to be completed in late 2024. If you have any questions or require additional information, please contact me at (714)754-5243 or via email at [carol.molina@costamesaca.gov](mailto:carol.molina@costamesaca.gov).

Sincerely,

Carol Molina  
Finance Director