

A G E N D A

REGULAR MEETING OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD

TUESDAY, APRIL 29, 2025, 8:30 AM

CITY OF ORANGE COUNCIL CHAMBERS
300 East Chapman Avenue
Orange, California 92866

HON. BRIAN PROBOLSKY
Chairman

HON. NICHOLAS DUNLAP
Vice Chairman

CHARLES BARFIELD
Board Member

KRISTEN CAMUGLIA
Board Member

LOUIS MCCLURE
Board Member

DEAN WEST, CPA
Board Member

HON. PHILLIP E. YARBROUGH
Board Member

Staff

Hon. Andrew N. Hamilton, CPA, Auditor-Controller
Kathy Tavoularis
Chris Nguyen

Counsel

Patrick K. Bobko

Clerk of the Board

Kathy Tavoularis

The Orange Countywide Oversight Board welcomes you to this meeting. This agenda contains a brief general description of each item to be considered. The Board encourages your participation. If you wish to speak on an item contained in the agenda, please complete a Speaker Form identifying the item(s) and deposit it in the Speaker Form Return box located next to the Clerk. If you wish to speak on a matter which does not appear on the agenda, you may do so during the Public Comment period at the close of the meeting. Except as otherwise provided by law, no action shall be taken on any item not appearing in the agenda. Speaker Forms are located next to the Speaker Form Return box. When addressing the Board, please state your name for the record prior to providing your comments.

*****In compliance with the Americans with Disabilities Act, those requiring accommodation for this meeting should notify the Clerk of the Board 72 hours prior to the meeting at (714) 834-2458*****

All supporting documentation is available for public review online at <https://ocauditor.gov/ob/> or in person in the office of the Auditor-Controller located at 1770 North Broadway, Santa Ana, California 92706 during regular business hours, 8:00 a.m. - 5:00 p.m., Monday through Friday

A G E N D A

REGULAR MEETING OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD

8:30 A.M.

1. Call to Order
2. Pledge of Allegiance
3. Approval of the Minutes from January 28, 2025

CLOSED SESSION:

CS-1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION – Pursuant to Government Code Section 54956.9(d)(1):
Number of Cases: One Case

CS-2. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION – Pursuant to Government Code Section 54956.9(d)(4):
Number of Cases: One Case

ESTIMATED RETURN TO OPEN SESSION – 9:00 AM:

4. Adopt Resolution Regarding Request by Successor Agencies to Dissolve
 - a. San Clemente
5. Adopt Resolution Regarding Direction on Inquiries Pertaining to Properties Approved to be Retained for Future Development under Long-Range Property Management Plans and Related Compensation Agreements

COMMENTS & ADJOURNMENT:

PUBLIC COMMENTS:

At this time members of the public may address the Board on any matter not on the agenda but within the jurisdiction of the Board. The Board may limit the length of time each individual may have to address the Board.

STAFF COMMENTS:

BOARD COMMENTS:

ADJOURNMENT

NEXT MEETING:

Regular Meeting July 29, 2025, 8:30 AM

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

January 28, 2025, 8:30 AM

1. CALL TO ORDER

The regular meeting of the Orange Countywide Oversight Board was called to order at 8:41 AM on January 21, 2025, by Chairman Brian Probolsky, presiding officer.

| | | | |
|----------|---|----------------|------------------|
| Present: | 5 | Chairman: | Brian Probolsky |
| | | Vice Chairman: | Nicholas Dunlap |
| | | Board Member: | Charles Barfield |
| | | Board Member: | Dean West |
| | | Board Member: | Kristen Camuglia |

| | | | |
|---------|---|---------------|----------------------|
| Absent: | 2 | Board Member: | Louis McClure |
| | | Board Member: | Phillip E. Yarbrough |

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 Camuglia led the Pledge of Allegiance.

3. APPROVAL OF THE MINUTES FROM JANUARY 21, 2025, REGULAR MEETING

Board Member Barfield moved, and Board Member West seconded, to approve the minutes from the January 21, 2025, Regular Board meeting.

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

4. ADOPT RESOLUTIONS REGARDING REQUESTS BY SUCCESSOR AGENCIES FOR ANNUAL RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) 2025-2026 AND ADMINISTRATIVE BUDGET

- A. Buena Park
- B. Huntington Beach
- C. La Habra
- D. Orange, City of
- E. San Juan Capistrano
- F. Santa Ana

Board Member West pulled Agenda Items 4B (Huntington Beach) and 4F (Santa Ana) for separate discussion.

Vice Chairman Dunlap moved, and Board Member Barfield seconded, to adopt the resolutions approving the FY 2025-26 Annual ROPS and administrative budgets of Buena Park, La Habra, Orange, and San Juan Capistrano.

YES – Probolsky, Dunlap, Barfield, Camuglia, West

NO – None

ABSENT – McClure, Yarbrough

B. Huntington Beach

Board Member West asked about the April 2024 Department of Finance letter regarding Huntington Beach's FY 2024-25 ROPS and how the Successor Agency will proceed going forward. Board Member West also asked the Successor Agency to lower their administrative costs.

David Cain, interim Chief Financial Officer for the City of Huntington Beach, represented the Huntington Beach Successor Agency. Mr. Cain reported that the agency's administrative costs include the management of reserve bond payments but will be reduced by changing staffing allocation and reducing time by 120 hours.

Board Member West moved, and Vice Chairman Dunlap seconded, to adopt the resolution approving the FY 2025-26 Annual ROPS for the Huntington Beach Successor Agency, with the administrative budget amended down from \$250,000 to \$150,000.

YES – Probolsky, Dunlap, Barfield, Camuglia, West

NO – None

ABSENT – McClure, Yarbrough

Consultant Chris Nguyen asked Mr. Cain to reformat how the Huntington Beach Successor Agency submits its Annual ROPS request to the Oversight Board to improve legibility, consistent with how other agencies submit their Annual ROPS requests.

F. Santa Ana

Board Member West noted the April 2024 Department of Finance letter regarding Santa Ana's FY 2024-25 ROPS and thanked the Santa Ana Successor Agency for following the directives of the Department of Finance.

Waldo Barela, Administrative Services Manager with the City of Santa Ana Community Development Agency, spoke on behalf of the Santa Ana Successor Agency, thanking the Oversight Board for their input and guidance.

Board Member West moved, and Board Member Barfield seconded, to adopt the resolution approving the FY 2025-26 Annual ROPS and administrative budget for the Santa Ana Successor Agency.

YES – Probolsky, Dunlap, Barfield, Camuglia, West

NO – None

ABSENT – McClure, Yarbrough

COMMENTS & ADJOURNMENT:

PUBLIC COMMENTS:

None.

STAFF COMMENTS:

Clerk Tavoularis reminded everyone that the Department of Finance deadline for ROPS submission is February 1st.

Clerk Tavoularis reminded the Board that Form 700's are due to the County of Orange Clerk of the Board by April 1st.

BOARD COMMENTS:

Board Member West thanked staff for organizing the ROPS packets and asked if in the future the current year ROPS be enlarged for better reading.

CLOSED SESSION

The Board adjourned to Closed Session at 9:06 AM.

CS-1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION – Pursuant to Government Code Section 54956.9(d)(2)
Number of Cases: One Case

The Board reconvened from Closed Session at 10:28 AM.
There was no reportable action from Closed Session.

ADJOURNMENT

Chairman Probolsky adjourned the meeting at 10:29 AM.

BRIAN PROBOLSKY
CHAIRMAN OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD

KATHY TAVOULARIS
CLERK OF THE BOARD

DATE

Orange Countywide Oversight Board

Agenda Item No. 4a

Date: April 29, 2025

From: Successor Agency to the San Clemente Redevelopment Agency

Subject: Resolution of the Orange Countywide Oversight Board in the Matter of Approving the Request of the Successor Agency to the San Clemente Redevelopment Agency to Formally Dissolve and Taking Related Actions

Recommended Action:

Adopt resolution to approve the request by the Successor Agency to the San Clemente Redevelopment Agency (the “Successor Agency”) to formally dissolve and taking related actions.

The Successor Agency’s Board of Directors (the “SA Board”) adopted its Resolution No. SA 25-01, on April 1, 2025, to request the Countywide Oversight Board to approve the formal dissolution of the Successor Agency.

Pursuant to Health and Safety Code (“HSC”) Section 34187(b), the Successor Agency must 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.

The SA Board has made a determination that the Successor Agency has met all of the Dissolution Criteria.

Pursuant to HSC Section 34187(b), the Countywide Oversight Board must take action within 30 days to approve the Successor Agency’s request to dissolve and then submit the request to the State Department of Finance (the “DOF”). The DOF will have 30 days to approve or deny the request.

If the DOF approves the request, the Successor Agency must take the following steps within 100 days of the DOF’s approval:

- (1) dispose of all remaining assets and transfer any proceeds to the County Auditor-Controller for distribution to the affected taxing entities, and

Orange Countywide Oversight Board

- (2) notify the Countywide Oversight Board that it has complied with such disposition and transfer of proceeds.

The Successor Agency reports that it has disposed of all real property, it has no remaining enforceable obligations, and is not the subject of any pending litigation. The Successor Agency reports that its remaining assets after payment of all obligations listed on final ROPS is \$14,950.76. This amount will be paid to the County of Orange in connection with the dissolution process. Pursuant to the attached Resolution, the Countywide Oversight Board will direct the Successor Agency to transfer the remaining funds to the County Auditor-Controller following the DOF's approval of the dissolution request.

Pursuant to HSC Section 34187(f), upon receipt of notification from the Successor Agency that such transfer has been completed, 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.

Impact on Taxing Entities:

After the DOF's approval of the Successor Agency's request to dissolve, the Successor Agency will transmit the remaining funds to the County Auditor-Controller. The County Auditor-Controller will disburse such moneys to the taxing entities.

In conjunction with the retirement and pay-off of all of 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 San Clemente will cease and no further property tax will be allocated to the Successor Agency's Redevelopment Property Tax Trust Fund.

Staff Contact(s):

Brian Brower, City of San Clemente Director of Administrative Services

Attachments:

Attachment 1 -- Proposed Oversight Board Resolution (with Successor Agency Board Resolution No. SA 25-01, as Exhibit A).

RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD

RESOLUTION NO. 25-013

IN THE MATTER OF APPROVING THE REQUEST OF THE SUCCESSOR AGENCY TO THE SAN CLEMENTE REDEVELOPMENT AGENCY TO FORMALLY DISSOLVE 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. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Redevelopment Agency of the City of San Clemente (the "**Former Agency**") was dissolved as of February 1, 2012, and the Successor Agency to the San Clemente 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, the Board of Directors of the Successor Agency (the "**SA Board**") adopted its Resolution No. SA 25-01, on April 1, 2025 (the "**SA Resolution**"), and a copy of the SA Resolution is set forth in Exhibit A; and

WHEREAS, the SA Board found and determined that the Successor Agency has met the all of the Dissolution Criteria and requested the Countywide Oversight Board to approve the Successor Agency's formal dissolution; and

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

WHEREAS, pursuant to HSC Section 34187(e), after the DOF's approval of the Successor Agency's request to dissolve, the Successor Agency shall dispose of all remaining assets as directed by the Countywide Oversight Board and transfer the proceeds of such disposition to the County Auditor-Controller (the "**Final Transfer**"); and

WHEREAS, the Successor Agency has represented in the SA Resolution that the Successor Agency's remaining assets consist only of residual funds in the amount of \$14,950.76; and

WHEREAS, the Successor Agency shall transfer the residual funds to the County Auditor-Controller for the Final Transfer;

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 approves the Successor Agency's request to formally dissolve.

SECTION 3. The Countywide Oversight Board hereby directs the Successor Agency to transfer the Residual Funds to the County Auditor-Controller for the Final Transfer and notify the Countywide Oversight Board of such transfer within 100 days after the DOF's approval of the request to dissolve the Successor Agency, pursuant to HSC Section 34187(e).

SECTION 4. The Clerk of the Countywide Oversight Board is hereby directed to transmit a copy of this Resolution (including Exhibit A) to the DOF.

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

EXHIBIT A

Resolution No. SA 25-01

(Attached)

RESOLUTION NO. SA 25-01

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE
SAN CLEMENTE REDEVELOPMENT AGENCY
REQUESTING ORANGE COUNTYWIDE OVERSIGHT BOARD
ACTION TO FORMALLY DISSOLVE THE SUCCESSOR
AGENCY, CONDITIONED UPON APPROVAL BY THE
OVERSIGHT BOARD AND CALIFORNIA DEPARTMENT OF
FINANCE, AND TAKING RELATED ACTIONS

WHEREAS, the Successor Agency to the San Clemente Redevelopment Agency ("Successor Agency") has been duly created and existing in accordance with applicable law, including Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code (the "Dissolution Law"), as the successor-in-interest by operation of law of the former San Clemente Redevelopment Agency ("RDA"); and

WHEREAS, the Successor Agency is tasked with winding down the RDA's affairs;
and

WHEREAS, 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; and

WHEREAS, in accordance with the Dissolution Law, the Successor Agency has over the years duly submitted the Recognized Obligation Payment Schedule ("ROPS") to the Oversight Board to the Successor Agency ("Oversight Board") and California Department of Finance ("DOF" or "department"), which have duly been approved by the Oversight Board and DOF; and

WHEREAS, in accordance with the Dissolution Law, all "enforceable obligations" (as defined in Health and Safety Code section 34171(d)) of the former RDA have been paid off pursuant to the duly approved ROPS; and

WHEREAS, pursuant to Health and Safety Code section 34187(b) in the Dissolution Law ("Section 34187(b)"), "When all of the enforceable obligations have been retired or paid off, all real property has been disposed of pursuant to Section 34181 or 34191.4, and all outstanding litigation has been resolved, the successor agency shall, within 30 days of meeting the aforementioned criteria, submit to the oversight board a request, with a copy of the request to the county auditor-controller, to formally dissolve the successor agency, and the oversight board shall approve the request within 30 days, and shall submit the request to the department"; and

WHEREAS, the Successor Agency meets all criteria in Section 34187(b) to request and process to completion the formal dissolution of the Successor Agency; and

WHEREAS, the Successor Agency prefers to commence the process to formally dissolve at this time in accordance with the Dissolution Law.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Successor Agency to the San Clemente Redevelopment Agency, as follows:

Section 1. The Recitals above are true and correct and comprise a substantive part on this Resolution and are hereby incorporated fully herein by this reference.

Section 2. The Board of Directors 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 of Directors, pursuant to Section 34187(b), hereby requests that the Oversight Board adopt a resolution (the "OB Resolution") approving the Successor Agency's request to formally dissolve and commence the process to formally dissolve the Successor Agency.


Section 4. The Board of Directors hereby authorizes and directs the officers and the other staff members of the Successor Agency to take any other or further actions on behalf of the Successor Agency and execute such documents, as may be necessary or appropriate, to implement the request and satisfy the conditions of formal dissolution, as provided for in this Resolution. The authorization and direction in this section includes but is not limited to the submittal of a copy this Resolution to the County Auditor-Controller in accordance with Section 34187(b), and submittal and execution of any documents as may be requested by the Oversight Board or DOF.

Section 5. If any provisions of this Resolution or the application thereof to any person or circumstance is held invalid, 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 Board of Directors hereby declares that it would have adopted this Resolution irrespective of the invalidity of any particular portion thereof.

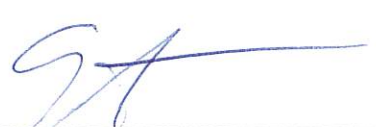
Section 6. The Secretary shall certify to the passage and adoption of this Resolution and submit it to the Oversight Board.

PASSED AND ADOPTED this 1st day of April, 2025.

ATTEST:


Secretary of the Successor Agency

Laura Campagnolo


Chair of the Board of the
Successor Agency to the San
Clemente Redevelopment
Agency Steve Knoblock

STATE OF CALIFORNIA)
COUNTY OF ORANGE) §
CITY OF SAN CLEMENTE)

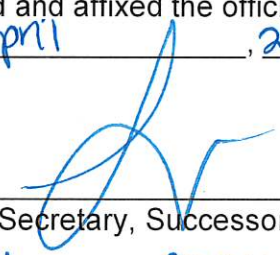
I, LAURA CAMPAGNOLO, Secretary of the Successor Agency to the San Clemente Redevelopment Agency, do hereby certify that Resolution No. SA 25-01 was adopted at a special meeting of the Board of Directors of the Successor Agency to the San Clemente Redevelopment Agency held on the 1st day of April, 2025, by the following vote:

AYES: CABRAL, ENMEIER, LOEFFLER, WU, CHAIR KNOBLOCK

NOES: NONE

ABSENT: NONE

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of San Clemente, California, this 1st day of April, 2025.



Secretary, Successor Agency
Laura Campagnolo

Approved as to form:



Elizabeth A. Mitchell, General Counsel

San Clemente Successor Agency

Dissolution Timeline

| Actual Date | Legal Deadline | Action | Documents |
|----------------|--|--|---|
| January 2025 | | Last enforceable obligation of the San Clemente Successor Agency paid off | |
| April 1, 2025 | Within 30 days (May 1, 2025) | San Clemente Successor Agency votes to request dissolution HSC §34187(b) | Staff Report to SCSA Resolution of SCSA |
| April 29, 2025 | Within 30 days of April 1 (Tuesday, April 29, 2025) | Orange Countywide Oversight Board votes for the dissolution request and submits it to the Department of Finance HSC §34187(b) | Staff Report to Approve to OB Resolution of OB to Approve, with Reso of SCSA Attached |
| May 29, 2025 | Within 30 days of Approved OB Resolution sent to DOF by SA (Date TBD) (Next meeting is July 29) | California Department of Finance approves or rejects dissolution request HSC §34187(d) | Staff Report re: final Reso to OB Resolution of OB to Formally Dissolve, with Reso of SCSA Attached |
| | Within 100 days of DOF approval | San Clemente Successor Agency must dispose of any remaining assets as directed by the Orange Countywide Oversight Board and then notifies the board of completion of disposal HSC §34187(e) | Formal Letter to BOE, CC Kathy T, notifying of dissolution. Fill out the BOE-400TA form and submit it to BOE. Send Copy to Kathy T upon notification from BOE. Letter to Kathy T from SA Attorney confirming no litigation. Notification of Remaining funds to Auditor Controller and Kathy T. |
| | No deadline specified | Orange Countywide Oversight Board verifies that all San Clemente obligations have been retired or paid off, all outstanding litigation has been resolved, and all remaining assets | |

| | | | |
|------------------|--|--|---|
| | | have been disposed of HSC §34187(f) | |
| JULY 29, 2025 | Within 14 days of Oversight Board verification | Orange Countywide Oversight Board adopts resolution to formally dissolve San Clemente Successor Agency, which will take effect immediately upon vote of the Orange Countywide Oversight Board. HSC §34187(f) | SA submits approved OB Resolution to DOF |
| | No deadline specified (Despite the lack of a deadline, this ought to be done promptly) | The Orange Countywide Oversight Board and the SA transmits copies of the dissolution resolution to the City of San Clemente (not the now-dissolved San Clemente Successor Agency), Orange County Auditor-Controller, California State Controller, and California Department of Finance to officially notify these entities of the dissolution. HSC §34187(f) | When DOF responds with their FINAL approval – the SA is officially DISSOLVED |

SA must confirm when and how much is the remaining funds that will be transferred to AC for distribution so it can be coordinated with TTC?

Inform the SA to fill out the BOE-400TA form and submit it to BOE before **Dec 1, 2025** so that it can be properly removed from the Board roll.

<https://www.boe.ca.gov/proptaxes/pdf/400ta.pdf>

The Oversight Board should provide its non-ROPS resolutions (e.g. the dissolution resolutions) to the DOF as described here:

https://www.dof.ca.gov/Programs/Redevelopment/RDA_Dissolution_QandA/documents/Exhibit_6-OB_Resolutions.pdf

Orange Countywide Oversight Board

Agenda Item No. 5

Date: 4/29/2025

From: Staff to the Oversight Board

Subject: A Resolution of the Orange Countywide Oversight Board Authorizing and Directing Actions Pertaining to Properties Approved to Be Retained for Future Development Under the Long-Range Property Management Plans and Related Compensation Agreements

Recommended Action: Adopt Resolution No. 25-014 to authorize staff to take actions pertaining to properties that have been retained by a city for future development under long-range property management plans, if the city still has not entered into related compensation agreement with affected taxing entities

Background

During 2013 through 2015, successor agencies prepared long-range property management plans (each, an “LRPMP”) to address the disposition of their former redevelopment agencies’ real properties.

On a LRPMP, the successor agency could list certain properties as “retain for future development” (each, a “Retained Property”) and, subject to approval of the LRPMP by the oversight board and the State Department of Finance (“DOF”), the successor agency could transfer the Retained Properties to its city. Under Health and Safety Code Section 34191.5(c)(2)(A)(iii), for the Retained Properties, the DOF or the oversight board may require compensation agreements (pursuant to which the city would make some compensation payment to the taxing entities).

For Orange County’s successor agencies that have Retained Properties on their LRPMPs, the DOF conditioned its approval of the LRPMPs on a recognition that compensation agreements with the taxing entities are required. The DOF permitted a successor agency to transfer a Retained Property to its city before any compensation agreement materialized, but by such time as the city sells the Retained Property to a third party, compensation agreements between the city and the affected taxing entities must be obtained.

Many cities successfully entered into compensation agreements with taxing entities in the interim years. However, it has come to the Board’s attention that there remain cities with Retained Properties that have not yet entered into compensation agreements with taxing entities.

Discussion

The attached resolution makes clear the Board's views concerning the need for a city to fulfill its obligations to enter into compensation agreements pursuant to the LRPMP. This includes the Board's right to publish or post notification (including by way of an instrument recorded in the County Official Records) that the city's sale of a Retained Property will not be valid unless the city has reached related compensation agreements with the taxing entities (such notification being referred to below as "Retained Property Notice").

By this resolution, the Board will authorize staff to: (i) inquire, and obtain information, about the status of the Retained Properties and related compensation agreements, (ii) gather other information for the Board to determine if the city has violated its obligations relating to the Retained Properties under the LRPMP, and (iii) at the direction of the Chair of the Board, publish or post Retained Property Notices with respect to any unsold Retained Property (including by way of recording one or more instruments in the County Official Records).

Impact on Taxing Entities

The DOF conditioned the approval of Retained Properties on an LRPMP on the city's agreement to enter into contracts with taxing entities, to ensure that the taxing entities would receive compensation that the taxing entities have negotiated. This resolution is in furtherance of the Board's fiduciary responsibilities to the taxing entities.

Attachment:

Proposed Resolution No. 25-014

RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD

RESOLUTION NO. 25-_____

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD AUTHORIZING AND DIRECTING ACTIONS PERTAINING TO PROPERTIES APPROVED TO BE RETAINED FOR FUTURE DEVELOPMENT UNDER THE LONG-RANGE PROPERTY MANAGEMENT PLANS AND RELATED COMPENSATION AGREEMENTS

WHEREAS, by the laws of the State of California (“State”), redevelopment agencies within the State were dissolved as of February 1, 2012, and successor agencies were established as successor entities to wind down the former redevelopment agencies’ affairs; and

WHEREAS, pursuant to Health and Safety Code (“HSC”) Section 34179(j), commencing July 1, 2018, the Orange Countywide Oversight Board (the “Board”) has jurisdiction over the successor agencies located within the County of Orange (“County”); and

WHEREAS, during 2013 through 2015, successor agencies prepared long-range property management plans (each, an “LRPMP”) to address the disposition of their former redevelopment agencies’ real properties; and

WHEREAS, pursuant to HSC Section 34191.3(a), once the LRPMP was approved by the oversight board and the State Department of Finance (“DOF”), the LRPMP shall govern the disposition and use of the related properties; and

WHEREAS, on a LRPMP, the successor agency could list certain properties as “retain for future development” (“Retained Properties” or each, a “Retained Property”) and, subject to the oversight board’s and the DOF’s approval of the LRPMP, the successor agency could transfer the Retained Properties to its city (or the county, in the case of the county successor agency); and

WHEREAS, under HSC Section 34191.5(c)(2)(A)(iii), for the Retained Properties, the DOF or the oversight board may require compensation agreements (pursuant to which the city would make some compensation payment to the taxing entities), but the city could execute the compensation agreements after the DOF’s approval of the LRPMP; and

WHEREAS, for the County’s successor agencies that have Retained Properties on their LRPMPs, the DOF conditioned its approval of the LRPMPs on a recognition that compensation agreements with the taxing entities are required; and

WHEREAS, the DOF permitted a successor agency to transfer a Retained Property to its city before any compensation agreement materialized, but by such time as the city

sells the Retained Property to a third party, compensation agreements between the city and the affected taxing entities must be obtained; and

WHEREAS, many cities successfully entered into compensation agreements with taxing entities in the interim years; and

WHEREAS, generally under these compensation agreements, the cities agreed, upon the sale of a Retained Property, to transfer the net sale proceeds to the County Auditor-Controller (“CAC”) for distribution to the taxing entities; and

WHEREAS, however, there remain cities with Retained Properties subject to the Countywide Oversight Board’s jurisdiction that have not yet entered into compensation agreements with the taxing entities; and

WHEREAS, the Board recognizes that, in most instances, successor agencies transferred the Retained Properties to their cities years ago; and

WHEREAS, the Board further recognizes that each successor agency and its city are separate legal entities; and

WHEREAS, with respect to each active successor agency in the County, the related city elected to serve as the successor agency under HSC Section 34173, and thus the city was present throughout the development of its successor agency’s LRPMP and has known the commitments made under the LRPMP regarding compensation agreements for the Retained Properties; and

WHEREAS, thus, each LRPMP documented the agreement, rights and obligations among the DOF, the oversight board, the successor agency, the city, and the taxing entities regarding the Retained Property and the requirement for compensation agreements; and

WHEREAS, when the city received a benefit by accepting a Retained Property transferred from its successor agency, the city also accepted the obligation to have compensation agreements in place by the time of sale of the Retained Property to a third party; and

WHEREAS, pursuant to the HSC Section 34179(i), the Board has fiduciary responsibilities to the taxing entities; and

WHEREAS, in the Board’s view, the Board has the right to act if a city violates its commitment pursuant to the LRPMP to enter into agreements to compensate the taxing entities for the Retained Properties; and

WHEREAS, in the Board’s view, a city’s unilateral declaration that no compensation agreement with the taxing entities could be reached without the Board’s approval is a violation of such commitment; and

WHEREAS, with respect to any unsold Retained Property still held by a city, the Board has the right to publish or post notification (including by way of an instrument recorded in the County Official Records) that the city's sale of the Retained Property will not be valid unless the city has reached related compensation agreements with the taxing entities (such notification being referred to below as "Retained Property Notice");

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

SECTION 1. The Recitals set forth above are true and correct and are incorporated as a substantive part of this Resolution.

SECTION 2. With respect to each active successor agency that has Retained Properties listed on its LRPMP and in connection with which, the city has not yet executed any agreement to provide compensation to the taxing entities, Oversight Board counsel and staff are hereby authorized to take actions as they deem appropriate to: (i) inquire, and obtain information, about the status of the Retained Properties and related compensation agreements, (ii) gather other information for the Board to determine if the city has violated its obligations relating to the Retained Properties under the LRPMP, and (iii) at the direction of the Chair of the Board, publish or post Retained Property Notices with respect to any unsold Retained Property (including by way of recording one or more instruments in the County Official Records). Any and all previous Oversight Board counsel and staff actions consistent with this direction are hereby ratified and affirmed.

SECTION 3. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, 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 Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

SECTION 4. The Clerk of the Oversight Board shall certify to the adoption of this Resolution and is directed to transmit this Resolution to the DOF.