**Orange Countywide Oversight Board**

Agenda Item No. 6

Date: 7/21/2026

From: Staff to the Oversight Board

Subject**:** Fullerton Remittance for Property Sale

Recommended Action: N/A. Informational Item; no action necessary.

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**Summary**

At the April 21, 2026 Board meeting, Staff gave a status update on all successor agencies. Representatives from the Fullerton were present. Regarding Retained Properties (defined below), Board Manager Kathy Tavoularis mentioned that the County Auditor-Controller ("CAC"), had received no remittance of property sale proceeds, which were required under the compensation agreements between Fullerton and the taxing entities. The Fullerton representatives (who were relatively new to the City) agreed to review the records and cure any missed payments. In early May, Fullerton remitted $2,493,560.50 to the CAC in connection with the sale of two Retained Properties.


**Discussion**

Fullerton's long-range property management plan ("LRPMP") included certain properties approved to be "retained for future development" (each, a "Retained Property"). Under the Dissolution Law and the LRPMP, the Retained Properties could be transferred to the City of Fullerton but, in exchange, the City must enter into compensation agreements with the taxing entities.

The City entered into compensation agreement with the taxing entities in 2018. Under these agreements, the City promised that, whenever a Retained Property is sold for economic development, the City would remit the Net Unrestricted Proceeds (as defined in the agreements) to the CAC for distribution to the taxing entities.

The May 2026 cash transfer was for two of the Retained Properties, both sold during the 2022-23 fiscal year: (i) $1,598,443.50 for a property associated with the Fox Block public parking lot, and (ii) $895,117.00 for a property associated with the Parkwest Hotel site. For the latter, the sale price was actually $1.4 million. However, at the time of sale, the City and the developer agreed to keep $500,000 in an escrow, as a holdback to manage environmental remediation cost, if necessary. City Staff reports that the City is talking with the developer for the release of any unused money in the escrow. The City acknowledges that, once that money is released, it will make an additional remittance to the CAC for distribution to the taxing entities.

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