



California Fair Political Practices Commission

December 12, 1989

Jerry M. Patterson
City Attorney
City of Cypress
Burke, Williams and Sorensen
3200 Park Center Drive, Suite 650
Costa Mesa, CA 92626

Re: Your Request for Advice
Our File No. A-89-608

Dear Mr. Patterson:

This is in response to your request for advice on behalf of Cypress Mayor Pro-Tem Cecilia Age regarding her duties and responsibilities under the conflict-of-interest provisions of the Political Reform Act (the "Act").¹

QUESTIONS

1. The mayor pro-tem is an employee of a bank which is financing a development project. May she participate in the debate and vote on the project?
2. Assuming the remaining four members of the city council split on a two-to-two vote, may the mayor pro-tem vote to break the tie?

CONCLUSIONS

1. The mayor pro-tem must disqualify herself where decisions before the city council would have a material financial effect on the bank.
2. If the mayor pro-tem is disqualified from participating in a decision, she may not vote to break a tie vote on that decision.

¹ Government Code Sections 81000-91015. All statutory references are to the Government Code unless otherwise indicated. Commission regulations appear at 2 California Code of Regulations Section 18000, et seq. All references to regulations are to Title 2, Division 6 of the California Code of Regulations.

FACTS

Mayor Pro-Tem Age was elected to the Cypress City Council in 1988. Prior to that time and at all times since, she has been employed by the residential services division of Security Pacific National Bank as vice-president of facilities and operations.

Since 1986, the City of Cypress has faced multiple lawsuits regarding the proposed development of the Los Alamitos race track and surrounding property. The property owners seek zoning relief and have filed a damages action against the city.

The current property owner, Hollywood Park Realty Enterprises, Inc., has entered into a purchase and sale agreement with the Buzz Oates Enterprises II, a partnership, Frank Ramos, Christo Bardis and Lloyd Arnold as purchasers of the Los Alamitos race track property. Security Pacific National Bank's commercial real estate division is the lender for this purchase. The sale of the property is not dependent upon government approvals.

The new potential owners have submitted applications for development of the property as the Cypress Park project. The city council has been presented with a development plan which will require a zone change, specific plan, and environmental reviews. Because the approval of this plan offers the opportunity to settle the multitude of lawsuits, the city council has authorized a "fast track" process. It is likely that at least initial votes could come as early as late November, 1989.

You are concerned that the mayor pro-tem may be disqualified from participating in the necessary governmental decisions related to the Cypress Park plan due to a disqualifying conflict of interests.

ANALYSIS

Section 87100 prohibits public officials from making, participating in, or using their official position to influence any governmental decision in which they know or have reason to know they have a financial interest. An official has a financial interest in a decision if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from the effect on the public generally, on the official or any member of his or her immediate family, or on:

- (a) Any business entity in which the public official has a direct or indirect investment worth one thousand dollars (\$1,000) or more.

* * *

(c) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating two hundred fifty dollars (\$250) or more in value provided to, received by or promised to the public official within 12 months prior to the time when the decision is made.

(d) Any business entity in which the public official is a director, officer, partner, trustee, employee, or holds any position of management.

Section 87103.

The mayor is an employee of Security Pacific National Bank and receives income from the bank. Accordingly, she may not participate in any decision which will have a reasonably foreseeable material financial effect on the bank.²

The effect of a decision is reasonably foreseeable if there is a substantial likelihood that it will occur. To be foreseeable, the effect of a decision must be more than a mere possibility; however certainty is not required. Downey Cares v. Downey Development Com. (1987) 196 Cal. App. 3d 983, 989-991; Witt v. Morrow (1977) 70 Cal. App. 3d 817, 822; In re Thorner (1975) 1 FPPC Ops. 198, copy enclosed.) The Act seeks to prevent more than actual conflicts of interest, it seeks to prevent even the appearance of a possible conflict of interest. (Witt v. Morrow, supra, at 823.)

When the effects of a decision are foreseeable, the applicable guidelines for determining whether a decision will have a material financial effect on a business entity which is indirectly involved in the decision are to be found in Regulation 18702.2 (copy enclosed). The effect of a decision is material as to a business entity listed on the New York stock exchange in which an official has an economic interest if any of the following applies:

(a) For any business entity listed on the New York Stock Exchange or the American Stock Exchange:

² You have also informed us that the mayor has invested in the bank's deferred compensation plan. The deferred compensation plan consists of diversified investments which do not include the purchase of Security Pacific National Bank stock. Thus, the deferred compensation fund is not a disqualifying financial interest.

(1) The decision will result in an increase or decrease to the gross revenues for a fiscal year of \$250,000 or more, except in the case of any business entity listed in the most recently published Fortune Magazine Directory of the 500 largest U.S. industrial corporations or the 500 largest U.S. nonindustrial corporations, in which case the increase or decrease in gross revenues must be \$1,000,000 or more; or

(2) The decision will result in the business entity incurring or avoiding additional expenses or reducing or eliminating existing expenses for a fiscal year in the amount of \$100,000 or more, except in the case of any business entity listed in the most recently published Fortune Magazine Directory of the 500 largest U.S. industrial corporations or the 500 largest U.S. nonindustrial corporations, in which case the increase or decrease in expenditures must be \$250,000 or more; or

(3) The decision will result in an increase or decrease in the value of assets or liabilities of \$250,000 or more, except in the case of any business entity listed in the most recently published Fortune Magazine Directory of the 500 largest U.S. industrial corporations or the 500 largest U.S. nonindustrial corporations, in which case the increase or decrease in assets or liabilities must be \$1,000,000 or more.

Regulation 18702.2(a).

It is foreseeable that approval of the development plan for the Cypress Park project will have a financial effect on the lending institution which will provide financing for the development. The project will have an impact on the assets and liabilities of the lending institution. For example, if development is not approved, this may affect the property owners' ability to make payments on the outstanding loan. Conversely, if development is approved, the property owners may seek out greater financing from the bank. If it is foreseeable that the effect of the decision will result in an increase or decrease of \$1,000,000 in the gross revenues or expenses of the bank, or of \$250,000 in the value of the assets or liabilities of the bank, the mayor pro-tem must abstain from participating in the decision.

Once the mayor pro-tem determines that she is required to disqualify from participating in the decision, she may not participate in discussions or vote on the issues or otherwise use

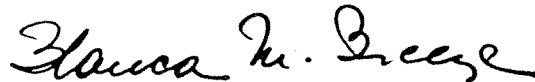
her position to influence the decision. (Regulation 18700.1, copy enclosed.) To abstain from participating, she must disclose her disqualifying financial interests on the record and then refrain from participating in or attempting to influence the decision. (Regulation 18700(b)(5), copy enclosed.) A disqualified official may not vote on the decision, make or second a motion, engage in debate, ask questions, or otherwise take part in the decisionmaking process.

You have asked whether a disqualified official may participate in a decision to break a tie. The Act provides for participation by an otherwise-disqualified public official when her participation is "legally required." (Section 87101.) The fact that an official's vote is needed to break a tie does not make his or her participation legally required. Therefore, a disqualified official may not participate in a decision to break a tie vote. (Section 87101.)

We trust this letter adequately responds to your inquiry. Should you have any further questions regarding this matter, do not hesitate to call me at (916) 322-5901.

Sincerely,

Kathryn E. Donovan
General Counsel



By: Blanca M. Breeze
Counsel, Legal Division

KED:BMB:plh

Enclosures

LAW OFFICES
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624 SOUTH GRAND AVENUE, 11TH FLOOR
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(213) 623-1900
TELECOPIER: (213) 623-8297

October 17, 1989

Ms. Kathryn Donovan
General Counsel
Fair Political Practices Commission
428 "J" Street
P.O. Box 807
Sacramento, CA 95804

Oct 20 1 20 AM '89
FPPPC

Re: Request For Formal Written Advice Pursuant to
Government Code Section 83114

Dear Ms. Donovan:

I am the City Attorney for the City of Cypress. This request for Formal Written Advice is made pursuant to Government Code § 83114 and 2 Cal. Admin. Code § 18329(b)(1), and on behalf of Cypress Mayor Pro-Tem Cecilia Age. I have attached as Exhibit "A" Mayor Pro-Tem Age's written authorization enabling me to make this request on her behalf.

Mayor Pro-Tem Cecilia Age is a Member of the Cypress City Council. She resides at 9565 Normandy Way, Cypress, California 90630. 2 Cal. Admin. Code 18329 (b)(2)(A). Mayor Pro-Tem Age is concerned about her legal qualification to vote on an upcoming development project in the City of Cypress.

ISSUE:

1. May Mayor Pro-Tem Age as an employee of the lender who is financing the Cypress Park Plan, participate in the debate and vote on the Plan despite her employment and stock interest in the lending institution?
2. Assuming the remaining four Members of the City Council split on a two (2) to two (2) vote, would Mayor Pro-Tem Age be able to vote to break the tie vote?

Ms. Kathryn Donovan
General Counsel
Fair Political Practices Commission
October 17, 1989
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BACKGROUND FACTS:

Mayor Pro-Tem Age was elected to the City Council in 1988. Prior to that time and at all times since, she has been employed by the Residential Services Division of Security Pacific National Bank as Vice President of Facilities and Operations. I have enclosed a copy of her job description as Exhibit "B", which sets forth her duties and responsibilities for the bank.

One of the benefits provided by the bank to their employees is the opportunity to invest in a deferred compensation plan from which the bank purchases stock on the open market. Over the years, Mayor Pro-Tem Age has acquired approximately 137 shares in this fund with a market value as of today of \$6,140.28. A copy of her account statement is attached as Exhibit "C" to assist you in analyzing her interests. However, because it contains "specific private economic interest" that "a person need not disclose" privilege from disclosure is hereby claimed pursuant to 2 Cal. Admin. Code 18329(b)(6).

Since 1986, the City of Cypress has faced multiple lawsuits regarding the development (proposals) of the Los Alamitos Race Track and surrounding property. In addition to zoning relief, the property owners have filed a damages action against the City seeking some 130 million dollars in damages from the City. Numerous attempts to settle this litigation, including a special election in February of this year, have proven unsuccessful. A concise summary of the history of this property is attached for your convenience as Exhibit "D." All confidential information contained therein has been deleted.

The current property owner, Hollywood Park Realty Enterprises, Inc., has entered into a purchase/sale agreement with the Buzz Oates Enterprises II, a partnership, Frank Ramos, Christo Bardis and Lloyd Arnold as purchasers of the Los Alamitos Race Track property. Security Pacific National Bank's Commercial Real Estate Division is the lender for this purchase. The sale of the property is in an

Ms. Kathryn Donovan
General Counsel
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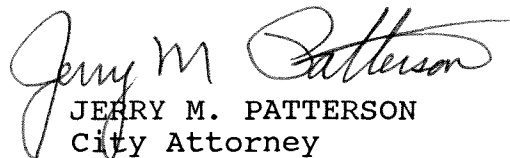
"as is" condition and not dependent upon government approvals. (See Exhibit "E".)

The new owners have submitted applications for development of the property as the "Cypress Park Plan." The City Council has been presented with a development plan which will require a zone change, specific plan, and environmental reviews. Because the approval of this Plan, should the City Council approve it, offers the opportunity to settle the multitude of lawsuits, the City Council has authorized a "fast-track" process. It is, therefore, likely that at least initial votes could come as early as late November.

Given the short time frame and the importance to the City of the consideration of the Cypress Park Plan, it is essential that any conflict of interest be established prior to the need for City Council action. As a result, Formal Written Advice pursuant to Government Code Section 83114 seems the most appropriate procedure for Mayor Pro-Tem Age, the City, and the developer.

Your assistance in this matter is appreciated. Please feel free to contact me if you have any questions or need further information in this regard.

Sincerely,



JERRY M. PATTERSON
City Attorney
City of Cypress

JMP:ggd/LTR1010:slb
Enclosures

cc: Hon. Cecilia Age
Mayor Pro-Tem
City of Cypress

AUTHORIZATION TO OBTAIN FORMAL
WRITTEN ADVICE

I, CECILIA AGE, Member of the Cypress City Council, do hereby authorize City Attorney Jerry M. Patterson to act on my behalf to obtain Formal Written Advice from the Fair Political Practices Commission pursuant to Government Code Section 83114 and 2 Cal.Admin. Code § 18329(b)(2)(A). Said Written Advice is to address my legal qualification to vote on the Cypress Park Plan, a development project, because of my position as a management employee of and having a financial interest in Security Pacific National Bank, the lender for said project.

In the alternative, should the Fair Political Practices Commission determine that only informal assistance can be provided pursuant to 2 Cal.Admin. Code § 18329(c), this authorization is intended to include informal advice.

Executed this 19 day of October, 1989 at Cypress, California.



CECILIA AGE
Mayor Pro Tem

JOB EVALUATION REQUEST

EXEMPT

DATE
02/10/88

NON-EXEMPT

INCUMBENT'S NAME <u>Cecilia L. Age</u>	DEPARTMENT/DIVISION <u>RREG/Operations</u>	ORGANIZATION CODE <u>84-15-6283</u>
JOB CLASSIFICATION TITLE (non-exempt)	JOB CLASS NO. (non-exempt)	
*FUNCTIONAL TITLE (exempt) <u>Facilities Manager</u>	FUNCTIONAL CODE (exempt) <u>RRZZ</u>	
*Do not indicate the Corporate (Officer) title. Refer to the incumbent's most recent performance appraisal form, your staff report or Personnel Officer.		

NEW POSITION – (Attach Organization Chart)

If a position is being created, complete and attach the Position Description/Questionnaire and indicate below, when applicable, from what position/work unit the new responsibilities or duties have come. (Exemption Questionnaire required for any new exempt position.)

(If additional room is needed attach separate sheet.)

EXISTING POSITION – ADDED/DELETED RESPONSIBILITIES

Added/deleted responsibilities may or may not warrant a change in salary grade. The Compensation Division must determine the overall impact resulting from any changes in a position. Briefly outline the added/deleted responsibilities and explain how they significantly change the scope of the position and from what position/work unit the added responsibilities or duties have come. Attach a copy of the current position description.

The incumbent is now responsible for premise buildouts and day-to-day management for all Residential Reak Estate Business as well as security, cafeteria, Central Service supplies, communications and other duties. She reports directly to a Senior Vice President and interacts with senior management on a daily basis. Signing authority is at a Vice President's

(If additional room is needed attach separate sheet.) see attachment

EXISTING POSITION – SALARY GRADE REVIEW


If a position has had no significant change in responsibilities or duties but you feel it is improperly graded, please explain why you feel it should be reviewed at this time.

(If additional room is needed attach separate sheet.)

COMPLETED POSITION DESCRIPTION ENCLOSED <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	EXEMPTION QUESTIONNAIRE ENCLOSED <input type="checkbox"/> YES <input type="checkbox"/> NO
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SUPERVISOR'S SIGNATURE	TELEPHONE NUMBER <u>(714) 220-4335</u>	MAIL CODE <u>B4-83</u>
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level and she is accountable for three facility budgets, totalling \$1.7 mm and an annual capital expenditure budget of \$776,400.


SECURITY PACIFIC NATIONAL BANK
POSITION DESCRIPTION
EXEMPT POSITIONS

USE TYPEWRITER ONLY.

A. IDENTIFICATION

*Functional Title: FACILITIES MANAGER

*Function Code: RRZZ

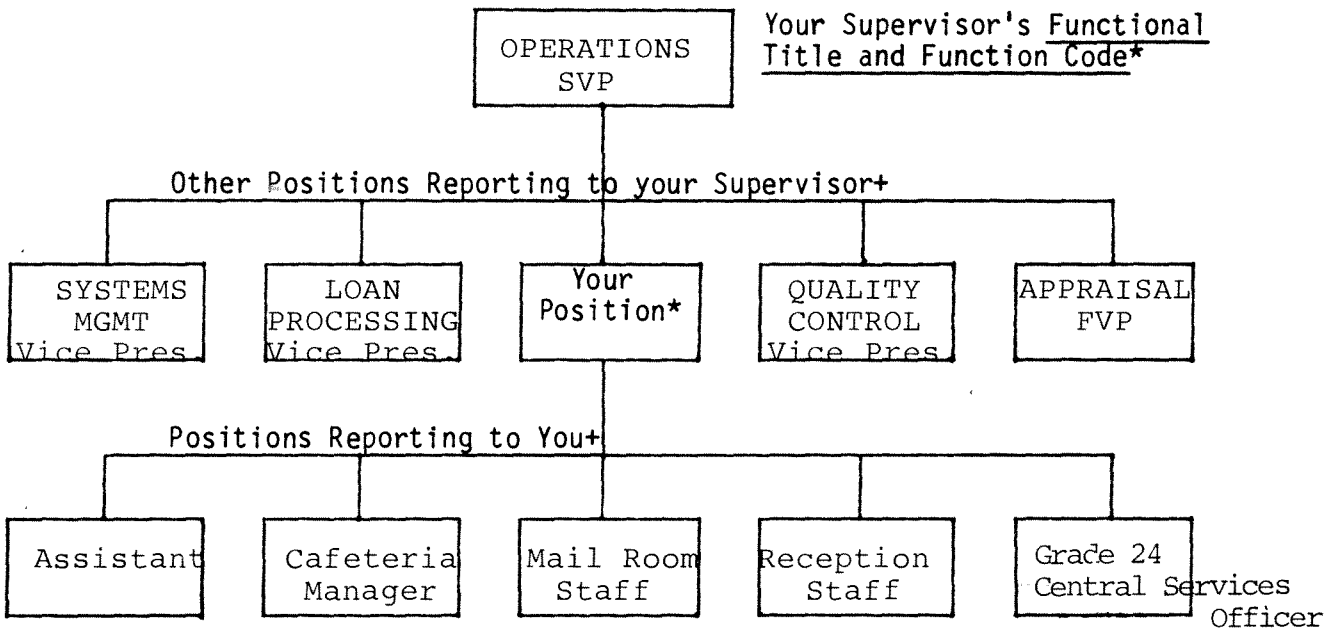
Your Name: Cecilia L. Age Your Office Phone No.: (714) 220-4400

Department: Real Estate Business Division Headquarters Operations

Location & Mail Code: RREBG B4-83 Org. Code 84-15-6577

B. ORGANIZATIONAL RELATIONSHIPS - SUBORDINATE STAFF

1. Complete the organization chart below; use as many blocks as apply to your situation. Include functional title and function code.



*Do not indicate your or your Supervisor's Corporate (Officer) title. Refer to the most recent performance appraisal form, your Supervisor or your Personnel Officer.

+Show functional titles and function codes and/or nonexempt job classification titles and numbers.

C. INTERNAL CONTACTS

1. Who or what organizations are your key contacts within the Bank?

(Example) ADP Group

Property Management

Real Estate Management

Corporate Security

Telecommunications

Finance

2. What is the purpose of these contacts?

To locate suspense items.

- A. To maintain upkeep of building and initiate appropriate changes to Residential Real Estate Group Headquarters and 30 other Residential Real Estate Group facilities.
- A. To determine and coordinate any construction changes or additions to Residential Real Estate Group facilities.
- B. Work with Acquisitions on premises location and lease agreement.
- C. Coordinate with Space Planning from the point of lease to move in date.
- D. Inform Real Estate Management of any malfunction in building systems or structural damage.
- E. Maintain budgeted guidelines.
- A. Develop and maintain plans to ensure security of building.
- B. Coordinate alarm testing with Fire Department and MPS Station.
- C. Respond and react to security alarm calls, including emergency situations.
- A. Coordinate telephone system updates for hardware and software of AT&T System 75 and similar systems at other Group locations.
- B. Plan expansion additions and ensure proper installation for systems.
- A. To obtain budgeted information for operation and planning of Mail Room, Central Services, Receptionist and Cafeteria.

(Continue) C. INTERNAL CONTACTS

1. Who or what organizations are your key contacts within the Bank?

Security Pacific Data
Transmission Corp.

Residential Real Estate
Group Staff

Management

Bankers Equipment

Mail Room

2. What is the purpose of these contacts?

- A. Communicate and analyze telephone and data needs and problems.
- B. Determine growth and expansion needs for Real Estate Business.
- A. Keep all Group staff informed of Cal Osha requirements and facilities related issues.
- B. Supervise administration related staff of Mail Room, Central Services and receptionists.
- A. Must communicate well with all levels of Management including Senior Vice President's and First Vice President's.
- A. Records Retention coordinator to develop retention schedules for all Residential Real Estate Group.
- B. Order equipment and coordinate movement of equipment for all Real Estate Group.
- C. Coordinate furniture requests for all Real Estate Group.
- A. Open and close Mail Room facilities ensuring proper routing of interbranch mail and courier service.

D. EXTERNAL CONTACTS

1. Who or what organizations are your key contacts outside the Bank?

(Example) Customers

Fire Department

Health Department

Chamber of Commerce

Warland Investments

AT&T

Post Office

RD Landscaping

Canteen

Red Cross

2. What is the purpose of these contacts?

To answer questions and cross-sell services.

A. Ensure compliance of fire codes.

B. Coordinate with Fire Department quarterly sprinkler tests.

A. Ensure compliance of all health codes in Cafeteria.

B. Represent Security Pacific National Bank on all inspections.

C. Ensure renewal of permits.

A. Represent Security Pacific National Bank with Cypress Chamber of Commerce.

A. Represent Security Pacific National Bank as tenants of building.

A. Communicate all problem areas of system for repairs and determine growth requirements.

A. Interface with the Post Office for delivery and pick up of mail.

B. Renew all P.O. Box Numbers.

A. Ensure proper upkeep of landscaping.

B. Authorize budgeted funds for landscaping.

A. Oversee Canteen staff.

B. Interface with Manager.

C. Authorize funds for upkeep and additions to Cafeteria.

A. Coordinate Annual Blood Drive.

(Continue) D. EXTERNAL CONTACTS

1. Who or what organizations are your key contacts outside the Bank?

(Example) Customers

Vendors

Current Connections

2. What is the purpose of these contacts?

To answer questions and cross-sell services.

A. Coordinate and manage upkeep of building and special projects.

B. Determine vendor needs on a daily basis.

C. Interview vendors for probable service.

A. Understand Real Estate Group data needs and coordinate all adds / moves / changes.

2. DECISION-MAKING

- a. List the responsibilities you have that involve making decisions and/or recommendations. (For example, lending limit, signing authority, resolving discrepancies, determining priorities, determining format, recommending new or revised policies/procedures). Indicate when decisions or recommendations must be referred to a higher authority.

Responsible for Headquarters Operations budget of \$1,666,496.00. Signing authority for Headquarters Operations is \$10,000.00. Responsible for Residential Real Estate Business Group building on a day to day basis including upkeep, as well as all expansions. Developing Contingency Plans procedures for all Residential Real Estate Group's including revision of Safety and Emergency procedures. Expansions of 50,000 or more must be referred to higher authority. Also responsible (over)

- b. Indicate any committees or task forces in which you participate.

- ° Develop contingency / disaster plan for all Residential Real Estate Group.
- ° Expansion and relocation of Residential Real Estate Group.
- ° Chamber of Commerce committees which include:
-Miss Cypress pagent

(over)

3. PROBLEMS AND CHALLENGES

- a. Describe the typical problems/challenges you face in your job.

A major challenge of this position is the coordination, planning and implementation of expansions and build-outs keeping the project under budget and completing the project within a reasonable time frame.

This position also requires initiative, creativity, discretion and sound business judgment in facing assignments and communicating project status to Senior Management.

- b. Indicate what (e.g., Operations Manual) or who guides, directs or assists you in solving problems.

This position requires self discretion, self motivation, and the ability to make effective decisions. Direction and guidance is given from the Senior Vice President in charge of Operations.

E. SUMMARY STATEMENT

A one (or two) sentence statement which covers the overall purpose of your job (i.e., why does the job exist?)

(EXAMPLE) This position is accountable for a contribution to responsive and accurate customer service and operations efficiency by effectively supervising banking office operations according to established procedures and the guidelines of the Operations Officer or Banking Office Manager.

Complete the following statement:

This position is accountable for planning, management and control of both the Residential Real Estate Business Headquarters building and for approximately 30 other Group facilities as well as directly accountable for a \$1,666,496.00 budget. In addition, this position is responsible for all expansion and build-outs for all real estate business as well as supervising staff related to facilities operations.

F. ENVIRONMENT AND PROBLEM SOLVING

This section should provide a general understanding of the environment in which your job functions and the major problems/challenges that you face in your job.

1. ENVIRONMENT

Describe in general terms what is accomplished in your Unit, Section or Division and how your job fits into the total picture of the operation.

This position reports to the Senior Vice President of operations for the Residential Real Estate Group.

This position is accountable for the planning, development, maintenance and operation of all premises for the Residential Real Estate Group and performs in an environment which impacts all business operations, all staff, and requires a significant level of contact with senior management.

Specific activities include manage Cypress day to day operations; plan all new space/expansions (Regional Processing Units, Loan Office Networks, 30 locations); support management in various operations activities, functions, information; prepare three yearly budgets for Headquarter Operations.

This position is now accountable for premises outside the state of California and must take an active part in opening out of state facilities as required.

G. MAJOR RESPONSIBILITIES

1. END RESULTS AND SPECIFIC ACTIVITIES

Describe the 5 - 7 major end results for which you are responsible and the specific activities you perform in order to achieve each end result. Begin with the most important end results.

Start below with Responsibility #2.

(EXAMPLE)

(END RESULT) *Competent and motivated staff to meet current and future banking office operations needs and objectives. Activities include:*

(SPECIFIC ACTIVITIES) *- cross-training personnel; interviewing and recommending applicants for hire; conducting written and verbal performance evaluations and situational counselings; recommending salary increases and promotions.*

1. Contribution to and consistent application of the Bank's policies and benefits to all employees through effectively working with all Bank employees without regard to race, religion, age, national origin, handicap or sex. Activities include:
 - understanding, applying and supporting the Bank's Equal Employment Opportunity Policy; creating a favorable environment for EEO by supporting staff's use of the Transfer System, Q-Line, Question Line, Grievance Procedure, Job Posting (where it is available), Career Management Program and the Skills Inventory; being aware of the EEO climate in their work area by encouraging open lines of communication; acting on feedback to prevent EEO problems from arising; encouraging the job advancement of all employees by supporting employee education programs and by instituting employee cross-training.
2. - Manage the daily operation of the Cypress Residential Real Estate Group Headquarters within budgeted guidelines and without allowing daily business operation to be negatively impacted by facilities limitations or problems.
3. - To plan, implement and follow through on all expansions and build-outs in a timely manner and within budgeted limitations. Interface with Senior Management and internal/external contacts to obtain end result.
4. - Supervise departments including Mail Room, receptionists, Central Services, including managing Cafeteria and analyzing profit/loss statements, making necessary adjustments accordingly.
5. - Interface with external companies and determine efficiency of Canteen, Maintenance, Lanscaping and Vendors.

J. ADDITIONAL COMMENTS (By incumbent or supervisor)

(Use this space to provide any other information that will help others to understand the job. Provide comments, if applicable, which distinguish this job from others with similar responsibilities).

This position requires strong verbal and written communication skills with the ability to coordinate and complete a diverse number of assignments concurrently and with minimal supervision.

During the next two-three years, the extreme level of growth planned for the Residential Real Estate Group will require a major effort to locate and maintain new facilities throughout the western states. The incumbent is and will be responsible for the expansion and build-out of all Residential Real Estate Group departments, including Loan Office Networks, Regional Processing Units, as well as Appraisal offices.

The incumbents position is comparable to Merchant Banking Groups Facility Managers at Cal Plaza, 40 E. 52nd St., New York, and/or 4 Broadgate, London.

This Position Description has been reviewed with the employee and represents an accurate description of his/her position.

Date

Employee's Signature

Supervisor's Signature

QUARTERLY STATEMENT

From 03/31/89 to 06/30/89

Name: CECILIA L. AGE
 Mail Code: R4-83
 Company Code: 600
 Social Security Number: 568-82-5317

YOUR salary deferral account-your current deferral amount is **6%** of your salary

	Fund A 30%	Fund B 40%	Fund C 30%	Fund D 0%	Total
Beginning Balance	1,578.29	1,987.98	1,624.11		5,190.38
Contributions	146.70	195.60	146.70		489.00
Loan Repayments					
Withdrawals					
Loan Issues					
Gains (Losses)	169.36	98.95	192.59		460.90
Transfers					
Ending balance	1,894.35	2,292.53	1,963.40		6,140.28

PLUS your post tax contributions account-your current post-tax amount is **0%** of your salary

	Fund A 30%	Fund B 40%	Fund C 30%	Fund D 0%	Total
Beginning Balance	39.87	49.98	41.06		130.91
Contributions					
Loan Repayments					
Withdrawals					
Loan Issues					
Gains (Losses)	4.24	2.40	4.82		11.46
Transfers					
Ending Balance	44.11	52.38	45.88		142.37

PLUS Security Pacific contributions account

	Fund A 30%	Fund B 40%	Fund C 30%	Fund D 0%	Total
Beginning Balance	687.89	867.10	707.77		2,262.76
Contributions	73.35	97.80	73.35		244.50
Loan Repayments					
Withdrawals					
Loan Issues					
Gains (Losses)	73.91	43.39	84.08		201.38
Transfers					
Ending Balance	835.15	1,008.29	865.20		2,708.64

PLUS your rollover account (for rollovers to Thrift Plus after October 1, 1988)

	Fund A	Fund B	Fund C	Fund D	Total
Beginning Balance					
Contributions					
Loan Repayments					
Withdrawals					
Loan Issues					
Gains (Losses)					
Transfers					
Ending Balance					

EQUALS your total account value

	Fund A	Fund B	Fund C	Fund D	Total
Total Value	2,773.61	3,343.20	2,874.48		8,991.29

PERCENT change during the last period: Fund A **10.9%** Fund B **4.9%** Fund C **12.1%** Fund D **2.5%**

Loan Information:	Regular	Home
Principal Outstanding	.00	.00
Principal Repaid	.00	.00
Interest Repaid	.00	.00
Amount Available	8,991.29	8,991.29

Withdrawal Information:	Amount Available:
Nontaxable	.00
Voluntary	931.32
Special Situation	2,851.01
Hardship	8,233.92

If you have any questions, please contact the Thrift Plus Unit at 213-345-3763.

LAW OFFICES
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TELECOPIER: (213) 623-8297

CONFIDENTIAL -- ATTORNEY-CLIENT PRIVILEGE

MEMORANDUM

TO: Mayor Arnold and Members of the City Council
FROM: Jerry M. Patterson, City Attorney
DATE: October 10, 1989
RE: Chronology of the Hollywood Park, Los Alamitos Race Track, Property and Litigation

The City Council has requested that I provide the City Council with an update on the history of how we arrived at the point we are today with the Los Alamitos Race Track property, and with a chronology of the legal actions. This memo is written to address these issues.

BACKGROUND

In 1946 the 300-acre Los Alamitos Race Track and Golf Course site was purchased by Frank Vessels, Sr. for the purpose of establishing a quarter horse ranch. Non-betting horse races were first conducted in 1947 and continued until 1951 when the first pari-mutuel horse racing on the track began. The present grandstand was built in 1960 and when the State of California legalized quarter horse racing in 1968, the Los Alamitos Race Track grew to become the premier quarter horse track in the United States. The adjoining Golf Course was constructed in 1961 and was operated until early 1987.

The City's General Plan was most recently updated and readopted in 1986, after circulation, review and comment by the public and surrounding public agencies. The Land Use Element targeted the Katella Avenue corridor for business park use. In particular, the implementation policies provided that the City should:

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"Cluster future large scale industrial and commercial uses within the Cypress Business Park and Los Alamitos Race Track site." Land Use Element of the Cypress General Plan, (1986) P. 29.

While the General Plan's Land Use Designation for the race track site was PS, (Public/Semi-public), the implementation policies called for business park growth to occur on the racetrack site.

THE CYPRESS PLAZA PLAN

Hollywood Park Realty Enterprises, Inc. purchased the racetrack and golf course site in 1984 from Millie Vessels. Subsequently, Hollywood Park Realty approached the City concerning the development potential on the golf course area and the underutilized portions of the racetrack property. Hollywood Park Realty indicated the development of the site was a high priority in order to allow them to (1) upgrade the existing Los Alamitos Race Track to a first-class facility, and (2) pay off the debt incurred from the purchase of the track.

Following Hollywood Park Realty's proposal, the City invoked its authority as provided in the State Planning Act, Government Code Section 65450, of directing the preparation of a Specific Plan to ensure the compatibility of the property's development with the surrounding community. An Environmental Impact Report was prepared and certified to identify and provide appropriate mitigation measures for the potential adverse impacts which might result from the development of the project. In order to evaluate the fiscal costs and benefits to the City resulting from the development of the Cypress Plaza proposal, City Staff also directed the preparation of a Fiscal Impact Analysis. The actual race track portion of this property was not included in this plan.

Along with the Specific Plan and accompanying Environmental Impact Report (dated September 22, 1986), was General Plan Amendment No. 86-1, making consistent all proposed land uses with the General Plan Land Use designa-

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tion of Industrial/Business Park, and Zone Change No. 86-1, redesignating the entire 160.6-acre site to PC, (Planned Community General Business Park). These documents were adopted by Resolution of the City Council on September 22, 1986.

The Cypress Plaza Specific Plan provided for approximately 72.82 acres of Business Park, 45.58 acres of Mixed Use Business Park, 15.98 acres of Professional Office, 5.60 acres of Hotel and Support Commercial and 10.00 acres of General Retail Commercial uses with a total proposed 3,620,892 square feet of building.

Following City Council approval of the Cypress Plaza Project and subsequent closure of the golf course, a citizens group was formed, a.k.a. "The Concerned Citizens of Cypress for Green Belt and Open Space Preservation," which sought City Council repeal of previously granted approvals. This group petitioned the City Council for a referendum on the zone change. At the City Council's November 24, 1986 meeting, the Council was informed that the referendum petition, previously submitted, contained sufficient signatures to require an election. As a result, the Council repealed the zone change ordinance by resolution prior to the expiration of the 30-day waiting period for ordinances to become effective.

Negotiations immediately commenced between the City, the "golfers," and Hollywood Park to resolve the golf course issue. Hollywood Park contended that the Council's action was invalid and discriminatory. Having failed to achieve a negotiated resolution of this issue, Hollywood Park filed suit against the City of Cypress on July 30, 1987. (The "State Writ Action"), Hollywood Park Realty Enterprises, Inc., v. City of Cypress, O.C.S.C. Case No. 530851.

At the City Council's July 27, 1987 meeting, the Council was again presented with an initiative petition by the "Concerned Citizens" with sufficient signatures to require an election. This initiative measure, herein after "Measure D," required among other things that a vote of the people be required prior to any changes in either the PS (Public/Semi-public) zoning or PS General Plan Land Use

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designation becomes effective. In addition, Measure D repealed any changes to either the PS Zone or General Plan Land Use designation which occurred prior to July 31, 1987 and July 1, 1986 respectively.

In October of 1987, two additional law suits were filed against the City by Hollywood Park. The first suit, a breach of contract action against Hollywood Park by a purchaser of the property for failure by Hollywood Park to deliver the property appropriately zoned, names the City as a third party defendant. (The "State Contract Action"). Cypress Partners, Ltd., v. Hollywood Park Realty; Hollywood Park Realty, Third Party Plaintiff v. City of Cypress, Third Party Defendant, O.C.S.C. Case No. 522651. (The "1987 Federal Action"), Hollywood Park Realty Enterprises, Inc. v. City of Cypress, U.S. District Court Case No. CV 8707162. This case was dismissed without prejudice by stipulation between the parties in 1988 to allow settlement discussions to proceed. The second suit was filed in Federal Court claiming discrimination and unconstitutional taking of private property.

Measure D was approved by the voters at the November 3, 1987 election. Hearings were held in Orange County Superior Court on Hollywood Park's State Writ Action in August, October, November, and December of 1987 and January of 1988. A preliminary decision was issued by Judge Seymour on April 28, 1988. Judge Seymour's decision voided Measure D and required the City Council to rezone the Cypress Plaza property consistent with the B.P. (Business Park) land use designation of the City's General Plan. Upon the City's request, Judge Seymour's decision was modified to make Measure D inapplicable as to the Cypress Plaza property and to direct the City Council to rezone that property to any zone consistent with the City's General Plan.

The City of Cypress filed a "Notice of Appeal" with the Fourth District of the California Appeals Court on June 27, 1988. The legal effect of this action is to put on hold the Judge's decision pending the outcome of the appeal. As a result, Measure "D" is applicable to the Los Alamitos Race Track and Golf Course property.

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THE CYPRESS DOWNS PLAN

In early 1988, SDC Development (hereinafter SDC), contacted the City of Cypress to discuss the potential for development of the project site. Based on discussions with City Staff as well as citizen input, a revised land use plan was developed which provided for a total of 154.99 net acres of Mixed Use Business Park, Churches/Schools, General Commercial Retail, Professional Office and Hotel Support Commercial uses with an estimated 2,909,208 square feet of buildings. This land use plan provided for approximately 811,684 square feet less development than the previously proposed Cypress Plaza Specific Plan (September 1986). The new project reduced the development by 811,684 square feet and included church and school uses within the project's total square footage--thus making the overall impact of the new plan substantially less. The Cypress Downs development application included the following elements:

- Cypress Downs Specific Plan No. 88-4
- Supplemental Environmental Impact Report
- General Plan Amendment No. 88-5
- Zone Change No. 88-7
- Cypress Downs Draft Development Agreement

On December 15, 1988, a Los Alamitos property owner, whose property is across the street from the race track, filed suit against the Cities of Cypress and Los Alamitos challenging Cypress' approval of the Supplemental Environmental Impact Report for the Cypress Downs Plan: (The "State CEQA Action"), Los Caballeros Center v. City of Cypress, et al., O.C.S.C. No. 57077. The City of Los Alamitos was charged with not challenging Cypress' action because Cypress Downs would have an impact on Los Alamitos. Because of voter disapproval of the project in the February Special Election, this case was dismissed by the Petitioner on March 15, 1989.

The validity of Measure D has been challenged in the Courts and no final determination has been rendered. The City Council has determined that the ordinance shall be enforced and an election will be required for any project approval. A special election was held on this plan on February 14, 1989. The Cypress Downs plan was defeated by a vote of 3,059 in favor and 6,086 opposed.

On April 15, 1989, Hollywood Park again filed suit against the City in Federal Court. (The "1989 Federal Action"), Hollywood Park Realty Enterprises, Inc., v. City of Cypress, U.S. District Case No. CV-89-2338ER(GX). This case is similar to the 1987 federal action.

[REDACTED]

On August 18, 1989 the Federal Court granted the City's motion to "abstain" pending this outcome in the State Writ Action. The practical impact of this action is to put this matter on hold until the State Writ Action is fully adjudicated.

The City's appeal of the State Writ Action has been fully briefed and is awaiting oral argument. While no date has been set, the hearing will probably be in the Spring of 1990.

On September 25, 1989 Hollywood Park filed a lot line adjustment application. Under the City's Code, the City has 50 days to act on this application.

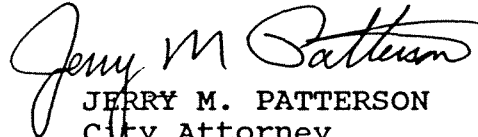
CYPRESS PARK PLAN

On September 11, 1987, Hollywood Park entered into a purchase and sales agreement with Buzz Oates Enterprises II and others to purchase the race track and surrounding property. It is anticipated that this buyer will submit a development proposal to the City which includes a golf course and mixed use business park development.

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I hope this information is useful to you.

Respectfully submitted,



JERRY M. PATTERSON
City Attorney
City of Cypress

JMP:ggd/MEM5525

cc: Darrell Essex
City Manager/City Clerk

OCT 03 1989

Burke, Williams & Sorenson

JAS. A. GIBSON, 1852-1922
W. E. DUNN, 1861-1925
ALBERT CRUTCHER, 1860-1931

GIBSON, DUNN & CRUTCHER
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October 2, 1989

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WRITER'S DIRECT DIAL NUMBER

(213) 229-7494

C 39247 00006

VIA TELEFAX

Jerry Patterson, City Attorney
City of Cypress
c/o Burke, Williams & Sorenson
3200 Park Center Drive - Suite 650
Costa Mesa, California 92626

Re: Sale of Property by Hollywood Park Realty
Enterprises and Hollywood Park Operating
Company to Buzz Oates Enterprises II, a
Partnership, Frank Ramos, Christo D. Bardis
and Lloyd C. Arnold

Dear Mr. Patterson:

On September 11, 1989, Hollywood Park Realty Enterprises, Inc., a Delaware corporation, and Hollywood Park Operating Company, Inc., a Delaware corporation, (collectively "Hollywood Park") entered into an Agreement of Purchase and Sale whereby the property owned by Hollywood Park, located in the City of Cypress, and generally known as the Los Alamitos Race Track, Los Alamitos Golf Course and Vessels Ranch (the "Property") was sold to Buzz Oates Enterprises II, a Partnership, Frank Ramos, Christo D. Bardis and Lloyd C. Arnold (the

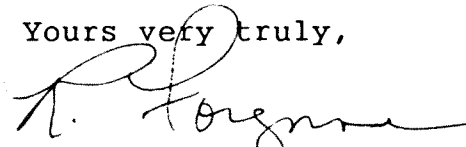
Jerry Patterson, City Attorney
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"Purchasers") as tenants in common. Escrow in the above Purchase and Sale transaction was opened on September 11, 1989 and the closing date of the escrow and the completion of the sale is set to occur on November 20, 1989. We fully anticipate that the transaction will proceed in an orderly fashion and will close on November 20, 1989, resulting in the above-named individuals being the owners in fee of the Property on November 21, 1989.

We understand that in connection with their acquisition of the Property, the Purchasers wish to enter into preliminary discussions with the City relative to the zoning of the Property in a manner satisfactory to them. We wish to categorically state that Hollywood Park has no objection whatsoever to the Purchasers or their representatives discussing with appropriate City personnel plans for development of the Property and/or any zoning matters which would take effect subsequent to the closing date of the above-referenced purchase and sale transaction. You should be advised that, in connection with our Agreement of Purchase and Sale, we have agreed that we will "fully cooperate and shall not in any way interfere with (or object to) any rezoning or land use applications undertaken by Buyer in connection with the Los Alamitos real property and the operation thereof".

I trust the City will cooperate fully with the Purchasers in their efforts to develop the Property in a form and manner consistent with their and the City's objectives.

Yours very truly,



Robert Forgnone

RF:mjc

cc: Belan Wagner, Esq.



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1 <input type="checkbox"/> PRIORITY OVERNIGHT SERVICE (Delivery by next business morning) 2 <input type="checkbox"/> PRIORITY OVERNIGHT SERVICE (Delivery by next business afternoon) 3 <input type="checkbox"/> FEDEX LETTER * 4 <input type="checkbox"/> FEDEX PAK * 5 <input type="checkbox"/> FEDEX BOX 6 <input type="checkbox"/> FEDEX TUBE	1 <input type="checkbox"/> HOLD FOR PICK-UP (Fedex Box) 2 <input type="checkbox"/> DELIVER WEEKDAY 3 <input type="checkbox"/> DELIVER SATURDAY (Fedex Special) 4 <input type="checkbox"/> DANGEROUS GOODS 5 <input type="checkbox"/> CONSTANT SURVEILLANCE SVC. (CSS) 6 <input type="checkbox"/> DRY ICE 7 <input type="checkbox"/> OTHER SPECIAL SERVICE	1 <input type="checkbox"/> REGULAR STOP 2 <input type="checkbox"/> ON-CALL STOP 3 <input type="checkbox"/> B.S.C. 4 <input type="checkbox"/> STATION	EMPLOYEE SIGNATURE DATE	FEDERAL EXPRESS USE BASIS CHARGES DECLARED VALUE CHARGE OTHER 1 OTHER 2 TOTAL CHARGES

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California Fair Political Practices Commission

October 26, 1989

Jerry Patterson
City Attorney, City of Cypress
Burke, Williams & Sorensen
3200 Park Center Drive, Suite 650
Costa Mesa, CA 92626

Re: Letter No. 89-608

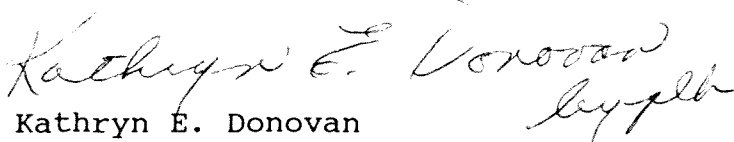
Dear Mr. Patterson:

Your letter requesting advice under the Political Reform Act was received on October 20, 1989 by the Fair Political Practices Commission. If you have any questions about your advice request, you may contact Blanca Breeze an attorney in the Legal Division, directly at (916) 322-5901.

We try to answer all advice requests promptly. Therefore, unless your request poses particularly complex legal questions, or more information is needed, you should expect a response within 21 working days if your request seeks formal written advice. If more information is needed, the person assigned to prepare a response to your request will contact you shortly to advise you as to information needed. If your request is for informal assistance, we will answer it as quickly as we can. (See Commission Regulation 18329 (2 Cal. Code of Regs. Sec. 18329).)

You also should be aware that your letter and our response are public records which may be disclosed to the public upon receipt of a proper request for disclosure.

Very truly yours,


Kathryn E. Donovan
General Counsel

KED:plh