



Press Release

PR17 - 101

14000 City Center Drive, Chino Hills, CA 91709

CONTACT: Denise Cattern
Ph: (909) 364-2615
DATE: October 23, 2017

Valerie McClung
Ph: (909) 364-2618

CITY OF CHINO HILLS TAKES LEGAL ACTION AGAINST CITY OF INDUSTRY, AND OTHERS, REGARDING THEIR ILLEGAL PURCHASE OF TRES HERMANOS RANCH

Chino Hills, CA – The City of Chino Hills has filed a legal action against City of Industry, the Successor Agency to the former Industry Redevelopment Agency and the Oversight Board to the Successor Agency. The litigation challenges the Oversight Board's approval of the sale of Tres Hermanos to City of Industry on August 24, 2017. The City of Diamond Bar has filed a similar action.

According to Chino Hills City Attorney Mark Hensley, on or about October 2, the Oversight Board sent a request to the state Department of Finance requesting that it approve the sale. Depending on the action taken by the Department of Finance, the City's lawsuit may be dismissed, amended, placed on hold or prosecuted.

"In an abundance of caution, the City filed its complaint on Friday, October 20 in order to avoid a challenge regarding the timelines of the filing," said Mr. Hensley. "This litigation has been filed to prevent City of Industry from continuing to act outside their legal authority."

The Cities of Chino Hills and Diamond Bar have a vested interest in the Tres Hermanos Ranch, one of the largest remaining vacant land areas in the region. Tres Hermanos is 2,450 acres with approximately 1,750 acres in Chino Hills, and 700 acres in Diamond Bar. Tres Hermanos includes beautiful canyons, hills, and streams with very limited development potential because of its topography and its biological and cultural resources. This is reflected in the General Plans of Chino Hills (675 residential units, 15 acres commercial zoning, natural open space, parks, and trails) and Diamond Bar (630 residential units, natural open space, parks, and trails). The City of Brea is closely following the issue as City of Industry also owns 3,000 acres in Tonner Canyon, just south of Tres Hermanos Ranch and west to the 57 Freeway, of which a portion is within Brea's sphere of influence.

"City of Industry is a public agency, and it's time they came out of the shadows and operated with the openness that is legally required of a city," said Mayor Ray Marquez. "It's time for City of Industry to share their intentions and the plans they have for the major solar project they have spent \$14 million developing over the past 18 months, and provide detailed project information to those parties potentially impacted by the project including the general public, interested stakeholders, and the cities who oversee the land Industry intends to develop."

-more-

According to Chino Hills City Manager Konradt Bartlam, City of Industry has been operating with a complete lack of transparency regarding their interest in Tres Hermanos. They have been unwilling to provide information to the Cities of Chino Hills and Diamond Bar, or even to their own City Council, about their covert plan to develop of a massive solar facility on property they do not own, and do not control. The 450-megawatt facility could potentially cover the entire 2,500 acres.

“The Cities of Chino Hills and Diamond Bar, stakeholders, and the general public have been prevented from participating in the process due, in part, to posted agendas that did not provide accurate information and Industry’s refusal to make documents available that are required by law to be easily accessible to the public,” said Mr. Bartlam.

Tres Hermanos has been owned by City of Industry’s (Industry) Urban Development Agency (RDA) since the 1970s. In 2011, the State of California ordered the dissolution of redevelopment agencies in the State and defined a process for the sale of RDA assets. On August 24, 2017, the Oversight Board, appointed to oversee the sale of assets of the Industry RDA, approved the purchase and sale agreement (PSA) to sell Tres Hermanos Ranch to City of Industry for \$41.65 million, nearly \$60 million under the most recent market appraisal (November 2016), which was \$100 million.

The Cities of Chino Hills and Diamond Bar both requested that the state Department of Finance void the sale of Tres Hermanos Ranch because the actions taken by the Successor Agency and Oversight Board violate the process for dissolution of RDA assets as set by state law, which constitute prejudicial abuses of discretion because those actions were taken without legal authority.

According to the court document, the actions of the Successor Agency to the Industry RDA and the Oversight Board are in direct violation of the Redevelopment Dissolution Act. The required Long Range Project Management Plan (LRPMP), approved by the California Department of Finance, governs the disposition and use of real property assets of former RDAs. The value of the asset must be maximized and represent fair market value as reflected in a property appraisal. The LRPMP included a list of requirements for the sale of Tres Hermanos, which have not been met including offering the property for sale through a broker; requiring the buyer to pay a reasonable price based on a current appraisal; requiring the prospective buyer to submit a development plan and construction schedule; and, ensuring that the project is in compliance with the General Plans of the Cities of Chino Hills and Diamond Bar, among others. The Oversight Board does not have the authority to set the sale price, which they did when they approved a sale price of \$41.65 million, effectively transferring \$58.35 million to Industry, which is revenue that the Successor Agency should have derived from the sale.

The Cities of Diamond Bar and Chino Hills have requested that the court require the Oversight Board and Successor Agency to set aside their illegal actions taken that relate to the sale of Tres Hermanos Ranch and enjoin them until they have taken steps to comply fully with the Redevelopment Dissolution Act.

#