

CITY OF HUNTINGTON BEACH CITY COUNCIL MEETING

TO:

THE HONORABLE MAYOR AND CITY COUNCIL

FROM:

DAN KALMICK, CITY COUNCILMEMBER

DATE:

12/20/2022

SUBJECT:

COUNCILMEMBER MCKEON'S STATEMENTS ABOUT RELATIONSHIP TO CRAIG

STEELE

I am providing legal documents for the record regarding my relationship to Craig Steele. A superior court judge has already ruled that the statements that Craig Steele is a "family friend" as not accurate and misleading. It is shameful that Councilmember McKeon continues to perpetuate that lie first proffered by City Attorney Gates and repeated by former Councilmember Peterson in his rebuttal to a charter amendment argument earlier this year. John Briscoe sued the City and had multiple lies and misleading statements removed from that argument including the language "LONG-TIME FAMILY FRIEND."

I am including sworn statements from myself, Mayor Joe Kalmick of Seal Beach and Craig Steele that discuss in detail the lack of any relationship other than in his capacity of conducting a review of the City Attorney handling the Moore/Field case or as contracted City Attorney for the City of Seal Beach.

SUPPLEMENTAL COMMUNICATION

Meeting Date:____

12/20/22

Agenda No.: 34 (22 - 1109)

SUPERIOR COURT OF CALIFORNIA, COUNTY OF ORANGE

West Justice Center 8141 13th Street Westminster, CA 92683

SHORT TITLE: Briscoe vs. Robin Estanislau

CLERK'S CERTIFICATE OF MAILING/ELECTRONIC SERVICE

CASE NUMBER: 30-2022-01273424-CU-WM-CJC

I certify that I am not a party to this cause. I certify that the following document(s), dated, have been transmitted electronically by Orange County Superior Court at Santa Ana, CA. The transmission originated from Orange County Superior Court email address on September 2, 2022, at 7:54:23 AM PDT. The electronically transmitted document(s) is in accordance with rule 2.251 of the California Rules of Court, addressed as shown above. The list of electronically served recipients are listed below:

ARTURO FIERRO AFIERRO@LEAL-LAW.COM BROWER LAW GROUP, APC LEE@BROWERLAWGROUP.COM

REBECCA LEEDS REBECCA.LEEDS@COCO.OCGOV.COM

THE LAW OFFICES OF BRETT MURDOCK BRETT@MURDOCKLAW.COM

Clerk of the Court, by:

, Deputy

SUPERIOR COURT OF CALIFORNIA, COUNTY OF ORANGE WEST JUSTICE CENTER

MINUTE ORDER

DATE: 09/01/2022

TIME: 03:00:00 PM

DEPT: W02

JUDICIAL OFFICER PRESIDING: Nathan Scott

CLERK: J. Castorena REPORTER/ERM:

BAILIFF/COURT ATTENDANT: D. Acosta

CASE NO: 30-2022-01273424-CU-WM-CJC CASE INIT.DATE: 08/03/2022

CASE TITLE: Briscoe vs. Robin Estanislau

EVENT ID/DOCUMENT ID: 73832357

EVENT TYPE: Petition for Writ

APPEARANCES

Lee Fink & Jafer Jaffery, from Brower Law Group, APC, present for Petitioner(s). Brett Murdock, from The Law Offices of Brett Murdock, present for Petitioner(s). Arturo N. Fierro from Leal Trejo, present for Real Party in Interest. Rebecca Leeds Senior Deputy County Counsel, present for Respondent.

The Court recites an oral tentative ruling.

The Court hears oral argument.

03:27 PM Court takes a brief recess.

03:35 PM Court is back in session.

The Court is prepared to rule. It presents two proposed judgments, Option A and Option B.

The Court hears further from counsel.

The Court having fully considered the arguments of all parties, both written and oral, as well as the evidence presented, now rules as follows:

The Petition for Writ of Mandate filed by John Briscoe is granted in part.

The Court adopts Option B, which is attached hereto and incorporated herein by reference.

The Clerk shall give notice.

IT IS SO ORDERED:

Hon. Nathan Scott

Judge of the Superior Court

DATE: 09/01/2022

DEPT: W02

MINUTE ORDER

Page 1

Calendar No.

Rebuttal to Argument in Favor of Charter Amendment Measure 3

Councilmembers Bolton/Kalmick (Prove City PROVE this is a POWER-GRAB to give City
Council MORE POWER to hire outside attorneys - BYPASSING the voters' City Attorney. It's DANGEROUS
- It undermines the INDEPENDENCE of the City Attorney that HB has voted for since early-1900s. The
City Attorney has successfully fought FOR THE RESIDENTS, won countless major legal victories, and
ensured City Council follows ALL LAWS. This Amendment gives MORE POWER to City Council to secretly
hire attorneys behind closed-doors, hidden from voters. In 2021, City Council
hired Included Alaptog attorney Craig Steele, Who is a
progressive POLITICAL activist and favorite of the progressive Political activists and favorite of the progressive Political activists and favorite of the progressive Political activists and favorite of the progressive Political activities and progressive Pol
City Council paid Steele taxpayer money the produce a phony
"political hit piece" attacking Mr. Gates. This is what giving City Council, a highly political body of non-
lawyers, the POWER to hire their lapdog attorneys produces - political harm and deception designed to
dupe the public into believing this proposed Charter Amendment is necessary. The only thing it proves is
the DANGER created by hiring attorneys behind closed-doors. Although highly critical of Mr. Gates,
Bolton/Kalmick were NOT ON CITY COUNCIL during most of Mr. Gates's legal work. Yet,
Bolton/Kalmick make a number of false claims against Mr. Gates, which are not true. I have worked with
Mr. Gates for 8 years. All decisions were made BY CITY COUNCIL and Mr. Gates is nothing but a stellar
Clty Attorney. Vote NO.
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The undersigned proponent(s) or author(s) of the Rebuttal to Argument in favor Charter of Amendment Measure 3 at the General Municipal Election for the City of Huntington Beach to be held on November 8, 2022, hereby states that such argument is true and correct to the best of their knowledge and belief.

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Signed:	Erlk Peterson		Daté:	17/25/	12	
Signed:			Date:	7/25/	12	

Rebuttal to Argument in Favor of Charter Amendment Measure 3

Councilmembers Bolton/Kalmick (NOT licensed attorneys) PROVE this is a POWER-GRAB to give City Council MORE POWER to hire outside attorneys - BYPASSING the voters' City Attorney. It's DANGEROUS - it undermines the INDEPENDENCE of the City Attorney that HB has voted for since early-1900s. The City Attorney has successfully fought FOR THE RESIDENTS, won countless major legal victories, and ensured City Council follows ALL LAWS. This Amendment gives MORE POWER to City Council to secretly hire attorneys behind closed-doors, hidden from voters. In 2021, City Council secretly and ILLEGALLY hired (violation Section 309, City Charter) lapdog attorney Craig Steele, who is a progressive POLITICAL activist and favorite of LONG-TIME FAMILY FRIEND Councilmember Kalmick. City Council secretly paid Steele \$50,000 of taxpayer money with no contract to produce a phony "political hit piece" attacking Mr. Gates. This is what giving City Council, a highly political body of nonlawyers, the POWER to hire their lapdog attorneys produces - political harm and deception designed to dupe the public into believing this proposed Charter Amendment is necessary. The only thing it proves is the DANGER created by hiring attorneys behind closed-doors. Although highly critical of Mr. Gates, nonattorneys Bolton/Kalmick were NOT ON CITY COUNCIL during most of Mr. Gates's legal work. Yet, Bolton/Kalmick make a number of false claims against Mr. Gates, which are not true. I have worked with Mr. Gates for 8 years. All decisions were made BY CITY COUNCIL and Mr. Gates is nothing but a stellar City Attorney. Vote NO.

The undersigned proponent(s) or author(s) of the Rebuttal to Argument in favor Charter of Amendment Measure 3 at the General Municipal Election for the City of Huntington Beach to be held on November 8, 2022, hereby states that such argument is true and correct to the best of their knowledge and belief.

Signed: Erik Peterson	Date:
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- 2. The "Rebuttal to Argument in Favor of Charter Amendment 3" dated July 25, 2022, and submitted by Erik Peterson (the "Rebuttal Argument") makes false and misleading statements about the purpose of proposed Charter Amendment 3 and the reasons why the City Council placed the item on the November 2022 ballot. This declaration addresses only the false, misleading, and, in some cases, defamatory statements Mr. Peterson made about me and the legal services my firm provided the City of Huntington Beach.
- 3. Richards, Watson & Gershon ("RWG") is a California law firm that specializes in the representation of public entities. We serve as city attorney in 26 cities, and as special counsel to dozens of other public agencies across the state.
- 4. I have practiced public agency law at RWG for my entire legal career, beginning in September of 1992. I serve as the sworn City Attorney for the Cities of Monrovia and Seal Beach, and as General Counsel for the Nipomo Community Services District. I previously served as the City Attorney in the Cities of Highland and Agoura Hills. I regularly serve as special counsel for numerous cities with elected city attorneys or "in-house" appointed city attorneys including, without limitation, the cities of Oakland, Redondo Beach, Compton, Pasadena, Palmdale, and Livermore. A true and correct copy of my professional biography is attached hereto as **Exhibit E**.
- 5. For a number of years, the City of Huntington Beach ("City") has retained RWG to handle various matters. As relevant to this matter, the City retained RWG in February of 2020 to perform various employment law-related matters. These representations were performed pursuant to a written and duly-executed contract approved by the City Attorney's office, a true and correct copy of which is attached hereto as **Exhibit F.**
- 6. On May 13, 2021, expressly as a written supplement to the February 2020 contract and at the direction of the City Council pursuant to Huntington Beach City Charter Section 304(b), then City Manager Oliver Chi executed a written task order directing RWG to conduct a review of the City's handling of an employment lawsuit in which two former employees of the City Attorney's office accused the City Attorney personally of employment-related misconduct. The City Attorney had a conflict of interest in the matter and claims to have "abstained" from the handling of the matter. A true and correct copy of this written supplemental agreement is attached

hereto as **Exhibit G.** The City had spent approximately \$1.5 million defending a thoroughly ordinary employment law matter that did not go to trial. Despite his "abstention," the City Attorney helped negotiate a settlement agreement of the matter in which he was personally named as a defendant. Under the settlement, the City Attorney was dismissed as a defendant and the City then was required to pay the plaintiffs \$2.5 million. The City Council later concluded it was appropriate to review whether the lawsuit had been handled correctly and whether City funds had been properly spent. The real party in interest herein, Councilman Peterson, disagreed with that decision to review the matter.

- violation of the Political Reform Act, a possible violation of Government Code Section 1090, and failures to follow the California Rules of Professional Conduct, the League of California Cities' Ethical Principles for City Attorneys and other best practices. My report, dated July 5, 2022, was released to the public by the City Council. A true and correct copy is attached as **Exhibit H.** The report is sourced, and cites relevant law and documentary evidence. The City Council waived the attorney-client privilege over the report and documents that support my findings. One recommendation of my report was that the City Council propose to the voters an amendment to the City Charter to clarify the roles and responsibilities between the City Attorney and City Council, especially in a case where the City Attorney has a conflict of interest. I am informed that the City Council did so, in the form of Charter Amendment 3. I believe Charter Amendment 3 is a particularly important governance and transparency measure in situations such as the City faced here, where the elected City Attorney has a conflict of interest but did not fully abstain from the matter.
- 8. It is not surprising that Councilman Peterson is not aware of the contents of my report, since he chose not to participate in all but one of my multiple closed session discussions of its contents with the City Council.
- 9. Rather than address the serious flaws in the handling of this matter by the City Attorney's office and outside counsel, the City Attorney's supporters like Mr. Peterson, are

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attempting to mislead the voters and divert their attention with false allegations of bias and procedural errors. The false and misleading Rebuttal Argument is a prime example.

- 10. The statement in the Rebuttal Argument that "[i]n 2021, City Council secretly and ILLEGALLY hired (violation of Section 309, City Charter)," is false and misleading. The City Attorney had a conflict of interest in the matter and claimed to have "abstained." Charter Section 309 cannot apply in a matter where the City Attorney has a conflict of interest. The City Attorney's refusal to recognize this basic aspect of professional responsibility is one reason Charter Amendment 3 has been submitted to the voters. The City Council voted 5-2 to direct me to perform the review of a matter in which the City Attorney had already declared he had a conflict of interest. Mr. Peterson was present in that session and, I am informed, voted against the supplemental legal services agreement that he claims in one sentence was "secret" and in another sentence, claims did not exist. The "secret" allegation improperly smears a lawful closed session meeting under the Brown Act, and is patently false because RWG's contract with the City is a matter of public record. The claim that retaining an outside law firm was illegal is a misrepresentation of the law because the City Council did so under the authority of Huntington Beach City Charter Section 304(b). That section provides, in relevant part: "The City Council shall have control of all legal business and proceedings and all property of the legal department, and may employ other attorneys to take charge of or may contract for any prosecution, litigation or other legal matter or business." Section 304(b) cannot reasonably be read to require the City Council to seek permission of the City Attorney to retain legal counsel to review the actions of the City Attorney in a matter where he has acknowledged many times that he has a conflict of interest and "abstained."
- 11. The statement in the Rebuttal Argument that I am a "lapdog attorney" is false and misleading political mudslinging at its worst, and intended to distract the voters' attention from the serious deficiencies that create the need for Charter Amendment 3. Mr. Peterson does not produce a shred of evidence to support this claim, and there is clear and convincing evidence that it is false and misleading. To my knowledge, I had never met or spoken to any member of the City Council (as constituted at the time), before I was retained to do the work. I was given no direction

as to the expected result by anyone involved, including the City Manager, and would not have accepted the work if any limits had been placed on my ability to perform an impartial and objective review.

- The statement in the Rebuttal Argument that I am a "PROGRESSIVE political 12. activist" is false and misleading, and intended to distract the voters' attention from the serious deficiencies identified in my report. I am neither "progressive" nor a "political activist." The term "progressive" is used in the rebuttal as an obvious dog whistle to the City Attorney's and Mr. Peterson's conservative supporters, and is meant to state that I am one of those liberal Democrats they battle against every day and therefore unreliable. In fact, although political affiliation is irrelevant by law in local government, I have been a registered Republican continuously since 1980, when I first registered to vote. The fact that my biography on RWG's website states that I worked professionally for a few Democratic political candidates in a prior career and in a previous century does not make me a "progressive" or a "political activist." Mr. Peterson omits many facts from my biography that rebut his false and misleading innuendo, including my nearly 30 years of professional experience in municipal law, the fact that I have been a City Attorney for over 20 years, and the fact that organizations like the League of California Cities frequently ask me to speak and write about good government subjects that are germane to the report I prepared. While my friends and family would laugh at the suggestion that I am "progressive," my political leanings are irrelevant to the thoroughly researched and factually supported report I prepared for the City. My work as a municipal attorney requires that I be non-partisan. The offices of City Attorney or City Councilmember in California are non-partisan, and most of us work hard to take that role seriously. There is no evidence whatsoever that I have ever been partisan in my work (progressive or otherwise), and there is not a word in the report I prepared for this matter that evidences any partisanship whatsoever. The attempt to smear me falsely using a dog whistle stereotype that is objectionable to some can only mislead and distract the voters, and should be struck.
- 13. The statement in the Rebuttal Argument that I am a "favorite of LONG-TIME FAMILY FRIEND Councilmember Kalmick" is false and misleading, and intended to distract the voters' attention from the serious deficiencies identified in my report. Prior to being engaged for

this project, I had never met Councilmember Dan Kalmick. I have never socialized with Councilmember Dan Kalmick. In over a year of working on my review, I believe I have met Dan Kalmick in person only twice, and then only in a professional capacity representing the City. In full transparency, Councilmember Dan Kalmick's father, Joe Kalmick, is a member of the City Council and Mayor in Seal Beach, where I serve as City Attorney. I have known Mayor Joe Kalmick only since he came on the City Council in 2018. I have never socialized with Mayor Joe Kalmick or any member of his family, including Dan Kalmick. Mayor Joe Kalmick and I never discussed the Huntington Beach matter prior to my engagement in May of 2020 or for several months thereafter, and only then in a passing reference to the coincidence of having met his son.

- 14. The statement in the Rebuttal Argument that the City has "secretly paid Steele \$50,000" for this matter is false. First, the City has not paid "Steele," it has paid RWG pursuant to its contract. Second, RWG's fees were not paid "secretly." Every payment to RWG is a matter of public record and not "secret." Finally, even the number is false as RWG has not been paid "\$50,000" or even close to that amount. As of the date of this declaration, RWG had been paid approximately \$35,000 in fees for the matter. The Rebuttal Argument fails to mention that a large portion of the City's legal fees after January 1, 2022 were incurred responding to both (i) communications from the lawyer the City Attorney hired at public expense and (ii) the City Attorney's attempts to suppress public release of my report.
- 15. The statement in the Rebuttal Argument that RWG was paid "with no contract" is false and misleading. The City entered into valid and legally binding written legal services agreements with RWG on February 11, 2020 (Exhibit F), and May 13, 2021 (Exhibit G).
- 16. The statement in the Rebuttal Argument that my report is a "phony political hit piece attacking Mr. Gates" is false and misleading. My report is accurate and non-partisan. No member of the City Council had any substantive influence over the contents of my report or even saw it until it was complete. Every statement of fact is attributed to a source, every relevant legal authority is cited. It expressly acknowledged that I did not find any evidence to indicate the City Attorney had committed a crime and only proposed future-looking policies and best practices to improve governmental function and transparency, and recover funds the City should not have paid. To

suggest my report is anything other than impartial and, in fact, fair to the City Attorney under the circumstances, is patently false and misleading.

17. As noted in the report, the Fair Political Practices Commission ("FPPC") initiated an investigation into an alleged violation of the Political Reform Act by a then-member of the City Attorney's office in response to facts that came to light in the course of my review. As I have been contacted by the FPPC investigator on this matter within the last week, I know the investigation is active. In more than a month since the report was publicly released, I am not aware that a word of it has been refuted by the City Attorney or outside counsel. Instead, the City Attorney and his political supporters, like real party in interest Peterson, have concocted baseless claims about my "bias," "reliability," and alleged motivations to distract the voters. The court should not allow those lies to be spread to the voters in official materials.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on this 19th day of August, 2022.

Craig Steele, Declarant

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- 2. The "Rebuttal to Argument in Favor of Charter Amendment 3" dated July 25, 2022 and submitted by Erik Peterson (the "Rebuttal Argument") is false and misleading. This declaration addresses only the demonstrably false and inaccurate characterizations made in the Rebuttal Argument.
- 3. The statement in the Rebuttal Argument that: "[i]n 2021, City Council secretly and ILLEGALLY hired (violation of Section 309, City Charter). . . " is false and misleading. The City Council did not secretly hire Richards Watson Gershon ("RWG").
- 4. Acting in accordance with its authority under the City Charter, the City Council, by a majority of the Council voted to ask outside counsel to investigate the handling of an employment lawsuit in which two former employees of the City Attorney's office accused the City Attorney personally of employment-related misconduct. The City Attorney rightly declared he had a conflict of interest in the matter and purports to have "abstained" from the handling of the matter. The City entered into legal services agreements with RWG on February 11, 2020 and May 13, 2021 that are matters of public record. These decisions are documented in the City Manager's July 5, 2022, Request for City Council Action, File 22-593, a true and correct copy of which is attached hereto as Exhibit A.
- 5. The statement in the Rebuttal Argument that Mr. Steele is a "LONG-TIME FAMILY FRIEND" of mine is false. I first met Mr. Craig Steele when former City Manager Oliver Chi introduced me to him in April of 2021 as the person in charge of the operational investigation the City Council had called for. I had never to my knowledge met Mr. Steele before nor had any interaction with him. I have only met Mr. Steele in person on two occasions: Once during the time scheduled at City Hall for my interview for his investigation and once as a member of the Legal Affairs Ad Hoc Committee in a meeting with Mayor Barbara Delgleize, Councilmember Bolton, former Interim City Manager Sean Joyce, City Attorney Michael Gates, and Mr. Gates's Attorney, Derek Cole.
- 6. The statement in the Rebuttal Argument that the "City Council secretly paid Steele \$50,000..." "... with no contract" is false and misleading. As of May 2022, the City has not paid Mr. Steele, it has paid RWG, a Professional Corporation, with numerous shareholders. The City

has paid RWG only \$35,577.00 through May 2022, as documented in the City Manager's July 5, 2022, Request for City Council Action. This figure is not secret, but a matter of public record. The City did not pay the fees to RWG "with no contract," but rather pursuant to two legal services agreements that are a matter of public record.

7. The statement in the Rebuttal Argument that that the authors of the argument in favor of Measure 3 "make a number of false claims against Mr. Gates, which are not true," is false and misleading. Neither I nor Councilmember Bolton have made any false claims against Mr. Gates. In fact, Councilmember Bolton and I made no direct claims about Mr. Gates at all in our "Arguments in Favor of Measure 3." Any statements made about the City Attorney's office are purely factual and supported either by facts presented in Mr. Steele's report or in documents that are part of the public record.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on this 17th day of August, 2022.

Dan Kalmick, Declarant

- 2. The "Rebuttal to Argument in Favor of Charter Amendment 3" dated July 25, 2022 and submitted by Erik Peterson (the "Rebuttal Argument") is false and misleading. This declaration addresses only the demonstrably false and inaccurate characterizations made in the Rebuttal Argument.
- 3. I first met Mr. Craig Steele in February of 2019, when I was sworn into my position on the City Council in Seal Beach. I have no personal relationship with Mr. Steele. I have only worked with him as the City Attorney for the City of Seal Beach. The only time I have ever, to my knowledge, met Mr. Steele outside of the Seal Beach City Council chambers or via video conference within my duties as Mayor and City Councilmember is when I attended the Richards Watson Gershon holiday party with other members of the City Council.
- 4. Mr. Steele is not a "LONG-TIME FAMILY FRIEND" of mine or, as far as I know, my son Dan Kalmick, as the Rebuttal Argument claims. This claim is false and misleading to voters.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on this 17 day of August, 2022.

Joe Kalmick, Declarant