

From: [James Pugh](#)
To: [Yang, Elizabeth](#); [Lo, Henry](#); [Sanchez, Jose](#); [Wong, Thomas](#); [Ngo, Vinh T.](#)
Cc: [MPClerk](#); [Alvarez, Inez](#); [Hou, Timothy](#); [Berger, Karl H.](#); [Munoz, Eliana](#); [Bryan Marsh](#); [Chris Flynn](#); [Scott Rynders](#); [Kent Raygor](#); [Rocky Delgadillo](#); [Jeff Snow](#)
Subject: Council Hearing Agenda Item 9.A - 1977 Saturn - Preserving Legal Issues for Record
Date: Wednesday, February 4, 2026 3:34:40 PM
Attachments: [1977 Saturn - Data Center Item 9.A - 2.4.26.pdf](#)
Importance: High

[EXTERNAL EMAIL]

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City Councilmembers and City Staff,

As you know, the process around the data center project has devolved. Other members of the applicant team are working with the city and community to advance the project.

Our focus is legal. The applicant prefers not to litigate, but the city's actions are forcing the issue. We oppose a ban on data centers and request the city not take such action, in any manner.

The attached letter is for your consideration and the administrative record.

Regards,

James E. Pugh | Partner
SheppardMullin | Costa Mesa
+1 714-424-2854 | ext. 12854
+1 949-877-4891 | mobile

From: James Pugh
Sent: Tuesday, December 2, 2025 8:54 AM
To: 'eyang@montereypark.ca.gov' <eyang@montereypark.ca.gov>; 'hlo@montereypark.ca.gov' <hlo@montereypark.ca.gov>; 'josanchez@montereypark.ca.gov' <josanchez@montereypark.ca.gov>; 'twong@montereypark.ca.gov' <twong@montereypark.ca.gov>; 'vngo@montereypark.ca.gov' <vngo@montereypark.ca.gov>
Cc: 'MPClerk' <MPClerk@MontereyPark.ca.gov>; 'ialvarez@montereypark.ca.gov' <ialvarez@montereypark.ca.gov>; 'thou@montereypark.ca.gov' <thou@montereypark.ca.gov>; 'kberger@bwsllaw.com' <kberger@bwsllaw.com>; 'emunoz@montereypark.ca.gov' <emunoz@montereypark.ca.gov>; 'Bryan Marsh' <bmarsh@stratcap.com>; Chris Flynn <cflynn@stratcap.com>; Scott Rynders <scott@rynderscorp.com>
Subject: 1977 Saturn - Litigation Risk Letter
Importance: High

Dear Honorable Mayor and City Council Members,

Attached is an important letter that summarizes key information about the 1977 Saturn project. We prepared this letter for the City to provide simple answers to recent questions and provide facts about the project. We respectfully ask that you review it before the City Council hearing on December 3, 2025 to facilitate informed decision making.

Thank you,

James E. Pugh | Partner
+1 714-424-2854 | direct
+1 949-877-4891 | mobile
JPugh@sheppardmullin.com | [Bio](#)

SheppardMullin

650 Town Center Drive, 10th Floor
Costa Mesa, CA 92626-1993
+1 714-513-5100 | main
www.sheppardmullin.com | [LinkedIn](#) | [Twitter](#)



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February 4, 2026

File Number: 89AF-371175

VIA E-MAIL

City Council
City of Monterey Park
320 W. Newmark Avenue
Monterey Park, CA 91754
Email: c/o City Clerk,
MPCLerk@montereypark.ca.gov

Re: 1977 Saturn Data Center Project – Agenda Item 9.A on City Council Agenda

Dear Mayor and City Councilmembers,

We represent HMC StratCap 1977 Saturn, LLC (“Applicant”) regarding its data center project (“Project”) located at 1977 Saturn Street (“Project Site”) in the City of Monterey Park (“City”). It is clear to us that the City’s actions against the Project, especially lately, have become hostile. Item 9.A on the agenda for the February 4, 2026 city council meeting is yet another step evidencing the City’s ill will and bias against the Project and/or Applicant. We oppose and object to Item 9.A and request that the City not impose a data center ban in any manner. The City’s actions are subjecting it to potential litigation risks and financial liability as discussed below.

The Applicant’s preferred path for the Project is to work with the City to responsibly permit the Project and engage the community in a reasonable manner. However, since early December 2025, the city council has essentially reversed its position on the Project in a manner that amounts to an abuse of discretion and is contrary to evidence in the record. As we have previously noted, as recently as November 19, 2025, the City issued a staff report for the Project finding that it would not create significant impacts on the environment. That finding was backed by the City’s own environmental review pursuant to the California Environmental Quality Act (“CEQA”). The City hired an independent CEQA consultant to ensure that the City’s Initial Study/Mitigated Negative Declaration (“IS/MND”) adequately analyzed impacts. Similarly, the City prepared a draft ordinance (for potential approval of the Project) stating that, based on the evidence presented to the city council, the City need not prepare further environmental review. Nonetheless, the City has now flipped its position (regarding environmental review and a potential ban on data centers) and appears to have crossed the line into advocacy against the Project. The City’s flip was tied directly to, and may be in concert with, certain project opponents, and was not based on credible evidence. Those actions are unlawful and demonstrate that councilmembers are no longer neutral and unbiased.

With nearly every step in the administrative process, the City has established roadblocks, created delay, used administrative tools to undercut the Project, and generally abused its

discretion. Similarly, the councilmembers' statements to the press, coordination with opponents, and public deliberations on the data center matter demonstrate that there is an unacceptable probability of bias, and likely actual bias, on the part of a municipal decisionmaker. The Project contains quasi-adjudicatory and quasi-legislative actions combined, which triggers strict legal protocols. Accordingly, we must preserve issues for the administrative record and intend to further demonstrate the City's unlawful actions. At this time, we merely preserve certain issues for the record as the City considers a data center ban, and a potential ballot measure, to accomplish the same. We see the City's actions as politically-motivated steps, unsupported by evidence or law, intentionally designed to strip the Applicant's legal rights.

The City's effort to enact a city-wide ban of data centers also would result in an unconstitutional taking in violation of the California and United States Constitutions. In addition, the City's use of long-duration moratoriums, that are unsupported by evidence, alone can lead to liability for an unconstitutional taking. The City knows, and a court of law ultimately would understand, that the City's actions here are focused on the Applicant's property and Project. There is no hiding that fact regardless of the City's attempts to cloak the truth by claiming its actions are generally applicable to data center uses. The Applicant's project is the one and only proposed data center in the City – and the City's actions are clearly targeted at just the Applicant and this Project. The City has toggled between moratoriums, permanent bans, and other regulatory constraints that when viewed holistically demonstrate the City's unlawful acts. We reserve all rights to pursue a takings claim against the City.

The City also is violating the Applicant's substantive and procedural due process rights. Land use decisions, like all government actions, are subject to the substantive requirements of the federal and state due process clauses. Substantive due process guards against arbitrary and capricious government action, even when the decision to take that action is made through procedures that are in themselves constitutionally adequate. The City's flip-flopping based purely on public opposition and political pressure is not a basis for the city council to arbitrarily and capriciously implement measures to kill the Project, especially in the face of strong evidentiary support for the Project. Likewise, the law requires procedural due process, including but not limited to, the provision of adequate notice and an opportunity to be heard before a governmental deprivation of an individual's life, liberty, or property. Such procedural due process requires a fair hearing and administrative process. Here, the City has been anything but fair. Instead, the City has, in bad faith, repeatedly coerced and baited the Applicant into certain private decisionmaking while flaunting applicable legal procedures during public decisionmaking. We reserve all rights to pursue due process claims against the City.

The City also is violating equal protection laws. When a land use action is motivated by ill will or subjective action wholly unrelated to any legitimate state objective, an equal protection claim may be sustained as establishing that the government action is irrational. Of course, an equal protection claim can rest on additional legal constructs, which also apply in this matter. The City's actions of late have been reactionary, and based on public pressure, that the councilmembers perceive as politically threatening. As a result, the councilmembers have exhibited vindictive action and illegitimate animus toward the Applicant and the Project, which is not based on fact or evidence. Moreover, it seems clear from council hearings, and independent actions of certain city staff and elected officials, that the City is acting on improper motive and

shirking the duties of legitimate informed decisionmaking. Even if a government action has a rational basis on its face, an equal protection challenge to the action can be based on a claim that the proffered rationale for the action is pretextual. Similarly, the City's actions on their face apply to the Project alone, as evidenced by councilmembers' own deliberations, and because the Applicant's project is the only data center proposed in the City. Examining the record in this matter, especially the recent actions of the City, demonstrates pretext for denial of the Project. All of this is within the context of the City deviating from its own rules wherein the data center is consistent with the general plan land use designation and permitted uses in the municipal code. These issues and other evidence of unlawful acts will be exposed in the disclosure of public records and communications, discovery, and depositions. We reserve all rights to pursue equal protection claims against the City.

In conclusion, the Applicant prefers not to litigate this matter, but the City's actions are forcing the issue. While we believe there are workable solutions to revitalize the chronic vacancy plaguing Saturn Park, we cannot sit idly by while the City tramples the Applicant's legal rights. The City's actions also appear shortsighted, and based primarily on a vocal contingent of people that are lying loudly about the characteristics of the Project. Recall, some of those same people have threatened you with political and physical violence; and are rage-baiting an uninformed mob to pressure your decisionmaking. There is an opportunity here to cut through the noise – and work with the genuinely concerned residents of the City – to find a mutually acceptable solution for the City, Applicant, and interested residents. However, no parties can embrace that opportunity if the City continues its onslaught of unlawful and reactionary actions against the Project. This Project would be an economic engine for the City and can be constructed and operated in an environmentally sensitive manner. The Project would provide the City with recurring revenue to address the City's most pressing social and structural issues, all without stressing the City's tax base or its fire and life safety services. That would be a direct benefit for the City's residents and businesses. Moreover, the Applicant has demonstrated its willingness to prove the environmental soundness of the Project and provide the community with tangible benefits that improve neighborhood connectivity and establish new open space that can be enjoyed by all. The City is on the verge of squandering those opportunities in exchange for litigation risk and economic damages.

Regards,

A handwritten signature in blue ink that reads "James E. Pugh". The signature is written in a cursive, flowing style.

James E. Pugh
for SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

February 4, 2026
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cc:

mpclerk@montereypark.ca.gov

Inez Alvarez, City Manager, ialvarez@montereypark.ca.gov

Timothy Hou, Director of Community Development, thou@montereypark.ca.gov

Karl Berger, City Attorney, kberger@bwslaw.com

Bryan Marsh, StratCap

Chris Flynn, StratCap

Scott Rynders, The Rynders Corporation

Kent R. Raygor, Sheppard Mullin

Rockard J. Delgadillo, Sheppard Mullin

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