

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

101



**FROM:** Economic Development Agency/Facilities Management

**SUBMITTAL DATE:**  
July 7, 2014

**SUBJECT:** Vail Ranch Historic Site – Fourth Amendment to Offer to Dedicate and Lease, First Amendment to Vail Ranch Historic Site Sublease Agreement, CEQA Exempt, District 3/District 3, [\$3,412,000], Vail Ranch Sales Tax Sharing Agreement (STSA) Escrow 99.65%, RDA Capital Improvement Fund 31540 0.35%

**RECOMMENDED MOTION:** That the Board of Supervisors:

- Find that the project is exempt from CEQA pursuant to State CEQA Guidelines Section 15301, Existing Facilities;
- Approve and authorize the Chairman to execute the attached Fourth Amendment to Offer to Dedicate and Lease and the First Amendment to the Vail Ranch Historic Site Sublease Agreement between the County of Riverside and Vail Headquarters, LLC, providing for the restoration and adaptive re-use of the Vail Ranch Historic Site; and

(Continued)

Robert Field  
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 12,000	\$ 3,400,000	\$ 3,412,000	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$	\$	\$ 0	

**SOURCE OF FUNDS:** Vail Ranch Sales Tax Sharing Agreement (STSA) Escrow 99.65%, RDA Capital Improvement Fund 31540 0.35%  
**Budget Adjustment:** Yes  
**For Fiscal Year:** 2014/15-2015/16

**C.E.O. RECOMMENDATION:**

**APPROVE**

BY:   
Denise C. Harden

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

FORM APPROVED COUNTY COUNSEL  
BY: PATRICIA MUNROE  
DATE: 7/8/14

FISCAL PROCEDURES APPROVED  
BY: Esteban Hernandez  
PAUL ANGLU, CPA, AUDITOR-CONTROLLER  
Departmental Concurrence

A-30  
 4/5 Vote  
 Positions Added  
 Change Order

Prev. Agn. Ref.: 3.44 of 9/1/09 | District: 3/3 | Agenda Number:

3-62

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**  
Economic Development Agency/Facilities Management

**FORM 11:** Vail Ranch Historic Site – Fourth Amendment to Offer to Dedicate and Lease, First Amendment to Vail Ranch Historic Site Sublease Agreement, CEQA Exempt, District 3/District 3, [\$3,412,000], Vail Ranch Sales Tax Sharing Agreement (STSA) Escrow 99.65%, RDA Capital Improvement Fund 31540 0.35%

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**RECOMMENDED MOTION:** (Continued)

3. Direct the Clerk of the Board to deliver Notice of Exemption to the office of the County Clerk for filing within five working days of this Board hearing;
4. Authorize reimbursement to EDA/Real Estate Division for costs incurred not-to-exceed \$12,000 in staff time and legal costs; and
5. Approve and direct the Auditor-Controller to make FY 2014/15 budget adjustments for the RDA Capital Improvement Fund 31540 in the amount of \$12,000, as shown on Schedule A.

**BACKGROUND:**

**Summary**

Pursuant to a Settlement Agreement dated January 27, 1988, on May 13, 2003, the Board of Supervisors approved and executed an Offer to Dedicate and Lease Agreement between the County and Redhawk Towne Center, LLC (the Historic Site Lease) to restore, lease and maintain the Vail Ranch Historic Site. The primary features of the original agreements are as follows:

- The Developer will dedicate the four acre historic site and six structures to the County;
- The County will lease the entire site back to the Developer for a period of 30 years, plus two options for a total of 49 years;
- The Developer will complete the restoration and adaptive reuse of the historic site which is estimated to cost over \$7,000,000;
- The Developer will sublease to the County 1,400 square feet of improved space for a period of 49 years, and provide a license for use of the entire site for educational and community activities;
- The County will pay \$3.2 million plus accrued interest in sublease payments to the Developer from Sales and Use Tax generated on the adjacent retail development site; and
- At the end of the 49 year lease period, the County will have exclusive possession and ownership of the entire historic site, including the restored structures.

The Historic Site is comprised of six historic structures on approximately four acres of a larger site that was approved for 400,000 square feet of retail space that was subsequently developed. Redhawk Towne Center, LLC, was acquired by a new parent company, Kimco Realty Corporation. Kimco did not have expertise in adaptive re-use of historic structures and proposed that a developer with experience in this area be solicited for the project. Kimco issued a request for proposals for the restoration and re-use of the historic site, and Artec Partners was selected based on extensive experience on adaptive re-use for commercial and residential projects in the Inland Empire. Artec Partners is family-owned and operated, and it is their mission to foster historic preservation through investment and long-term commitment to communities through public-private partnerships. An assignment obligated Vail Headquarters, LLC, a limited liability corporation formed by the members of Artec Partners (Vail), to complete the project based on the same terms and conditions that were agreed to in the original agreement and subsequent amendments in 2007, 2008 and 2009.

(Continued)

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Economic Development Agency/Facilities Management

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## **BACKGROUND:**

### **Summary** (Continued)

In accordance with CEQA, Vail's proposed development project was deemed by the Planning Commission of the City of Temecula in 2008 to be categorically exempt from further environmental review (Section 15332, Class 32 In-Fill Development). Building permits have been secured and Vail is ready to begin construction upon the close of escrow. Restoration improvements are anticipated to be completed by December 2015.

### **Impact on Residents and Businesses**

This historic preservation reuse project will allow for enjoyment of a key and historic site of the County. The residents and businesses will benefit from this historic project which has the potential to increase tourism and business in this region through events, festivals and community activities. The historic educational value of the site will be a draw to students, residents, teachers and families who will come to enjoy and learn.

### **Contract History and Price Reasonableness**

On May 13, 2003, Redhawk Towne Center LLC (Redhawk) and County entered into that certain Offer to Dedicate & Lease Agreement, as amended by that certain letter agreement dated November 14, 2003, (Original Offer to Dedicate), wherein Redhawk agreed, among other things, to complete certain Restoration Improvements to a 4 acre historic site (the Historic Site) that is part of the commercial center owned by Redhawk.

On January 23, 2007, the County, VHQ and Redhawk entered into a first amendment to the Original Offer to Dedicate, which provided a new schedule for completion of the Restoration Improvements and further provided for Redhawk to convey the Historic Site to VHQ.

On September 2, 2008, the County and Redhawk entered into a second amendment to the Original Offer to Dedicate, which provided a new schedule for completion of the Restoration Improvements and further provided for Redhawk to convey the Historic Site to VHQ.

On September 1, 2009, the County and VHQ entered into a third amendment to the Original Offer to Dedicate which provided an updated schedule for the Restoration Improvements.

The attached Fourth Amendment to Offer to Dedicate and Lease provides for an updated site plan, an amended schedule for the Restoration Improvements, and updated payment provisions that recognize and accommodate the fact that conditions in the original Offer to Dedicate and Lease Agreement necessary to sequester sales and use tax from the site into escrow have already been fulfilled. The attached First Amendment to Vail Ranch Historic Site Sublease Agreement causes the sublease to be consistent with the Fourth Amendment to Offer to Dedicate and Lease as amended. The attached Fourth Amendment to Offer to Dedicate and Lease and the First Amendment to Vail Ranch Historic Site Sublease Agreement have been approved as to form by County Counsel.

#### Attachments:

Fourth Amendment to Offer to Dedicate and Lease

First Amendment to Vail Ranch Historic Site Sublease Agreement

CEQA Notice of Exemption

Schedule A

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Schedule A

**Increase appropriations:**

31540-1100100000-551100 Contributions to other county funds	\$12,000
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**Decrease fund balance:**

31540-1100100000-321101 Restricted use of program money	\$12,000
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