



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

FROM: Economic Development Agency/Facilities Management

SUBMITTAL DATE:
July 17, 2014

SUBJECT: Vail Ranch Historic Site – Ground Lessor’s Consent, Estoppel Certificate and Agreement, CEQA Exempt, District 3/District 3, [\$0] CEQA Exempt

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the project is exempt from CEQA pursuant to State CEQA Guidelines Section 15301, Existing Facilities;
2. Approve and authorize the Chairman to execute the attached Ground Lessor’s Consent, Estoppel Certificate and Agreement pertaining to the Ground Lease;
3. Approve and authorize the Chairman to execute the letter to Preferred Bank confirming the Offer to Dedicate and Lease between developer and County.

(Continued)

Robert Field
Assistant County Executive Officer/EDA

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

SOURCE OF FUNDS: N/A

Budget Adjustment: No

For Fiscal Year: 2014/15

C.E.O. RECOMMENDATION:

APPROVE

BY:
Denise C. Harden

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- A-30
- 4/5 Vote
- Positions Added
- Change Order

Prev. Agn. Ref.: 3.44 of 9/1/09.

District: 3/3

Agenda Number:

3-63

FORM APPROVED COUNTY COUNSEL
BY: PATRICIA MUNROE
7/17/14
DATE

Departmental Concurrence

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

Economic Development Agency/Facilities Management

FORM 11: Vail Ranch Historic Site – Ground Lessor’s Consent, Estoppel Certificate and Agreement, CEQA Exempt, District 3/District 3, [\$0] CEQA Exempt

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BACKGROUND:

Summary

The Fourth Amendment to Offer to Dedicate & Lease that is a companion to this item appearing earlier on this agenda provides for an updated site plan and an amended schedule for the restoration improvements proposed by the current developer of the site, Vail Headquarters, LLC, who is the assignee that took over responsibility for restoration of the Vail Ranch Historic Site.

The attached Ground Lessor’s Consent, Estoppel Certificate and Agreement between the County, Vail Headquarters, LLC, and Preferred Bank, the lender for Vail Headquarters, LLC, reaffirms the primary terms and conditions of the associated Ground Lease for the purpose of providing Preferred Bank assurances regarding the project and the obligations of the parties related thereto, and the lender’s position within the transaction. The attached letter from the County to Preferred Bank confirms certain terms and conditions as they pertain to the Offer to Dedicate and Lease, and sets forth contingencies if Preferred Bank were to foreclose on the property and step into role of developer, or assign the agreement to another party. Both documents have been approved as to form by County Counsel.

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

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 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 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.

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The Offer to Dedicate & Lease Agreement was 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 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.

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.

Attachments:

Ground Lessor’s Consent, Estoppel Certificate and Agreement
Letter to Preferred Bank