

FORM APPROVED COUNTY COUNSEL
 BY: GREGORY P. PRIAMOS DATE: 1/13/16
 Departmental Concurrence

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

413



FROM: Economic Development Agency

SUBMITTAL DATE:
 January 13, 2016

SUBJECT: Vail Ranch Historic Site – Fifth Amendment to Offer to Dedicate and Lease, CEQA Exempt, District 3, [\$3,400,000], Vail Ranch Sales Tax Sharing Agreement Escrow 100%

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, Existing Facilities and 15061(b)(3);
2. Approve and authorize the Chairman to execute the attached Fifth Amendment to Offer to Dedicate and Lease between the County of Riverside and Vail Headquarters, LLC, providing for the restoration and adaptive re-use of the Vail Ranch Historic Site;
3. Approve and authorize the Chairman to sign a consent to an Extension Agreement between Vail Headquarters, LLC and Preferred Bank to extend and amend the loan;

(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	\$ 0	\$ 3,400,000	\$ 3,400,000	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: Vail Ranch Sales Tax Sharing Agreement Escrow 100% (previously approved)

Budget Adjustment:
 For Fiscal Year:

C.E.O. RECOMMENDATION: APPROVE

BY:
 Denise C. Harden

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

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

Economic Development Agency

FORM 11: Vail Ranch Historic Site – Fifth Amendment to Offer to Dedicate and Lease, CEQA Exempt, District 3, [\$3,400,000], Vail Ranch Sales Tax Sharing Agreement Escrow 100%

DATE: January 13, 2016

PAGE: 2 of 3

RECOMMENDED MOTION: (Continued)

4. Authorize the Executive Director of EDA or designee to execute and administer all necessary actions to complete this transaction; and
5. 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.

BACKGROUND:

Summary

Pursuant to a Settlement Agreement dated January 27, 1998, 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:

- Upon completion and restoration of the entire site, 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, 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 (VHQ), 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.

At the time the Fourth Amendment was approved and executed, restoration improvements were anticipated to be completed by December 2015. Construction of the restoration improvements are well under way and it is anticipated by VHQ that completion could occur as early as May 2016.

(Continued)

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

Economic Development Agency

FORM 11: Vail Ranch Historic Site – Fifth Amendment to Offer to Dedicate and Lease, CEQA Exempt, District 3, [\$3,400,000], Vail Ranch Sales Tax Sharing Agreement Escrow 100%

DATE: January 13, 2016

PAGE: 3 of 3

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.

On July 29, 2014, the County and VHQ entered into a fourth amendment to Offer to Dedicate and Lease, which provided 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 proposed Fifth Amendment to Offer to Dedicate and Lease will extend the time frame for completion of the improvements from December 31, 2015 to December 31, 2016. Accordingly, the consent to Loan Extension will extend the loan term to be consistent with the Fifth Amendment. The Fifth Amendment to Offer and Dedicate and Lease and the consent to Extension Agreement have been reviewed and approved as to form by County Counsel.

Attachments:

Fifth Amendment to Offer to Dedicate and Lease

Consent

CEQA Notice of Exemption

Aerial Image

FIFTH AMENDMENT TO OFFER TO DEDICATE AND LEASE AGREEMENT

THIS FIFTH AMENDMENT TO OFFER TO DEDICATE AND LEASE AGREEMENT ("Fifth Amendment"), dated as of _____, is entered into by and between the County of Riverside, a political subdivision of the State of California ("County"), and Vail Headquarters, LLC, a California limited liability company ("Developer" or "VHQ"), sometimes collectively referred to as the "Parties". The Parties desire to amend the Offer to Dedicate and Lease Agreement dated May 13, 2003.

RECITALS

A. County and VHQ, successor in interest to Redhawk Towne Center, LLC, a Delaware limited liability company, have entered into that certain Offer to Dedicate and Lease Agreement dated May 13, 2003 (the "Agreement"), pursuant to which Developer is obligated to complete certain restoration improvements on a historic site, as more particularly described in the Agreement and all subsequent amendments thereto.

B. The Original Agreement has been amended by the following:

1. That certain First Amendment to Offer to Dedicate and Lease dated January 23, 2006, whereby VHQ succeeded Redhawk Towne Center, LLC as Developer;
2. That certain Second Amendment to Offer to Dedicate and Lease dated September 2, 2008, whereby mortgagee protection was added to the Agreement;
3. That certain Third Amendment to Offer to Dedicate and Lease dated September 1, 2000, whereby the project schedule was amended; and
4. That certain Fourth Amendment to Offer to Dedicate and Lease dated July 29, 2014 whereby the Restoration Improvements were redefined, the project schedule was amended, the County Sublease was amended, Exhibit "C" was supplemented, and the Notice provisions were amended.

C. The Parties now desire to amend the Agreement to extend the time for completion of the project and update Exhibit "J".

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

1. **DELIVERY SCHEDULE.** Exhibit "J" shall be deleted and replaced with an amended Exhibit "J," attached hereto and by this reference be incorporated herein.
2. **CAPITALIZED TERMS.** Fifth Amendment to Offer to Dedicate and Lease to Prevail. Unless defined herein or the context requires otherwise, all capitalized terms herein shall have the meaning defined in the Agreement, as heretofore amended. The provisions of this Fifth Amendment to Offer to Dedicate and Lease shall prevail over any

inconsistency or conflicting provisions of the Agreement, as heretofore amended, and shall supplement the remaining provisions thereof.

3. MISCELLANEOUS. Except as amended or modified herein, all the terms of the Agreement shall remain in full force and effect and shall apply with the same force and effect. Subject to the provisions of the Agreement as to assignment, the agreements, conditions and provisions herein contained shall apply to and bind the heirs, executors, administrators, successors and assigns of the Parties hereto. If any provisions of this Fifth Amendment to Offer to Dedicate and Lease or the Agreement shall be determined to be illegal or unenforceable, such determination shall not affect any other provision of the Agreement and all such other provisions shall remain in full force and effect. The language in all parts of the Agreement shall be construed according to its normal and usual meaning and not strictly for or against either County or Developer.

4. EFFECTIVE DATE. This Fifth Amendment to Offer to Dedicate and Lease shall not be binding or consummated until its approval by the Board of Supervisors for the County of Riverside and fully executed by the Parties.

SIGNATURE PROVISIONS ON THE FOLLOWING PAGE

IN WITNESS WHEREOF, the Parties have executed this Fifth Amendment to Offer to Dedicate and Lease Agreement as of the date first written above.

COUNTY OF RIVERSIDE,
a political subdivision of the State
of California

VAIL HEADQUARTERS, LLC,
a California limited liability company

By: _____
John J. Benoit, Chairman
Board of Supervisors


By: _____
Gerald B. Tessier
Its: Manager

ATTEST:
Kecia Harper-Ihem
Clerk of the Board

By: _____
Deputy

(SEAL)

APPROVED AS TO FORM:
Gregory P. Priamos
County Counsel

By: 
R. Todd Fran
Deputy County Counsel

1
2
3 **AMENDED EXHIBIT "J"**

4 **SCHEDULE**

5 **[Amended _____]**

6

7 <u>TASK</u>	8 <u>TIME FOR COMPLETION</u>
9 Offer of dedication to the County for 10 Historic Site	Completed
11 Site Plan Study and completion of 12 conceptual design	Completed
13 Submit conceptual design and draft plot 14 plan to County	Completed
15 Community, City & County Meetings to 16 present Conceptual site and floor plans	Completed
17 County Approval of Plot Plan and 18 conceptual designs	Completed
19 Development Review Application 20 submitted to City	Completed
21 Submit Construction Documents to City 22 for 1st plan check	Completed
23 Start of Construction of Restoration 24 Improvements	Commenced
25 Complete Construction (Certificate of 26 Occupancy) for All Restoration 27 Improvements	December 31, 2016

28
29

CONSENT

Pursuant to Section 30 of the Offer to Dedicate and Lease Agreement dated March 13, 2003, together with any and all amendments thereto or modifications thereof (the "Agreement"), between the County of Riverside, a political subdivision of the State of California (the "County"), and Vail Headquarters, LLC, a California limited liability company ("VHQ"), the County consents to VHQ exercising its right to amend certain obligations and indebtedness of VHQ to Preferred Bank, a California banking corporation ("Lender") by an Extension Agreement pursuant to the terms of that certain Deed of Trust dated September 5, 2014, together with any and all amendments thereto or modifications thereof (the "Deed of Trust"), executed by VHQ in favor of the Lender, which was recorded on September 26, 2014, as Instrument No. 2014-0366572 in the County of Riverside, California, encumbering the real property more particularly described in Exhibit "A" attached hereto, consistent with the terms and conditions of the Agreement.

COUNTY:

County of Riverside, a
political subdivision of the State of
California

By: _____
John J. Benoit, Chairman
Board of Supervisors

ATTEST:

Kecia Harper-Ihem
Clerk of the Board

By: _____
Deputy

APPROVED AS TO FORM:

Gregory P. Priamos
County Counsel


By: 
R. Todd Frasier
Deputy County Counsel

EXHIBIT "A"
LEGAL DESCRIPTION

All that certain real property situated in the County of Riverside, State of California, described as follows:

Parcel 1:

Parcel G as shown on Lot Line Adjustment No. 4512, as evidenced by document recorded September 16, 2002 as Instrument No. 02-513211 of Official Records, being more particularly described as follows:

Being a portion of Lots 5, 6 and 7 of Tract No. 23172, in the City of Temecula, County of Riverside, State of California, as recorded in Book 251 of Maps, at Pages 94 through 99, inclusive, Records of Riverside County, Ca.

Also being a portion of Property "G" and "H" as shown on Lot Line Adjustment No. 4265, recorded September 6, 2000 as Instrument No. 00-350018, Records of Riverside County, California, described as follows:

Commencing at the Southeasterly corner of Property "G" as shown on Lot Line Adjustment No. 4265, recorded as September 6, 2000 as Instrument No. 00-350018, records of Riverside County, Ca., said point also being on Southerly line of said Tract 23172;

Thence Northeasterly along said Southerly line, North 68°58'51" East, a distance of 86.51 feet to the true point of beginning;

Thence North 22°08'00" West, a distance of 225.65 feet

Thence South 67°52'00" West, a distance of 50.80 feet;

Thence North 22°08'00" West, a distance of 193.64 feet;

Thence South 76°11'38" West, a distance of 349.91 feet;

Thence South 16°37'49" East, a distance of 463.52 feet;

Thence North 68°58'51" East, a distance of 441.55 feet, to the true point of beginning.

Parcel 2:

A perpetual, appurtenant and nonexclusive easement for pedestrian and vehicular ingress and egress and parking over Parcels D, E and H as shown on Notice of Lot Line Adjustment 4265, recorded September 6, 2000 as Instrument No. 2000-350018 of Official Records.

Assessor's Parcel No: 960-010-044-8



NOTICE OF EXEMPTION

December 28, 2015

Project Name: Vail Ranch – Fifth Amendment to Offer and Dedicate Lease Agreement

Project Number: FM04217200205

Project Location: south of Temecula Valley Parkway, west of Redhawk Parkway, Temecula, California;
Assessor's Parcel Number (APN) 960-010-044 (See attached exhibit)

Description of Project: The County of Riverside (County) previously approved and executed an Offer to Dedicate and Lease Agreement (May 13, 2003) between the County and Redhawk Towne Center, LLC (Lease Agreement) to restore, lease and maintain the Vail Ranch Historic Site. 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. The development project was deemed by the City of Temecula Planning Commission to be categorically exempt from further environmental review in 2008.

Arteco Partners was selected for the restoration and re-use of the historic site, based on extensive experience on adaptive re-use for commercial and residential projects in the Inland Empire. Vail Headquarters, LLC, a limited liability corporation formed by the members of Arteco Partners, has assumed the terms and conditions agreed to in the original agreement and the subsequent amendments in 2007, 2008, and 2009. The Fifth Amendment to the Lease Agreement seeks to revise and extend the schedule term for completion of construction and Certificate of Occupancy in Exhibit J of the Lease Agreement to December 21, 2016. The revision to the schedule of completion in the Lease Agreement is identified as the proposed Project under the California Environmental Quality Act (CEQA). The proposed project is the revision of the schedule associated with the Lease Agreement and involves a previously approved project; no expansion or change of use will occur with the schedule adjustment. No additional direct or indirect physical environmental impacts are anticipated.

Name of Public Agency Approving Project: County of Riverside, Economic Development Agency

Name of Person or Agency Carrying Out Project: County of Riverside, Economic Development Agency; Vail Headquarters, LLC.

Exempt Status: State CEQA Guidelines, Section 15301, Class 1, Existing Facilities Exemption; Section 15061(b) (3), General Rule or "Common Sense" Exemption, Codified under Title 14, Articles 5 and 19, Sections 15061 and 15300 to 15301.

Reasons Why Project is Exempt: The Project is exempt from the provisions of CEQA specifically by the State CEQA Guidelines as identified below. The Project will not result in any specific or general exceptions to the use of the categorical exemption as detailed under State CEQA Guidelines Section 15300.2. The Project will not cause any impacts to scenic resources, historic resources, or unique sensitive biological environments. Further, no unusual circumstances or potential cumulative impacts would occur that may reasonably create an environmental impact. The Fifth Amendment to the Lease Agreement is not anticipated to result in any direct or reasonably foreseeable indirect physical environmental impacts.

P.O. Box 1180 • Riverside, California • 92502 • T: 951.955.8916 • F: 951.955.6686

www.rivcoeda.org

Administration
Aviation
Business Intelligence
Cultural Services
Community Services
Custodial

Housing
Housing Authority
Information Technology
Maintenance
Marketing

Economic Development
Edward-Dean Museum
Environmental Planning
Fair & National Date Festival
Foreign Trade
Graffiti Abatement

Parking
Project Management
Purchasing Group
Real Property
Redevelopment Agency
Workforce Development

- **Section 15301 – Class 1 Existing Facilities Exemption:** This categorical exemption includes the operation, repair, maintenance, leasing, or minor alteration of existing public or private structures or facilities, provided the exemption only involves negligible or no expansion of the previous site's use. The Project, as proposed, is limited to the Fifth Amendment to the Lease Agreement that is limited to a schedule adjustment. The planned use of the site would continue in the same manner as under the current lease and would not require any expansion of service or facilities; therefore, the Project is exempt as the Project meets the scope and intent of the Class 1 Exemption identified in Section 15301, Article 19, Categorical Exemptions of the CEQA Guidelines.
- **Section 15061 (b) (3) – “Common Sense” Exemption:** In accordance with CEQA, the use of the Common Sense Exemption is based on the “general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment.” State CEQA Guidelines, Section 15061(b) (3). The use of this exemption is appropriate if “it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.” *Ibid.* This determination is an issue of fact and if sufficient evidence exists in the record that the activity cannot have a significant effect on the environment, then the exemption applies and no further evaluation under CEQA is required. See *No Oil, Inc. v. City of Los Angeles* (1974) 13 Cal. 3d 68. The ruling in this case stated that if a project falls within a category exempt by administrative regulation or 'it can be seen with certainty that the activity in question will not have a significant effect on the environment', no further agency evaluation is required. With certainty, there is no possibility that the Project may have a significant effect on the environment. The proposed Fifth Amendment to the Lease Agreement will not result in any direct or indirect physical environmental impacts. The planned use and operation of the facility will not change under the revision to the schedule adjustment and will not create any new environmental impacts to the surrounding area. No alterations and no impacts beyond the ongoing, existing use of the site would occur. Therefore, in no way, would the Project as proposed have the potential to cause a significant environmental impact and the Project is exempt from further CEQA analysis.

Based upon the identified exemptions above, the County of Riverside, Economic Development Agency hereby concludes that no physical environmental impacts are anticipated to occur and the Project as proposed is exempt under CEQA. No further environmental analysis is warranted.

Signed:  Date: 12/28/15

Mike Sullivan, Senior Environmental Planner
County of Riverside, Economic Development Agency

RIVERSIDE COUNTY CLERK & RECORDER

**AUTHORIZATION
TO BILL
BY JOURNAL VOUCHER**

Project Name: Vail Ranch – Fifth Amendment to Offer and Dedicate Lease Agreement

Accounting String: Fund: 524830-47220-7200400000- FM04217200205

DATE: December 28, 2015 _____

AGENCY: Riverside County Economic Development Agency _____

THIS AUTHORIZES THE COUNTY CLERK & RECORDER TO BILL FOR FILING AND HANDLING FEES FOR THE ACCOMPANYING DOCUMENT(S).

NUMBER OF DOCUMENTS INCLUDED: One (1)

AUTHORIZED BY: Mike Sullivan, Senior Environmental Planner, Economic Development Agency

Signature:  _____

PRESENTED BY: Jim Force, Supervising Real Property Agent, Economic Development Agency

-TO BE FILLED IN BY COUNTY CLERK-

ACCEPTED BY: _____

DATE: _____

RECEIPT # (S) _____



Date: December 28, 2015

To: Mary Ann Meyer, Office of the County Clerk

From: Mike Sullivan, Senior Environmental Planner, Project Management Office

Subject: **County of Riverside Economic Development Agency Project # FM04217200205**
Vail Ranch – Fifth Amendment to Offer and Dedicate Lease Agreement

The Riverside County's Economic Development Agency's Project Management Office is requesting that you post the attached Notice of Exemption. Attached you will find an authorization to bill by journal voucher for your posting fee.

After posting, please return the document to:

Mail Stop #1330

Attention: Mike Sullivan, Senior Environmental Planner,

Economic Development Agency,

3403 10th Street, Suite 400, Riverside, CA 92501

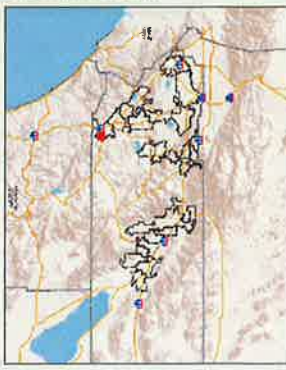
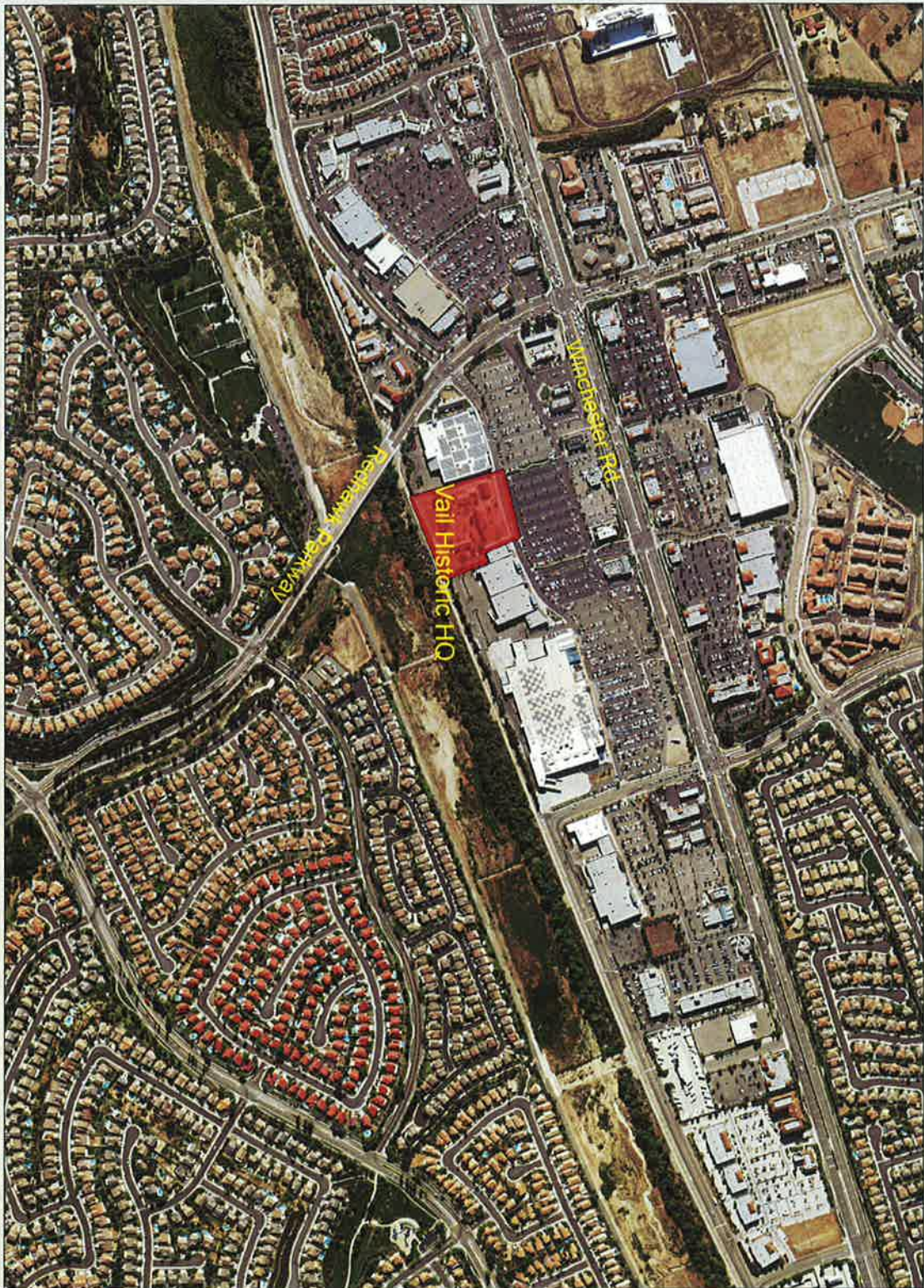
If you have any questions, please contact Mike Sullivan at 955-8009.

Attachment

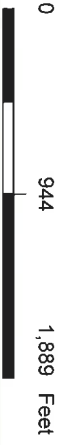
cc: file

Vail Historic Headquarters

Fifth Amendment to Offer to Dedicate and Lease



Legend



IMPORTANT Maps and data are to be used for reference purposes only. Map features are approximate, and are not necessarily accurate to surveying or engineering standards. The County of Riverside makes no warranty or guarantee as to the content (the source is often third party), accuracy, timeliness, or completeness of any of the data provided, and assumes no legal responsibility for the information contained on this map. Any use of this product with respect to accuracy and precision shall be the sole responsibility of the user.

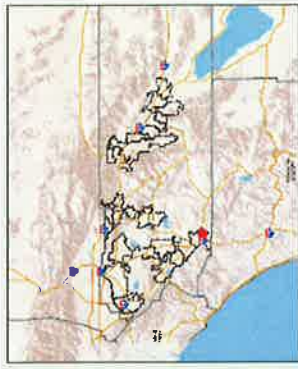
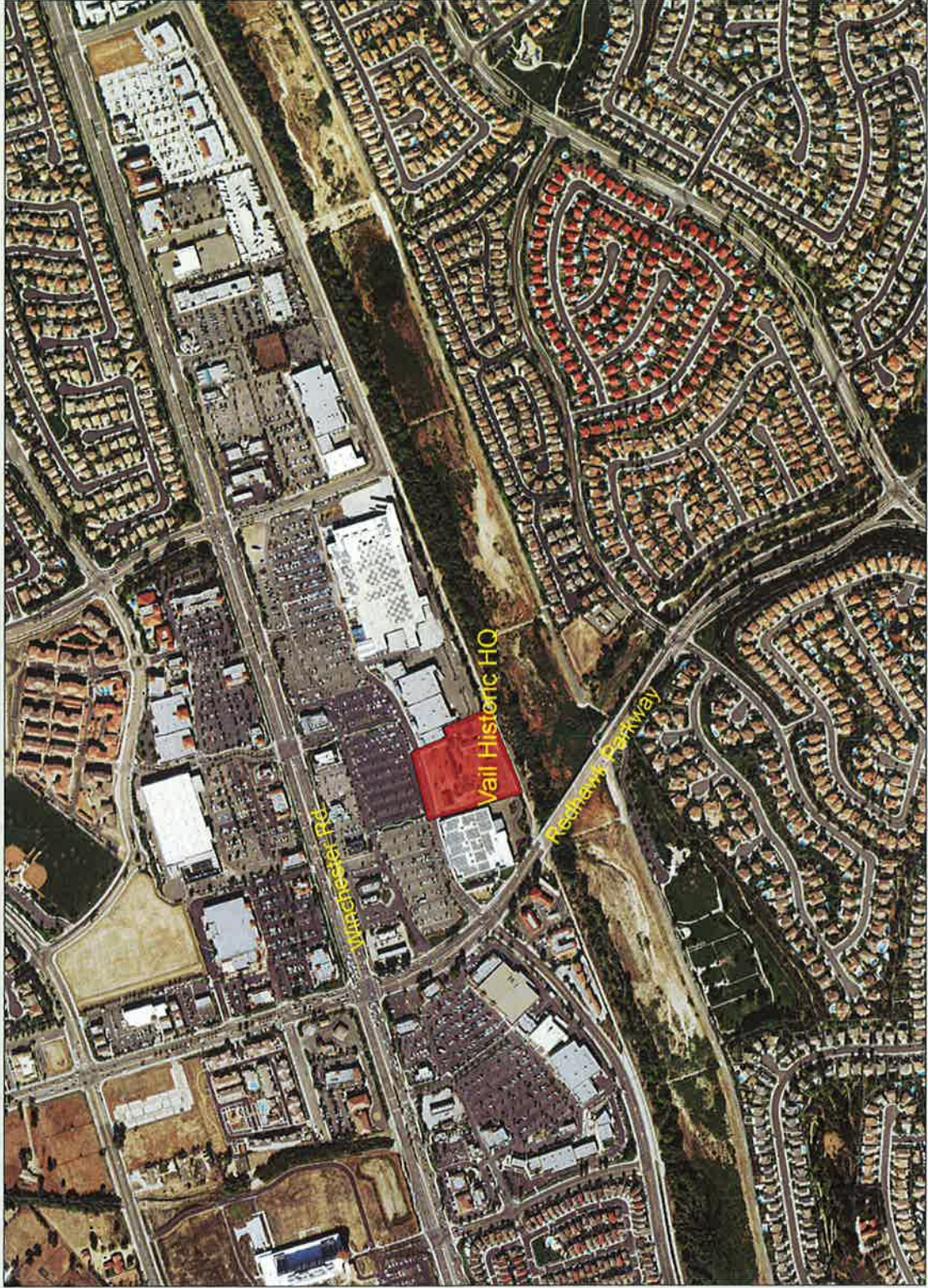
REPORT PRINTED ON... 12/29/2015 10:13:40 AM

Notes
APN 960-010-044

© Riverside County TLMA GIS

Vail Historic Headquarters

Fifth Amendment to Offer to Dedicate and Lease



Legend

Notes
APN 960-010-044

IMPORTANT Maps and data are to be used for reference purposes only. Map features are approximate, and are not necessarily accurate to surveying or engineering standards. The County of Riverside makes no warranty or guarantee as to the content (the source is often third party), accuracy, timeliness, or completeness of any of the data provided, and assumes no legal responsibility for the information contained on this map. Any use of this product with respect to accuracy and precision shall be the sole responsibility of the user.



0 944

1,889 Feet



REPORT PRINTED ON... 12/29/2015 10:13:40 AM

© Riverside County TLMA GIS