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**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/CONSENT (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**

On motion of Supervisor Tavaglione, seconded by Supervisor Jeffries and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Stone, Benoit and Ashley  
 Nays: None  
 Absent: None  
 Date: July 29, 2014  
 xc: EDA, E.O.

Kecia Harper-Ihem  
 Clerk of the Board  
 By:   
 Deputy

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

3-63

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

A-30  
 4/5 Vote  
 Positions Added  
 Change Order

**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.

**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**

**DATE:** July 17, 2014

Page 3 of 3

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 Arteco Partners was selected based on extensive experience on adaptive re-use for commercial and residential projects in the Inland Empire. Arteco 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 Arteco 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

# COUNTY OF RIVERSIDE



## Board of Supervisors

District 1	Kevin Jeffries 951-955-1010
District 2	John F. Tavaglione 951-955-1020
District 3	Jeff Stone 951-955-1030
District 4	John Benoit 951-955-1040
District 5	Marion Ashley 951-955-1050

July 29, 2014

Preferred Bank  
601 S. Figueroa Street, 29<sup>th</sup> Floor  
Los Angeles, California 90017

Re: Loan to Vail Headquarters LLC

Ladies and Gentleman:

This letter is being delivered to you by the County of Riverside (the "County") at the request of Vail Headquarters LLC, a California limited liability company ("Vail HQ").

The County and Vail HQ (as successor by assignment from Redhawk Towne Center, LLC ("Redhawk")) are parties to that certain Offer to Dedicate and Lease Agreement, entered into on or about May 13, 2003, as amended by that certain Amendment to Offer to Dedicate and Lease dated as of January 23, 2007 (the "First Amendment"), among the County, Redhawk and Vail HQ, and by that certain Second Amendment to Offer and Dedicate and Lease entered into on or about September 2, 2008 (the "Second Amendment") and by that certain Third Amendment to Offer to Dedicate and Lease dated September 1, 2009, between the County and Vail HQ (the "Third Amendment") and by that certain Fourth Amendment to Offer to Dedicate and Lease entered into on or about July 15, 2014, between the County and Vail HQ (the "Fourth Amendment") (as so amended, the "Offer to Dedicate"). Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Offer to Dedicate. Pursuant to the terms of the Offer to Dedicate, the County and Vail HQ have entered into: (1) that certain Vail Ranch Historic Site Lease Agreement, entered into on or about September 2, 2008 (the "Ground Lease"), and (2) that certain Vail Ranch Historic Site Sub-Lease Agreement, entered into on or about September 2, 2008 (the "Sublease").

Vail HQ has advised the County that Vail HQ is obtaining a loan from Lender in the principal amount of \$3,313,714.00 (the "Loan") to be secured, in part, by the Historic Site (as defined in the Offer to Dedicate), and that, as a condition to Lender providing the Loan, Lender is requiring that the County consent to such financing and to affirm certain rights of Lender under the Offer to Dedicate, the Ground Lease and the Sublease. Accordingly, the County hereby confirms and agrees for the benefit of Lender as follows:

A. The County hereby certifies to Lender as follows:

1. The Offer to Dedicate is in full force and effect, and there have been no amendments, modifications, changes or additions since its execution, except for the First Amendment, the Second Amendment, the Third Amendment and the Fourth Amendment. The Ground Lease and the Sublease are in full force and effect, and there have been no amendments, modifications, changes or additions since their execution. The Offer to

Dedicate, as so amended, the Ground Lease and the Sublease constitute the full and entire understanding and agreement between the County and Vail HQ pertaining to the Historic Site.

2. The County is not in breach or default of any of the terms, conditions or provisions of the Offer to Dedicate, the Ground Lease or the Sublease.
  3. The County does not have any claims, causes of action, judgments, liabilities or demands of any kind, nature or character against Vail HQ concerning the Offer to Dedicate, the Ground Lease or the Sublease.
  4. Vail HQ is not, in any respect, in default under the terms and provisions of the Offer to Dedicate, the Ground Lease or the Sublease. Further, the County knows of no event which would constitute a default under the terms of the Offer to Dedicate, the Ground Lease or the Sublease by either the County or Vail HQ.
- B. The County hereby consents to the extension of credit by Lender and the encumbrance of (a) Vail HQ's fee interest in Historic Site pursuant to a deed of trust (the "Fee Deed of Trust"), and including Vail HQ's interest under the Offer to Dedicate, (b) Vail HQ's leasehold interest under the Ground Lease pursuant to a leasehold deed of trust by Vail HQ ("Leasehold Deed of Trust") and the assignment of Vail HQ's interest in the Sublease pursuant to an assignment of leases (the "Assignment of Leases").
- C. The County has been further advised by Vail HQ that Lender has required, in order to induce Lender to make the Loan, among other matters, the delivery of the following statements, agreements, and representations by the County to Lender:
1. The County agrees and acknowledges that Lender is and shall be a "Mortgagee" (as defined in the Offer to Dedicate), and the Deed of Trust shall be a "Mortgage" (as defined in the Offer to Dedicate). Accordingly, Lender shall be a direct beneficiary of all of the rights and privileges of a Mortgagee under the Offer to Dedicate and the County shall owe directly to Lender all of the duties that the County owes to a Mortgagee under the Offer to Dedicate.
  2. During the term of the Loan, the County will not change or amend the Offer to Dedicate or any interest of Vail HQ that would materially impact Lender thereunder without Lender's prior written consent, pursuant to Section 30.03(a) of the Second Amendment to the Offer to Dedicate.
  3. The County shall deliver to Lender a copy of any notice relating to a default by Vail HQ under the Offer to Dedicate at the time it gives such notice to Vail HQ pursuant to Section 30.03(b) of the Offer to Dedicate. All such notices shall be given to Lender in accordance with the Offer to Dedicate, at 601 S. Figueroa Street, 29th Floor, Los Angeles, California 90017, Attention: Note Department or to such other address as Lender may hereinafter designate in writing and delivered in the manner provided for notice to be given under the Offer to Dedicate.
  4. The County shall not terminate the Offer to Dedicate because of any default or breach of the Offer to Dedicate by Vail HQ, if the same can be cured by the payment or expenditure of money ("monetary default"), unless within sixty (60) days after Lender's receipt of written notice by the County of such default or breach of the Offer to Dedicate by Vail

HQ subject to Section 30.03(d) of the Offer to Dedicate, Lender or Vail HQ fails to cure such monetary default.

5. Subject to Section 30.03(d) of the Offer to Dedicate, in the event of a non-monetary default by Vail HQ under the Offer to Dedicate, the County agrees that Lender shall have the right (but not the obligation) to cure such non-monetary default within sixty (60) days after service of written notice by the County to Lender of such default or breach. Further, the County agrees that the County shall not terminate the Offer to Dedicate in connection with any such non-monetary default which Lender has elected to remedy or cause to be remedied even if said non-monetary default is not remedied within the time period provided for in the Offer to Dedicate, or such sixty (60)-day period, as applicable; provided, that Lender has commenced remedying or causing to be remedied such default with reasonable diligence, and continues the process with reasonable diligence to completion, and taking into account that Lender may be required to take possession of the Historic Site or obtain the appointment of a receiver to take possession of the Historic Site; provided, further, that during the time that Lender is curing such non-monetary defaults, Lender also cures any monetary defaults as provided in paragraph C.4 above.
6. Subject to Section 30.05 of the Offer to Dedicate, if the Offer to Dedicate is terminated for any reason or is, in connection with any bankruptcy proceeding, rejected or terminated by a trustee, a debtor in possession or by operation of law, the County shall, at Lender's written request within sixty (60) days after the date of any such rejection or termination, enter into a new agreement with respect to the Historic Site with Lender upon the terms, provisions, covenants and agreements contained in the Offer to Dedicate (except for any requirements which have been satisfied by or on behalf of Vail HQ prior to such rejection or termination); provided, that Lender shall, upon execution of the new agreement, pay to the County any and all sums which would have been due under the Offer to Dedicate as of the time of execution and delivery of the new agreement, but for the rejection or termination thereof.
7. The County shall not terminate the Offer to Dedicate or invoke any right to take possession of the Historic Site if within sixty (60) days after Lender receives notice from the County of the occurrence of an event of default under the Offer to Dedicate, Lender commences foreclosure or other proceedings in order to enforce Lender's rights under the Deed of Trust and Lender diligently proceeds in good faith to enforce its foreclosure or other remedies, including appointment of a receiver.
8. If Vail HQ's interest in the Historic Site is acquired by Lender or a wholly owned subsidiary or other affiliate of Lender, by reason of foreclosure or other proceedings brought to enforce Lender's rights under the Deed of Trust or any other security document, or by deed in lieu of foreclosure, or by any other method, the Offer to Dedicate and the rights of the "Developer" thereunder shall continue in full force and effect and shall not be terminated or disturbed by the County, except in accordance with the terms of the Offer to Dedicate and this Agreement. The foregoing to the contrary notwithstanding, for such time as Lender, such subsidiary or such affiliate, as applicable, shall own the fee interest in the Historic Site, Lender, such subsidiary or such affiliate, as the case may be, shall take commercially reasonable efforts to secure and maintain the Historic Site in its then condition (ordinary wear and tear excepted), and shall be liable to perform any of the obligations of "Developer" under the Offer to Dedicate (including, without limitations, any obligations under the Ground Lease or Sublease).

9. If Lender acquires title to the fee interest in the Historic Site by foreclosure of the Deed of Trust or by assignment or deed in lieu of foreclosure, or otherwise, Lender may assign the Offer to Dedicate to any person or entity acquiring the fee interest in the Historic Site, without the consent of the County, and shall thereupon be released from all liability for the performance or observance of the covenants and conditions contained in the Offer to Dedicate required on the "Developer's" part to be performed and observed from and after the date of such assignment.

Contemporaneously herewith, the County, Vail HQ and Lender are entering into a Ground Lessor's Consent, Estoppel Certificate and Agreement (the "Ground Lessor's Consent") with respect to the Ground Lease. The terms, conditions and agreements of this letter are in addition to, and not in substitute of, those set forth in the Ground Lessor's Consent.

This letter agreement may be executed in counterparts, each of which shall constitute an original but all of which shall constitute one and the same agreement. Delivery of an executed counterpart of this agreement by facsimile or other electronic means shall be equally as effective as a manually executed counterpart hereof.

COUNTY OF RIVERSIDE  
a political subdivision of the State of  
California

Acknowledged and Agreed:  
PREFERRED BANK,  
a California banking corporation

By: Jeff Stone  
Title: Chairman of the Board of Supervisors

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

JRM APPROVED COUNTY COUNSEL  
By: PATRICIA MUNROE DATE 7/24/14

to Riverside County Clerk of the Board, Stop 1010  
Post Office Box 1147, Riverside, Ca 92502-1147  
Thank you.

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

PREFERRED BANK  
601 S. Figueroa Street, 29<sup>th</sup> Floor  
Los Angeles, California 90017  
Attention: Note Department

Assessor's Parcel No.: 830-472-038

**GROUND LESSOR'S CONSENT, ESTOPPEL CERTIFICATE  
AND AGREEMENT**

The undersigned, (i) the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("Ground Lessor"), as current lessor under that certain Vail Ranch Historic Site Lease Agreement, entered into on or about September 2, 2008, (the "Ground Lease"), between Ground Lessor and VAIL HEADQUARTERS, LLC, a California limited liability company ("Ground Lessee"), as lessee, covering that certain premises located in the City of Temecula, County of Riverside, State of California (the "Leased Property"), legally described in Exhibit "A" hereto, and pursuant to which Ground Lessee acquired a leasehold interest in the Leased Property, and (ii) Ground Lessee, hereby certify to and agree with PREFERRED BANK, a California banking corporation ("Lender"), as follows:

A. Ground Lessor hereby certifies to Lender:

1. Ground Lessee is obtaining an extension of credit from Lender in the principal sum of \$3,313,714.00 ("Loan"). Ground Lessee desires to secure the Loan, in part, by Ground Lessee's interest in the Leased Property pursuant to the Ground Lease, and Lender is relying, in part, upon this Ground Lessor's Consent, Estoppel Certificate and Agreement ("Agreement") in securing the Loan with Ground Lessee's interest in the Leased Property.

2. Ground Lessor is the current ground lessor under the Ground Lease.

3. Ground Lessee is the current ground lessee under the Ground Lease. Ground Lessor has not assigned or conveyed or agreed to assign or convey Ground Lessor's interest under the Ground Lease in whole or in part, except in connection with the Loan. Pursuant to the Ground Lease, Ground Lessee has the right to sublease all or any portion of the Premises to third parties without the consent of Ground Lessor and has subleased portions of the Premises to third parties.

4. The Ground Lease is in full force and effect, and there have been no amendments, modifications, changes or additions since their execution. The Ground Lease and the Vail Ranch Historic Site Sub-Lease Agreement, entered into on or about September 2, 2008 (the "Sublease") between Ground Lessee, as sublessor, and Ground



Lessor, as sublessee, constitute the full and entire understanding and agreement between Ground Lessor and Ground Lessee pertaining to the Ground Lease, the Sublease and the Leased Property.

5. Ground Lessee has not yet accepted the Leased Property.
6. The first rent payment by Ground Lessee is not due until Ground Lessee has accepted the Leased Property. The amount of the current monthly ground rent payment is \$1.00.
7. No rent has been paid by Ground Lessee.
8. Ground Lessor is not in breach or default of any of the terms, conditions or provisions of the Ground Lease.
9. Ground Lessor does not have any claims, causes of action, judgments, liabilities or demands of any kind, nature or character against Ground Lessee concerning the Ground Lease.
10. The Ground Lease is in full force and effect and Ground Lessee is not, in any respect, in default under the terms and provisions of the Ground Lease. Further, Ground Lessor knows of no event which would constitute a default under the terms of the Ground Lease by either Ground Lessee or Ground Lessor.
12. The Ground Lease is for an original term of sixty-five (65) years, commencing on the date of acceptance of the offer to dedicate from Vail Headquarters, LLC to County of Riverside and conveyance of fee title to County of Riverside. Ground Lessee has no option to extend the term of the Ground Lease, except as follows: None. Ground Lessee has no right to purchase the Leased Property, except as follows: None.
13. Ground Lessor has not encumbered its fee interest in the Leased Premises to any lender or financial institution, whether by way of mortgage, deed of trust or other security instruments.
14. Ground Lessor hereby consents to the extension of credit by Lender and the encumbrance of Ground Lessee's interest in the Ground Lease pursuant to a deed of trust by Ground Lessee in favor of Lender ("Deed of Trust"). Ground Lessor acknowledges that this Agreement constitutes notice to Ground Lessor to the extent such notice is required under the Ground Lease.
15. Ground Lessor has been further advised by Ground Lessee that Lender has required, in order to induce Lender to make the Loan, among other matters, the delivery of the following statements, agreements, and representations by Ground Lessor to Lender:
  - a. Ground Lessor agrees and acknowledges that Lender is and shall be a "Leasehold Mortgagee" (as defined in the Ground Lease), and the Deed of Trust shall be a "Leasehold Mortgage" (as defined in the Ground Lease). Accordingly, Lender

shall be a direct beneficiary of all of the rights and privileges of a Leasehold Mortgagee under the Ground Lease and Ground Lessor shall owe directly to Lender all of the duties that the Ground Lessor owes to a Leasehold Mortgagee under the Ground Lease.

b. During the term of the Loan, Ground Lessor will not change or amend the Ground Lease or any interest of the Lessee thereunder without Lender's prior written consent, pursuant to Section 16.03(a) of the Ground Lease.

c. Ground Lessor shall deliver to Lender a copy of any notice relating to a default by Ground Lessee under the Ground Lease at the time it gives such notice to Ground Lessee pursuant to Section 16.03(b) of the Ground Lease. All such notices shall be given to Lender in accordance with the Ground Lease, at 601 S. Figueroa Street, 29<sup>th</sup> Floor, Los Angeles, California 90017, Attention: Note Department or to such other address as Lender may hereinafter designate in writing and delivered in the manner provided for notice to be given under the Ground Lease.

d. Ground Lessor shall not terminate the Ground Lease because of any default or breach of the Ground Lease by Ground Lessee, if the same can be cured by the payment or expenditure of money ("monetary default"), unless within sixty (60) days after Lender's receipt of written notice by Ground Lessor of such default or breach of the Ground Lease by Ground Lessee subject to Section 16.03(d) of the Ground Lease, Lender or Ground Lessee fails to cure such monetary default.

e. Subject to Section 16.03(d) of the Ground Lease, in the event of a non-monetary default by Ground Lessee under the Ground Lease, the Ground Lessor agrees that Lender shall have the right (but not the obligation) to cure such non-monetary default within sixty (60) days after service of written notice by Ground Lessor to Lender of such default or breach. Further, Ground Lessor agrees that Ground Lessor shall not terminate the Ground Lease in connection with any such non-monetary default which Lender has elected to remedy or cause to be remedied even if said non-monetary default is not remedied within the time period provided for in the Ground Lease, or such sixty (60)-day period, as applicable; provided, that Lender has commenced remedying or causing to be remedied such default with reasonable diligence, and continues the process with reasonable diligence to completion, and taking into account that Lender may be required to take possession of the Leased Property or obtain the appointment of a receiver to take possession of the Leased Property; provided, further, that during the time that Lender is curing such non-monetary defaults, Lender also cures any monetary defaults as provided in paragraph 15.d above.

f. Subject to Section 16.05 of the Ground Lease, if the Ground Lease is terminated for any reason or is, in connection with any bankruptcy proceeding, rejected or terminated by a trustee, a debtor in possession or by operation of law, Ground Lessor shall, at Lender's written request within sixty (60) days after the date of any such rejection or termination, enter into a new lease of the Leased Property with Lender for the remainder of the term of the Ground Lease, effective as of the date of such rejection, at the rent and upon the same terms, provisions, covenants and agreements as are contained in the Ground Lease (except for any requirements which have been satisfied by or on

behalf of Ground Lessee prior to such rejection or termination); provided, that Lender shall, upon execution of the new lease, pay to Ground Lessor any and all sums which would have been due under the Ground Lease as of the time of execution and delivery of the new lease, but for the rejection or termination thereof. Upon execution of said new lease, (i) Ground Lessor shall assign to Lender Ground Lessor's interest, if any, in any subleases on the Leased Property (excluding Ground Lessor's interest as sublessee under the Sublease), and (ii) Ground Lessor agrees and acknowledges that the execution and delivery of said new lease shall be deemed consent to the then existing subleases on the Premises entered into by Ground Lessee with third parties, which Ground Lessee's interest in such subleases shall be assigned to Lender following the execution of said new lease.

g. Ground Lessor shall not terminate the Ground Lease or invoke its right to take possession of the Leased Property if within sixty (60) days after Lender receives notice from Ground Lessor of the occurrence of an event of default under the Ground Lease, Lender commences foreclosure or other proceedings in order to enforce Lender's rights under the Deed of Trust and Lender diligently proceeds in good faith to enforce its foreclosure or other remedies, including appointment of a receiver.

h. If Ground Lessee's interest in the Ground Lease is acquired by Lender or a wholly owned subsidiary or other affiliate of Lender, by reason of foreclosure or other proceedings brought to enforce Lender's rights under the Deed of Trust or any other security document, or by deed in lieu of foreclosure, or by any other method, the Ground Lease and the rights of the Ground Lessee thereunder shall continue in full force and effect and shall not be terminated or disturbed by Ground Lessor, except in accordance with the terms of the Ground Lease and this Agreement. Upon such acquisition by Lender, Lender shall attorn to Ground Lessor as landlord under the Ground Lease, which attornment shall be effective and self-operative without the execution of any other instrument on the part of any party hereto, immediately upon Lender's succeeding to the interest of Ground Lessee under the Ground Lease. In the event Lender desires to enter into a new lease with Ground Lessor upon Lender's acquisition of Ground Lessee's interest in the Ground Lease, Ground Lessor shall enter into a new lease with Lender upon Lender's request to Ground Lessor within sixty (60) days after such acquisition by Lender.

i. If Lender acquires title to Ground Lessee's interest in the Ground Lease by foreclosure of the Deed of Trust or by assignment or deed in lieu of foreclosure, or otherwise, or under a new lease pursuant to this Agreement, Lender may assign the Ground Lease or the new lease, without the consent of Ground Lessor, and shall thereupon be released from all liability for the performance or observance of the covenants and conditions contained in the Ground Lease or such new lease required on said Ground Lessee's part to be performed and observed from and after the date of such assignment.

B. Ground Lessor and Ground Lessee hereby agree with and for the benefit of Lender that:

1. Ground Lessor hereby intentionally and unconditionally subordinates its lien or charge upon the Leased Property in favor of the lien or charge of Lender upon the Leased Property.

2. Notwithstanding any Ground Lease provisions to the contrary, policies of fire, casualty, and extended coverage insurance shall be carried by the Ground Lessee covering the building or buildings constructed on the Leased Property with loss payable clause to Lender, as beneficiary under the Deed of Trust, and any disposition of the proceeds thereof in case of loss shall be subject to the rights of Lender therein as provided in the Deed of Trust and thereafter as the interests of the parties appear.

3. Any and all eminent domain or condemnation awards or damages recoverable by the Ground Lessee shall first be applied in payment of the then outstanding balance, if any, of the Loan and the balance of such awards and damages, if any, shall be paid to Ground Lessor and Ground Lessee, as their interest may appear.

4. Ground Lessor hereby waives the right to obtain, for any liability of Ground Lessee that arises, accrues, or is the subject of legal action while the Deed of Trust is in existence a lien on any equipment or furnishings of Lessee that may constitute a part of the improvements on the Leased Property.

5. Unless this Agreement contradicts a term or provision of the Ground Lease, it is the parties' intent that this Agreement and the Ground Lease be construed as though no conflict exists between their terms. In the event of a conflict between the terms of the Ground Lease and this Agreement as it relates to Lender, the terms of this Agreement shall control.

6. Lender shall be entitled to all of the benefits of the Ground Lease, subject to Lender's compliance with the provisions thereof.

C. This Agreement may be executed in any number of counterparts, and any party hereto or thereto may execute any counterpart, each of which, when executed and delivered, will be deemed to be an original, and all of which counterparts of this Agreement, as the case may be, taken together will be deemed to be but one and the same instrument. The execution of this Agreement by any party or parties hereto or thereto will not become effective until counterparts hereof or thereof, as the case may be, have been executed by all the parties hereto or thereto.

[Signature page to follow.]

IN WITNESS WHEREOF, the parties hereto have executed this Ground Lessor's Consent, Estoppel Certificate and Agreement as of the date first above written.

Dated: July \_\_, 2014

**"GROUND LESSOR":**

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

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

FORM APPROVED COUNTY COUNSEL

BY:  7/24/14  
PATRICIA MUNROE DATE

**"GROUND LESSEE":**

VAIL HEADQUARTERS LLC,  
a California limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**"LENDER":**

PREFERRED BANK,  
a California banking corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

[ALL SIGNATURES MUST BE ACKNOWLEDGED]

IN WITNESS WHEREOF, the parties hereto have executed this Ground Lessor's Consent, Estoppel Certificate and Agreement as of the date first above written.

Dated: July \_\_, 2014

**"GROUND LESSOR":**

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

By: Jeff Stone  
Name: JEFF STONE  
Its: CHAIRMAN, BOARD OF SUPERVISORS

**"GROUND LESSEE":**

VAIL HEADQUARTERS LLC,  
a California limited liability company

By: [Signature]  
Name: Gerald V Tessier  
Its: Manager

**"LENDER":**

PREFERRED BANK,  
a California banking corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

[ALL SIGNATURES MUST BE ACKNOWLEDGED]

ATTEST:  
KECIA HARPER-JHEM, Clerk  
3y  
DEPUTY

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

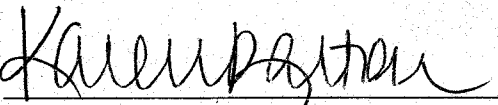
} §

On July 29, 2014, before me, Karen Barton, Board Assistant, personally appeared Jeff Stone, Chairman of the Board of Supervisors, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument; and that a copy of this paper, document or instrument has been delivered to the chairperson.

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

WITNESS my hand and official seal

Kecia Harper-Ihem  
Clerk of the Board of Supervisors

By:   
Deputy Clerk

(SEAL)

STATE OF CALIFORNIA )  
 ) ss  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

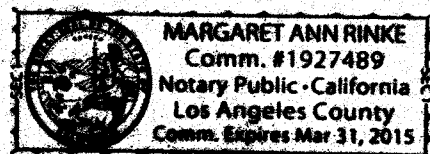
STATE OF CALIFORNIA )  
 ) ss  
COUNTY OF Los Angeles )

On July 25, 2014, before me, Margaret Ann Rinke, a Notary Public, personally appeared Gerald V. Tessier, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Margaret Ann Rinke  
Notary Public





**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