

**MEMORANDUM
DEPARTMENT OF FACILITY SERVICES
COUNTY OF PLACER**

To: **BOARD OF SUPERVISORS**

Date: **MARCH 16, 2010**

From: *JD* **JAMES DURFEE / MARY DIETRICH** *MD*

Subject: **AGREEMENT TO NEGOTIATE – B.B. LLC TAHOE GOVERNMENT CENTER PROJECT, KINGS BEACH, CA**

ACTION REQUESTED: Authorize the Chairman to approve the Agreement to Negotiate between the County of Placer and B. B. LLC for the purpose of memorializing the intent of the parties to negotiate lease purchase documents for the proposed 24,000 sq.ft. building to be located within B.B. LLC's proposed Kings Beach Town Center project (see Exhibit A).

BACKGROUND/DISCUSSION:

In July 2009, your Board confirmed the B.B. LLC Option 1 (Original – Lease / Purchase) as the Tahoe Government Center (TGC) top ranked site and authorized staff to negotiate a Master Agreement to define material terms for a Lease Purchase Agreement including key approval and construction milestones.

Following receipt of your Board's authorization, Facility Services staff proceeded with development of the proposed Master Agreement. However, after internal discussions related to the scope of the TGC, which is one of several buildings contemplated in B.B. LLC's Kings Beach Town Center project (KBTC), it was determined that a Master Agreement is not the appropriate model for this transaction. Unlike the Bill Santucci Justice Center (BSJC) project where the Master Agreement was used to formalize and package several separate but inter-related transactions (i.e.: 44-acre parcel Purchase and Sale, the Courthouse Lease Purchase, and the Agreement to Lease adjacent Office Building), the B.B. LLC TGC project contemplates one key real estate transaction (i.e.: lease with option to purchase). Therefore, it was determined that the parties should instead enter into the proposed Agreement to Negotiate.

The Agreement to Negotiate provides the County and B.B. LLC six months to negotiate the terms of an agreement that lays out the terms of the lease (e.g., lease term, methodology for calculation of rent, common-area charges and method for allocations, and purchase option terms). The Agreement to Negotiate also confirms that the role of the County's CDRA agency for land use entitlements is separate from the County's property management function. While the parties are eager to enter into a more binding agreement, it has been acknowledged that B.B. LLC's project application to the Tahoe Regional Planning Agency and to the County are still too recent to provide the County with sufficient certainty as to the scope of the County's obligations associated with its lease of the TGC. The parties also recognize that due to the campus nature of the KBTC project, supplemental agreements (e.g., CC&R's and parking garage operating agreement) will be required to address the County's shared use and contribution towards KBTC common areas such as the parking garage, landscaping, infrastructure, etc. The development of these supplemental documents cannot conclude until the parties have better certainty as to KBTC project scope.

In recognition that final project approvals are not expected for at least another year, the parties will negotiate an option agreement that would obligate the County to enter into a lease/purchase agreement after all discretionary approvals/entitlements are received. To date, B.B. LLC has entered into a four-party agreement allowing the environmental review process to commence. The upcoming scoping meeting in April and development of project alternatives will provide early indicators as to potential changes to the KBTC and TGC project that may impact the TGC project from a fiscal and/or operational standpoint.

With your Board's approval of the Agreement to Negotiate, County staff will negotiate in good faith to finalize all the terms of necessary agreements for the lease/purchase of the TGC. Should an extension to the term may be warranted, the Agreement indicates that such authorization must be granted by the County Executive Officer. Subsequent agreements committing the County to the TGC lease will be brought to your Board for approval and execution. Copies of the Agreement to Negotiate are on file at the Clerk of the Board's office.

ENVIRONMENTAL CLEARANCE: This action is not subject to review under the California Environmental Quality Act (CEQA) pursuant to CEQA Section 15061 (b)(3), which exempts activities that have no potential to cause significant environmental impact.

FISCAL IMPACT: There is no fiscal impact anticipated as a result of this action by your Board. Any consideration paid for an option or lease and/or purchase agreement will be presented to your Board for approval when these Agreements are brought before your Board.

AVAILABLE FOR REVIEW AT THE CLERK OF THE BOARD'S OFFICE: AGREEMENT TO NEGOTIATE

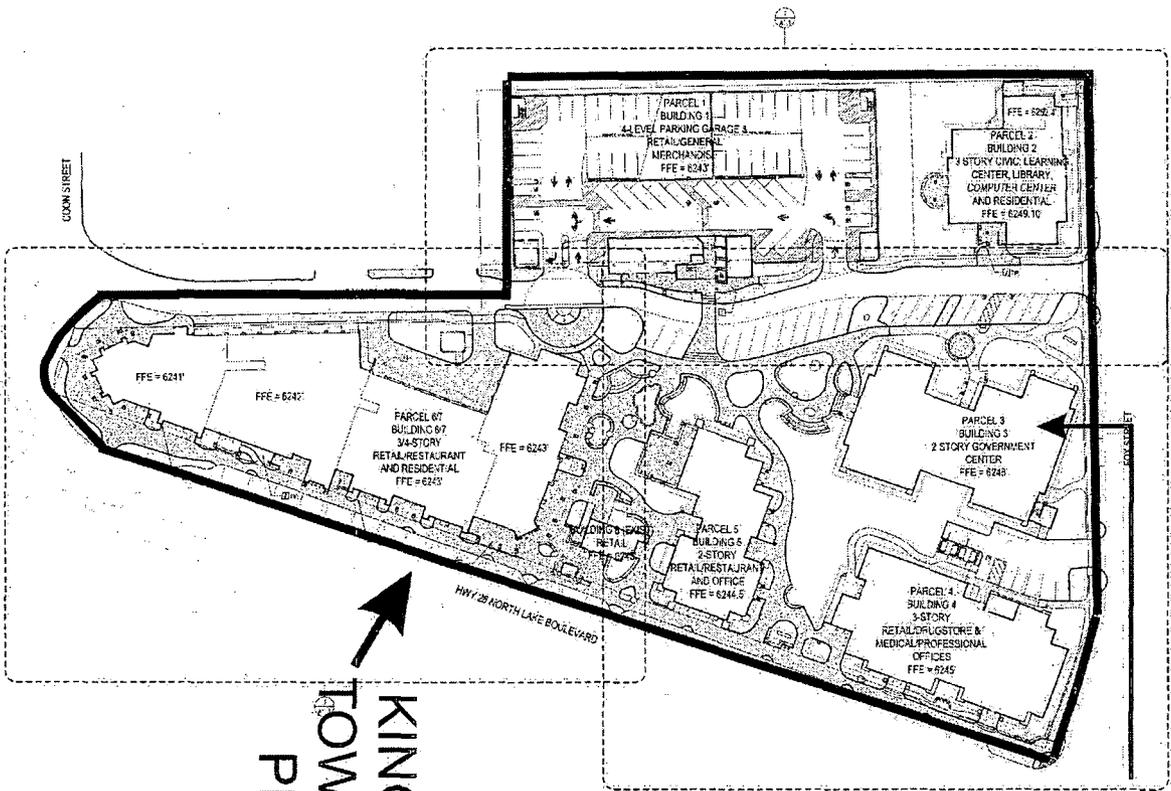
JD:MD:MR:LM

ATTACHMENT: EXHIBIT A: SITE PLAN

CC: COUNTY EXECUTIVE OFFICE

T:/F/BSMEMO2010/BBLLC AGMT TO NEGOT.DOC

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**KINGS BEACH
TOWN CENTER
PROJECT**

**SUBJECT PROPERTY
Parcel 3: 0.80 Acres
Building 3**

1 OVERALL SITE PLAN

KEYNOTES



SHEET NOTES

1. SEE PLAN 0.01 DRAWING
2. CIP MARK 19-04

GENERAL NOTES

1. SEE THE NOTES ON THIS OR THE OTHER SHEETS
- 2.

SITE PLAN DATA TABLE

Item	Description	Quantity	Notes
1	Building 1	1	4-level parking garage
2	Building 2	1	3-story civic learning center
3	Building 3	1	2-story government center
4	Building 4	1	5-story retail/professional offices
5	Building 5	1	2-story retail/restaurant and office
6	Building 6	1	2-story retail/restaurant and office
7	Building 7	1	3/4-story retail/restaurant and residential
8	Parking	1	4-level parking garage
9	Landscaping	1	Landscaping throughout site
10	Site Work	1	Site work throughout site

Kings Beach Town Center
Lake Tahoe
Highway 28
Placer County,
California
BLLC Steven Kent Brown
225 Thea Dr. Suite 22
Loomis, CA 95668
Ken Brown

Scale	1" = 100'
North Arrow	As Shown
Date	10/20/04
Drawn By	Ken Brown
Checked By	Ken Brown

A1C
OVERALL SITE PLAN

EXHIBIT A

