

DISCUSSION CALENDAR

- 7 LONG-TERM LEASE AND INDUSTRIAL DEVELOPMENT OF WATERMAN GOLF COURSE LOCATED AT 1494 S. WATERMAN AVENUE, SAN BERNARDINO, CALIFORNIA; GROUND LEASE AGREEMENT WITH GSW#4 DEVELOPMENT LLC OF ONTARIO CALIFORNIA, FOR A TERM OF 55 YEARS; WELL RELOCATION AGREEMENT WITH HILLWOOD ENTERPRISES, L.P. OF DALLAS TEXAS; TERMINATION OF LEASE WITH J.G. GOLFING ENTERPRISES, INC.; PURCHASE AND SALE AGREEMENT WITH HILLWOOD ENTERPRISES, L.P. - 55 YEAR LEASE FOR \$1,113,500 IN ANNUAL LEASE REVENUE

Deputy General Manager Kevin Milligan gave an update of the history and the future of this development project and answered questions from the Board.

Deputy General Manager Milligan also acknowledged that Mr. Nick Sorentino, Vice President of Hillwood, who are the developers of this project, was in the audience should there be a need for answers from the developer. Also Chief Assistant City Attorney Kristi Smith was acknowledged for the great work she did on negotiating the ground lease agreement for this project.

The Board requested when reviewing the fiscal policies in the future to look at the 55 year old building as an asset or a liability.

Following discussion, the Board of Public Utilities recommended that the City Council:

1. Approve the 55-year term Ground Lease with GSW#4 Development, LLC, for the use of the Waterman Golf Course parcels for an annual rental revenue of approximately \$1,113,500, escalating over the term of the agreement, offset in the first 15 years by certain rental credits;
2. Approve the Well Relocation Agreement with Hillwood Enterprises, L.P. for the relocation of certain city owned water production and conveyance facilities;
3. Approve in concept the draft Termination Agreement to terminate the current ground lease agreement with J.G. Golfing Enterprises, Inc. and assign the agreement to Hillwood Enterprises, L.P.;
4. Approve the Purchase and Sale Agreement with Hillwood Enterprises, L.P. to transfer a 1.722 acre parcel within the Waterman Golf Course to the City of Riverside Public Utilities for the sum of \$1.00; and
5. Authorize the City Manager, or his designee, to execute Ground Lease with GSW#4 Development, LLC, the Well Relocation Agreement with Hillwood Enterprises, L.P. and the Purchase and Sale Agreement with Hillwood Enterprises, L.P., including making minor and non-substantive changes, and execute any documents necessary to administer these agreements.

Motion – Cole. Second – Walcker.

Ayes: Austin, Scott-Coe, Cole, Crohn, Foust, O'Farrell, Sanchez-Monville, and Walcker.

Absent: None.