

Project No. CEO/GREENSPOT

## BID INSTRUCTIONS

### Public Bid Sale of Orange County Flood Control District Real Property in Highland, CA

#### **BID PROPERTY**

The property owned by the Orange County Flood Control District ("District") is located in the southeastern-most portion of the City of Highland ("City"), south of the San Bernardino National Forest; east of the Santa Ana River and Greenspot Road; and north of Mill Creek Road (State Route 38). The site is approximately four miles north of the I-10 and approximately 5 ½ miles east of the junction of the I-10 and SR 38, as more fully described below ("Property").

#### General Property Information

- Property APN: 0297-091-18, 0297-101-33, 0297-101-34, 0297-181-03, 0302-071-06, 0302-082-09, 0302-082-10, and 0302-082-11
- Project Acreage (Gross): ±1,658 acres
- Existing Structure(s): No Existing Dwellings
- Current Zoning: Planned Development
- Land Use Designation: Planned Development
- Agriculture Preserve: A designated Agricultural Preserve, not in a Williamson Act Contract.<sup>1</sup>
- Earthquake Fault Zone: Northeastern Portion of the site is in a Special Studies Zone
- Airport Influence Area: Not in an Airport Influence Area. At the boundary of the Redlands Municipal Airport Influence Area.
- FEMA Flood Plain: Zones A, D & X
- Flood Control District: San Bernardino County Flood Control District
- School District: Redlands Unified School District
- Water: East Valley Water District
- Sewer: East Valley Water District
- Electric: Southern California Edison
- Gas: Southern California Gas

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<sup>1</sup> The City's General Plan Land Use Policy Goal 2.15, Policy No. 12, states the following: "Maintain the Greenspot Agricultural Preserve until such time future development is proposed or more detailed planning is initiated. In the even that proposed development would impact the Agricultural Preserve, the City shall evaluate the viability of incorporating the Preserve into the development, consistent with the City adopted Rules and procedures for the Administration of Agricultural preserves and Contracts"

## **MINIMUM BID**

❖ Minimum bid fs **\$25,000,000**

## **BID PACKAGE**

This bid package contains the following:

1. Request for Offers (Bid Instructions), including Location Map
2. Procedure for Sale
3. Offer and Agreement to Purchase Real Property, including:

Exhibit A - Preliminary Title Report

Exhibit B - Quitclaim Deed

If items are omitted from your bid package, notify Zoila Verdaguer, Project Contact at [Zoila.Verdaguer@ocgov.com](mailto:Zoila.Verdaguer@ocgov.com).

## **GENERAL INFORMATION**

The District along with San Bernardino County Flood Control District and Riverside County Flood Control and Water Conservation District (collectively the “Local Sponsors”) hold title to the Property. The Property was originally acquired in 1997 as a site for excavation of soil needed for construction of the Seven Oaks Dam as part of the Santa Ana River Project<sup>2</sup>. During the dam construction, 5.7 million cubic yards of soil were removed from the Property. The Seven Oaks Dam was completed in 1999 pursuant to a Local Cooperation Agreement (“LCA”) between the U.S. Army Corps of Engineers and the Local Sponsors.

In accordance with LCA, responsibility for disposal of the Property was delegated to the District, which has the lead responsibility to conduct studies and prepare appropriate documents for potential development, leasing, sale, or other disposition of the Property. After a due diligence efforts, consultants and industry experts determined that a master planned community represented the highest and best use of the Property.

On January 12, 2010, the Board approved the selection of Lewis Investment Company, LLC (“Lewis”), as the primary developer to assist with the entitlement of Property within the City. The Lewis development proposal included a master planned community with approximately 3,632 residential units on the Property (“Project”). On November 18, 2010, the District and Lewis entered into a Developer Contract and, pursuant to an Assignment and Assumption of Contract of the same date; Lewis assigned all of its right, title, interest and obligations under the Developer Contract to LDC Greenspot, LLC (LDC Greenspot).

On August 12, 2016, the Highland City Council approved the base entitlements for the Harmony development. The City approved a Specific Plan, General Plan Amendment, Rezone, Subdivision Maps, Development Agreement with LCD Greenspot, LLC and certified an Environmental Impact

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<sup>2</sup> A Water Resources Development Act of 1986, P.L. 99-662 authorized construction of certain flood control improvements on the Santa Ana River and Santiago Creek, California implemented pursuant to the Project Cooperation Agreement dated February 11, 2003 and a Second Modification to the Local Cooperation Agreement dated February 24, 2003, commonly known as the Santa Ana River Mainstem, Prado Dam Project.

## **ATTACHMENT E**

Report (SCH No. 2012071065). The approvals authorized a mixed-use, master planned community with up to 3,632 residential units and associated commercial and public facilities. Shortly thereafter two public interest groups filed lawsuits in San Bernardino Superior Court challenging the City's approvals and qualified a referendum for the November 2018 ballot to overturn the City's approvals. In June 2018, the court found for the petitioners based on an inadequate environmental review that failed to analyze the Harmony project's scope and other impacts identified in the City's general plan. Based on the court ruling, on August 8, 2018, at the District's request, the City rescinded the project approvals and the San Bernardino County Registrar removed the referendum from the ballot.

Following the court's ruling that set aside all project approvals, the District elected to terminate its Developer Contract with LCD Greenspot, LLC and sell the Property through a Request for Offers. On December 10, 2019, in compliance with the Surplus Land Act, the District sent a Notice of Availability of Surplus Land to all public entities located within the jurisdiction of the Property. The District did not receive written requests to purchase the Property. With compliance of the Surplus Land Act complete the District declared the Property no longer required for public use, surplus to flood purposes and available for sale through this competitive bid process.

### **CONSIDERATIONS**

#### **Tres Lagos Mutual Water Company and Sunrise Ranch Mutual Water Company**

Along with ownership of the Property would transfer appurtenant water rights which includes capital stock holdings of a majority ownership in the Tres Lagos Mutual Water Company, a local water company with a well, one storage tank, and water lines on the Property. The minority ownership of Tres Lagos consists of five property owners to the south of the Property who receive water from the well. The District may also transfer any appurtenant rights or interests, which runs with the Property that it may hold in the Sunrise Ranch Mutual Water Company.

#### **Greenspot Road Bridge Utilities**

Greenspot Road is a major access thoroughfare to and from the Property. During the 2019 construction of the new highway bridge on Greenspot Road, the District funded the installation of utility conduits (casings, sleeves, lines, and conduits) on, through, and/or along the new Greenspot Road Bridge to support future development of the Property.

Installation of utility conduits during the construction of the new Greenspot Road Bridge was more cost effective than independent installation after bridge construction. Utility conduit installation after bridge construction would have required accessing the bridge within the Santa Ana River, thereby initiating coordination with and approvals from multiple resource agencies. Design, project, and construction management would have required additional expense.

#### **As-Is/Where-Is**

The Property are being sold "as-is", with no warranties by Seller as to the condition of the properties. Buyer takes title to the Property subject to all matters of record.

The Property information provided in these Bid Instructions is for informational purposes only. Bidders should not rely on this information in determining whether or not to submit bids but should conduct their own independent inspection and investigation of the properties.

**FINANCIAL INFORMATION**

- Purchase Price: Accepted bid amount.
- Bid Deposit: Twenty-Five Thousand Dollars (\$25,000.00). After acceptance of the highest responsive bid, the Bid Deposit shall immediately become non-refundable (except in case of default by the District) and released from escrow to the District. This deposit will be applied toward the purchase price.
- Additional Deposit: After acceptance of the highest responsive bid, Buyer shall submit a cashier's check in the amount of Five Hundred Thousand Dollars (\$500,000.00) payable to the Orange County Flood Control District. This deposit shall become non-refundable upon approval of feasibility (except in case of default by the District) and released from escrow to the District. The Additional Deposit shall be applied towards the purchase price.
- Escrow Related Fees: Amount equal to escrow and title cancellation fees to be paid to Escrow Holder by Buyer within ten (10) calendar days after acceptance of offer by Seller. This deposit will be applied toward the purchase price provided escrow is not canceled.
- Balance of Purchase Price: Balance of the purchase price, with closing costs, must be paid to Escrow Holder by Buyer prior to close of escrow and when so instructed by the Escrow Holder.

**CLOSING COSTS**

The Buyer and Seller shall mutually agree upon the selection of Title Company ("Escrow Holder") to process the escrow transaction.

Buyer shall pay:

- One hundred percent (100%) of the escrow fee;
- One hundred percent (100%) of the standard owner's title insurance policy fee;
- One hundred percent (100%) of the lender's title insurance policy fee, if any;
- Documentary transfer tax;
- Water stock transfer fee, if any;
- All other costs, including documentary transfer tax and recording fees; and
- Escrow and title cancellation fees, in the event Buyer does not complete the purchase.

Seller shall pay:

- One hundred percent (100%) of the broker's commission.

## **BID PROCEDURE**

To be considered as a purchaser for the bid property, you must complete and submit the "Offer and Agreement to Purchase Real Property" ("Offer and Agreement") document contained in this Bid Package. You must also submit a cashier's check, payable to the Orange County Flood Control District, for the Bid Deposit amount. This Bid Deposit is subject to forfeiture as liquidated damages, as set forth in the Offer and Agreement.

The completed Offer and Agreement, with Exhibits attached, and the Bid Deposit must be submitted in a sealed envelope prominently marked "SEALED BID." Include the following information on the outside of the envelope:

### **"SEALED BID" – ORANGE COUNTY FLOOD CONTROL DISTRICT GREENSPOT PROPERTY**

**Bid Due Date:**

**Bidder's Name:**

**Bidder's Address:**

#### **Written Sealed Bids**

Written Sealed Bids must be received no later than 2:00 p.m. on Monday, August 30, 2021 at the location listed below:

Land Advisors Organization  
100 Spectrum Center Drive  
Suite 1400 (14<sup>th</sup> Floor)  
Irvine, CA 92618  
Attn: Doug Jorritsma

Any bid received after 2:00 p.m., August 30, 2021, will be logged in and returned to the bidder unopened. No bid may be withdrawn once opened and the bidder shall be bound by its terms for ten (10) calendar days unless Seller rejects the bid.

#### **Bid Opening**

Sealed bids will be opened after 2:00 p.m. on Monday, August 30, 2021 at the location listed below:

Land Advisors Organization  
100 Spectrum Center Drive,  
Suite 1400 (14th Floor)  
Irvine, CA 92618

#### **Oral Bidding**

Oral bids will be received on Wednesday, September 8, 2021, starting at 1:00 p.m., at the location listed below:

Land Advisors Organization  
100 Spectrum Center Drive,  
Suite 1250 (12th Floor)  
Irvine, CA 92618

Only those parties submitting responsive written bids will be allowed to participate in oral bidding. The first oral bid must exceed the highest written bid by at least one percent (1%). Oral bidding shall proceed at the Chief Real Estate Officer's, or designee's discretion in minimum increments up to five percent (5.0%).

The party submitting the highest oral bid must be prepared to immediately complete and sign a new

Offer and Agreement to Purchase document.

### **SELECTION OF BUYER**

It is Seller's intention to sell the Property to the Bidder who submits the highest responsive bid and can complete the transaction within a one hundred twenty (120) day escrow period. Obtaining financing to purchase the property is the sole responsibility of Buyer. There will be no provision to purchase the property based on contingencies, such as obtaining financing or closing escrow on other properties.

Seller is not required to accept the high bid and reserves the right to reject any and all bids, to cause rebidding, or to take such action deemed appropriate at Seller's sole and absolute discretion.

### **DUE DILIGENCE PERIOD & CLOSE OF ESCROW**

The due diligence period shall be no longer than ninety (90) days from execution of the purchase agreement and the opening of escrow. Close of escrow shall occur no later than thirty (30) days after approval of feasibility. Thus, the entire escrow period shall be no longer than one hundred twenty (120) days.

### **ESCROW & TITLE INSURANCE**

The escrow and title company will be named in the Offer and Agreement document. Seller to pay Broker's commission and all other closing costs must be borne by the Buyer.

### **DOWN PAYMENT & PURCHASE PRICE**

Bid deposit of the successful bidder will be applied toward the purchase price of the Property with the difference to be paid through escrow. The Property is being sold for cash. No contingencies will be allowed for Buyer to obtain funds/financing or entitlements. Financing, if any, shall be the sole responsibility of Buyer.

### **CONDITION OF PROPERTY & TITLE**

The Property will be sold "as-is" with no warranties being made by Seller as to the condition of the Property. **Buyer takes title to the Property subject to all matters of record.**

### **COMPLETING OF BID PACKAGE**

1. Offer and Agreement - The phraseology and wording of the Offer and Agreement must not be changed in any respect. Conditions, limitations, or provisions attached to or inserted into the document shall render the bid non-responsive and shall be cause for its rejection.

Complete the Offer and Agreement as follows:

- A. Insert Property Address that bid is for on page one, line 4.
- B. Insert Buyer's name on page one, line 5.
- C. Insert the purchase price (bid amount) on page one, lines 10 – 11.
- D. Complete the Vesting clause on page four, line 1, listing exactly how Buyer will take title.
- E. Initial the Liquidated Damages clause on page five, line 3.

**ATTACHMENT E**

- F. Complete the Notices clause on page six, lines 6-9 inserting Buyer's name, address, and telephone number.
- G. Initial the Broker's Fees clause on page six, letter D, line 21 OR 23.5.
- J. Print name(s) and sign the Offer and Agreement on page eight, lines 3.5-8.5 of the document.

**NOTE:** If you are represented by a State of California licensed real estate broker, the broker must also print his/her name and sign the document on page nine, line 3.5-5.5, prior to the bid being submitted.

- 2. Bid Deposit - The Twenty-Five Thousand Dollar (\$25,000.00) Bid Deposit must be in the form of a cashier's check, payable to the Orange County Flood Control District.
- 3. Enclose the Offer and Agreement and the Bid Deposit in a sealed envelope, labeled as provided for on page 5 of these Bid Instructions. Include your name and address.
- 4. Mail or hand-deliver the completed bid package to Land Advisors Organization at the address listed on page 5 of these Bid Instructions.

**Representations**

- a) The Seller and Seller's Agents will not be bound by any representations not stated in the Bid Package.
- b) The Seller and Seller's Agents will not be responsible for any oral instructions or clarifications of the documents or procedure.
- c) The bidder is responsible for making all necessary investigations and examination of the property and any related documents. The bidder is responsible for reviewing and understanding all terms and conditions of the Bid Package, including the Offer and Agreement and all exhibits attached to and made a part thereof. Failure to do so will not act to relieve any terms and conditions of the Bid Procedure or the Offer and Agreement.
- d) The bidder may withdraw the bid prior to the bid opening date that is stated herein, upon written request for same to the Chief Real Estate Officer. All bids shall be firm offers and may not be withdrawn on or subsequent to the bid opening date.
- e) The Chief Real Estate Officer may extend the date for opening bids for a period not to exceed ninety (90) days.
- f) The Chief Real Estate Officer reserves the right to accept any bid, deemed appropriate at the Chief Real Estate Officer's sole and absolute discretion, for Board of Supervisor's approval.
- g) The Chief Real Estate Officer reserves the right to reject any and all bids and to cause rebidding or take such other course of action as deemed appropriate at the Chief Real Estate Officer's sole and absolute discretion.
- h) All bid documents shall become the property of the Orange County Flood Control District, c/o the County Executive Office, Real Estate. All costs associated with the preparation and submittal of any bid shall be borne entirely by the Bidder.

**ATTACHMENT E**

- i) The Bidder must acknowledge and agree that the District or its Agents have made no representations, warranties, or agreements as to any matters concerning the property or the obligations of the parties.

**Additional Information**

If further information is needed, please contact: Zoila Verdaguer, Project Contact at [Zoila.Verdaguer@ocgov.com](mailto:Zoila.Verdaguer@ocgov.com).



**ATTACHMENT E**  
**EXHIBIT A**  
**LOCATION MAP**

