City of Calistoga Staff Report

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TO: Honorable Mayor and City Council Members

FROM: Richard Spitler, City Manager

DATE: December 16, 2014

SUBJECT: Consideration of Resolution Delegating Authority to the City

Manager to Consent to Assignments of the Silver Rose Development Agreement and to Execute Implementing Documents

APPROVAL FOR FORWARDING:

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Richard D. Spitler, City Manager

ISSUE: Consideration of a Resolution Delegating Authority to the City Manager to Consent to Assignments of the Silver Rose Development Agreement and to Execute Implementing Documents.

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RECOMMENDATION: Adopt a resolution authorizing the City Manager to consent to assignments of the Silver Rose Development Agreement and to execute documents to implement the terms and provisions of the Development Agreement.

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BACKGROUND / DISCUSSION: The City of Calistoga approved the Silver Rose Project, which includes a hotel, single-family homes and other uses, in May, 2012, and it was the subject of an unsuccessful referendum. As part of the project, the City of Calistoga and Silver Rose Venture, LP ("Silver Rose") entered into a Development Agreement ("Development Agreement"), which sets forth the vested rights and obligations of Silver Rose with respect to the development of the Silver Rose Project.

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Section 8.2 of the Development Agreement (see Attachment 2) provides that it may only be assigned to a non-Affiliated Party, as defined therein, with the "written consent of City." Silver Rose has requested that the City consent to the

assignment of the Development Agreement to Calistoga Resort Holdings, LLC, a Delaware limited liability company that is purchasing the underlying real property. With this approval the project would continue to be developed as approved by the City and there is no change proposed in business plan, schedule, program, or luxury resort operator, nor an across-the-board change in managers of the development entity. What would change is that the previous private equity partner, Alcion, would be replaced by the Nantai Capital Group.

In order to respond quickly and effectively to requests for assignments, this item seeks authorization for the City Manager to consent to this proposed assignment, as well as subsequent assignments of the Development Agreement, pursuant to the terms of the Development Agreement, as well as to execute Assignment Agreements and other implementing documents, such as estoppel certificates, to effectuate the terms and provisions of the Development Agreement.

FISCAL IMPACT: The fiscal impact would be a decrease in the costs of staff time to agendize requests for approval of assignment agreements and other implementing documents.

ATTACHMENT:

- 1. Draft Resolution
- 2. Silver Rose Development Agreement Article 8 Assignment, Transfer and Notice

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entered into a Development Agreement recorded in the Official Records of Napa County on December 31, 2012 ("Development Agreement"), which sets forth the vested rights and obligations of Silver Rose with respect to the development of a hotel, single-family homes and other uses and amenities (the "Silver Rose Project");

WHEREAS, the City of Calistoga and Silver Rose Venture, LP ("Silver Rose")

WHEREAS, Section 8.2 of the Development Agreement provides that it may only be assigned to a non-Affiliated Party, as defined therein, with the "written consent of

WHEREAS, Silver Rose has requested that the City consent to the assignment of the Development Agreement to Calistoga Resort Holdings, LLC, a Delaware limited liability company, that is purchasing the underlying real property; and

WHEREAS, the City Council desires to authorize the City Manager to consent to this proposed assignment, as well as subsequent assignments of the Development Agreement, pursuant to the terms of the Development Agreement, as well as execute other implementing documents to effectuate the terms and provisions of the Development Agreement.

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Calistoga hereby authorizes the City Manager to consent to assignments of the Development Agreement as set forth in Section 8.2 therein, and to execute Assignment Agreements and other documents, including without limitation, estoppel certificates, to implement the terms and provisions of the Development Agreement, in forms approved by the City Manager in consultation with the City Attorney.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Calistoga at a regular meeting held this 16th day of December, 2014, by the following vote:

NOES:	
ABSTAIN:	
ABSENT:	
ATTEST:	CHRIS CANNING, Mayor
KATHY FLAMSON. City Clerk	