



# SANTA BARBARA RANCH

*Inland Development Agreement (IDA) Transfer Application to the County of Santa Barbara*

*Standard Portfolios Asset Management Co., LLC ("Standard Portfolios" or the Company)*

*April 30, 2015*



## PROPERTY OVERVIEW AND BACKGROUND

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Santa Barbara Ranch represents one of the state's most unique land holdings. Today, Santa Barbara Ranch comprises approximately 1,050 acres of which approximately 625 acres are located outside of the California coastal zone ("Inland Ranch" or "Inland Property"). Approximately 425 acres of Santa Barbara Ranch are located in the coastal zone.

Part of the challenge of Santa Barbara Ranch is that it contains over 220 legal lots that are recognized in the Naples Official Map dated December 1995. The County's efforts to discourage the development of these lots resulted in years of litigation with a prior owner, the Moreharts, that cost the County hundreds of thousands of dollars and left the County with a potential exposure in the hundreds of millions of dollars due to a decision in favor of the property owner at the State Supreme Court. In the late 1990s, Vintage Communities and related entities acquired the Santa Barbara Ranch from the Moreharts and began a multi-year planning process with the County to resolve the remaining Morehart litigation and land-use planning issues related to the property.

That process culminated in 2008, when the County approved entitlements on Santa Barbara Ranch that contain the development approvals on Santa Barbara Ranch and preserve the scenic beauty of the Property as well as the historic agricultural use of Santa Barbara Ranch. Included in the approval are entitlements to develop certain existing legal lots on the Inland Ranch and a tentative subdivision map establishing new lots on the Inland Ranch that would be developed in lieu of existing legal lots within the Highway 101 viewshed.

In connection with the approval of the entitlements on the Inland Ranch, the County and Vintage Communities (and related entities) entered into a development agreement concerning the entitlements on the Inland Property, commonly referred to as the Inland Development Agreement ("IDA"). Covering only lands situated north of Highway 101 and outside the coastal zone, the IDA includes an obligation on the part of the Developer (as defined in the IDA) to fund preparation of a plan to enhance areas of natural, scenic, wildlife, biological, open space and drainage corridors within Dos Pueblos Creek consistent with ongoing agricultural use on lands within the Dos Pueblos Creek drainage.



## INTRODUCTION

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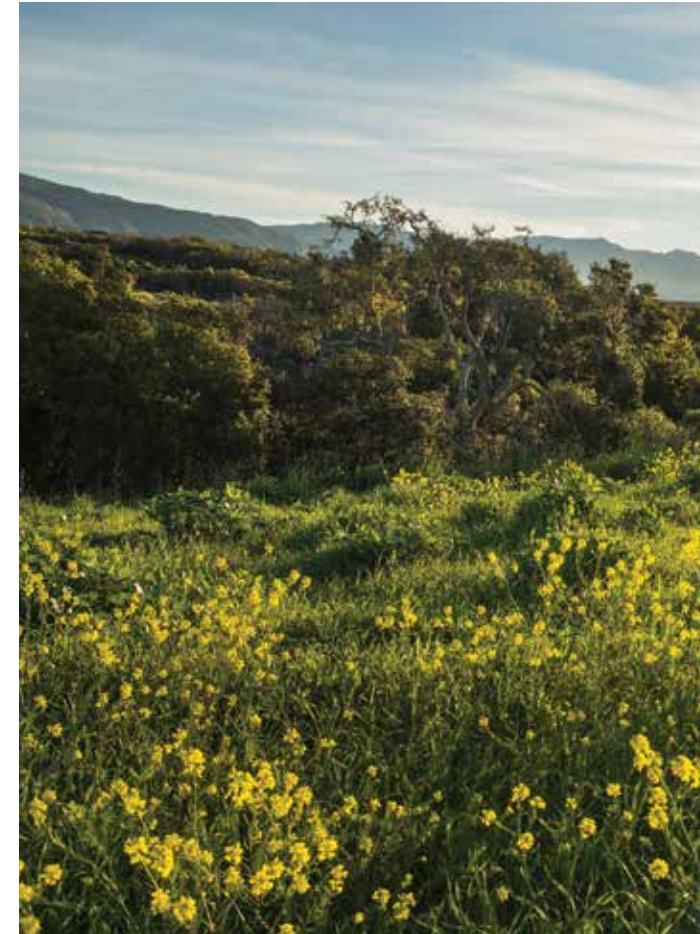
Standard Portfolios acquired Santa Barbara Ranch from SBRHC, Inc., closing escrow on January 28, 2015. Standard Portfolios appreciates the thought and sensitivity that went into the planning that resulted in approvals in 2008 and intends to preserve and enhance Santa Barbara Ranch's natural beauty and agricultural productivity, consistent with the IDA. Standard Portfolios plans to develop Santa Barbara Ranch consistent with the obligation of the IDA and to actively preserve the scenic and historic ranching and farming environment on Santa Barbara Ranch.

To this end, Standard Portfolios has assembled a team of individuals to represent its interests who have a long history with Santa Barbara Ranch and have a thorough understanding of the many complex issues related to the property and the entitlements.

Standard Portfolios is currently carrying out SBRHC's obligations as the Developer under the IDA, pursuant to an agreement with SBRHC.

In that regard, Standard Portfolios has placed \$2,000,000 in an escrow to be used exclusively to fund any of the Developer's obligations that may arise under the IDA. Since acquiring the Ranch, Standard Portfolios' team has actively assisted the California Rangeland Trust to complete a restoration plan for Dos Pueblos Creek in accordance with the IDA's terms. On April 1, 2015, the County's Planning Director found that Standard Portfolios' performance in this regard constituted good faith compliance with the IDA.

Through these actions, Standard Portfolios has demonstrated that it is able to perform the Developer's obligations under the IDA and is entitled to be substituted for SBRHC as the Developer in the IDA.









## PURPOSE AND OVERVIEW OF INLAND DEVELOPMENT AGREEMENT ("IDA") TERMS TO TRANSFER

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The purpose of this document is to provide the Santa Barbara County Staff and Board of Supervisors with information necessary to evaluate the suitability of Standard Portfolios as the Developer under the IDA. This document contains an overview of the IDA criteria for transfer of the Developer's obligations in the IDA, how Standard Portfolios meets those criteria, and Standard Portfolios' vision for the land encompassed within the IDA.

The terms that govern the County's evaluation of a transferee are contained in the IDA. The IDA states that the County will consent to a transfer unless the transferee is not able to perform the IDA's obligations. IDA Section 8.02(b) describes the criteria for the County's consent as follows:

[The County's] consent shall not be unreasonably withheld or delayed . . . County may refuse to give its consent only if, in light of the proposed transferee's reputation or financial resources, such transferee would not in the County's reasonable opinion be able to perform the obligations proposed to be assumed by such transferee . . .

In other words, the ultimate question is only whether Standard Portfolios would not be able to perform the Developer's obligations in the IDA. The County may consider Standard Portfolios' reputation and financial resources, but only to the extent they demonstrate that Standard Portfolios would not be able to perform the Developer's obligations in the IDA.

## DEVELOPER'S OBLIGATIONS IN THE INLAND DEVELOPMENT AGREEMENT

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The Developer has two basic obligations under the IDA.

First, the Developer is required to (i) pay a total of \$400,000 to a conservation organization of the Developer's choice to prepare and implement a plan to enhance areas of natural, scenic, wildlife, biological, open space, and drainage corridors within Dos Pueblos Creek consistent with ongoing agricultural use on lands within the Dos Pueblos Creek drainage and (ii) provide all reasonable assistance to the conservation organization to complete the plan.

Second, in the event that culturally significant resources are encountered during construction of the Inland Project and required mitigation exceeds the CEQA thresholds, the Developer will either: (i) mitigate all impacts regardless of cost; or (ii) avoid the impact through other means acceptable to the County.

## DEVELOPER'S PERFORMANCE OF ITS OBLIGATIONS SINCE ACQUISITION

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The best evidence of Standard Portfolios' ability to perform its obligations under the IDA is the fact that it already has performed the Developer's obligations in the IDA since closing the escrow to buy Santa Barbara Ranch.

First, Standard Portfolios has deposited \$2 million in an escrow to be used exclusively to fund any Developer obligations that may arise under the IDA. Evidence of those funds on deposit in escrow is attached (Appendix A). With this deposit, Standard Portfolios has more than fully funded the remaining financial obligations for the Dos Pueblos Creek restoration plan.

Second, in 2008, the California Rangeland Trust ("Rangeland Trust") was designated by the Developer (Vintage Communities) and accepted by the County to be the resource organization in connection with the preparation of the Dos Pueblos Creek restoration plan. In 2009 pursuant to the IDA, Vintage Communities gave the Rangeland Trust \$100,000 for preparation of the restoration plan, which the Rangeland Trust continues to hold. Since closing escrow, Standard Portfolios has authorized the Rangeland Trust to expend the \$100,000 to pay the costs to prepare a restoration plan. Standard Portfolios has helped the Rangeland Trust locate technical consultants to assist in assembling the data and preparing the restoration plan. Standard Portfolios provided the Rangeland Trust with background information on Dos Pueblos Creek. Standard Portfolios arranged for the Rangeland Trust and its consultants to have access to Dos Pueblos Ranch and provided a tour of conditions in Dos Pueblos Creek. Standard Portfolios responded to inquiries and requests for additional information from the Rangeland Trust and its consulting team.

Third, the County completed an annual review of developer compliance with the IDA. It found that the foregoing efforts constituted good faith compliance with the IDA. (Through these efforts a creek restoration plan has been completed.)

By closing an escrow to buy Santa Barbara Ranch at approximately \$45 million and posting an additional \$2 million to cover its obligations under the IDA, Standard Portfolios has demonstrated that it has the financial resources to perform the Developer's obligation in the IDA. By assisting the Rangeland Trust in completing the Dos Pueblos Creek restoration plan, Standard Portfolios has proven its ability to perform the Developer's obligations under the IDA.

Standard Portfolios has been able to perform and can be expected to continue to perform the Developer's obligations in the IDA because of its considerable financial resources and because it has assembled an experienced team that has an intimate knowledge of Santa Barbara Ranch and Dos Pueblos Ranch, as well as a detailed knowledge of the history, entitlements, and issues that are attendant to Santa Barbara Ranch and the Gaviota Coast.





## OWNER'S REPUTATION

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Standard Portfolios and its affiliated entities have been investing in real estate for more than a decade and have acquired and/or developed real estate in multiple states across the US. Through this experience and multiple transactions, Standard Portfolios has established an outstanding reputation for cooperatively working with and fulfilling obligations and commitments made to governmental agencies in connection with those projects.

The entirety of the real estate process is managed by Standard Portfolios, from acquisition through development, asset management, and disposition. Standard Portfolios has a history of hiring best-in-class teams to effectively execute its business endeavors. Its teams include

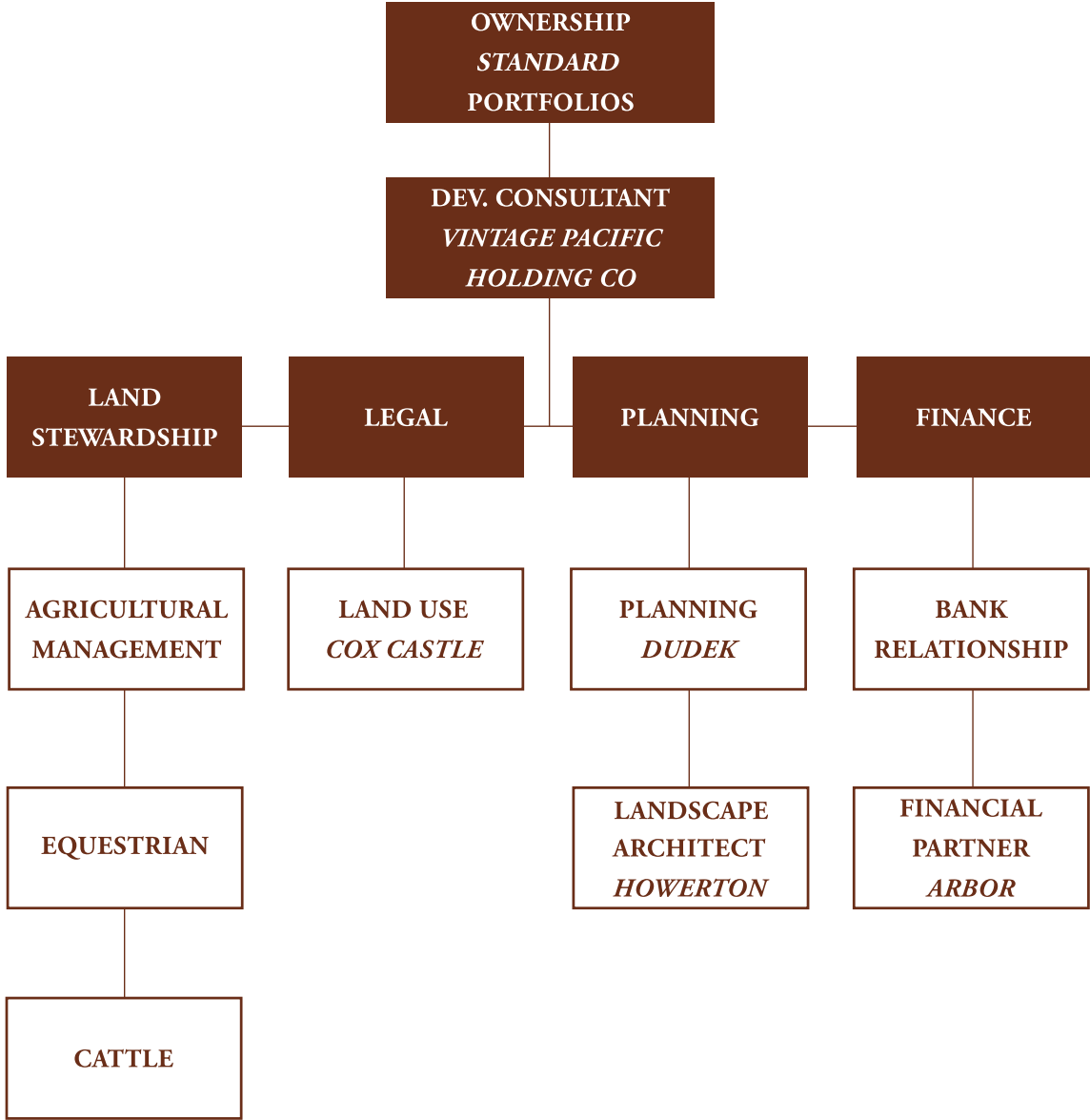
professionals who possess decades of experience in the acquisition, entitlement, development and management of real estate across the United States. This same commitment holds true for Santa Barbara Ranch. Standard Portfolios has employed a development team that will be led by Stanley Lamport of Cox, Castle & Nicholson LLP, Matthew Osgood of Vintage Pacific Holding Company, and Ken Marshall and April Winecki of Dudek. As consultants with solid backgrounds in land development, entitlement (both within and outside the coastal zone), agriculture, ranching and land conservation, all have considerable experience with the Inland Project Site and the Inland Project Approvals, as well as regional planning issues on the Gaviota Coast.







# DEVELOPMENT TEAM — ORGANIZATIONAL CHART





## DEVELOPMENT TEAM—LAND USE LEGAL COUNSEL

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### COX, CASTLE & NICHOLSON LLP

Cox, Castle & Nicholson LLP (CCN) is California's largest real estate law firm and is a recognized leader in the area of land use and entitlements. CCN's attorneys have extensive experience with all types of land use and entitlement projects throughout California. U.S. News & World Report -Best Lawyers® & Best Law Firms recently named CCN as the 2015 national "Law Firm of the Year" for Land Use and Zoning Law.

#### STANLEY W. LAMPORT

*Partner, Cox, Castle & Nicholson LLP*

Mr. Lamport has extensive experience with the Santa Barbara Ranch property and the project approvals. He represented Vintage Communities in connection with the property from 2002 through the time that SBRHC, Inc. acquired the property. Mr. Lamport represented Vintage in all of the Planning Commission workshops and public hearings, as well as before the Board of Supervisors when it approved the project in 2008. Mr. Lamport drafted the IDA and negotiated its terms with the County. He was involved in every aspect of the project, and is uniquely familiar with the project and the Developer's obligations under the IDA.

Mr. Lamport has 33 years of experience in the field of land use and entitlement law. He has an extensive practice before the California Coastal Commission and is thoroughly familiar with the issues related to land use in and adjacent to the coastal zone. Mr. Lamport has been recognized in Best Lawyers in America in the field of law use and zoning law since 2008, as well as in Southern California Super Lawyers from 2004 to 2006 and from 2008 to the present.

Mr. Lamport is working with other colleagues at CCN, who will be assisting Standard Portfolios in carrying out the Developer's IDA obligations throughout the duration of the project.

## DEVELOPMENT TEAM— DEVELOPMENT CONSULTING

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### VINTAGE PACIFIC HOLDING COMPANY

Vintage Pacific is a residential development company with a proven ability to effectively navigate the entitlement maze to create inspired communities with an emphasis on listening to the land. The firm is experienced at taking properties from raw, unentitled land to solutions with a generational perspective. Key to Vintage's approach is to understand stakeholder needs early, and develop projects with consideration and careful planning that respects the environment and its precious natural resources.

#### MATTHEW OSGOOD

*Partner, Vintage Pacific Holding Company*

A seasoned real estate professional with extensive experience in development, preservation, ranching and agriculture, Matthew Osgood has owned and entitled multiple properties in the coastal zone since 1998 and throughout California and Hawaii since 1987.

Mr. Osgood was managing member of the entities that owned Santa Barbara Ranch from 1998 through 2010, and he obtained County approval in 2008 for entitlements at Santa Barbara Ranch. As President/CEO of Vintage Communities since 1996, Mr. Osgood has presided over a number of entities that have successfully developed large-scale master plans as well as boutique homebuilding projects. In total, these entities have built more than 5,000 residential units and developed more than 3,000 lots.





## DEVELOPMENT TEAM — PLANNING

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### DUDEK

Dudek is a California-focused environmental planning, consulting and engineering firm with 300 planners, scientists, engineers, contractors and staff, and decades of experience. Dudek's professionals effectively guide California landowners through the complex permitting and entitling process. Many of its professionals specialize in coastal resource and land use planning, policy analysis, and development entitlement. Dudek also offers special Coastal Planning Services, which include Coastal Commission staff liaisons and policy advisors for a variety of private and public development and restoration projects, and coastal planning programs throughout coastal California.

### KEN MARSHALL

*Principal, Senior Environmental Planner, Dudek*

Kenneth Marshall represented the Morehart family interests when they owned Santa Barbara Ranch, and has extensive experience representing and advising projects in Santa Barbara County and on the Gaviota Coast.

Mr. Marshall is a principal and senior project manager with more than 38 years' professional experience as an environmental planner specializing in environmental research, impact assessment, field research, and land use analysis. He has participated in over 300 California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA) environmental documents including environmental assessments (EAs); environmental impacts reports (EIRs); specific plans; master environmental assessments (MEAs); and policy documents for numerous local agencies within the State of California.

Mr. Marshall has managed projects in the following areas: land development permit processing, environmental planning and impact analysis, highest- and best-use evaluations, environmental constraint analysis, CEQA procedures for public agencies, specific plan and master plan development, general plan elements, MEAs, coastal policy analysis, oil/gas facility permitting/abandonment, solid waste management/reduction plans, environmental quality assurance programs (EQAP), mitigation monitoring, and expert witness. An AICP Certified Planner, Mr. Marshall earned a BA in Environmental Studies in 1977 from the University of California, Santa Barbara.

### APRIL WINECKI

*Senior Project Manager/Coastal Planner, Dudek*

April Winecki has more than 14 years of planning experience, which includes coastal resource planning and policy analysis, land use planning and environmental impact analysis. Ms. Winecki has worked as a coastal planner for a variety of private and public agency development and restoration projects, and has served as a project manager and Coastal Commission liaison for a number of Local Coastal Program Amendment and Public Works Plan proposals, coastal development permit proposals, and Federal Consistency Review analyses. She has also worked as a project and environmental planner for various public and private development projects throughout the state of California. These projects have included initial due diligence and site evaluations, environmental constraint analysis, environmental planning and impact analysis, and land development entitlements.

Ms. Winecki is an expert in California Coastal Commission and Local Coastal Program policy and procedures. She has experience working on projects involving Coastal Act and Local Coastal Program policy conflict resolution, including coastal land use plan and zoning ordinance amendments. Ms. Winecki has a deep understanding of all aspects of coastal permitting, and serves as a California Coastal Commission liaison to facilitate resolution of coastal permit appeals to the California Coastal Commission and Commission-initiated enforcement actions. In addition, she has years of experience in condition compliance and mitigation monitoring. Ms. Winecki earned a BS in Environmental Studies in 1997 from the University of California, Santa Barbara.





## STANDARD PORTFOLIOS SUPPORTS THE VISION BEHIND THE IDA COMMITMENTS

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Standard Portfolios not only has the capacity to perform the Developer's obligations in the IDA, it is eager to do so. Standard Portfolios understands that Santa Barbara Ranch and surrounding holdings on the Gaviota Coast share a rich history and landscape.

The 38-mile rural sweep of the Gaviota Coast features scenic beauty combined with biological and cultural resources that make it unique. Within California's Gaviota Coast, Santa Barbara Ranch provides rolling hills, valleys, mature agricultural lands and a freshwater reservoir, as well as one mile of ocean frontage bluff top land.

Standard Portfolios appreciates the natural virtues of Gaviota and Santa Barbara Ranch, therefore it is Standard Portfolios' vision that implementation of the Inland Approvals and the IDA will allow for land preservation through the recordation of an Agricultural Conservation Easement and the Dos Pueblos Creek Restoration.

## DOS PUEBLOS CREEK RESTORATION

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Standard Portfolios understands that restoration of Dos Pueblos Creek under the IDA is an important part of the conservation element of the Alt 1-B project vision. For this reason, Standard Portfolios has been and will be performing the Developer's obligations in the IDA with a strong interest in restoring a biologically productive Dos Pueblos Creek and protecting cultural resources as specified in the IDA.





# CONFIDENTIAL

Standard Portfolios & Affiliated Entities Financial Statement

*As of 02/28/15*

Standard Portfolios is prepared to substantiate the following amounts.

## ASSETS

	CASH ON HAND IN BANKS	BANK RESTRICTED	ACCOUNTS RECEIVABLE	REAL ESTATE - MARKET VALUE	OTHER ASSETS	TOTAL
Apartments	1,201,539.82	4,654,349.89	1,577,445.78	276,860,000		
Commercial	12,914.83	-	-	104,000,000		
Land	322,748.46	-	-	178,000,000		
Corporate & Related	3,502,286.68	-	-	16,900,000	2,735,000	
Total Market Value Assets	5,039,489.79	4,654,349.89	1,577,445.78	575,760,000	2,735,000	589,766,285.46

## LIABILITIES

	NOTES PAYABLE			LOAN MORTGAGE	ACCOUNTS PAYABLE	TOTAL
Apartments	28,833,829	-	-	208,750,000	-293,311.84	-
Commercial	3,055,000	-	-	20,558,003.67	2,652,503.05	-
Land	1,850,000	-	-	30,729,552.76	477,066	-
Corporate & Related	-	-	-	4,700,000	-	-
	33,738,829	-	-	264,737,556.43	2,836,257.21	301,312,642.64
Net Worth						288,453,642.82

*This presentation expects to be consistent with the IDA.*



SANTA BARBARA RANCH

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APPENDIX A  
\$2 Million Deposit



**Chicago Title Company**  
CTI Santa Barbara – Montecito  
**INCOMING WIRE/OTHER CREDIT CONFIRMATION**

<b>Cost Center</b>	<b>Profit Center</b>	<b>Escrow No.</b>	<b>Title No.</b>	<b>Date</b>	<b>Instrument No.</b>
7742	4774	XXXXXXXXXX	077405425A	3/24/2015	XXXXXXXXXX
<b>Bank Code</b>	<b>Bank Name</b>				<b>Account No.</b>
0001	Bank of America, N.A.				XXXX-XXXX

TRUST BANK NAME: Bank of America, N.A.

ACCOUNT NUMBER: XXXX-XXXX

AMOUNT OF WIRE/  
OTHER CREDIT: \$2,000,000.00

For the benefit of:  
BUYER/BORROWER  SELLER   
SELLING BROKER  LISTING BROKER

SENDER: Standard Portfolios Asset Mana Company LLC TIME: 7:37p

BANK RECEIVED FROM: East West Bank

ABA # NO ABA Seq Number found CONFIRMATION/  
BANK SEQUENCE # NO Reference Number found

Is this anticipated loan proceeds: Yes  Incoming Wire  Other Credit:

Received Wire/Other Credit Confirmation

Date: 3/24/15 By:  Stephanie Branco

The parties to this escrow acknowledge that the maintenance of escrow accounts with some depository institutions may result in Escrow Holder or its affiliates being provided with bank services, accommodations or other benefits by the depository institution. Escrow Holder or its affiliates also may elect to enter into other business transactions with or obtain loans for investment or other purposes from the depository institution. All such services, accommodations and other benefits shall accrue to Escrow Holder or its affiliates, and Escrow Holder or its affiliates shall have no obligation to account to the parties to the escrow for the value of such services, accommodations or other benefits.

**NOTICE OF OPPORTUNITY TO EARN INTEREST**

You have the opportunity to earn interest on your escrowed funds as follows:

1. Request your escrow agent set up an interest bearing account.
2. The charge to set up and service the interest bearing account is \$50.00.
3. As an example, the amount of interest you can earn on a deposit of \$1,000.00 for a thirty day period at an interest of 4% is \$3.33. Interest earned is dependent on the amount of the deposit, length of time of the deposit and the prevailing interest rate.
4. To establish an interest bearing account, ask for an "Escrow Instruction - Interest Bearing Account", complete the form and return it to your escrow officer.

File Copy



# SANTA BARBARA RANCH

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## APPENDIX B

Letters to County Regarding IDA Compliance





Cox, Castle & Nicholson LLP  
555 California Street, 10th Floor  
San Francisco, California 94104-1513  
P: 415.262.5100 F: 415.262.5199

Stanley W. Lampport  
310.284.2275  
slampport@coxcastle.com

March 19, 2015

File No. 71989

**VIA E-MAIL AND U.S. MAIL**

Ms. Dianne Black  
Director of Development Services  
County of Santa Barbara  
123 East Anapamu Street  
Santa Barbara, CA 93101-2058

**Re: Santa Barbara Ranch –Inland Development Agreement Compliance**

Dear Ms. Black:

This letter is intended to provide an update on the Developer's good faith compliance with terms of the Development Agreement for the Inland Entitlements ("IDA").

On January 29, 2015, our client, Standard Portfolios Asset Management Co. LLC ("Standard Portfolios"), closed escrow and purchased the entirety of the Inland Project Site (as defined in the IDA) from SBRHC, Inc. ("SBRHC"). SBRHC and Standard Portfolios have entered into a Transfer Agreement to transfer all of SBRHC's interests in the IDA to Standard Portfolios. On December 1, 2014, SBRHC requested the County's consent to the Transfer Agreement. On December 5, 2014, the County planning director declined to consent to the Transfer Agreement. On December 12, 2014, SBRHC authorized Standard Portfolios to act as its agent with respect to appealing the County planning director's decision to your Board. In that capacity, on December 15, 2014, Standard Portfolios appealed the planning director's determination to the Board of Supervisors.

Article 8 of the IDA allows SBRHC, as the current Developer under the terms of the IDA, the option of entering into a Transfer Agreement to transfer its interests in the IDA to Standard Portfolios. Under the IDA, the transfer takes effect once the County approves the Transfer Agreement. However, the IDA also gives SBRHC the option, in its sole discretion, to allow Standard Portfolios, to acquire the Inland Project Site as a non-assuming transferee. Under Section 8.03 of the IDA, a non-assuming transferee assumes the vested rights afforded by the IDA, but does not assume any of SBRHC's obligations under the IDA, until such time as the County approves a Transfer Agreement.

At this juncture, Standard Portfolios owns the Inland Project Site as a non-assuming transferee. However, SBRHC has authorized Standard Portfolios to perform the Developer's obligations in its stead until such time as the County consents to the Transfer



Ms. Dianne Black  
March 19, 2015  
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Agreement. Since closing escrow, Standard Portfolios has been carrying out the Developer's obligations in that capacity.

Since acquiring title, Standard Portfolio's focus has been on providing all reasonable assistance to California Rangeland Trust ("CRT") to complete a creek restoration plan for Dos Pueblos Creek pursuant to IDA Section 2.02(a).

In 2008, CRT was designated by the Developer (at that time Vintage Communities and related entities) to be the resource organization in connection with the preparation of a creek restoration plan for Dos Pueblos Creek. In 2009, pursuant to the IDA, the Developer entered into a written Contribution Agreement with CRT, pursuant to which the Developer paid CRT \$100,000 for the preparation of a creek restoration plan. Pursuant to the Contribution Agreement, CRT agreed to hold the funds pending a further agreement governing the expenditure of those funds. SBRHC assigned its interest in the Contribution Agreement with CRT and the \$100,000 paid to CRT pursuant to the Contribution Agreement, effective at the close of escrow. CRT continues to hold the \$100,000.

Preliminary work on a creek restoration plan was begun in 2010. Since closing escrow, Standard Portfolios has orally authorized CRT to expend the \$100,000 to pay the costs to complete a creek restoration plan. Standard Portfolios and CRT are in the process of formalizing a new written agreement regarding the expenditure of funds for the completion of a creek restoration plan. We expect the agreement to be completed in the near future. However, the parties have orally agreed that the work on a creek restoration plan would proceed while a formal agreement is being completed.

As a result, work on completing a creek restoration plan is occurring. Standard Portfolios has been providing all reasonable assistance to CRT to complete the creek restoration plan. In that regard:

- Standard Portfolios helped CRT locate technical consultants to assist in assembling the data and completing a creek restoration plan. A team of technical consultants has been assembled by Ken Marshall at Dudek and has been at work preparing a draft creek restoration plan for CRT.
- Standard Portfolios has engaged Matthew Osgood and me to pursue its interests on Santa Barbara Ranch. Mr. Osgood and I have access to a considerable amount of information about Dos Pueblos Creek and the water system on Dos Pueblos Ranch, which was developed in connection with pursuing the 2008 approvals and in connection with the initial work on the plan. We have made that information available to CRT and the consulting team.
- Mr. Osgood and I have been working with Dos Pueblos Ranch to assure that CRT and the consulting team has all necessary access to Dos Pueblos Creek and surrounding areas for purposes of preparing a creek restoration plan. Through

Ms. Dianne Black  
March 19, 2015  
Page 3

this effort, CRT and the consulting team has had all needed access to Dos Pueblos Ranch to complete a creek restoration plan.

- I met with CRT and the consulting team on Dos Pueblos Ranch and gave them an extensive tour of the creek and the water system, so that they would have the benefit of everything I learned about the creek and water system over the years.
- Standard Portfolios continues to assist CRT and the consulting team in accomplishing a creek restoration plan. We have been promptly responding to inquiries as they arise and will continue to do so.

Through these efforts a creek restoration plan is being completed. Standard Portfolios is optimistic that CRT will be able to produce a Creek Restoration Plan within the time contemplated in the IDA.

In addition, although not required by the IDA, Standard Portfolios is placing \$2,000,000 in an escrow this week to be used exclusively to ensure performance of any Developer obligations that may arise under the IDA. As a result, Standard Portfolios stands ready to continue to perform the Developer's obligations that will arise under the IDA.

If you have any questions or require any further information, please do not hesitate to contact us.

Very truly yours,

  
Stanley W. Lamport

SWL/chc



*SBRHC, Inc.*

December 11, 2014

Dr. Glenn Russell, Planning Director  
County of Santa Barbara  
Planning & Development  
123 East Anapamu Street  
Santa Barbara, CA 93101

Subject: Santa Barbara Ranch; Initiation of Periodic Review Pursuant to Inland  
Development Agreement, Section 10.04

Dear Dr. Russell,

As you are aware, SBRHC, Inc is successor in interest, by way of foreclosure by its parent company, First Bank, to the Santa Barbara Ranch property and its underlying development entitlements, including the Santa Barbara Ranch Inland Development Agreement dated October 13, 2008. Pursuant to Section 10.04 of the Inland Development Agreement, we hereby request initiation of the required "Periodic Review".

Section 10.04 requires the Developer to contact the Director of P&D to initiate the periodic review no later than 60 days before the expiration of the previous review. As identified in an email from Assistant Planning Director, Dianne Black dated December 3<sup>rd</sup>, 2014 to our land use consultant, Laurel Perez of SEPPS, the periodic review requirement was not effective during the litigation that followed County approval of the Inland Development Agreement. Litigation was resolved earlier this year in April 2014 (refer to attached Remittitur dated April 8, 2014). Resolution of the litigation triggers the 12 month periodic review requirement; therefore, we are formally requesting initiation of this review.

Over the past several months, since the resolution of litigation, we have been working in a good-faith effort to comply with the terms of the Inland Development Agreement. We have been in coordination with the California Rangeland Trust (CRT) regarding the Creek Restoration Plan required by the Inland Development Agreement, Section 2.02 (a) *Creek Corridor, Open Space and Watershed Protection*. The CRT is a non-profit conservation organization with substantial qualifications and experience in conserving open space and natural resources and is responsible for planning the Dos Pueblos Creek Restoration Plan. CRT has been provided a planning contribution of \$100,000.00 to develop the Creek Restoration Plan as set forth in the Inland Development Agreement, (refer to attached *Contribution Agreement* dated March 2, 2009).

CRT will be engaging support services to assist in the preparation of the creek restoration plan and we are working with CRT to identify a consultant with whom we (land owner and CRT) can contract with to identify and quantify plan recommendations. We are targeting April 2015 for development of the Creek Restoration Plan, which would be approximately one (1) year following the resolution of litigation; however, we have not yet received a schedule estimate from CRT. We will report back to P&D once we have this confirmed.

16900 Goldenwest Street · Huntington Beach, CA 92647  
Phone (714) 375-7024

Deborah M. Rosenthal  
Sheppard Mullin Richter & Hampton.LLP  
650 Town Center Drive  
4th Floor  
Costa Mesa, CA 92626-1993

Case Number B245728  
Division 6  
ENVIRONMENTAL DEFENSE CENTER & SURFRIDER FOUNDATION et al.,  
Petitioners and Appellants,  
v.  
COUNTY OF SANTA BARBARA et al.,  
Respondents;  
SANTA BARBARA LAND & RANCHING COMPANY et al.,  
Real Parties in Interest.

\*\*\* NOTICE \*\*\*

Enclosed is a copy of the remittitur that has issued in the above-entitled cause. This notice is sent as required pursuant to Calif. Rule of Court 8.272(d).

A copy of this court's order, opinion or decision which was mailed to you upon its filing is *not* enclosed with this mailing.



IN THE COURT OF APPEAL OF THE STATE OF CALIFORNIA  
SECOND APPELLATE DISTRICT  
JOSEPH A. LANE, CLERK

DIVISION 6

Santa Barbara County Superior Court - Main  
1100 Anacapa Street  
Santa Barbara, CA 93101

ENVIRONMENTAL DEFENSE CENTER & SURFRIDER FOUNDATION et al.,  
Petitioners and Appellants,  
v.  
COUNTY OF SANTA BARBARA et al.,  
Respondents;  
SANTA BARBARA LAND & RANCHING COMPANY et al.,  
Real Parties in Interest.  
B245728  
Santa Barbara County No. 1304044

\*\*\* REMITTITUR \*\*\*

I, Joseph A. Lane, Clerk of the Court of Appeal of the State of California, for the Second Appellate District, do hereby certify that the attached is a true and correct copy of the original order, opinion or decision entered in the above-entitled cause on January 28, 2014 and that this order, opinion or decision has now become final.

Respondents and real parties in interest are awarded costs on appeal.

Witness my hand and the seal of the Court  
affixed at my office this

APR - 8 2014

Joseph A. Lane, Clerk

by: J. Terry,  
Deputy Clerk

cc: All Counsel (w/out attachment)  
File

CONTRIBUTION AGREEMENT

THIS CONTRIBUTION AGREEMENT (this "Contribution Agreement") is made as of March 2, 2009 (the "Effective Date"), by and between Vintage Communities, Inc., Santa Barbara Ranch, LLC, Vintage Vineyards, LLC, Osgood Farms, LLC, Matthew K. Osgood, DLC Ranch, LLC, TW Family Farm, LLC (collectively, "Developer"), and California Rangeland Trust, ("CRT"). Developer and CRT may be referred to herein individually as a "Party" or collectively as the "Parties."

RECITALS

This Contribution Agreement is made and entered into on the basis of the following facts and understandings of the Parties hereto:

A. Developer is a party to that certain Development Agreement by and between Developer and Santa Barbara County dated as of on or about October 26, 2008 regarding the Inland Project (as that term is defined in the Development Agreement) (the "Development Agreement"). Capitalized terms not otherwise defined herein shall have the meaning set forth in the Development Agreement.

B. The Development Agreement requires Developer to make certain monetary contributions to a non-profit conservation organization of Developer's choosing to initiate planning to enhance areas of natural, scenic, wildlife, biological, open space, and drainage corridors within Dos Pueblos Creek, such activities being defined in the Development Agreement as the Creek Restoration Plan.

C. CRT is a non-profit conservation organization that has substantial qualifications and experience in conserving open space and/or natural resources and has the requisite expertise to initiate planning of the Creek Restoration Plan.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties hereto hereby agree as follows:

AGREEMENT

A. Obligations of Developer. Developer shall pay to CRT the sum of one hundred thousand dollars (\$ 100,000.00) (the "Planning Contribution").

B. Obligations of CRT. CRT shall use the Planning Contribution to develop the Creek Restoration Plan as set forth in the Development Agreement. Notwithstanding the foregoing, CRT shall not expend any portion of the Planning Contribution until such time as CRT and Developer execute the Subsequent Agreement, as defined below.

C. Subsequent Agreement. The Parties shall cooperate in good faith to negotiate a subsequent agreement that will implement the requirements in the Developments Agreement for preparation of the Creek Restoration Plan and set forth the Parties' mutual understanding

I. Governing Law. This Contribution Agreement shall be governed by and construed in accordance with the laws of the State of California.

J. Third Party Beneficiaries. This Agreement shall not be deemed or construed to confer any rights, title or interest, including without limitation any third party beneficiary status or right to enforce any provision of this Contribution Agreement, upon any person or entity other than Developer and CRT.

K. Time of the Essence. Time is of the essence in the performance by each Party of its obligations under this Contribution Agreement.

L. Authority. Each person executing this Contribution Agreement represents and warrants that he or she has the authority to bind his or her respective Party to the performance of its obligations hereunder and that all necessary board of directors', shareholders', partners' and other approvals have been obtained.

M. Counterparts. This Contribution Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signature pages may be detached from the counterparts and attached to a single copy of this Contribution Agreement to physically form one document.

N. Notices. All notices, invoices and other communications required or permitted under this Contribution Agreement shall be made in writing, and shall be delivered either personally (including by private courier), by certified mail, postage prepaid and return receipt requested, or by nationally recognized overnight courier service to the following addresses, or to such other addresses as the parties may designate in writing from time to time:

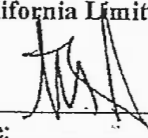
If to Developer: Mr. Matthew K. Osgood  
Vintage Communities LLC  
18401 Von Karman Avenue, Suite 350  
Irvine, CA 92612

with copies to: Stanley W. Lamport, Esq.  
Cox, Castle & Nicholson LLP  
2049 Century Park East, Suite 2800  
Los Angeles, CA 90067

If to CRT: Ms. Nita Vail, Chief Executive Officer  
California Rangeland Trust  
1225 H Street  
Sacramento, CA 95814

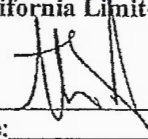
Notices personally delivered shall be deemed received upon delivery. Notices delivered by certified mail as provided above shall be deemed received on actual delivery. Notices delivered by courier service as provided above shall be deemed received twenty-four (24) hours after the date of deposit.

Osgood Farms, LLC,  
a California Limited Liability Company

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

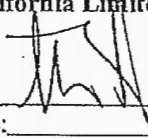
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

DLC Ranch, LLC,  
a California Limited Liability Company

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

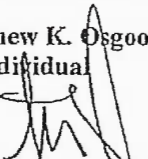
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

TW Family Farm, LLC,  
a California Limited Liability Company

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Matthew K. Osgood,  
an Individual

By:   
Name: Matthew K. Osgood



SANTA BARBARA INVESTMENT LP

DATE	INVOICE NO	DESCRIPTION	INVOICE AMOUNT
2-27-09	SL-831	Dep - Creek Restoration	100000.00
CHECK DATE	2-27-09	CHECK NUMBER	2545
TOTAL >			10000

PLEASE DETACH AND RETAIN FOR YOUR RECORDS

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER

SANTA BARBARA INVESTMENTS, LP  
 FKA SANTA BARBARA DEVELOPMENT, LP  
 18401 VON KARMAN AVE, STE. 350  
 IRVINE, CA 92612

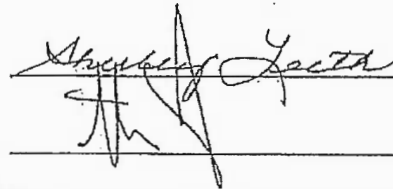
FIRST BANK & TRUST  
 ASSOCIATION BANK SERVICES  
 4301 MAC ARTHUR BLVD.  
 NEWPORT BEACH, CA 92660

90-3813 400  
 1222

DATE February 27, 2009 CHECK NO. 2545 AMOUNT \$\*\*\*\*100,000.00

Pay: \*\*\*\*\*One hundred thousand dollars and no cents

PAY TO THE ORDER OF 4147 CALIFORNIA RANGELAND TRUST  
 1221 H STREET  
 SACRAMENTO, CA 95814-1910



THE BACK OF THIS DOCUMENT CONTAINS AN ARTIFICIAL WATERMARK—HOLD AT AN ANGLE TO VIEW

⑈000002545⑈ ⑆122239131⑆ 9406922828⑈

# SANTA BARBARA RANCH

APPENDIX C  
 County IDA Compliance Letter



**County of Santa Barbara  
Planning and Development**

Glenn S. Russell, Ph.D., Director

Dianne Black, Assistant Director

April 1, 2015

Mr. Peter Umoff for SBRHC Inc.  
Seed Mackall LLP  
1332 Anacapa Street, Suite 200  
Santa Barbara, CA 93101

**RE: Periodic Review – Santa Barbara Ranch Inland Development Agreement**

Dear Mr. Umoff:

Section 10.04 of the Inland Development Agreement requires that the County conduct a “Periodic Review” once every twelve months to review the extent of the developer’s good-faith compliance with the Agreement. This letter constitutes the County’s Periodic Review for the review period beginning in April 2014. Documents used in completing the periodic review include the Santa Barbara Ranch Inland Development Agreement, a letter from Cox, Castle & Nicholson on behalf of Standard Portfolios dated March 19, 2015, and a letter from SBRHC Inc. dated December 11, 2014. These documents were included with our March 27, 2015 letter sent to your attention consistent with Section 10.04(c) of the Inland Development Agreement.

Section 2.02(a) of the Agreement sets forth provisions for the developer to pay \$100,000 to a non-profit organization to “initiate planning to enhance areas of natural, scenic, wildlife, biological, open space, and drainage corridors within the Dos Pueblos Creek drainage . . .” and to ultimately prepare and implement a creek restoration plan. Consistent with this requirement, the developer has 1) deposited \$100,000 with the California Rangeland Trust (CRT), a non-profit conservation organization fully independent from the developer; 2) partnered with CRT to hire Dudek & Associates to prepare a creek restoration plan for the Dos Pueblos Creek drainage; and, 3) provided all necessary access to the site and information regarding the site and restoration plan requirements needed for CRT and Dudek to complete the creek restoration plan. Therefore, the developer has been actively working to satisfy the requirements of the agreement and has been found in good-faith compliance with the Agreement.

Please contact me at (805) 568-2085 or Nicole Lieu at (805) 884-8068 should you have any questions regarding this matter.

Sincerely,

GLENN RUSSELL, PH.D.  
Director



cc: Dianne Black, Assistant Director  
Alice McCurdy, Deputy Director-Development Review  
Anne Almy, Supervising Planner  
Nicole Lieu, Planner  
Standard Portfolios, C/O Greg Garmon, 488 E. Santa Clara Street, Suite 304, Arcadia,  
CA 91006  
Stanley Lamport, Cox, Castle & Nicholson LLP, 7049 Century Park East, Suite 2800 Los  
Angeles, CA 90067  
April Winecki, Dudek, 621 Chapala Street, Santa Barbara, CA 93101

# SANTA BARBARA RANCH

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## APPENDIX D

Arbor Letter



March 16, 2015

Board of Supervisors  
County of Santa Barbara  
105 E. Anapamu Street, Room 407  
Santa Barbara, CA 93101

Re: Financial Wherewithal of Standard Portfolios

Dear Members of the Board of Supervisors,


This letter is to confirm Standard Portfolio's relationship with Arbor Realty Trust, Inc. ("ART"), which has spanned more than 5 years and multiple transactions. Over this period, Standard Portfolios, along with its affiliated entities, ("SP") has purchased more than \$65 million in assets from ART and SP has always performed as agreed. In addition, ART has financed more than \$200 million in real estate for Standard Portfolios. All financings were paid as agreed.

With respect to Santa Barbara Ranch, ART provided financing to close and therefore conducted its own due diligence regarding the property. Based on our analysis, ART is confident Standard Portfolios has the financial capacity to satisfy the conditions of the Inland Development Agreement and County Approved Alternative 1(B) project.

Over the years ART has enjoyed a great multi-faceted relationship with Standard Portfolios and found Standard Portfolios to be a very good client.

Very Truly Yours,

Arbor Realty Trust, Inc.

By:   
Name: William Connolly  
Title: General Counsel, Transactions

cc: David Liu, Standard Portfolios