



June 18, 2024

Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, CA 93009

SUBJECT: Approval of, and Authorization for the Harbor Director to Sign, the Assignment, Assumption and Consent (Assignment) of the Amended and Restated Harbor Lease for Channel Islands Harbor Parcels H-1, H-2, X-1B and X-1C Between the County of Ventura (County) and Marine Emporium Landing LLC, a California Limited Liability Company (MEL), to SMI Marine Emporium, LLC, a Delaware Limited Liability Company, Contingent upon MEL Paying \$501,900 to County for Past Rent Credits and Prior to the Harbor Director Signing the Assignment; Find that the Assignment is not Subject to the California Environmental Quality Act (CEQA) or, Alternatively, Find that the Project is Exempt from CEQA

Recommendations:

Harbor Department Staff recommends that your Board:

- 1) Approve and authorize the Harbor Director to sign the attached Assignment, Assumption and Consent (Assignment) of the Amended and Restated Harbor Lease for Channel Islands Harbor Parcels H-1, H-2, X-1B, and X-1C between the County of Ventura and Marina Emporium Landing LLC, a California limited liability company (MEL), to SMI Marine Emporium LLC, a Delaware limited liability company, contingent upon MEL Paying \$501,900 to County for past rent credits and prior to the Harbor Director Signing the Assignment.
- 2) Find that your Board's approval of the Assignment is not a project under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines sections 15352 and 15378 because the Assignment will not cause a direct or a reasonably foreseeable indirect physical change in the environment and will not authorize any specific development activity. Alternatively, find that the Assignment, the project, is categorically exempt from CEQA pursuant to CEQA Guidelines sections 15301 and 15302, and that no exceptions set forth in CEQA Guidelines section 15300.2 preclude use of these exemptions.

Fiscal/Mandates Impact:

Mandatory: No
Source of Funding: Lessee
Funding Match Required N/A
Impact on Other Departments: None

Summary of Revenue and Costs:	FY 2023-24	FY 2024-25
Revenue:		
Direct	\$ 501,900	\$ 0
Total Revenue	\$ 501,900	\$ 0
Costs:		
Direct Costs	\$ 0	\$ 0
Indirect Costs	\$ 0	\$ 0
Total Costs	\$ 0	\$ 0
Net Income	\$ 501,900	\$ 0

FY 2023-24 Budget Projection for Harbor Administration – Division 5100				
	Adopted Budget	Adjusted Budget	Projected Budget	Estimated Savings/(Deficit)
Appropriations	\$ 12,407,216	\$ 12,700,000	\$ 12,173,722	\$ 526,278
Revenue	\$ 11,327,486	\$ 11,327,486	\$ 11,736,710	\$ 409,224
Gain/(Loss)	\$ (1,079,730)	\$ (1,372,514)	\$ (437,012)	\$ 935,502

*The table above does not include other financing sources.

Projected revenue for this Amended and Restated Harbor Lease is estimated to be \$3,950,000 over the next 10 years through Fiscal Year 2032-33.

Background:

Marine Emporium Landing is the Harbor's best performing retail center with a small marina on Channel Islands Harbor Parcels H-1, H-2, X-1B, and X-1C (Leasehold). The Leasehold is owned and operated by Marine Emporium Landing, LLC, a California limited liability company (MEL). MEL is controlled by F. Steven Buenger, whose family has owned and operated the Leasehold since its initial development in 1985. MEL has rebuilt the building on Parcel H-2 and constructed a new building on Parcel X-1B. These buildings are of high quality and contain restaurants, offices, a beauty salon, sport fishing, and kayak and jet ski rentals.

Steve Buenger has requested that the County consent to the assignment of the Amended and Restated Harbor Lease (Lease) for the Leasehold to SMI Marine Emporium LLC, a Delaware limited liability company (SMI), which is a newly formed single purpose entity and wholly owned subsidiary of Suntex Marina Investors LLC, a Delaware limited liability company (Suntex). Suntex is the operating partner in a Real Estate Investment Trust and

an owner, operator and developer of high-quality coastal and inland marina properties in the United States. Suntex currently owns and operates leaseholds for four marinas and a boatyard in the Channel Islands Harbor.

SMI proposes to purchase the Leasehold from MEL with no mortgages or other encumbrances. Since SMI is a newly formed entity without a track record, if your Board approves the assignment of the Lease to SMI, Suntex has agreed to provide a guaranty of the Lease for a maximum of \$2.95 million dollars, which is equal to approximately 10 years of SMI's obligations under the Lease. Suntex currently has over 60 marina properties, 11 boatyards, 24 dry storage facilities and other retail, rental, and leisure services in its portfolio. Suntex has more than \$1.5 billion in assets, \$14.2 million in cash on its balance sheet, and the ability to borrow approximately \$249 million in additional funds. The Lease requires that the assignee provide documents regarding the structure, business plan, and reputation of the controlling owners, which Suntex has done on behalf of SMI. Staff has conducted the usual financial and personal background investigations and determined that SMI is qualified to become the lessee if Suntex provides a 10-year guaranty for the Lease. Staff has also reviewed all relevant documents related to the transfer that have been provided by the parties.

The sales price for the Leasehold from MEL to SMI is \$10,200,000. The Lease has a transfer fee provision which would require payment by MEL to the County on the profits from the sale of the Leasehold. Based upon staff review, there is no transfer fee on this sale.

In 2010, 2011, 2012 and 2013, the Board approved rent credits to MEL in the amount of \$501,900 in the seventh, eighth, ninth and tenth amendments to the Lease, and the amount of these rent credits must be paid to the County within 15 days of the sale of the Leasehold. Staff recommends that your Board approve and authorize the Harbor Director to sign the assignment of the Lease contingent upon MEL first paying County \$501,900 for the rent credits and prior to the Harbor Director signing the Assignment.

Harbor Staff recommends approval of the assignment and transfer of the Lease to SMI.

Your Board's approval of the proposed assignment is not a project under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines sections 15352 and 15378 because the assignment would not cause a direct or reasonably indirect physical change in the environment and would not authorize any specific development activity. Alternatively, staff has determined that your Board's approval of the assignment, the project, is categorically exempt from CEQA pursuant to CEQA Guidelines sections 15301 and 15302. Staff has also determined that no unusual circumstances or other factor set forth in CEQA Guidelines section 15300.2 preclude use of these exemptions.

Integration of Strategic Plan Priorities:

Marine Emporium Landing is a popular amenity to the Harbor providing shopping, restaurants, and recreational activities near the Harbor's public waterways, jobs to the community, revenues to the Harbor Department, and improved public access to the Harbor and nearby County public beaches – all in furtherance of the County's Strategic Plan's Mission of providing superior services and the Plan's Goals of: 1) fostering a thriving business ecosystem to create jobs, increase wages, and strengthening the local economy; 2) maintaining and improving dependable public resources to serve the needs of our diverse communities; and 3) attracting and investing in sustainable infrastructure and preservation of our natural resources.

The County Executive Office, Auditor Controller's Office, and County Counsel have reviewed this letter. If you have any questions regarding this item, please contact me at (805) 973-5952.



Michael Tripp
Director

Exhibit 1 – Harbor Lease Assignment, Assumption and Consent
Exhibit 2 – Guaranty of Harbor Lease