



SUPPLEMENTAL AGENDA ITEM AGENDA STAFF REPORT

Control: 26001765

MEETING DATE: 09/29/2026
LEGAL ENTITY TAKING ACTION: Board of Supervisors
BOARD OF SUPERVISORS DISTRICT(S): District 5
SUBMITTING AGENCY/DEPARTMENT: County Executive Office
DEPARTMENT CONTACT PERSON(S): Thomas Miller, 714-834-6019
Brian Bauer, 714-834-5663

REASON ITEM IS SUPPLEMENTAL: Board directed that the First Amendment be agendized as a Supplemental Item for September 29, 2026.

JUSTIFICATION: The First Amendment provides for extensions of the Option Term to allow the developer to continue due diligence, planning, management, development of the project, and to stay on schedule. The item must be heard by September 30, 2026, as if heard later it could affect the development and construction schedule.

SUBJECT: First Amendment to Amended and Restated Option for Laguna Niguel City Center

CEO CONCUR	COUNTY COUNSEL REVIEW	CLERK OF THE BOARD
Concur	Approve agreement to form	DISCUSSION 3 Votes Board Majority

Budgeted: Yes	Current Year Cost: N/A	Annual Cost: N/A
Staffing Impact: No		Sole Source: No
Current Fiscal Year	Funding Source: N/A	County Audit in Last 3
Revenue: See Financial Impact Section		years: No
Levine Act Review		
Completed? Yes		

Prior Board Action: 12/2/2025 #36, 8/26/2025 #S35G, 5/20/2025 #S87A, 6/4/2019 #S41B

RECOMMENDED ACTION(S):

1. Approve First Amendment to Amended and Restated Option Agreement with Laguna Niguel Town Center Partners, LLC to grant two additional possible extensions to the Option Term with the ability to extend the Option Term to September 1, 2027, to continue due diligence regarding the lease and development of County-owned property located at the former South County Justice Center in Laguna Niguel.
2. Authorize the Chief Real Estate Officer or designee to execute the First Amendment to Amended and Restated Option Agreement in substantially the same form attached with minor modifications that do not increase the risk or the financial obligations to the County with approval by County Counsel.

SUMMARY:

Approval of the First Amendment to Amended and Restated Option Agreement with Laguna Niguel Town Center Partners, LLC will facilitate continued due diligence, planning, management, and development of the Laguna Niguel City Center project.

BACKGROUND INFORMATION:

On June 4, 2019, the Board of Supervisors (Board) selected Laguna Niguel Town Center Partners, LLC (LNTCP) as the developer for a mixed-use development project including 275 multi-family residential units, commercial space, and a new County library known as the Laguna Niguel City Center (Project), located on an approximately 23-acre County of Orange (County) owned parcel in the City of Laguna Niguel (City) at the intersection of Alicia Parkway and Crown Valley Parkway (Property). At that time, the Board also approved an Option Agreement (Option) and 79-year Ground Lease Agreement (Ground Lease) with LNTCP to develop, entitle, fund, operate and manage the Project.

On May 20, 2025, the Board approved a First Amendment to Option Agreement with LNTCP to extend the Option Term by three additional months, effective from June 2, 2025, to September 2, 2025, to provide additional time to negotiate modifications to the Project, Option, and the Ground Lease that would allow the Project to move forward.

On August 26, 2025, the Board approved a Second Amendment to Option Agreement with LNTCP to extend the Option Term another three months, effective from September 2, 2025, to December 2, 2025, to provide additional time to complete negotiations with LNTCP on the revised Option and Ground Lease.

On December 2, 2025, the Board approved an Amended and Restated Option Agreement and a revised Ground Lease with LNTCP. The Amended and Restated Option Agreement extended the Option Term 12 months until December 2, 2026, and the revised Ground Lease increased the term to 89-years, increasing total estimated lease payments to the County to approximately \$452 million over the full Ground Lease term.

Since December 2, 2025, LNTCP has been working on completing predevelopment work necessary to execute the Ground Lease. On June 16, 2026, LNTCP recorded Final Tract Map No. 19024 (Final Map) after months of coordination with the City, County and other parties to prepare the Final Map and negotiate various supplemental agreements and easements. The Final Map created individual legal lots and provided all necessary easements for the Project. On May 28, 2026, LNTCP obtained City approval of a changed plan application (Changed Plan), including an updated site plan and plan sheet changes to conceptual grading, materials, building elevations, and landscape plans. The Changed Plan reduces the Project's office space in response to current market conditions, replaces the previously planned parking structure with more convenient surface parking, emphasizes retail and restaurant uses, and preserves medical and wellness uses. Among other changes, the Changed Plan also refines the site layout, grading, and open space to improve circulation, access, and activity around the park and library. According to LNTCP, the Project is now financially viable based on the cumulative effects of the Final Map and Changed Plan. In June 2026, the City extended the Project's Site Development Permit and Use Permit by 18 months until December 21, 2027.

While LNTCP has completed the Final Map and Changed Plan, LNTCP has reported that these milestones were more complex and time consuming than LNTCP anticipated. Consequently, LNTCP has informed the County that it needs additional time to acquire Project financing, prepare construction drawings, and negotiate the construction contract with the general contractor before it can execute the Ground Lease, which currently must be executed on or before December 2, 2026. The First Amendment to Amended and Restated Option (First Amendment) proposed herein grants LNTCP two additional options to extend the Option Term, one option to extend an additional six months, effective from December 2, 2026, to June 1, 2027 (Sixth Extended Option Period), and an additional option to extend an additional three months, effective from June 1, 2027, to September 1, 2027 (Seventh Extended Option Period). Under the proposed First Amendment, if LNTCP elects to extend the Option Term for the Sixth Extended Option Period, LNTCP will pay County \$80,000, and if LNTCP elects to extend the Option Term for the Seventh Extended Option Period, LNTCP will pay the County \$50,000. According to LNTCP, the purpose of the extension is to align the execution of the Ground Lease with the concurrent closing of Project financing and the construction contract, both of which are precursors to the start of construction. However, the continued delay of Ground Lease execution further delays the commencement of rent to the County. While execution of the Ground Lease and heavy demolition work may be delayed from December 2026 to September 2027, LNTCP highlights that the Project's anticipated construction completion date remains unchanged due to the advancement of certain on-site preconstruction work, which will now be performed during the Option Term rather than after the Ground Lease is executed. The First Amendment requires LNTCP to conduct the on-site preconstruction work, which shall include remediation of the pre-existing hazardous materials, site fencing, tree removal, and other items, at its sole cost and expense. If LNTCP fails to commence remediation of the pre-existing hazardous materials within four weeks after a groundbreaking event, then LNTCP shall pay the County a fee of \$10,000 per week as liquidated damages until the remediation commences. This amount is a reasonable estimate of the potential damage to the County of further delaying the execution of the Ground Lease and the construction of the Project based upon the potential ground rent to the County in the first year of lease stabilization. The First Amendment also increases minimum limits and adds coverages for insurance based on the required on-site preconstruction work.

The Orange County Preference Policy is not applicable to the First Amendment.

Compliance with CEQA: This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines Section 15378 and is therefore not subject to CEQA, since it does not have the potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. The approval of this agenda item does not commit the County to a definite course of action in regard to a project since it is an approval of an amendment to an option agreement. This proposed activity is therefore not subject to CEQA. Any future action connected to this approval that constitutes a project will be reviewed for compliance with CEQA.

FINANCIAL IMPACT:

Approval of the First Amendment will provide up to \$130,000 in revenue to CEO Real Estate Fund 135 in FY 2026-27. If LNTCP elects to extend the Option Term for the Sixth Extended Option Period, LNTCP shall pay County the sum of \$80,000. If LNTCP elects to extend the Option Term for the Seventh Extended Option Period, LNTCP shall pay County the sum of \$50,000.

STAFFING IMPACT:

N/A

REVIEWING AGENCIES/DEPARTMENTS:

N/A

ATTACHMENTS:

Attachment A - First Amendment