

PUC sues over failed Angwin land deal

Sale to development firm unraveled in early 2013

January 11, 2014 • [PETER JENSEN](#) and [KERANA TODOROV](#)

In a long-suspected move, Pacific Union College agreed in early 2013 to sell a substantial portion of its land in the Upvalley village of Angwin to a company planning residential and vineyard development, according to legal documents filed in Napa County Superior Court.

But the land sale fell through shortly afterward, and the Seventh-day Adventist college is now suing the development company in Napa courts, alleging that the company may try to disrupt new plans the college has to sell land to an unidentified buyer.

Both sides are swapping allegations in court, with PUC aiming to keep its former partner, Sustainable Community Partners LLC, from placing a pending lawsuit notice on hundreds of acres of land in Angwin, preventing a potential sale.

PUC filed the complaint Dec. 18, eight days after Sustainable Community Partners allegedly threatened to record a “lis pendens,” or a notice of a pending lawsuit, against the property title, according to the complaint.

In response, Sustainable Community Partners alleges the college wrongfully backed out of the land sale deal, and used last-minute “gotcha” chicanery to keep it from successfully buying the land, according to court records.

Lawyers from the college and the development company are due before Superior Court Judge Diane Price on Wednesday. The college wants Price to issue a preliminary injunction against Sustainable Community Partners.

Sustainable Community Partners asserted in court documents filed Tuesday that PUC filed its complaint prematurely because the college does not know what Sustainable Community Partners’ claim will be or what relief it will seek.

Documents in the lawsuit, filed in December, lift a veil of secrecy that the college, President Heather Knight and top PUC officials have long kept over the college’s potential land dealings.

For instance, the documents show that during the college’s 2012 campaign against a land-use ballot initiative aimed at downzoning PUC-owned land to prevent development, PUC Vice President John Collins continued to meet with Curt Johansen of Sustainable Community Partners in an effort to broker a deal.

The deal involved parcels surrounding the airstrip in Angwin that would be used for vineyard development, as well as two parcels that the Napa County Board of Supervisors approved for 191 homes in 2009. Other land includes the commercial center in Angwin, and another parcel immediately south of the commercial center that could harbor residential development.

Measure U intended to downzone the land south of the commercial center to prevent it from being developed. It also would have affected a third parcel north of the campus, but that parcel was not included in the sale agreement, according to court documents.

Collins and Johansen kicked off negotiations over a purchase-and-sale agreement in June 2012, according to court records. The next month, with campaigns for the initiative, called Measure U, gearing up, PUC officials informed the company that its financing for the proposed purchase would not suffice.

The company then changed track and focused on bringing in wealthy investors while soliciting buyers for the vineyard land upfront. In August, the documents state, Collins introduced an expert in vineyard valuation to Sustainable Community Partners.

Over the next several months, the expert, David Abreu, lined up two potential purchasers for the company — Hong Kong-based Goldin Holdings, and a French wine and luxury goods conglomerate, the Artemis Group, owners of Chateau Latour. The companies offered to buy the vineyard land for about \$75.7 million, according to court documents.

Meanwhile, Napa County voters rejected Measure U in November 2012, with PUC pouring in approximately \$450,000 of its funds to defeat the initiative. Save Rural Angwin (SRA), an anti-development group, helped put the initiative on the ballot.

SRA member Volker Eisele said the disclosures in the lawsuit prove that the college was not being straightforward with voters, as it designed its campaign around protecting its property rights. PUC officials refused to discuss a potential land sale during the campaign or after Election Day.

“Johansen has obviously clear economic motives,” Eisele said. “He wants to get that land.”

The group brought the initiative forward believing the college was close to selling land, he said.

“Everything we predicted in the campaign (was true),” Eisele said. “It does clearly conform that, yes, they were in active negotiation. (Collins) told everybody who wanted to listen that they would not develop.”

Register efforts on Friday afternoon to get a comment from representatives of PUC and Sustainable Community Partners were unsuccessful.

In January 2013, with Goldin Holdings and the Artemis Group in the fold and offering money up front, Sustainable Community Partners would get the influx of cash needed to pay for the land, use that land for residential development, and install infrastructure.

Over the next several weeks, Sustainable Community Partners negotiated agreements with Goldin and Artemis, while Knight arranged to host representatives from both companies at her Angwin home, according to court records.

The negotiations culminated with a six-hour session on Feb. 13 that resulted in Sustainable Community Partners signing a purchase-and-sale agreement with PUC. Knight, Collins, members of PUC's board of directors, and other senior administrative officials posed for a ceremonial photo shoot, according to the court records.

Sustainable Community Partners made an initial, refundable deposit of \$210,000 later that month. On March 1, Artemis backed out of the deal, and the development company attempted to keep Goldin Holdings on board by offering a purchase price of \$65 million for the vineyard land. The company lowballed that offer, and responded with a \$50 million offer, according to the documents.

As a result, the parties attempted to work out an agreement for a smaller chunk of potential vineyard land near the airstrip in Angwin for \$16 million. During negotiations, the college revealed that it had three encumbrances on the property, including \$11.7 million in deed of trust encumbering the land. The college agreed to pursue lot-line adjustments so that it would separate the indebted land from land involved in the sale.

The purchase-and-sale agreement between PUC and Sustainable Community Partners required it to place a second, nonrefundable deposit of \$210,000 by April 15. The company alleges that it believed PUC would extend the deadline, and was concerned about putting a nonrefundable deposit down that could result in taking on the \$16 million in debt the titles would carry.

The company alleges that 16 minutes before the deadline, Collins sent it an email rejecting a deadline extension. The next day, Collins sent a letter expressing the college's intent to terminate the purchase-and-sale agreement.

"SCP's principals were stunned by PUC's abrupt and dramatic turnabout and did not accept this purported termination," court documents state.

While subsequent negotiations took place to keep the original agreement alive, the documents allege "it appears the college was just going through the motions." A follow-up email from PUC stated that, for the college, "it was time to move on."

The documents also reveal the extent to which Johansen collaborated with PUC officials to move development projects forward in Angwin.

Johansen spearheaded an earlier residential and vineyard development proposal called the "eco-village" that would have encompassed 700 acres of PUC's land, which would be sold to another of Johansen's development companies, Triad. Triad wanted to construct approximately 600 homes as part of the project.

But that project fell through with the economic crash of 2007 and 2008, and instead of trying to create a new agreement, PUC authorized Collins to negotiate a settlement with Johansen over Triad's \$6.5 million investment in the eco-village. The eventual deal: PUC paid more than \$3 million to terminate the agreement.

After Knight took over as PUC's president in 2009, the college advertised more than 1,500 acres of its land as for sale, and solicited Johansen as a buyer.

Johansen submitted a bid, and in January 2012 he was informed he was selected as the winning bidder, according to court records.

In March 2012, the college affirmed its interest in negotiating with Johansen in a letter.

“(PUC) is not negotiating or seeking offers from third parties and has no intention of doing so while it negotiates with you,” the letter stated, according to court documents. “Given the many years that you have dealt with the college, you should take comfort in knowing that the college is open and honest in its actions and communications.”