

Notice of Public Meeting

San Diego River Conservancy

A public meeting of the Governing Board of
The San Diego River Conservancy
will be held Tuesday,

August 10, 2010
10:00 am – 12:00 pm

Meeting Location

San Diego City Hall 202 "C" Street
Closed Session Committee Room, 12th Floor
San Diego, California 92101

Tele-Conference Location: 1416 Ninth Street
Resources Agency Conference Room 1305 Sacramento, CA 95814
(877)287-0283/ Pass code 606349

Contact: Michael Nelson
(619) 645-3183

Meeting Agenda

1. Roll Call
2. Public Comment
Any person may address the Governing Board at this time regarding any matter within the Board's authority. Presentations will be limited to three minutes for individuals and five minutes for representatives of organizations.
3. Chairperson's and Governing Board Members' Report
4. City of San Diego – Carlton Oaks Golf Course: City of San Diego's Proposed Sale of Approximately 65.4 acres (Public and Closed Sessions)

The City of San Diego proposes to sell the approximately 65.4 acres the Public Utilities Department owns at Carlton Oaks Golf Course. The Conservancy has a first right of refusal under the SDRC Act and certain rights under the California Government Code (§§ 54220-54232; Surplus Land) to acquire the property. The City has set August 20, 2010 as the deadline for the Conservancy to exercise these rights. TY Investments, the golf course operator, is interested in

purchasing the property. Following a presentation by the Executive Officer and the Chair, the Governing Board will consider whether to pursue acquisition of an interest in the property. The Governing Board may meet in Closed Session to give instructions to its negotiator regarding the price and terms of payment of an acquisition or may discuss the matter in open session

Closed Session pursuant to Government Code section 11126, subdivision (c) (7)

Property Description: An approximately 65.4 acre portion of Assessor's Parcel Number 383-080-03 which is a portion of Carlton Oaks Golf Course

Negotiators: Donna Frye, SDRC Chair, Ann Miller Haddad, SDRC Board Member, Michael Nelson, Executive Officer; Ann Van Leer SDRC Consultant, Hayley Peterson, Deputy Attorney General

Presentation

Michael Nelson, Executive Officer

Donna Frye, SDRC Chair

5. Adjournment

Accessibility

If you require a disability related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call Michael Nelson at 619-645-3183

State of California
San Diego River Conservancy

EXECUTIVE OFFICER'S SUMMARY REPORT
Special Meeting of August 10, 2010

ITEM: 1

SUBJECT: **ROLL CALL AND INTRODUCTIONS**

State of California
San Diego River Conservancy

EXECUTIVE OFFICER'S SUMMARY REPORT
Special Meeting of August 10, 2010

ITEM: **2**

SUBJECT: **PUBLIC COMMENT**

PURPOSE: Any person may address the Governing Board at this time regarding any matter within the Board's authority. Presentations will be limited to three minutes for individuals and five minutes for representatives of organizations.

State of California
San Diego River Conservancy

EXECUTIVE OFFICER'S SUMMARY REPORT
Special Meeting of August 10, 2010

ITEM: **3**

SUBJECT: **CHAIRPERSON'S AND GOVERNING BOARD
MEMBER'S COMMENTS**

PURPOSE: These items are for Board discussion only and the Board
will take no formal action.

ATTACHMENTS

**July 8, 2010, Minutes -Item 8 Carlton Oaks sale
Resolution SDRC 10-06 C**

SAN DIEGO RIVER CONSERVANCY (SDRC)
Draft Minutes for Item 8, July 8, 2010 Public Meeting

Chairperson Donna Frye called the July 8, 2010 meeting of the San Diego River Conservancy to order at approximately 1:35 p.m.

1. Roll Call

Members Present

Donna Frye, Chair	Council Member, City of San Diego
Dianne Jacob	Supervisor, Second District
Bryan Cash	Natural Resources Agency, Alternate Designee (via phone)
Rob Schladale	Department of Finance, Alternate Designee (via phone)
Ruth Hayward	Public at Large
Andrew Poat	Public at Large
Anne Haddad	Public at Large
Dave Means	Wildlife Conservation Board (via phone)
David King	San Diego Regional Water Quality Control Board

Absent

Jerry Sanders	Mayor, City of San Diego
Ronie Clark	Department of Parks and Recreation, Alternate Designee
Ben Clay	Public at Large

Staff Members Present

Michael Nelson,	Executive Officer
Hayley Peterson,	Deputy Attorney General
Julia Richards,	Administrative Services Manager
Ann Van Leer,	Consultant, San Diego River Conservancy

Attendees Present

Robin Rierdan	Lakeside's River Park Conservancy
Robin Shifflet	City of San Diego, Planning and Community Investments
Kathy Keehan	San Diego County Bicycle Coalition
Jolynn Robbins	San Diego River Park Foundation
Gary Strawn	San Diego River Park Foundation
Mark Carpenter	KTU&A
Felix Tinker	TY Investments
Scott Alevy	TY Investments
Deanna Spehn	Policy Director, Senator Christine Kehoe
Megan Hamilton	County of San Diego, Department of Parks and Recreation
Jaime Campos	City of El Cajon
Mark Weston	Helix Water District

Chuck Muse
Keith Till

Helix Water District, Director
City of Santee, City Manager

8. City of San Diego – Carlton Oaks Golf Course: City of San Diego’s Proposed Sale of Approximately 65.4 acres (Public and Closed Sessions)

Property Description: An approximately 65.4 acre portion of Assessor’s Parcel Number 383-080-03 which is a portion of Carlton Oaks Golf Course

Negotiators: Michael Nelson, Executive Officer; Ann Van Leer SDRC Consultant, Hayley Peterson, Deputy Attorney General

Presentation

Michael Nelson, Executive Officer

Recommendation: Adopt Resolution 10-06A or 10-06B

Donna Frye introduced Item 8, announced that there were several individuals that wished to testify and asked the Executive Officer he wished to proceed.

Mike Nelson said that there were a couple of procedural issues that the Board should consider. Since Item 8 involved real estate issues Item 8 met the requirements necessary to convene in closed session, the board could conduct either a closed or a public session for the Item or both. He suggested that one approach would be to allow an introduction and presentation by SDRC staff to be followed by a presentation from TY Investments. He stated that TY Investments, as a prospective buyer of the property was willing to offer SDRC an Option Agreement to purchase a Conservation Easement if they acquired the property.

He said that after those presentations had been made, members off the public who have an expressed interest in the transaction could testify. Finally, he said SDRC could go into closed session, discuss the motions or resolutions that are before you, make a decision, and return to public session and announce any decision that had been made.

Donna Frye said the approach made sense and that it was important we have a public participation be part of this meeting.

Hayley Peterson, Deputy Attorney General said that questions had been raised regarding the participation in the Board’s deliberations on this matter, recognizing the role the Chair might pay as a member of the City Council. She stated that her office had reviewed the question and found that no issue involving a financial conflict of interest, but also reviewed it as an “incompatible offices” issue. She stated that the Attorney General’s Office had concluded that the legislature chose to override any common law “incompatibility of offices” concerns by designating a dual role for a City Council member, as well as the Mayor. Moreover their office examined issues involving Gov. Code 1090 and determined there was no problem.

Donna Frye said for the record that she had requested the analysis by the Attorney General's Office.

Diane Jacob asked for clarification of the reasons and purposes for going into closed session.

Hayley Peterson stated that real property negotiations and discussions regarding price and compensation were subjects that could justifiably be held in closed session.

Diane Jacob thanked Hayley and expressed her desire that a full discussion of the alternatives before the Board be held in open session.

Hayley Peterson said a closed session is authorized by the will of the Board, which could choose what they felt was appropriate to deliberate in closed or open session.

Donna Frye said that it was her intention to have as much of the Board's deliberation in open session as possible and only if there were difficult topics would she offer an opportunity to reconvene in closed session.

Mike Nelson emphasized that he recognized how important SDRC's relationships with its partners were to implementation of its statutory objectives, and regretted if the recommendation of staff had placed the Board in an awkward situation, but felt that it was important for one of the options considered to be one that best achieved the objectives of the San Diego Conservancy Act. He stated that a second option before the Board was to take advantage of the willingness of the current golf course operator and the potential buyer to allow SDRC to execute an option agreement to purchase a conservation easement from TY Investments that would address our objectives, if they successfully acquired the property.

He observed that the staff report included bullet points regarding the strengths and weaknesses of two potential options that he had characterized as the "Public Option" and the "Private Option".

He continued his presentation by summarizing the objectives of the San Diego River Conservancy. He stated that when the Conservancy was established by an act of the legislature to acquire land and manage it along San Diego River for purposes of restoration, open space, habitat, and to develop or follow as a guide the San Diego River Park Conceptual Plan the State had authorized the San Diego River Park Foundation to complete, which would guide the development of a River Park that would accomplish and address these statutory objectives and public benefits. A principle recommendation of this Plan was the principle that every effort should be made to take advantage of the open space areas that are already in public ownership and link those areas to achieve the objectives listed in the San Diego Conservancy Act.

The City's property at Carlton Oaks is one of those open space areas, one of those important pieces of public property strategically located on the San Diego River. He mentioned that SDRC had been working with agencies of City government, the Planning and Community Investments Group, who are leading the adoption of the River Park Plan (draft) as well as the City's Public Utilities Department, the owner or manager of this real estate. He reminded the Board that it had approved approximately \$900,000 to control invasives and restore habitat on the riparian strip that runs along this property.

Donna Frye asked that Mike Nelson explain a bit how this information was presented to him and establish a brief timeline.

Mike Nelson, explained that the Director of the Real Estate Assets Department and staff had approached him about a week before the May SDRC Board Meeting and advised that the City was contemplating the sale of 65.4 acres at the Carlton Oaks Golf Course, that of the 100 acres the City owns at this location there were two areas, a 36 acre riparian area , and a 65 acre area they proposed to sell to TY Investments, Inc, the current lessee. He said that the proposal as presented was to sell the 65.4, acres subject to certain contingencies that included the exercising or waiver of SDRC's First Right of Refusal that was found in our SDRC's enabling statute.

Moreover, they explained that when an agency disposes of property as surplus, they must comply with the Government Code for Surplus Land and that a 60 day notification period would be triggered to provide agencies like the San Diego River Park Foundation, the City of Santee, or SDRC to comment and/or submit a proposal or request that good faith negotiations begin to acquire or lease the property.

Though surprised by the Real Estates Office's decision, staff realized the Surplus Land Code and the our right of first refusal provided SDRC with opportunities to intervene and influence the outcome of the sale. So as a consequence, he had asked the Board at the May meeting that if a notification occurred between meetings he could respond; a successful motion to that effect was approved by the Board. .

He stated that he had written a letter to the Mayor, as a member of the SDRC Board, asking that the he look into the sale and consider holding it in abeyance to make certain that the goals of the City's Draft River Park Master Plan had been met and that the intent and goals of the Multiple Species Conservation Program particularly the Multiple Habitat Planning Area were addressed. He stated that staff was aware that the Draft Master Plan as well as the Conceptual plan felt this public open space was a key linkage between City's Mission Trails Regional Park and Santee's Mast Park. He testified for those reasons staff asked the City of San Diego to take a look at the impact this sale could have on those programs and plans before they conducted the sale; and, if there was a compelling reason for the sale, an attempt should be made to structure the sale in a way that when this property was transferred from public ownership to private ownership that protections were added that might extinguish the development rights on the property, and also to allow the River Park and the trail to be accommodated.

Although there was no formal response, he received communications from the Mayor's office that the City was not interested in restructuring the sale and it was going to proceed as planned. This decision meant SDRC had until July 12th to make two decisions: one, whether to intervene under the Surplus Land Code and/or two, exercise SDRC's statutory first right of refusal, since the City had brought both of the public processes together with a date certain deadline of July 12th.

Essentially, the only opportunity to present and request an action from the Board before the July 12th deadline was today's meeting on July 8. He said that is why he was presenting two options: one, the "public option" which would authorize staff to engage the City of San Diego and request that good faith negotiations begin, and two, if necessary exercise SDRC's first right of Refusal because of SDRC's interest in this important piece of open space and secondarily, the "private option" which allowed SDRC to execute an option agreement to purchase a conservation easement from TY Investments ,if they successfully acquired the property.

He stressed that despite the circumstances of the proposed sale, SDRC had a good relationship with the City of Santee and TY Investments, who have allowed SDRC to do restoration and habitat improvement on their property. Recognizing the working relationship that existed between the parties, TY Investments set up a meeting with SDRC that included two Board Members, Ben Clay, Ann Miller Haddad and representatives from City of Santee.

TY Investments stated their willingness to sell SDRC a conservation easement that would reduce the development rights that would remain attached to the property after the sale. Additionally, they prepared an option agreement that would authorize SDRC to enter a binding agreement between SDRC and TY Investments to negotiate a conservation easement and seek the necessary approvals from the State Coastal Conservancy and Public Works Board to purchase the easement.

Unfortunately, TY Investment's willingness to execute an Option Agreement would be predicated on SDRC's waiver of its first right of refusal and participation in the Government Code for surplus land.

He said he was offering the Board two options and resolutions. One, the "private option" would require SDRC to waive its first right of refusal and its rights to intervene under the Surplus Land Code. Additionally it would necessitate the execution of an option agreement with TY Investments; or, secondarily, the "public option" which would allow SDRC to engage the City in good faith negotiations to acquire an interest in the property or if necessary to exercise its first right of refusal to acquire a fee simple interest.

Finally, he advised that some of the Board members have received communications from TY Investments which takes exception to the staff recommendation, as well as, the staff reports and statements about MSCP, MHPA and the City's River Park Plan.

Bryan Cash stated that telephone conferees in Sacramento hadn't seen the information.

Donna Frye, asked staff to attempt to forward this e-mail to them electronically, She explained that TY Investments communication suggested that the Board's decision could force TY Investments to shut down the golf course and force the closure of a 52-year old family owned business and put its 100 employees out of work.

Mike Nelson added that TY Investments would have an opportunity to address the Board but stated that TY Investments felt his characterization of the MSCP and the City's Draft master plan was inaccurate and misleading. He summarized by stating that each of the two options presented to the Board could provide significant protections to the property and reiterated that the options gave the Board an ability to negotiate directly with the City or pursue an Option Agreement with TY Investments to purchase a conservation easement. He added that Ann Van Leer had prepared a matrix and an analysis of the issues that should be considered for a fee simple or conservation easement purchase.

Donna Frye asked Mr. Alvey and Mr. Tinkov to make a presentation on behalf of TY Investments

Ruth Hayward asked if the 36.2 acres currently owned by the Water Department was also to be sold.

Donna Frye responded that it would remain with the Water Department, that only the 65.4 acres is

proposed for sale.

Ruth Hayward stated that though Ben (Clay) was not present, Ann (Miller Haddad) was and that she would be interested in hearing any comments regarding the meeting they attended.

Ann Haddad said she would be happy to comment, but felt it best to first allow comments from the other speakers.

Hayley Peterson provided clarification that members present for the meeting with TY Investments was not a subcommittee of the SDRC Board; it was two Board members who met with TY Investments, not an official subcommittee that was created by Board action.

Mr. Alevy disputed the Executive Officer's presentation and stated that what really was at issue was to allow a business, who has been in business for 52 years, one of the oldest businesses in the City of Santee, one of your partners to literally stay in business. He continued and suggested TY Investments ownership was necessary to accomplish the proper development of the property so it continues to be viable as a golf course. He added that the golf course had hosted NCAA Regional Golf Tournaments that it is a public golf course that is affordable. He said that comments regarding possible closure of the golf course were a very real thing and not an idle threat. He said the reality of this economy was that if favorable funding to do improvements necessary to remain competitive was not available, the golf course will not remain open and more than 100 people could lose their jobs.

He stated that if the Conservancy did buy the land it would be difficult to gain access and would probably work on easement with the City of Santee because physical access does not exist through TY Investments private property.

He said the \$3 million offer was a result of two years of negotiations between TY Investment and the City of San Diego. The original intent was to acquire 73 acres, instead of 65 acres for \$3 million. He stated that the \$3 million cost to purchase should be considered as a down payment, that would make another \$3-\$19 million investment in the golf course possible. He said that golf courses are excellent stewards of the environment and that you could not find a more benign land use next to a river than a golf course.

He testified that SDRC could achieve excellent protection of the river and its environment by going forward with the "private option", so TY could continue what it does, and has been doing for 52 years, which was consistent with SDRC's mission, that they were committed to ensuring optimal conditions around the river.

He concluded by stating that SDRC faced a difficult decision; do you value a 50-year business? Do you care about the employees who depend on that golf course for their livelihood? Do you want to establish a beach head here on the backs of the citizens who might lose their jobs and thousands of people who use the place for recreational relief? Is this the best use of some precious state funds? Can you open your minds and hearts to a solution that is going to meet your mission without having to spend all this extra money?

Felix Tinkov introduced himself as an attorney at Lounsbery Ferguson Altona & Peak LLP,

representing TY Investments. Mr. Tinkov provided a Power Point presentation that delineated TY Investment's property ownership. He described a slide that delineated TY Investment's ownership of 105 acres, comprising three parcels which completely bounds the 65 acre property that the City proposed to sell to them on the north, east and west sides. The south side is bounded by the river and the 36 acres the City is planning to retain. He said that Mr. Alvey's statements regarding access referenced that SDRC would have no legal access through TY Investments property, though SDRC may actually gain legal access from the City of San Diego via their 36 acres, but they would never have physical access except through TY Investments property, short of building a bridge.

He observed that TY Investments had worked with the Conservancy, and allowed the SDRC on the property for its invasive removal program. He said they do this freely via a license we have given, that they do this as long as they have a golf course. Once a golf course is done, there really is no point for us permitting folks to walk on our property; it creates all sorts of issues from a legal stand point.

He added that what the Conservancy is looking to do is spend \$3 million, which is effectively the purchase price the City of San Diego has proposed for the 65 acres, but does not include the incidental costs associated with the acquisition such as appraisal and escrow costs. He said it doesn't really get into what is going to be done with the property once it was owned. He imagined that the Conservancy has all sorts of intentions of what to do with the property, but there is no approved plan at this point. He suggested the Conservancy would purchase a \$3 million property without a plan and no access.

He continued stating that the process the Conservancy must adhere to would probably take 6-9 months to get an appraisal, then another half year to negotiate terms with the City, while TY Investments and Carlton Oaks have been operating under a very oppressive lease with the City of San Diego. He explained that for 2 and ½ years they had attempted the Real Estate Assets Department to either release the property at a significantly lower rate or sell it to them. He stated that they were actually paying \$250,000 a year, which was based upon a 2005 appraisal prepared at the height of the real estate market. He said the door was slammed in their face over and over and over. In April much to their surprise they were informed that the City would sell it to TY Investments for \$3,000,000.that was almost the value of the property that we had an appraisal for...

Donna Frye asked who had told him that fact.

Felix Tinkov, said it was Jim Barwick, the Director of the Real Estate Assets Department. He said they have actually received an appraisal for the property and submitted it to the City not just for 65 acres, rather for the entire 102 acres, which includes the portion the City is going to keep for \$1.2 million. Instead, they proffered the offer of \$3 million to purchase of a smaller piece of property. He said that they had planned to give the Conservancy the 36 acres.

Donna Frye asked what 36 acres had they intended to donate.

Felix Tinkov replied that it was the 36 acres the City of San Diego was planning to retain.

Donna Frye clarified that the land that City plans to keep, TY Investments wanted to give that SDRC?

Felix Tinkov said that was correct that they had no real interest in it, it is riparian land – to be honest it is more of a hassle and a liability for us to maintain it and we were aware that the Conservancy has an

interest in running a trail through it. He said that they had looked at it and felt it made sense, that there was actually riparian land that could be used for a trail.

David King asked how long TY Investments was in negotiations with the City of San Diego over the purchase of the property.

Felix Tinkov answered that his first letter to Mr. Barwick at Real Estate Assets was January of 2008.

David King then asked how long did Carlton Oaks Golf Course spend negotiating with the Conservancy on the arrundo removal project.....months?

Felix Tinkov said that SDRC and TY had actually worked quickly.

David King then asked how long SDRC been working together on trying to find a solution on this issue coupled with the fact that we have a first right of refusal to derail a deal that had been working here for a long time..... 30 days?

Mike Nelson replied that SDRC had been in serious discussions for 3 weeks.

Donna Frye said that it was her understanding that you began your discussions in 2008, but it was not until recently that Mr. Barwick actually said they might be interested in selling the property.

Felix Tinkov said that it wasn't a "might", we were given an offer which we accepted. We met in April of this year.

Donna Frye said that her point was that it was just this year, so it was not since 2008, it was actually 2010, and that this happened very, very quickly.

Ruth Hayward asked for clarification that lease negotiations began in 2008, but the sale was not until 2010.

Felix Tinkov answered that the statement was not exactly true. He said that when TY approached the City of San Diego, they approached them with the offer to either purchase the property or taking a ground lease for an extended term largely because it was the only way they could finance large scale improvements on their property. He said that when he said improvements he was not referring to the 65 acres, but rather banquet facilities, the Pro's shop, etc.

Mike Nelson said the term sheet from the City to Mr. Tinkov was dated May 10th.

Donna Frye said that meant that they had worked out a deal.

Mike Nelson noted that on May 24th SDRC was informed that it must notify the City by July 12th regarding our intentions to exercise or waive our first right of refusal.

David King said so at some time in 2010 negotiations began and those negotiations led to a term sheet on May 10th.

Felix Tinkov said that they started negotiating in 2008 but they were not getting anywhere. It was a surprise to receive an offer in 2010.

David King asked whether there was any limitation placed on your development rights on this property, if the River Conservancy took no action what limitations are there on your development rights.

Felix Tinkov said that if the River Conservancy takes no action, there are no limitations on our rights, which is why we have offered to limit those rights via a conservation easement deed that can be triggered by an option agreement for \$10.

David King replied that the option is for \$10, but the actual exercise of it actually requires evaluation of what those rights are. If it is so variable, why you don't give away the limitation on your development rights to some extent, limit yourself to remaining a golf course, something that we don't have to exercise in the future, with something that is certainly worth more than \$3 million.

Donna Frye said she wasn't sure about tax right offs; because tax right offs require profits. She said what SDRC has is a rushed decision because of the timeline given to us by the City of San Diego.

Felix Tinkov agreed that the Chair was absolutely correct that we have been are given a very, very short set of timelines, which is why we have worked so hard with Conservancy to limit our development.

Donna Frye, We are going to look at that then I must move you so we can get the other testimony and then I will open it up to questions.

Felix Tinkov what TY Investments has done is offer an option agreement or agreeing today and for \$10, the Conservancy gets the opportunity to record immediately a notice of option that goes to the County Recorder's Office downstairs and gets recorded as a cloud; a cloud on that particular piece of property that says should we ever purchase the property from the City of San Diego, that the Conservancy then has the right to review its options under the conservation easement deed; a conservation easement deed does a number of things: it says we can never have residential, agriculture or industrial uses on the property, there would be limitations that would be for a recreational use of equal or lesser intensity to the golf course. We have given away mineral, air and water rights. We have given away the right to sub divide the property.

He said that despite TY Investment offerings of development rights, have come to the conclusion that what the Conservancy wants is to potentially put a trail on that property that is not certain. Though there is no plan, the 36 acres that the City of San Diego is looking to preserve follows the Draft Master Plan's recommendation for where the trail ought to be, it follows along the river. We understand the Conservancy has a potential interest in not putting the trail within that area and maybe moving further north into the 65 acres.

So what we have said is look, we don't know where we want to put that trail and you don't know where you want to put that trail. It would be nearly impossible to evaluate the appraised value of a right that you could not define. So what we will do is we'll give you an option which is part of the conservation easement.

Yes my client is looking for a value in return for the rights he's giving up and we don't know what those rights are nor does the Conservancy. The point is we are effectively being raked over the coals in order to purchase the property in the first place.

Felix Tinkov said in conclusion, one of the most important features we have put into the conservation easement and the option agreement is that it is malleable should the State determine that there is some portion of it that does not conform with their requirements. We understand we have to do this in all about three weeks. We know we could not meet all of the necessary requirements that the State would have. We are going to cooperate by the terms of the agreement and are bound by a recordable document that runs with the land. Long and short of this is that we think we are offering to the Conservancy everything it wants less the \$3 million, it seems to want to spend to purchase those same rights on a fairly worthless piece of property.

Andrew Poat asked if the purchase price in section 6 that we are going to come to up with after an appraisal is done would be less than \$3 million.

Felix Tinkov responded that it invariably it has to be; the fact of the matter is the City is offering to you the purchase of the property in fee for \$3 million, if you look at fee as a bundle of sticks you are only looking for a few sticks in this bundle in order to get this conservation easement deed.

Bryan Cash asked if the \$3 million price was based on a current appraisal.

Felix Tinkov said that they had asked Mr. Barwick at the Real Estate Assets Department for the appraisal and were told that they could not have it; but understand that the Conservancy does have a copy of this appraisal.

Dianne Jacob asked if there was a map of the proposed conservation easement or did it include the entire 65.4 acres.

Felix Tinkov replied that it is for the entirety of the 65.4 acre area.

Donna Frye said that looking at our time and I would like to in advance to determine whether this Board is inclined to extend the meeting beyond 3:30.

Dianne Jacob moved that the meeting be extended beyond 3:30 p.m. The motion was seconded by Ann Miller Haddad and approved unanimously.

Michael Beck introduced himself and stated that he was representing Endangered Habitats League, Endangered Habitats Conservancy and San Diego River Park Foundation on this issue, because it is so significant. His first comment was to express how incredibly disappointing it was that we are having this conversation. He stated that from their perspective the City of San Diego was deeply invested in the creation of the San Diego River Park. It is disappointing that they would not commit whatever energy was necessary to make these 65.4 acres in the urban section of the river part of the river park, part of the MSCP and appreciate this property's many benefits. The notion that we are apparently going to have to fight for these 65.4 acres in the urban section of the San Diego River for \$3 million is an incredible disappointment.

He said that his comments would key off some of the comments made by the TY Investments. He recognized that it was totally their prerogative, but that it was an illuminating presentation. One of their first comments was that we needed to look at the big picture. He said he couldn't agree more. The role of this organization, the role of all of the non-profits working along the river is that all of us are working toward a vision that extends beyond our time frame that looks at perpetuity. He related that the reason everyone was driven to do this is because when it became apparent to a number of people that we had channelized, turned our backs and built freeways along this incredibly historic resource for the State of California, the first European settlement was along the San Diego River; our next effort was to undo this to the degree we could.

He continued by saying that it was embarrassing that we are going to have to fight for these 65 acres, and believed at one time the San Diego River ran through the middle of these 65 acres. He asked Mike Nelson to show a slide of the river which contained a 1953 aerial photograph of the historic streambed on the property that would demonstrate the sites potential for restoration.

Michael Beck continued saying that we have sliced and diced the natural world into regulatory boxes and components that satisfy the way we look at the world; but in the process forgotten the value of the river and missed the ecology of the systems, the physical nature of it, its hydrology, the biological components, the ecotone. He said the river was all those things, but 90% had been removed from our urban San Diego River. He said that this property represents an opportunity to let the river breathe a little to move a little. He argued that the Conservancy should resist a transfer of this property from public ownership to private ownership and the loss of so many public benefits. He observed that we had heard how the river was viewed by the property owners; the riparian area along the river is a hassle, a liability, it is a problem; and if the property was purchased by this agency there would be no access at all.

He closed by stating that the three organizations he represented will do everything they could to help SDRC find the \$3 million to purchase the property and that in his view buying a conservation easement for \$1.5 million was an absurd use of public funds. He said they would help find the money to restore it and to provide access; \$3 million is nothing in the scheme of things. The acquisition of this property is something that fits right into your wheelhouse and the terms of the mission of this organization. We strongly support this property remaining in public ownership.

Robin Rierdan said that because of the short fuse on this issue she did not have time to get the permission of the Lakeside's River Park Conservancy Board to speak on this item, but intended to speak as a resident of Santee, California who was encouraging the SDRC Board to move forward with the "public option" and negotiate with the City to purchase the 65 acres. She stated that as we move forward with the development of a River Park in urban areas we are going to be confronted with problems like this at every turn. She said Lakeside's River Park was a case in point. Lakeside's River Park Conservancy purchased 100 acres that was zoned for heavy industry, we removed 40 acres out of the tax base, but the park today has become a tremendous amenity to the community, a real legacy.

Keith Till, City Manager for Santee said that he felt that staff had provided a fair representation of the issues; however he did not entirely agree with the recommendation. He stated that he was at the meeting because Santee wants the golf course to remain open and to do whatever maximizes the odds of that happening. He said that the City of Santee's vision for the property as well as the City's adjoining property was that it remain for park and open space usage. He said if this property went from

public to private, if it remains a golf course, it effectively goes back to public. It is overwhelming how many issues have been introduced to this board in such a tight time frame for this board's decision, but he thought the Board could deal with them by entering into an agreement so you can protect this property in the event it ceases to be a golf course. He acknowledged that there were many details and monetary issues to be dealt with, but based on his review of this proposed agreement, I think you can do it.

He added that the "private option" would allow SDRC to reserve the right to obtain an easement, and effectively transfer these rights back to public use to preserve open space. He said that in the alternative, by possibly intervening, he felt there is a real possibility that SDRC would stop the golf course from being purchased by the operator. He thought Conservancy could use these funds for other acquisitions that are in much greater jeopardy of development than this property without spending a significant amount of money. Santee would like to see this golf course operating; it is a real asset to the community. He said he hoped SDRC would move forward with action to enter into an agreement to secure the right to obtain a conservation easement in the future, but not block the sale and the purchase.

Kathy Keehan was representing the San Diego County Bicycle Coalition and the San Diego River Coalition. She stated that the Coalition took an action at our last meeting to oppose the sale of the property and keep this land in public ownership.

She testified that she would like to take her River Coalition hat off and, put her bike trail hat on for a moment to explain and provide the Board with an understanding the importance of connections around the trail, that if SDRC was to negotiate a conservation easement that you look beyond the confines of this parcel, SDRC should also attempt to resolve those issues regarding access on either side of this particular parcel if SDRC gets to that point. She said she was pleased to hear that the Conservancy's interest regarding a conservation easement would extend beyond and possibly include the option for a trail alignment further away from the river. She said that there were some serious concerns about the riparian habitat on the 36 acre parcel and though theoretically it was possible to thread an alignment through the 36 acre parcel, the issues the natural resource agencies might have with such an alignment could be enormous. She said that in her opinion, it is going to be very difficult for us to get the trail into such a contained area.

Gary Strawn introduced himself as a volunteer with the San Diego River Park Foundation. He began by asking how many Board members had actually been on or looked at this piece of property. He said that it was not clear to him where the alignment Kathy Keehan referenced would be located, because it was impossible to walk from one end to another without a machete and a chainsaw. He said there was however a natural berm that covered approximately 80% of the distance we are talking about and that's where the trail goes.

He stated that as a volunteer, he appreciate the golf course and that they have helped the Park Foundation haul trash out of there and have done a lot of good things, but I do take exception to the fact that you have been steward of that property. He said he felt the reason I can walk across the river is because the golf course takes a lot of water off at the top end and runs it down through the water hazards.

He said that he personally thinks that the golf course is a good use, and that he would like to see it

back to a real natural habitat, but may not be realistic. He concluded that whether the parcel stays private or public, it is an extremely important piece of property, that you can't get a trail from Lakeside to Mission Trails without going through it.

Deanna Spehn, Policy Director for Senator Christine Kehoe testified that Senator Kehoe created the Conservancy and that SDRC's duties and responsibilities were to protect, enhance, conserve, and restore the river. She said that this was a difficult situation and that the Conservancy has not been faced with such a confrontational situation before. She said SDRC's partnerships up and down the river have been excellent, and your working relationships among each other have been good. She hoped there was a solution to this issue, that there was a win-win for everybody. She commented that since discussions regarding the property have been ongoing for two and a half years, but SDRC found out in April, maybe SDRC's deliberations could be extended.

Donna Frye asked Mr. Tinkov what was timeframe the City offered your client to purchase the property and why a particular date was chosen.

Felix Tinkov responded that he did not know how or why the date was chosen.

Dianne Jacob acknowledged that SDRC was in a very difficult situation and under a short time frame, but thought that with the information provided that we can at least layout a direction to take. She said that she liked what Deanna said .She agreed that in the past the Conservancy has been able to pursue the development of a river park along the San Diego River in a non-confrontational manner, that we have formed partnerships that have become very valuable in reaching the goals and the mission of the San Diego River Conservancy. She said that she would like to continue our discussions in a non-confrontational manner and with partners. She then asked the Executive Officer what was the Conservancy's main goal regarding this pieces of land, a trail?

Mike Nelson said a primary goal was the San Diego River Trail, but also an acknowledged of the property's biological values. He said that the trail was a component of a River Park which brought benefits to water quality, habitat and recreation.

Dianne Jacob asked him if trail, River Park, habitat was basically correct.

Mike Nelson said that was accurate.

Dianne Jacob began by stating that a lot had been done and agreed with Michael Beck that freeways and other development have infringed tremendously on our efforts to create the trail and the River Park as we would have wanted; but, on the other hand, I don't think it is fair to fix the sins of the past on the backs of the golf course. She noted that the property Robin Rierdan referred to in Lakeside was vacant land, it was zoned industrial, but there was not an existing industrial development on the property that was eliminated, so there are some differences.

She continued and said that perhaps she sat in a bit of a unique position, because she represented this area and was very familiar with it but this was a very different situation and the key was to balance the interests that are present, adding that the Carlton Oaks Golf Course had been in institution in East County, as was stated for 52 years and a good steward of this property. She noted that roads had not been developed as intensely as Mission Valley and a lot of condos and development have not been

built around it; they have preserved this piece of property and I think we should recognize that in our dealings.

She stated that she felt some interesting ideas had been presented and that she would like to consider the option of a conservation easement, because her understanding is that we can get everything we want out of that conservation easement, the trail, preserving the habitat in the River Park and maybe even more. She said she could understand that there is an interest in preserving this piece of property as public property; it is always difficult to make the decision private or public, but this piece of property has been in private use. She reiterated that she saw this property differently than other properties we have been looking at and pointed out that SDRC was certainly not going to get rid of some of the condos in Mission Valley that are infringing upon our ability to create and preserve habitat.

She said she looked at the golf course in a similar way, but thinks SDRC has a greater ability to achieve our goals with this piece of property. She said she believed I look at this are being developed as others such as Mission Valley along the river, I believe there is a win-win-win. The City of Santee has revegetated habitat along their section of the San Diego River and there is a trail on a portion of that of section and am sure Keith would be happy to talk about it. So the bottom line to me is being in a unique position of being very familiar and trying to balance the interests, I would like to not see us exercise our option to purchase it. I would rather see us try to work out a deal, are these the terms of the deal? Is this where we go into closed session to discuss if other members of the Board agree with what I am saying?

Donna Frye asked if other members of the board had question before the Board begins its discussions.

Dianne Jacob said she would rather see SDRC work out a deal or explore the ability to enter into a conservation easement, so it could be constructed in a way that would achieve goals of SDRC, preserve golf on the property, protect habitat, develop the River Park, and preserve our partnership with the City of Santee and TY Investments. She stated that was her position.

David King asked counsel for both TY Investment and the Conservancy, if there was a legal prohibition on SDRC entering into a tolling agreement on the July 12th deadline for us to exercise our first right of refusal.

Hayley Peterson said the problem was that the tolling agreement would be between the City of San Diego and the San Diego River Conservancy, and the power to extend lies wholly with the City of San Diego. She said that she didn't believe there was a representative from the City present, who can bind the City.

Andrew Poat said that he had called the City of Santee to investigate circumstances behind the situation; Mr. Till was so kind as to return my call. He stated that he would like Mr. Till to return to the podium and explain the land use plan that exists for this area.

Mr. Till said the City of Santee's General Plan for the property contiguous to the property is park and open space zoning and that we also consider the property owned by the City of San Diego to be designated as park and open space.

Donna Frye said that we should be clear that Mr. Till is talking about the City of Santee and there are two cities in question.

Andrew Poat then asked what would be the required to use the land for something other purpose than park and open space.

Mr. Till responded that it would require a general plan amendment and a zoning change.

Andrew Poat asked if one of the anticipated restrictions on this sale is a restriction on the power to sub divide property and if it were to be removed from park and open space there would have to be substantial change in the land use plans for Santee.

Mr. Till clarified that the property was not within Santee's jurisdiction, but Santee's General Plan and Zoning map has a designation for this property which is in City of San Diego's jurisdiction.

Donna Frye wondered what bearing the City of Santee's zoning regulations would have to do with land owned by another jurisdiction.

Ann Van Leer state that the property is It is within the City of San Diego's land use authority, it is zoned RS-18, which is one house per 40,000 square feet which equates to about 71 potential units, however it is questionable if they could built 71, because it is also within the flood overlay zone. She said the property owner must go through a pretty onerous process in the City of San Diego, not Santee.

Donna Frye remarked that she appreciate hearing about what Santee would like to see there, particularly the open space portion of it. She said it was a very nice vision and tended to agree with it.

Mr. Till said the in the interim it is a great golf course.

Ann Haddad asked whether the Carlton Oaks Golf Course is considered to be an asset for your community and that and secondly whether a golf course, a river park and trail could reside next to each other

Mr. Till said yes a river trail that is compatible with the golf course foot print.

Ruth Hayward expressed her desire that an extension would seem prudent.

Donna Frye said that she was trying to reach someone on the phone from the City's Real Estate Assets Department.

Ruth Hayward continued and said that she didn't think anyone wants to put a 52-year old golf course out of business, that it would be nice to bring it back to the way it used to be, but doubts that could happen, however, she did feel strongly that if the trail is to be aligned there and developed, it should not be within the riparian corridor, because there is not enough of riparian corridor now. She asked if SDRC did do a conservation easement agreement, a trail delineation would something has to be delineated about where the trail would go and how the bike riders and hikers would be protected from golf balls.

Mike Nelson, One of the unknowns that Felix speaks of is that we can't confirm that what has been identified as a riparian area, actually reflects the entire riparian area. He said the delineation that is being used to define the riparian area and what will be retained is simply the land that wasn't necessary for a golf course. He said what should occur would be a trail feasibility study that would begin with a biological delineation of the wetland and water resources that are present. Understandably, TY Investment is somewhat concerned about an exercise which might identify a trail alignment that would require a redesign of the golf course. TY Investments advised us that if a redesign was deemed necessary then SDRC would pay for the redesign of Carlton Oaks Golf Course

Andrew Poat asked if SDRC were to pursue the "public option" how would the acquisition proceed and the \$3 million cost be handled.

Mike Nelson stated that SDRC secured budget language for two fiscal on appropriations of Proposition 84 funding allocated to the State Coastal Conservancy, these set asides were for approximately \$5,935,000. If the public option were pursued SDRC would initiate good faith negotiations with the City of San Diego and present any agreement that was reached to the Governing Board to the State Coastal Conservancy for their approval. He emphasized that he should be clearly understood that SCC has fiduciary responsibility for the funding and the transaction must meet their standards, policies and requirements. He said that the acquisition of a conservation easement that was the result of the option contract SDRC would execute would also have to meet those same standards. Finally, if SDRC would accept title to the property it would also require the approval of the Public Works Board.

Donna Frye, asked if there was anything that would preclude SDRC were to approach the City of San Diego and say we want to exercise our option to purchase, and if so, would that preclude operation of the golf course.

Felix Tinkov responded that legally speaking it would not preclude the operation of the golf course; all things would remain the same, the 50-year lease with the City of San Diego expired on December 31, 2008 and they are presently in a month-month arrangement with the lease amounts which remain the same. He said the situation was quite onerous that his client was having a hard time maintaining operations because modern amenities and improvements are necessary, finally after 2 1/2 years we are at a point where we may actually be able to acquire the property and do what is necessary.

Donna Frye said "... Or getting a lease from the City of San Diego or another extended lease?"

Felix Tinkov responded that anything that would allow a financing, which was typically 30 years or more.

Donna Frye sought clarification that an additional 30-year a lease from the City of San Diego would resolve your client's problems, as far as their ability to finance the improvements.

Felix Tinkov said when we asked the City of San Diego, Real Estate Assets Department about a lease extension we were first were told no, then that it may be a possible and then advised that it is the City's policy to never reduce lease rates.

Donna Frye asked what TY Investment definition of "redeveloping the property" is meant.

Felix Tinkov said that at their last meeting in April with the Real Estate Assets Division they were seeking final resolution regarding what was to be done with the property, because there was no progress, we had no choice but to begin discussions with appraisers and brokers. Once we were told there was an offer on the table we stopped and have not looked at any redevelopment alternatives.

Dianne Jacob inquired about the improvements that had been mentioned and wondered what they included.

Felix Tinkov the improvements that have include the lodges which are subpar. Most recently we have expended close to \$200,000 to redo the bar and restaurant. The banquet facilities and the pro shop, virtually anything having to do notwithstanding the golf course itself need updated and improved.

Dianne Jacob, interpreted his answer to mean that TY Investment was updating existing facilities?

Felix Tinkov said yes and that there was no plan to redevelop the property. The golf course was redesigned by Pete Dye 15 years ago. All the improvements are in the northern 17 acre parcel, which lies next to road by the driving range.

Ruth Hayward said she was concerned that there are development rights on the property and whether TY Investment had any plans to develop this property.

Donna Frye interrupted and asked for a **5-minute recess** since she had the Mayor's Office on the line.

Donna Frye called the meeting back to order. She informed the Board that she had just got off the phone with the Real Estate Assets Department and a representative from TY Investments. She stated that she had informed them that, as a member and the Chair of SDRC, she felt the notice the Conservancy had been given was too short for a decision this importance. She announced that she had requested and received an extension of time from the City until August 20th. I informed the Department that SDRC would convene a special meeting to have discussion and work things out.

She stated that the members of the Board are very reasonable people and are not trying to put the golf course out of business, or harm any of its partners, particularly the City of Santee. We have an incredible opportunity here, but we must also realize that our enabling statute encourages SDRC to acquire land and develop the San Diego River Park.

Dave Means (WCB), Bryan Cash, Robert Schladale all agreed that the public option and lease back to the golf course was a good idea, which it could to provide a steady stream of income SDRC could use to promote or make a trail possible along the river corridor. They stated that they were most concerned with walking away from an option to purchase that may never arise again; this opportunity is very unique and rare.

Donna Frye asked if the Conservancy would decide to purchase property, maybe you could work with the agency representatives in Sacramento.

Mike Nelson agreed and stated that the public option would allow the acquisition of the property, it might also provide an opportunity to facilitate a discussion with everyone: TY Investments, SDRC and the City of San Diego, which did not occur as the sale is presently structured. He added that staff never

envisioned a management scenario that discontinued the use of the property as a golf course, if SDRC exercises its option to purchase the property. He addressed Dave and Rob's observation and stated that the SDRC Act did in fact contained a provision that would allow SDRC to utilize revenues from leases and established the San Diego River Conservancy Fund for this very purpose.

Ruth Hayward asked TY Investment what their lease rate was in 2008.

Felix Tinkov, responded that their rental rates have stayed the same from 2005 until now, and that rate was \$250,000. He reported that under the 50 year lease the City is to reappraise the property every 5 years, but unfortunately TY Investment has been unable to get the City to reappraise the land or consider a rate adjustment, because of their policy to never reduce rental rates.

Dianne Jacob asked if they had received a response from his clients regarding a waiver of development rights.

Felix Tinkov said he had, that his client had no problem, but he must speak with their investors.

Dianne Jacob, I think that is an important question to have answered, if you were willing to give away some of your development rights, maybe other concessions are possible. She said that she was aware that golf courses are not making money and are surviving is by providing other amenities such as banquets and restaurants and bars.

Donna Frye said that since we have a time extension, she would like a board member to make a motion that would first secure the Board's approval for the time extension; second, to allow her to work with Mike Nelson, the City of San Diego and TY Investments to get your questions answered (should you have more just send them to Mike); and, third to schedule a special meeting of this Board prior to August 20th at which she would make a presentation and a recommendation that we could all agree to.

Dianne Jacob asked whether the Chair would you also include Ann and Ben.

Donna Frye responded that she could not agree to that, because she was very concerned about a collective concurrence outside a regular noticed and scheduled meeting.

Dianne Jacob stated that it would be a minority of the Board and would only include the two individuals who had been involved previously.

Hayley Peterson said that if the Governing Board creates a committee that includes three people then that committee would need to comply with public meeting requirements, so all of their meetings would have to be noticed. She summarized by saying that designating two people does not fall within the requirements of Bagley-Keene.

Ruth Hayward stated that if a meeting occurred that included two Board Members, why can't that same scenario happen again?

Donna Frye stated that two Board Members can, three cannot.

Hayley Peterson said that by taking an action to designate three individuals are more formal, Two

individuals doing some research before a meeting is different than a sub-committee that would report and make recommendations to the Board. She realized it was a grey area, but concluded that her office was OK with two. If the Board designates three and specifies what they are to do and requires that they return to the Board and make a report, it must be noticed and provide 10-days notification.

Dianne Jacob said she thought it would be advantageous for one or two of those involved in the prior discussions were included.

Donna Frye inquired about including Ann Miller Haddad?

Dianne Jacob said that she was not going to pick the person.

Donna Frye stated that since Ben is in Italy and we can select two. It will be myself and Ann. She then asked for someone to make that motion?

Andrew Poat moved for Item number 8 decisions be deferred to a special meeting on a date to be determined by the Executive Officer, designating Ann Haddad and Donna Frye talk and pursue an information gathering task.

Ruth Hayward seconded the motion.

David King said that though he could not make motion, he would like to make a suggestion that someone make a motion that we delegate to our Executive Officer further authority to enter into further tolling agreements with the City of San Diego and other parties as necessary to move deadlines a bit.

Andrew Poat said that he would accept that amendment to his motion.

Ann Haddad seconded the amended motion and it was approved unanimously.

SDRC's Resolution 10-06 (C)

July 8, 2010

SAN DIEGO RIVER CONSERVANCY (SDRC)

RESOLUTION 10-06 (C)

Authorizing a Special Meeting of the San Diego River Conservancy; Acceptance of an Extension of Deadlines for Exercising First Right of Refusal and Responding to Government Code Sections 54220-54232 Notification; Approving the Chair's Initiation of an Information Gathering Task with Ann Miller Haddad in Preparation of a Special Meeting; and Allowing the Executive Officer to Enter into Tolling Agreements with the City of San Diego and other Parties if Necessary.

On July 8, 2010, SDRC unanimously approved a Resolution following a presentation and public testimony offered regarding Item 8 on the meeting's agenda, which addressed the City of San Diego's proposal to sell the approximately 65.4 acres at Carlton Oaks Golf Course to TY Investments.

The San Diego River Conservancy's Governing Board approved a Resolution which:

1. Authorizes the Executive Officer to schedule a Special Meeting of the San Diego River Conservancy to receive a presentation by the Executive Officer and the Chair and consider whether to pursue the acquisition of an interest in the property before August 20, 2010; and,
2. Accepts an extension of deadlines requiring SDRC to exercise its first right of refusal and respond to a notification received pursuant to Government Code SDRC Sections 54220-54232 until August 20, 2010; and,
3. Approves the Chair's initiation of an Information Gathering Task with Board Member, Ann Miller Haddad and presentation at the Special Meeting which answers questions raised by the Governing Board regarding the proposed sale; and,
4. Allows the Executive Officer, as necessary, to enter into Tolling Agreements with the City of San Diego and other parties if additional time should be required.

I, Michael Nelson, Executive Officer, do hereby certify that the foregoing is a full, true, and correct copy of a Resolution adopted by the San Diego River Conservancy on July 8, 2010.



Michael Nelson
Executive Officer

EXECUTIVE OFFICER'S SUMMARY REPORT
Special Meeting of August 10, 2010

ITEM: **4**

SUBJECT: **CITY OF SAN DIEGO - CARLTON OAKS GOLF COURSE: CITY OF SAN DIEGO'S PROPOSED SALE OF APPROXIMATELY 65.4 ACRES** (Public and Closed Sessions)

The City of San Diego proposes to sell the approximately 65.4 acres the Public Utilities Department owns at Carlton Oaks Golf Course. The Conservancy has a first right of refusal under the SDRC Act and certain rights under the California Government Code (§§ 54220-54232; Surplus Land) to acquire the property. The City has set August 20, 2010 as the deadline for the Conservancy to exercise these rights. TY Investments, the golf course operator, is interested in purchasing the property. Following a presentation by the Executive Officer and the Chair, the Governing Board will consider whether to pursue acquisition of an interest in the property. The Governing Board may meet in Closed Session to give instructions to its negotiator regarding the price and terms of payment of an acquisition or may discuss the matter in open session, Closed Session pursuant to Government Code section 11126, subdivision (c) (7);

Property Description: An approximately 65.4 acre portion of Assessor's Parcel Number 383-080-03 which is a portion of Carlton Oaks Golf Course

Negotiators: Donna Frye, SDRC Chair, Ann Miller Haddad, SDRC Board Member, Michael Nelson, Executive Officer; Ann Van Leer SDRC Consultant, Hayley Peterson, Deputy Attorney General

Presentation

Michael Nelson, Executive Officer

Donna Frye, SDRC Chair

ATTACHMENTS

A-J Chronology and Documents

K Maps

CHRONOLOGY & DOCUMENTS

PROPOSED SALE – 65.4 ACRES CARLTON OAKS GOLF COURSE -- CITY OF SAN DIEGO

TAB No.	AUTHOR	SUBJECT	DATE
	SDRC Executive Officer	Meeting with Real Estate Assets Dept. (Barwick, Carlson, MacKenzie) Advise SDRC of City's intent to dispose and declare 65.4 acres surplus at Carlton Oaks Golf Course	April 29, 2010
A	SDRC Board Meeting	<u>Resolution</u> Authorizing EO to establish SDRC as an interested party in acreage at Carlton Oaks Golf Course. Requests EO to provide options at July meeting regarding acquisition of an interest in the property.	May 6, 2010
B	Mary Carlson City of San Diego Real Estate Assets	Letter to TY Investments, Inc. Sets forth terms of City's Proposed Sale of 65.45 acres	May 10, 2010
C	Mary Carlson City of San Diego Real Estate Assets	Pre-Disposition Review of City-Owned Property - Portion of Carlton Oaks Golf Course Notice to submit a written response or offer to purchase or lease to the address below within 60 days. Response date: July 12, 2010	May 11, 2010
D	Michael Nelson, Executive Officer SDRC	Response to Mayor Sanders for Notification	May 19, 2010
E	Mary Carlson City of San Diego Real Estate Assets	Notification to exercise or waive first right of refusal. Terms of City of San Diego's offer to TY Investments Response date: July 12, 2010	May 24, 2010
F	SDRC Board Meeting	<u>Resolution 10-06 (C)</u> Authorizes Special Meeting, accepts extension of deadlines, and approves initiation of an Information Gathering Task, allows Executive Officer to execute Tolling Agreements.	July 8, 2010
G	Mary Carlson City of San Diego Real Estate Assets	Confirms First Right of Refusal extension until August 20, 2010, but not for response to Government Code Sections 54220-54232(Surplus Land)	July 8, 2010
H	Donna Frye, Chair, SDRC	Seeks clarification that extension includes SDRC's rights under California Surplus Land Code Sections 54220-54232	July 9, 2010
I	Jim Barwick City of San Diego Real Estate Assets	Confirms that the City of San Diego has agreed to extend the River Conservancy's rights under California Surplus Land Code Sections 54220-54232 as well as its Right of First Refusal until August 20, 2010.	July 9, 2010
J	Mayor Jerry Sanders	Pledges City of San Diego's cooperation if SDRC decides it is interested in the acquisition of the property.	July 26, 2010

Tab A - SDRC Board Meeting Resolution

April 29, 2010

SAN DIEGO RIVER CONSERVANCY (SDRC)

RESOLUTION

Authorizes the Executive Officer to establish SDRC as an interested party in the Disposal of 65.4 Acres of Property at Carlton Oaks Golf Course; and, Requests that the Executive Officer Present Options Regarding the Utilization of its Rights to Acquire an Interest in the property at the July meeting.

On May 6, 2010, the Executive Officer advised the Board that the Real Estate Assets Department had informed him of the City of San Diego's intention to declare 65.4 acres, surplus at the Carlton Oaks Golf Course and sell them to their present lessee, TY Investments for \$3,000,000. He stated that the City had further advised that SDRC would receive formal notification of the proposed sale and given 60 days to respond, as well as, notice to waive or exercise its statutory first right of refusal.

The Executive Officer recommended that he be authorized to formally respond to any notification that he received regarding a proposal to sell Carlton Oaks property along the San Diego River and to take the actions necessary to protect SDRC's opportunity to acquire the property if necessary.

The San Diego River Conservancy's Governing Board unanimously approved a Resolution which:

1. Authorizes the Executive Officer to establish SDRC as an interested party in the Carlton Oaks property disposition; and,
2. Requests that the Executive Officer return to SDRC's July meeting with options regarding exercising its rights to acquire an interest in the property.

I, Michael Nelson, Executive Officer, do hereby certify that the foregoing is a full, true, and correct copy of a Resolution adopted by the San Diego River Conservancy on May 6, 2010.



Michael Nelson
Executive Officer

**Tab B - Letter to TY Investments, Inc., from Mary
Carlson, City of San Diego, Real Estate Assets,**

May 10, 2010



May 10, 2010

THE CITY OF SAN DIEGO

Felix M. Tinkov, Esq.
Lounsbury Ferguson Altona & Peak, LLP
401 West A Street, Suite 1825
San Diego, CA 92101

RE: Portion of APN 383-080-03 (approx 65.4 acres)
Carlton Oaks

Dear Mr. Tinkov:

The City of San Diego ("City") is in receipt of your April 15, 2010 Offer to Purchase an approximate 65.4 acre portion of APN 383-080-03, currently being leased to TY Investment, Inc., dba Carlton Oaks Holdings, LLC, as a golf course. Set forth below are the basic terms and conditions by which the City of San Diego would be prepared to sell a portion of the property (the "Property") to TY Investment, Inc., a California general corporation, dba the Carlton Oaks Country Club.

1. **Seller:** The City of San Diego, a California municipal corporation ("City").
2. **Buyer:** TY Investment, Inc., a California general corporation, dba the Carlton Oaks Country Club ("Buyer").
3. **Property Description:** An approximate 65.4 acre portion of Assessor's Parcel Number 383-080-03 as shown on the attached in Exhibit A. Exact size of parcel will be determined by a survey. Buyer shall provide an easement for ingress and egress to the adjacent property that will be retained by City. The exact size and location of the easement to be mutually agreed.
4. **Sales Price:** Three Million Dollars (\$3,000,000).
5. **Deposits:**
Initial Deposit:
Upon opening of escrow, Buyer shall deposit One Hundred Thousand Dollars (\$100,000) ("Initial Deposit") in the form of either cash or certified check with Escrow Holder. Said Initial Deposit shall be applicable to the Purchase Price and shall become non-refundable at the end of the 120-day Due Diligence Period (defined below).

If, at any time during the 120-day Due Diligence Period, Buyer determines not to purchase the Property, the Initial Deposit shall be returned to Buyer.



Real Estate Assets

1200 Third Avenue, Suite 1700, MS 51A • San Diego, CA 92101-4199
Tel (619) 236-6020 Fax (619) 236-6706

Buyer shall notify City of any contingencies it will waive or which will not be satisfied within such 120-day Due Diligence Period.

Buyer shall have the right to enter upon the Property for the purpose of conducting environmental studies, surveys and other examinations as are deemed necessary by Buyer.

City shall provide a Preliminary Title Report. Buyer shall provide written approval of the Preliminary Title Report within ten (10) days of receipt thereof. Buyer's failure to provide written objections to City within said ten (10) day period shall be deemed approval of the Preliminary Title Report.

Survey and Legal Description:

- a. Buyer, City and surveyor shall meet at the Property to discuss and determine the exact area being surveyed.
- b. City shall have a survey and legal description prepared, at City's expense, for the approximate 65.4 acres of APN 383-080-03 that Buyer is purchasing and for the easement.
- c. Buyer shall approve said survey and legal description within thirty (30) days of written notification of its completion. Buyer's failure to provide written approval within said thirty (30) day period shall be deemed approval.

8. **City Council Approval:** City shall seek approval from City Council after the 120-day Due Diligence Period and when Buyer releases contingencies.
9. **Balance of Purchase Price:** The balance of the Purchase Price, Two Million Seven Hundred Thousand Dollars (\$2,700,000), shall be deposited in the form of either cash or certified check with Escrow Holder within thirty (30) days from City of San Diego's City Council approval of sale.
10. **Close of Escrow:** As a condition of closing escrow, Buyer's obligations under its lease with the City of San Diego shall remain in effect and all lease payments must be current and up to date at the close of Escrow.

Escrow shall close on or before thirty days (30) following City Council's approval of the sale of the Property.

11. **Assignment:** Buyer may not assign or transfer its rights or obligations in the escrow either directly or indirectly without the prior written consent of City.

12. **Subsequent Sale:** If Buyer sells the Property within thirty-six (36) months after the closing date, Buyer shall pay to City, through an escrow, the net profit from the sale. "Net profit from the sale" shall mean the gross sale price, less Buyer's reasonable and customary costs of the sale, less Buyer's Purchase Price. Buyer may transfer the Property to any legal entity in which Buyer retains at least a fifty-one-percent (51%) ownership and voting-control interest.
13. **City's Contingencies:**
- a. A waiver of its Right of First Refusal to purchase the Property by the San Diego River Conservancy.
 - b. City's 60-day clearance process with other governmental agencies as mandated by Sections 54220-54232 of the California Government Code.
 - c. Approval of the sale by Resolution of the San Diego City Council.
14. **No Real Estate Commissions:** The parties acknowledge that the sale of this Property was not initiated by any broker or finder. The parties agree that they will each defend and indemnify and hold the other party harmless from and against any liability or expense arising from any claim by any broker or finder for a commission because of any act of the party or its representatives.
15. **No Representations or Warranties:** The Property is being sold in "as-is, where is" condition.
16. **Expiration Date:** This letter shall expire at 5:00 PM, Friday, May 21, 2010.

Remainder of this page intentionally left blank

Felix M. Tinkov, Esq.
May 10, 2010
Page 5

THIS LETTER OF INTENT IS NOT INTENDED AS, AND DOES NOT CONSTITUTE A BINDING AGREEMENT BY EITHER PARTY, NOR AN AGREEMENT BY ANY PARTY TO ENTER INTO A BINDING AGREEMENT, BUT IS MERELY INTENDED TO SPECIFY SOME OF THE PROPOSED TERMS AND CONDITIONS OF THE TRANSACTION CONTEMPLATED HEREIN. NEITHER PARTY MAY CLAIM ANY LEGAL RIGHTS AGAINST THE OTHER PARTY BY REASON OF THE SIGNING OF THIS OFFER NOR BY TAKING ANY ACTION IN RELIANCE THEREON. EACH PARTY HERETO FULLY UNDERSTANDS THAT NO PARTY SHALL HAVE ANY LEGAL OBLIGATIONS TO THE OTHER, OR WITH RESPECT TO THE PROPOSED TRANSACTION, UNLESS OR UNTIL ALL OF THE TERMS AND CONDITIONS OF THE PROPOSED TRANSACTION HAVE BEEN NEGOTIATED, AGREED TO BY ALL PARTIES AND SET FORTH IN A PURCHASE AND SALE AGREEMENT WHICH HAS BEEN SIGNED AND DELIVERED BY BOTH PARTIES.

If you have any questions, please contact me at 619-236-6079.

Very truly yours,



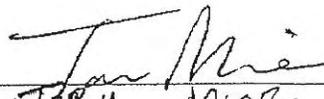
Mary Carlson
Property Agent
Real Estate Assets

Agreed and Accepted by:

Seller:
The City of San Diego,
a California municipal corporation

Buyer:
TY Investment, Inc., a California general corporation,
dba the Carlton Oaks Country Club

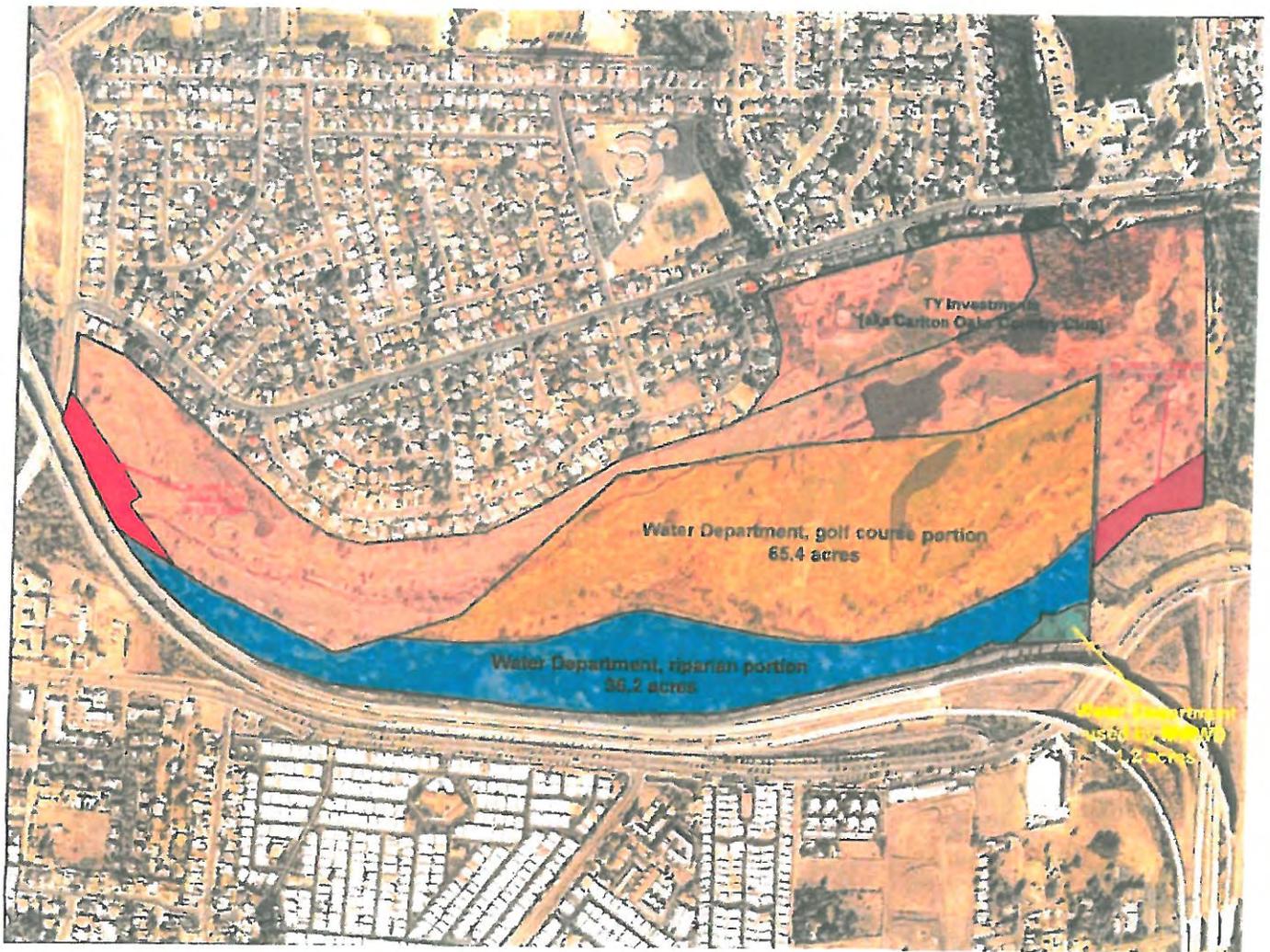
By: _____
James F. Barwick, CCIM
Real Estate Assets Director

By:  _____
TERU MIZE
Print Name above

Date: _____

Date: 5/21/10

Exhibit A



**Tab C - Mary Carlson, City of San Diego, Real Estate
Assets, Pre-Disposition Review**

May 11, 2010

From: Carlson, Mary [MMCarlson@sandiego.gov]
Sent: Tuesday, May 11, 2010 1:35 PM
To: CALTRANS- Carmen Irene; CALTRANS- Pat Kipling; Chula Vista- Richard Ryals; County-Housing- Tom Dlugo; County-Parks- Contact; County-Real Estate - John Kross; County-Real Estate- Deborah Bailey; Del Mar- Cityhall; Encinitas- City Hall; Escondido- City Mgr; Escondido- Ec Dev- Jo Ann Case; Helix Water Dist.- Lucy Galvin; Imperial Beach- City Mgr; La Mesa- Admin; Lemon Grove- City Mgr; Itrexel@semprautilities.com; National City- City Mgr; Navy- Karen Ringel; NCTD- Ed Singer; Pacbell- Contact; Padre Water Dist- Mary Lindquist; Port-T Marshal; Port- Weymann, Karen; Poway- City Clerk; Sampson, Brian; SANDAG- Travis Cleveland; SD Co. Fair- Becky Bartling ; SD Comm College Dist- David Backensto; SD MTS- DanTrent; SD MTS- Tim Allison; SD Unified Schools- Drew Rolands; SD Unified Schools- Georgiana Becker; SDCWA- Busch, Bill; SDG&E - Jeff Sykes; SDG&E-Ruth Love; Sempra- Pete McMorris; State Lands Comm- Colin Connor, Colin; State Resources Agency- Mike Chrisman; UCSD- Nancy Kossan; Vista- Contact; 'mnelson@sdrc.ca.gov'; 'council@ci.santee.ca.us'; 'jwilson@mtrp.org'; 'rhutsel@sandiegoriver.org'
Subject: Pre-Disposition Review of City-Owned Property - Portion of Carlton Oaks Golf Course
Attachments: Carlton Oaks.pdf; CA Clearance Code.pdf

Government Code Section 54220 requires local agencies to provide property information to other local agencies responsible for low/moderate income housing, parks, open space, schools, transit development and enterprise zones when making determinations about surplus property and possible disposition.

Attached is a data sheet and maps of a City of San Diego-owned property which is currently being reviewed as a potential sale candidate. Please submit a written response or offer to purchase or lease to the address below within 60 days.

Unless you notify us of any needs or requirements within 60 days, the property will be considered cleared for sale by your organization.

If you have any questions, please contact me by email, or at the address or phone number below.

Thank you,

Mary Carlson | Property Agent
City of San Diego | Real Estate Assets
1200 Third Avenue, Suite 1700, San Diego, CA 92101
(619) 236-6079 | mmcarlson@sandiego.gov

CITY PROPERTY REVIEW

FILE CODE: M801-WM

PROPERTY DESCRIPTION

LEGAL DESCRIPTION: Portion of FANITA RHO TRACT T LT 7

LOCATION: Property is located in the City of San Diego and is adjacent to 9200 Inwood Dr Santee CA 92071

THOMAS BROS MAP: 1230 - J6

ACREAGE: Approximately 65.4 acres, exact size to be determined.

ASSESSOR'S PARCEL NO.: Portion of 383-080-03

EXISTING ZONING: R-1-40

IMPROVEMENTS: A portion of the Carlton Oaks Golf Course

COMMUNITY PLAN DESIGNATION: East Elliott

FUND DESIGNATION: Public Utilities Department, Water

COUNCIL DISTRICT: District 7

COMMENTS:

RECOMMENDATIONS

PUBLIC USE:

NON-PUBLIC USE:

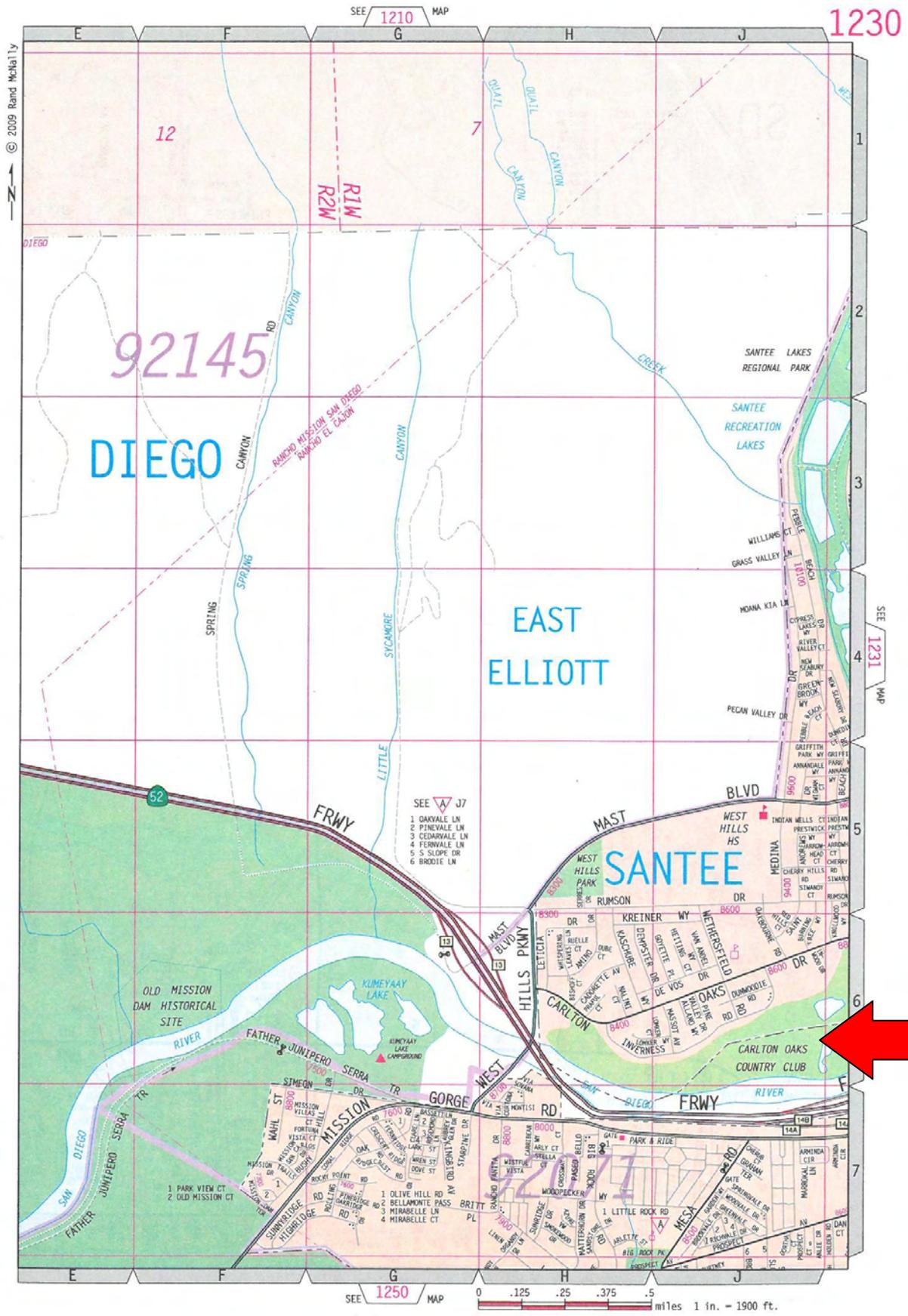
DEVELOPMENT RECOMMENDATIONS:

RECOMMENDED DESIGNATION:

COMMUNITY PLAN CONFORMANCE:

COMMENTS:

Thomas Guide

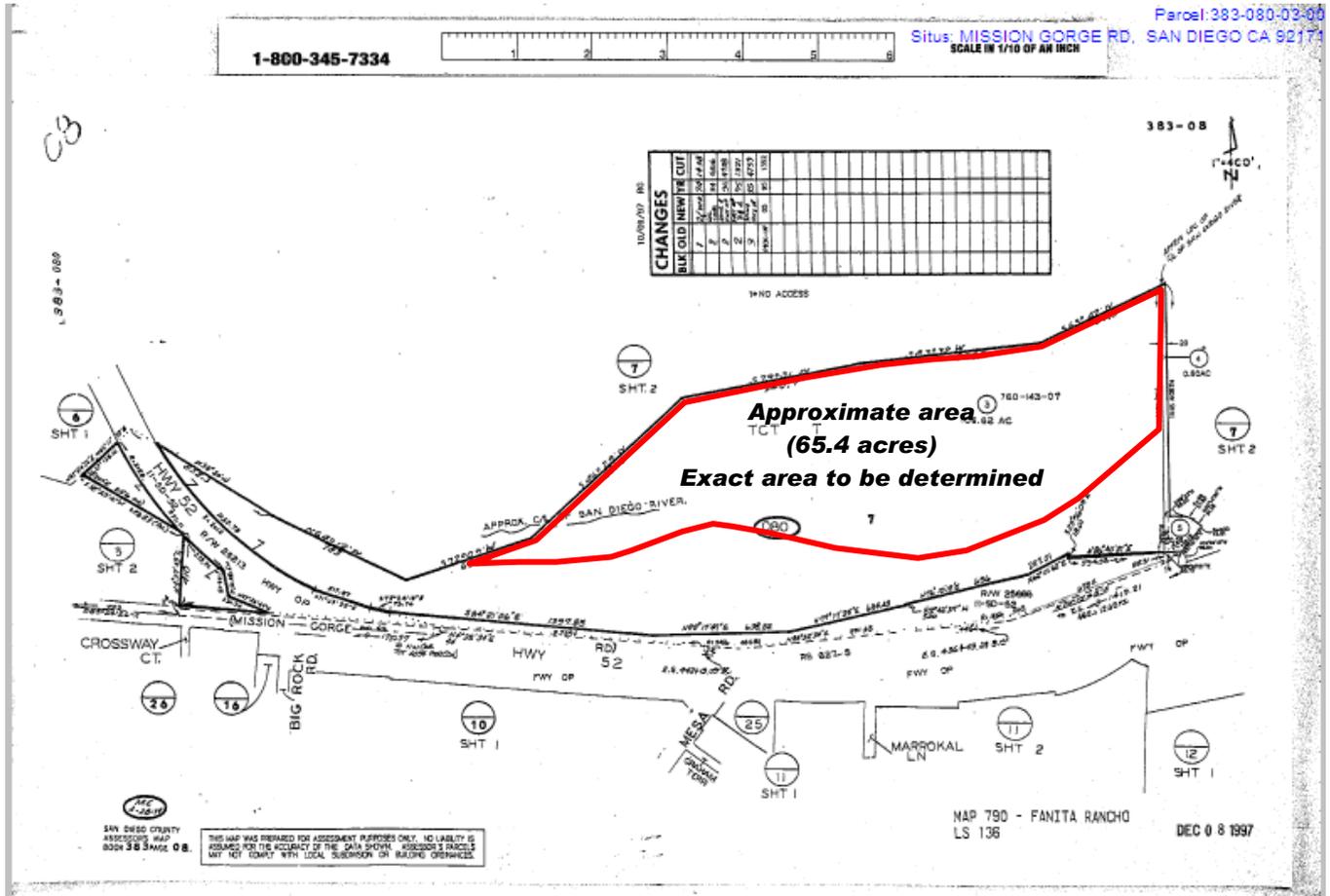


SAN DIEGO CO.



© 2009 Rand McNally

Assessor Map & Aerial



CALIFORNIA GOVERNMENT CODE Land Clearance Process

54220. (a) The Legislature reaffirms its declaration that housing is of vital statewide importance to the health, safety, and welfare of the residents of this state and that provision of a decent home and a suitable living environment for every Californian is a priority of the highest order. The Legislature further declares that there is a shortage of sites available for housing for persons and families of low and moderate income and that surplus government land, prior to disposition, should be made available for that purpose.

(b) The Legislature reaffirms its belief that there is an identifiable deficiency in the amount of land available for recreational purposes and that surplus land, prior to disposition, should be made available for park and recreation purposes or for open-space purposes. This article shall not apply to surplus residential property as defined in Section 54236.

(c) The Legislature reaffirms its declaration of the importance of appropriate planning and development near transit stations, to encourage the clustering of housing and commercial development around such stations. Studies of transit ridership in California indicate that a higher percentage of persons who live or work within walking distance of major transit stations utilize the transit system more than those living elsewhere. The Legislature also notes that the Federal Transit Administration gives priority for funding of rail transit proposals to areas that are implementing higher-density, mixed-use development near major transit stations.

54221. (a) As used in this article, the term "local agency" means every city, whether organized under general law or by charter, county, city and county, and district, including school districts of any kind or class, empowered to acquire and hold real property.

(b) As used in this article, the term "surplus land" means land owned by any agency of the state, or any local agency, that is determined to be no longer necessary for the agency's use, except property being held by the agency for the purpose of exchange.

(c) As used in this article, the term "open-space purposes" means the use of land for public recreation, enjoyment of scenic beauty, or conservation or use of natural resources.

(d) As used in this article, the term "persons and families of low or moderate income" means the same as provided under Section 50093 of the Health and Safety Code.

(e) As used in this article, the term "exempt surplus land" means either of the following:

(1) Surplus land which is transferred pursuant to Section 25539.4.

(2) Surplus land which is (A) less than 5,000 square feet in area, (B) less than the minimum legal residential building lot size for the jurisdiction in which the parcel is located, or 5,000 square feet in area, whichever is less, or (C) has no record access and is less than 10,000 square feet in area; and is not contiguous to land owned by a state or local agency which is used for park, recreational, open-space, or low- and moderate-income housing purposes and is not located within an enterprise zone pursuant to Section 7073 nor a designated program area as defined in Section 7082. If the surplus land is not sold to an owner of contiguous land, it is not considered exempt surplus land and is subject to the provisions of this article.

(f) Notwithstanding subdivision (e), the following properties are not considered exempt surplus land and are subject to the provisions of this article:

(1) Lands within the coastal zone.

(2) Lands within 1,000 yards of a historical unit of the State Parks System.

(3) Lands within 1,000 yards of any property that has been listed on, or determined by the State Office of Historic Preservation to be eligible for, the National Register of Historic Places.

(4) Lands within the Lake Tahoe region as defined in Section 66905.5.

54222. Any agency of the state and any local agency disposing of surplus land shall, prior to disposing of that property, send a written offer to sell or lease the property as follows:

(a) A written offer to sell or lease for the purpose of developing low- and moderate-income housing shall be sent to any local public entity as defined in Section 50079 of the Health and Safety Code, within whose jurisdiction the surplus land is located. Housing sponsors, as defined by Section 50074 of the Health and Safety Code, shall, upon written request, be sent a written offer to sell or lease surplus land for the purpose of developing low- and moderate-income housing. All notices shall be sent by first-class mail and shall include the location and a description of the property. With respect to any offer to purchase or lease pursuant to this subdivision, priority shall be given to development of the land to provide affordable housing for lower income elderly or disabled persons or households, and other lower income households.

(b) A written offer to sell or lease for park and recreational purposes or open-space purposes shall be sent:

(1) To any park or recreation department of any city within which the land may be situated.

(2) To any park or recreation department of the county within which the land is situated.

(3) To any regional park authority having jurisdiction within the area in which the land is situated.

(4) To the State Resources Agency or any agency which may succeed to its powers.

(c) A written offer to sell or lease land suitable for school facilities construction or use by a school district for open-space purposes shall be sent to any school district in whose jurisdiction the land is located.

(d) A written offer to sell or lease for enterprise zone purposes any surplus property in an area designated as an enterprise zone pursuant to Section 7073 shall be sent to the nonprofit neighborhood enterprise association corporation in that zone.

(e) A written offer to sell or lease for the purpose of developing property located within an infill opportunity zone designated pursuant to Section 65088.4 or within an area covered by a transit village plan adopted pursuant to the Transit Village Development Planning Act of 1994, Article 8.5 (commencing with Section 65460) of Chapter 3 of Division 1 of Title 7 shall be sent to any county, city, city and county, community redevelopment agency, public transportation agency, or housing authority within whose jurisdiction the surplus land is located.

(f) The entity or association desiring to purchase or lease the surplus land for any of the purposes authorized by this section shall notify in writing the disposing agency of its intent to purchase or lease the land within 60 days after receipt of the agency's notification of intent to sell the land.

54222.3. Section 54222 shall not apply to the disposal of exempt surplus land as defined in Section 54221 by an agency of the state or any local agency.

54223. After the disposing agency has received notice from the entity desiring to purchase or lease the land, the disposing agency and the entity shall enter into good faith negotiations to determine a mutually satisfactory sales price or lease terms. If the price or terms cannot be agreed upon after a good faith negotiation period of not less than 60 days, the land may be disposed of without further regard to this article.

54224. Nothing in this article shall preclude a local agency, housing authority, or redevelopment agency which purchases land from a disposing agency pursuant to this article from reconveying the land to a nonprofit or for-profit housing developer for development of low- and moderate-income housing as authorized under other provisions of law.

54225. Any public agency selling surplus land to an entity described in Section 54222 for park or recreation purposes, for open-space purposes, for school purposes, or for low- and moderate- income housing purposes may provide for a payment period of up to 20 years in any contract of sale or sale by trust deed of such land.

54226. Nothing in this article shall be interpreted to limit the power of any agency of the state or any local agency to sell or lease surplus land at fair market value or at less than fair market value, and nothing in this article shall be interpreted to empower any agency of the state or any local agency to sell or lease surplus land at less than fair market value. No provision of this article shall be applied when it conflicts with any other provision of statutory law.

54227. In the event that the state or any local agency disposing of surplus land receives offers for the purchase or lease of such land from more than one of the entities to which notice and an opportunity to purchase or lease shall be given pursuant to this article, the state or local agency shall give first priority to the entity which agrees to use the site for housing for persons and families of low or moderate income, except that first priority shall be given to an entity which agrees to use the site for park or recreational purposes if the land being offered is already being used and will continue to be used for park or recreational purposes, or if the land is designated for park and recreational use in the local general plan and will be developed for that purpose.

54230. The board of supervisors of any county may establish a central inventory of all surplus governmental property located in such county.

54230.5. The failure by the state or a local agency to comply with the provisions of this article shall not invalidate the transfer or conveyance of real property to a purchaser or encumbrancer for value.

54231. Land acquired by a local agency for highway purposes through the expenditure of funds allocated pursuant to Chapter 3 (commencing with Section 2100) of Division 3 of the Streets and Highways Code may be retained by the local agency, or transferred to another local agency, for public park and recreational purposes if the land is no longer necessary for highway purposes, and if the local agency having jurisdiction over such land determines that the use of such land for public park and recreational purposes is the highest and best use of the land.

54232. Land retained or transferred for public park and recreational purposes pursuant to Section 54231 shall be developed within 10 years, and shall be used for at least 25 years, following such retention or transfer for such purposes in accordance with the general plan for the city or county in which the land is located. Otherwise, the land shall be sold by the local agency, and the funds received from the sale shall be used for highway purposes. If the land originally had been transferred for such purposes, it shall revert to the original acquiring local agency for such sale.

Tab D - Michael Nelson, Executive Officer SDRC,
Response to Mayor Sanders

May 19, 2010



May 19, 2010

The Honorable Jerry Sanders
Mayor
City of San Diego
City Administration Building
202 C St., 11th Floor
San Diego, CA 92101

Dear Mayor Sanders,

The Governing Board of the San Diego River Conservancy has asked that I express their concerns to you regarding the proposed sale of approximately 65.4 acres of property at the Carlton Oaks Golf, a public property that is a critical to the implementation of the City's San Diego River Park Master Plan and Multiple Species Conservation Plan, which lies wholly within the floodplain and floodway of the San Diego River.

A substantial body of public policy addresses the potential of this remarkable property and recommends protection of the natural resources it encompasses. A perfunctory review of the following documents reveals:

The ***City of San Diego, Draft Master Plan, San Diego River Park*** identifies the property as a key site that provides an opportunity to integrate the river experience with adjacent development and the City of Santee and which should focus on connecting Mission Trails Regional Park with Mast Park and Santee Lakes, that these points be linked by a multi-use path system integrated within a larger habitat corridor. Moreover, it suggests an examination of the long term potential for this area to evolve and become part of the San Diego River Park, and that consideration is given to redesigning the golf course to be more sensitive to the hydrology of the river and creating habitat corridors.

The ***City of San Diego, Multiple Species Conservation Program's*** Sub Area Boundary includes the entire area as a core biological resource area and a corridor that should be targeted for

conservation. The **Multiple Habitat Planning Area** includes it as a riparian and wetland resource and suggests that adjacent land uses be managed to ensure minimal impacts.

The **Conservation Element** of the **City of San Diego's General Plan** places special emphasis on the preservation and restoration of wetland resources and recommends that they be adequately buffered.

The City of Santee's **Multiple Species Conservation Program Draft Sub Area Plan** contemplates significant preservation of the San Diego River floodway at this location.

The Governing Board has offered no objections to the use of the site as a golf course, in fact the Conservancy has partnered with the operator of the golf course to remove invasives and restore habitat. The Board's principal concern is that the biological values of the property and its importance to the development of San Diego River Park are considered. We are not certain an evaluation by various City departments that addresses the impacts the proposed sale might have to the implementation of the City's San Diego River Park Master Plan, the Multiple Species Conservation Program or the Conservation Element of the General Plan has been conducted. As was stated by a representative of the San Diego River Coalition at the Conservancy's most recent meeting, there are only a handful of large sites like Carlton Oaks left in the River west of the El Capitan Reservoir.

The Conservancy greatly appreciates your support and the City of San Diego's commitment to the restoration of the San Diego River and the development of a River Park. Obvious examples include the City Planning and Community Investment efforts to adopt the San Diego River Park Master Plan; our partnership with Engineering & Capital Projects and Parks & Recreation to extend the San Diego River Trail to Hotel Circle; and most recently, the Conservancy's and the Public Utilities Department's commencement of a 15 year invasives control and habitat restoration project at the Golf Course, a project which involves 5 agencies in addition to the City: San Diego State University Research Foundation, the Resources Agency, the City of San Diego, San Diego County Water Authority, the County of San Diego and the City of Santee.

As you review the significance of this commitment and the City's substantial investments in these projects and programs, we hope that you would intervene in the sale, as currently proposed; to make sure this key riverfront property is adequately protected. The San Diego River Conservancy would welcome an opportunity to participate in this evaluation and any deliberation regarding a final disposition for the property.

In summary, this correspondence is intended to achieve two purposes: First, to urge your intervention in the proposed sale as proposed by the Real Estate Assets Department. Second, to consider this correspondence a formal response to the City's May 11, 2010 e-mail regarding "Pre-Disposition Review of City-Owned Property - Portion of Carlton Oaks Golf Course" and, a declaration that the San Diego River Conservancy is an interested party that would consider the purchase of the real estate interests necessary to protect this riparian open space. Furthermore, we request that the City of San Diego inform us of any decisions or actions it may take before the 60 day notification period expires July 12, 2010,

since the Conservancy may choose to request initiation of formal negotiations regarding an interest in real property for the City owned real estate at Carlton Oaks Golf Course.

The San Diego River Conservancy appreciates any consideration you may give our request.

Sincerely,



Michael Nelson
Executive Officer
San Diego River Conservancy
1350 Front Street, Suite 3024
San Diego, CA 92101

**Tab E – Mary Carlson, City of San Diego, Real Estate
Assets notification to SDRC, First Right of Refusal**

May 24, 2010



May 24, 2010

THE CITY OF SAN DIEGO

Michael Nelson
Executive Officer
San Diego River Conservancy
1350 Front Street, Suite 3024
San Diego, California 92101

RE: Notice to Exercise Right of Refusal
Carlton Oaks

Dear Mr. Nelson:

Attached please find a copy of a letter dated May 10, 2010 to Felix M. Tinkov of Lounsbery Ferguson Altona & Peak, LLP, which outlines the basic terms and conditions that TY Investments has agreed to purchase an approximate 65.4 acre portion of the Carlton Oaks Golf Course from the City of San Diego.

Pursuant to Public Resources Code, Division 22.9, the San Diego River Conservancy has a first right of refusal to acquire public lands within the conservancy's jurisdiction. The City of San Diego would like to provide you with a reasonable time to respond. Therefore, please advise me by **Monday, July 12, 2010** of the Conservancy's intent to exercise its first right of refusal under the same terms and conditions outlined in the attached letter.

As you are aware, the property is currently being cleared for sale pursuant to California Government Code sections 54220-54232. Notices were mailed to the various public agencies on May 11, 2010 and the 60-day notification period also coincidentally expires July 12, 2010.

If I do not receive notice of the San Diego River Conservancy's intent by **July 12, 2010**, the City of San Diego will assume the San Diego River Conservancy has decided not to exercise its first right of refusal to purchase the property.

Please call me at 619-236-6079 if you have any questions.

Sincerely,

Mary Carlson
Property Agent
Real Estate Assets



Real Estate Assets

1200 Third Avenue, Suite 1700, MS 51A • San Diego, CA 92101-4199
Tel (619) 236-6020 Fax (619) 236-6706

Tab F – SDRC’s Resolution 10-06 (C)

July 8, 2010

SAN DIEGO RIVER CONSERVANCY (SDRC)

RESOLUTION 10-06 (C)

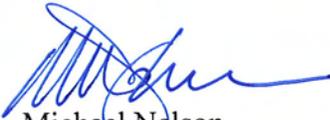
Authorizing a Special Meeting of the San Diego River Conservancy; Acceptance of an Extension of Deadlines for Exercising First Right of Refusal and Responding to Government Code Sections 54220-54232 Notification; Approving the Chair's Initiation of an Information Gathering Task with Ann Miller Haddad in Preparation of a Special Meeting; and Allowing the Executive Officer to Enter into Tolling Agreements with the City of San Diego and other Parties if Necessary.

On July 8, 2010, SDRC unanimously approved a Resolution following a presentation and public testimony offered regarding Item 8 on the meeting's agenda, which addressed the City of San Diego's proposal to sell the approximately 65.4 acres at Carlton Oaks Golf Course to TY Investments.

The San Diego River Conservancy's Governing Board approved a Resolution which:

1. Authorizes the Executive Officer to schedule a Special Meeting of the San Diego River Conservancy to receive a presentation by the Executive Officer and the Chair and consider whether to pursue the acquisition of an interest in the property before August 20, 2010; and,
2. Accepts an extension of deadlines requiring SDRC to exercise its first right of refusal and respond to a notification received pursuant to Government Code SDRC Sections 54220-54232 until August 20, 2010; and,
3. Approves the Chair's initiation of an Information Gathering Task with Board Member, Ann Miller Haddad and presentation at the Special Meeting which answers questions raised by the Governing Board regarding the proposed sale; and,
4. Allows the Executive Officer, as necessary, to enter into Tolling Agreements with the City of San Diego and other parties if additional time should be required.

I, Michael Nelson, Executive Officer, do hereby certify that the foregoing is a full, true, and correct copy of a Resolution adopted by the San Diego River Conservancy on July 8, 2010.



Michael Nelson
Executive Officer

**Tab G – Mary Carlson, City of San Diego, Real Estate
Assets confirms First Right of Refusal extension**

July 8, 2010



THE CITY OF SAN DIEGO

July 8, 2010

Michael Nelson
Executive Officer
San Diego River Conservancy
1350 Front Street, Suite 3024
San Diego, California 92101

RE: Right of Refusal
Carlton Oaks

Dear Mr. Nelson:

Pursuant to the conversation today between Councilmember Frye and Jim Barwick, the City of San Diego has agreed to extend the San Diego River Conservancy's Right of Refusal notice period until August 20, 2010.

If I do not receive notice of The River Conservancy's intent by **August 20, 2010**, the City of San Diego will assume the San Diego River Conservancy has decided not to exercise its first right of refusal to purchase the property.

Please call me at 619-236-6079 if you have any questions.

Sincerely,

Mary Carlson
Property Agent
Real Estate Assets

cc: Felix Tinkov, Esq.



Real Estate Assets

1200 Third Avenue, Suite 1700, MS 51A • San Diego, CA 92101-4199
Tel (619) 236-6020 Fax (619) 236-6706



**Tab H– Donna Frye seeks clarification, letter to
Jim Barwick, Real Estate Assets**

July 9, 2010



July 9, 2010

Jim Barwick, Director
Department of Real Estate Assets
City of San Diego

Dear Jim,

The purpose of this letter is to confirm the agreement we reached by phone yesterday during the Governing Board Meeting of the San Diego River Conservancy regarding an extension of all deadlines the Real Estates Assets Department had established for the proposed sale of 65.4 acres at the Carlton Oaks Golf Course to August 20, 2010.

The Board's deliberations concerned exercising SDRC's rights before the July 12, 2010 deadlines that had been established for both:

- 1) The Real Estate Assets Department's notification regarding California Government Code Sections 54220-54232 on May 11, 2010; as well as,
- 2) The Real Estate Assets Department notification on May 24, 2010 requiring SDRC to submit a notice of intent to exercise its first right of refusal by July 12, 2010.

Consequently, it is my understanding that this extension will preserve SDRC's ability to take full advantage of the opportunities found in both statutes authorizing SDRC's intervention in the proposed sale; moreover, this understanding was the subject of a motion unanimously approved by the Governing Board.

Our Executive Officer has informed me that he has received notification from Mary Carlson of your office yesterday that references just the deadline for SDRC's "first right of refusal" but does not include a suspension of July 12, 2010 deadline set pursuant to the Surplus Land Code (Sections 54220-54232). It is critically important that the August 20 extension include the deadline associated with the Surplus Land Code, since it provides SDRC with the statutory right to request the commencement of "good faith negotiations with the disposing agency".

Recognizing the serious concerns expressed by the San Diego River Coalition, the San Diego River Park Foundation, the Endangered Habitats League, Lakeside's River Park Conservancy, San Diego County Bicycle Coalition, the City of Santee, and TY Investments it is an imperative that we resolve this issue, since the deadline for a response to your May 11, 2010 notification regarding California Government Code Sections 54220-54232 is also July 12, 2010.

Your timely reply is anticipated, so that I may inform my Board that all deadlines have been extended.

Sincerely,

A handwritten signature in blue ink that reads "Donna Frye". The signature is written in a cursive, flowing style.

Donna Frye, Chair
Governing Board
San Diego River Conservancy

Tab I– Jim Barwick, Real Estate Assets
agrees to extensions of time

July 9, 2010

From: Barwick, James [JBarwick@sandiego.gov]
Sent: Friday, July 09, 2010 4:11 PM
To: 'Michael Nelson'
Cc: Felix Tinkov; Carlson, Mary; Goldstone, Jay; Jarrell, David; Frye, Donna
Subject: FW: Carlton Oaks (65.4 acres) Portion of FANITA RHO TRACT T LT 7-FILE CODE: M801-WM
Attachments: fryeletterSDRC.7.9.10.carltonoaks.pdf

Importance: High

Mike,

Please allow this e-mail to confirm that regarding the potential sale of approximately 64.5 acres of City owned land at the Carlton Oaks Golf Course, the City has agreed to extend the River Conservancy's rights under California Surplus Land Code Sections 54220-54232 as well as its Right of First Refusal to August 20, 2010.

If you have any questions, please contact me at 619.236.6145.

Jim

From: Michael Nelson [mailto:mnelson@sdrc.ca.gov]
Sent: Friday, July 09, 2010 2:28 PM
To: Barwick, James
Cc: Goldstone, Jay; Carlson, Mary
Subject: Carlton Oaks (65.4 acres) Portion of FANITA RHO TRACT T LT 7-FILE CODE: M801-WM
Importance: High

Jim,
Donna Frye has asked that I send you the attached correspondence.
Mike

Michael Nelson
Executive Officer
San Diego River Conservancy
1350 Front Street, Suite 3024
San Diego, CA 92101
(619) 645-3183

**Tab J– Mayor Jerry Sanders letter supports SDRC’s
purchase of Carlton Oaks**

July 26, 2010



JERRY SANDERS
MAYOR

July 26, 2010

Mr. Michael Nelson, Executive Officer
San Diego River Conservancy
1350 Front Street, Suite 3024
San Diego, CA 92101

Dear Mr. Nelson:

The City of San Diego is interested in selling its interest in the property associated with the Carlton Oaks Golf Course. This interest was first sparked by an unsolicited offer made by TY, the owner of the Carlton Oaks Golf Course and adjacent parcels located within the City of Santee. The City obtained an appraisal for the property which came in at \$3 million and entered into exclusive negotiations with TY. A tentative agreement was reached at the \$3 million price, pending notification of various public agencies which would have the right of first refusal to match this purchase price. The tentative agreement was also subject to the approval of the San Diego City Council.

At the request of the San Diego River Conservancy, the City of San Diego agreed to extend the deadline by which the Conservancy could make a final decision regarding the acquisition of the City's property.

It is my current understanding from Council Member Donna Frye, Chair of the Conservancy, that the Conservancy may be interested in acquiring the property and may make a final decision at its next Board meeting in August. If the Conservancy decides to purchase the property from the City, I would support this decision and would instruct City staff to work with the Conservancy to make the sale happen as quickly as possible. I also recognize that there are a number of other State agencies that would have a role in making this transaction happen and the City would cooperate with them as well.

If you have any questions, feel free to contact the City's Chief Operating Officer, Jay Goldstone at 619-236-7080 or Director of the City's Real Estate Asset Department, Jim Barwick at 619-236-6145.

Sincerely,

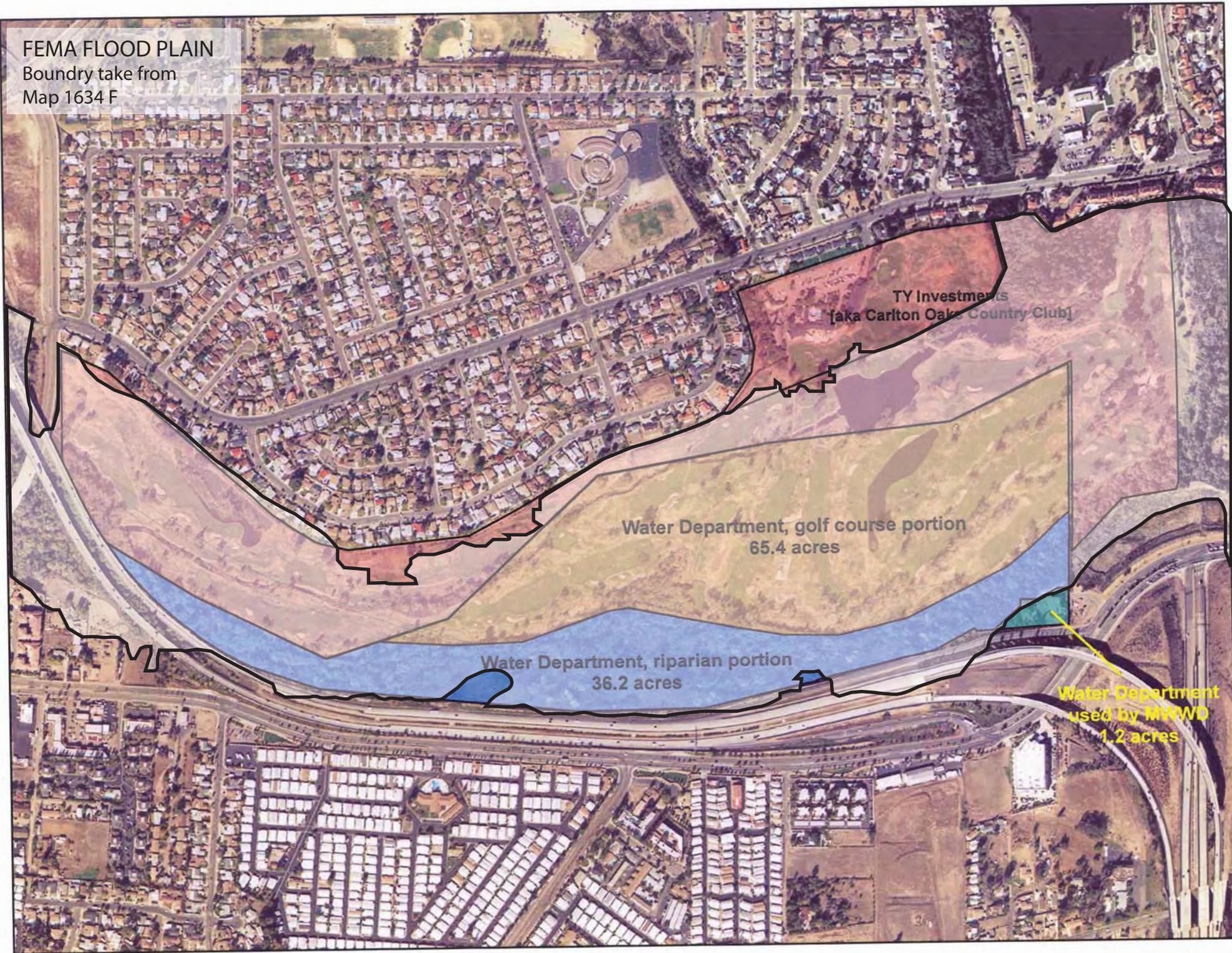
JERRY SANDERS
MAYOR

cc: Honorable Council Member Donna Frye
Jay M. Goldstone, Chief Operating Officer
Jim Barwick, Director, Real Estate Assets Department

Tab K- MAPS

FEMA FLOOD PLAIN

Boundary take from
Map 1634 F





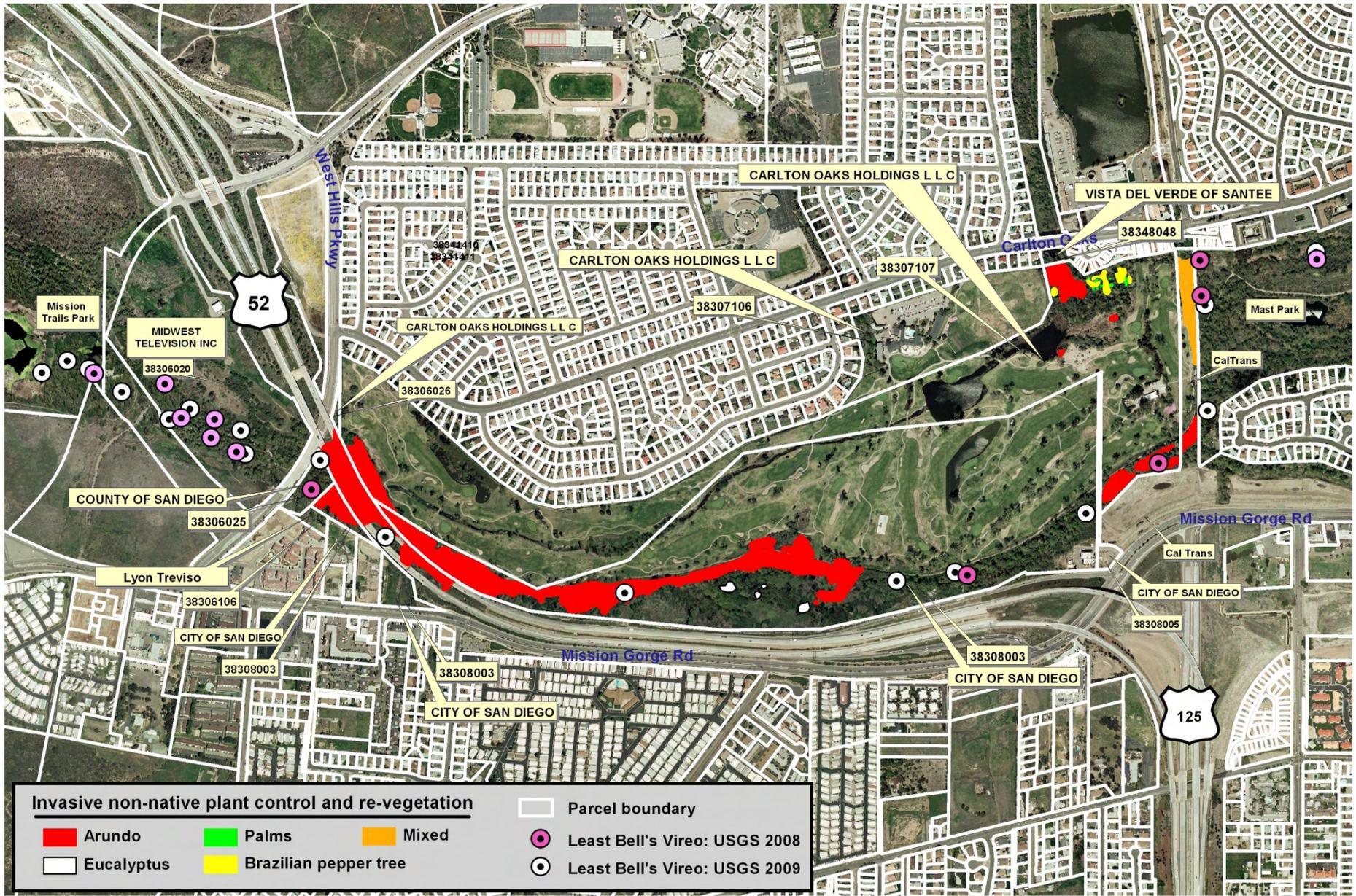


Exhibit A: Carlton Oaks, Santee. Parcel boundaries, invasive non-native plants and Least Bell's vireo.

Image 6-2006 1ft
Map: 6-2010

