

**COACHELLA VALLEY MOUNTAINS CONSERVANCY
REGULAR MEETING
73-710 Fred Waring Drive, Suite 115
Palm Desert, California
January 10, 2011 - 3:00 p.m.**

MINUTES

MEMBERS PRESENT:

Karl Baker, City of Desert Hot Springs
John J. Benoit, Riverside County Supervisor, District IV
Buford Crites, State Assembly Appointee – *Vice-Chairman*
Kathy Dice, California State Parks
John Donnelly, Wildlife Conservation Board
Karen Finn, California Department of Finance
Kristy Franklin, City of La Quinta
Patrick Kemp, Natural Resources Agency
Eddy Konno, California Department of Fish and Game
William Kroonen, City of Palm Desert
Chris Mills, City of Palm Springs
Gordon Moller, City of Rancho Mirage
Al Muth, University of California
Larry Spicer, City of Indian Wells
Joan Taylor, Governor's Appointee
Sam Toles, City of Cathedral City
Ellen Lloyd Trover, Senate Rules Committee Appointee – *Chairwoman*

MEMBERS ABSENT:

Jim Foote, U.S. Forest Service (non-voting)
John Kalish, Bureau of Land Management
Karin Messaros, National Park Service
Richard Milanovich, Agua Caliente Band of Cahuilla Indians

STAFF PRESENT:

Bill Havert, Executive Director
Kerrie Godfrey, Staff Services Analyst

OTHERS PRESENT:

Katie O'Connor, Friends of the Desert Mountains, Desert Conservation Coordinator

VACANT POSITIONS:

Vacant, Staff Environmental Scientist

1.0 Call to Order & Introductions

Vice-Chair Trover declared a quorum with 17 members present at 3:05 pm. Joan Taylor arrived at 3:10 and was not present to vote on the Minutes. Sam Toles and Chris Mills arrived at 3:20 and were not present to vote on the Minutes or the election of the Chair and Vice-Chair.

2.0 Approval of Minutes of November 8, 2010 meeting

Vice-Chair Trover asked if there were any additions or changes to the November 8, 2010 Minutes. There were none. A motion was made and seconded (Benoit/Franklin) to approve the Minutes as distributed. The motion was adopted by 13 members saying

“Aye” in a unanimous vote with the exception of John J. Benoit, William Kroonen, Eddy Konno and Chris Mills who abstained from the vote.

3.0 Public Comments on Items Not on the Agenda

Vice-Chair Trover asked if there were any comments on any items not on the agenda. There were none.

4.0 Action Items - public hearing

4.1 Election of Chair and Vice-Chair

Vice-Chair Trover asked if everyone had a chance to review the background about the election procedures that were provided in the agenda packet as follows:

The term of the Chair and Vice-Chair positions is one year, pursuant to Public Resources Code Section 33506. The last election was held in January 2010. The position of Chair is now vacant as the result of the previous Chair's no longer serving on the Palm Desert City Council. The current Vice-Chair is Ellen Lloyd Trover. The Board Members eligible to serve as Chair and Vice-Chair are the city and county representatives, the Chairperson of the Tribal Council of the Agua Caliente Band of Cahuilla Indians, and the appointees of the Governor, the Senate Committee on Rules, and the Speaker of the Assembly. The representatives of the various state and federal agencies are not eligible.

Karl Baker asked if there was a term limit for the State legislative positions. Vice-Chairwoman Trover responded that her position expires in 3 years as she was just re-appointed after her last term expired. Karl Baker noted that he was just trying to dot I's and cross T's as he thought that maybe with the election of the new Governor in Sacramento that these positions may be re-appointed. Vice-Chair Trover responded no. Bill Havert added that typically at the expiration of their terms the Assembly, Senate or Governor's staff might contact the Conservancy staff to inquire if the appointee might want to serve another term or if the Conservancy staff may have someone else in mind to apply for the appointment.

Buford Crites asked if the current Vice-Chair is willing to assume the position as Chair, if so, he nominates Ellen Lloyd Trover. Ellen Lloyd Trover said she would accept the nomination and asked the Board if they had any other nominations. Karl Baker motioned to move by acclamation and John J. Benoit seconded the motion. Vice-Chair Trover asked the Board if there is any decent. There was none and Ellen Lloyd Trover was elected to Chair by unanimous vote.

Now, Chair Trover noted that the Board must move on to elect a new Vice-Chair and asked for nominations. Joan Taylor nominated Buford Crites. Buford Crites accepted the nomination and Al Muth seconded the nomination. Buford Crites was elected as Vice-Chair by unanimous vote.

4.2 Resolution 2011-01 approving a local assistance grant to the Friends of the Desert Mountains for the acquisition of land in the Santa Rosa and San Jacinto Mountains National Monument.

Chair Trover asked the Board if they would like to handle the action items as a consent calendar meaning; would the Board like staff to report on each item individually or collectively. Bill Havert noted that he has some language changes on item 4.5, so he thought at least this item should be handled individually. It was suggested for at least for this meeting, the Board address each item individually so

the newer members can get a flavor of how things are presented. Chair Trover thought it this was a good idea for this meeting.

Bill Havert explained each action item individually beginning with action item 4.1. He noted that the first acquisition is known as Pine Mountain and is a full section located along the Desert Divide (ridgeline) in the San Jacinto Mountains portion of the Santa Rosa and San Jacinto Mountains National Monument. Several years ago, the current owner, Gulf Broadcast Company, proposed siting a large communications tower on the peak. It was a controversial project and, ultimately, Gulf Broadcast chose not to pursue the project at that time. A few months ago, Gulf Broadcast indicated to the U.S. Forest Service (USFS) an interest in selling the property. USFS had no funding available and forwarded the information to the Friends. The Friends subsequently appraised the property and entered into a contingent purchase agreement with Gulf Broadcast. The Friends then requested a grant from the Conservancy to fund the acquisition, and submitted the appraisal to the Conservancy for review. The reviewer found that the appraisal complies with DGS standards and is compliant with the Uniform Standards of Professional Appraisal Practice (USPAP). He did, however, find that there was a math error in the appraisal that resulted in a \$7,000 downward adjustment in the purchase price, to which the Seller agreed and which resulted in a revision to the Purchase Agreement.

He pointed out and described the property referring the Board to the presentation map. He explained that the Pacific Crest Trail passes just west of this property, and Pine Mountain, at 7,054' is the highest peak in this area of the Monument. He explained that the property also has outstanding scenic values, as it's visible from the valley floor and, more proximately, from the adjacent Pacific Crest Trail. Development of a communications tower on the property would significantly impact the National Monument's resource values, so this acquisition is an important opportunity to maintain the integrity of the Monument.

He noted that the recommendation today is to approve a local assistance grant to the Friends of the Desert Mountains not to exceed amount of \$540,000, to include closing costs.

A motion was made and seconded (Baker/Spicer) to adopt the resolution. Chair Trover asked for any additional discussion on the item.

Buford Crites noted that according to the advice letter from the Attorney General, he wanted to clarify that he is a Board Member for the Friends of the Desert Mountains and since he has no financial interest in the transaction he does not have a conflict of interest. Joan Taylor also noted that she is a Board Member for the Friends of the Desert Mountains and she does not have a conflict of interest.

Patrick Kemp asked the Board to repeat the last because they were having difficulty hearing over the teleconference machine. Bill Havert repeated the information for them.

Karen Finn requested to ask general questions about the appraisal process. Chair Trover noted that, now, would be an appropriate time to do so. Karen noted in the staff report that DGS indicated they had a backlog on the timeframe to complete an appraisal review and could not review this appraisal in a timely manner. Karen wondered when the Conservancy approached DGS and the Conservancy's process for contacting them and how we can get the backlog reviewed so they may be more receptive next time.

Bill answered that early in the Fall of 2010, when the Friends applied for the local assistance grant, Kerrie, CVMC, Staff Services Analyst, contacted Tom Crandall, at DGS, to find out whether they could review this appraisal in time so that the grant could be considered by the Governing Board on the January agenda, and because the Purchase Agreement requires close of escrow by the end of February. At that time Tom indicated that he had at least 2 months of backlog and would not be able to review the appraisal before the end of the year. He indicated that only if his supervisor was willing to make an exception to move this appraisal to the top of his workload pile could it be done sooner. At this point the Conservancy staff decided to follow the policy that was promulgated by the Secretary of Natural Resources Agency and sent out a Request for Proposals for review of the appraisal to six MAI appraisers who have not previously done appraisal work for either the Conservancy or the Friends. Based on the bids received, the Conservancy selected a reviewer and obtained independent review of the appraisal using the same review standards that DGS uses.

Karen noted that the Purchase Agreement requires close of escrow by the end of February, who required this date? Bill answered; the seller. Karen asked what would happen if it were delayed by 30 or 60 days? Bill answered; the seller could at that point terminate the contract. Karen asked; would the buyer then have to renegotiate the contract? Bill answered, the seller may no longer be willing to sell and the Friends would then have to go back to ground zero to see if they can re-negotiate a deal with the seller or not. Karen noted that it sounds like if the Conservancy is working with the Friends that they may have to work on a way to be more flexible and acknowledging of the State process in order to move forward and not set closing dates arbitrarily.

Chair Trover added that she has no relationship with the Friends and thinks our problem is that when the seller approaches us as a willing seller frequently they have a specific time period in mind and if we do not act within that window then they have ability to find another buyer or sit on it for a few more years and we have no idea what happens at that point. In other words, she thinks it is beyond the Conservancy's control as well as the Friends control.

Karen noted that she is definitely not familiar with the activity of real estate purchases in the Coachella Valley but, is Ellen saying there are back-up buyers that are willing to purchase this land. Ellen responded that she is not specifically saying there are back-up buyers for this land, but it is always a consideration and concern when trying to acquire property.

Bill clarified that by close escrow this would have been a 5 month transaction from the first contact to closing. Allowing time to get the appraisal in the first place and get it reviewed and so on. Bill believes 5 months is a long time to ask a land owner to hold the property and have their property tied up.

Karen noted that the timeframe seemed pretty quick to her; if you consider the landowner is selling hundreds of acres it does not sound that long for the significance of this property.

Karl Baker asked if we could continue the motion stated earlier. Bill Havert asked for any additional discussion on the item.

John Donnelly asked for clarification that it appears that all of the projects that are being considered today have gone through the same approval of the appraisal

whereas a third party was selected to review the appraisals. He asked if this was pretty much going to be the norm or does the Conservancy anticipate that DGS will eventually be more involved in the process. Bill responded that the Conservancy will follow the same process in each instance where there is an appraisal that needs to be reviewed. We will contact DGS and ask them what their timeline is. If DGS can do it in a reasonable timeframe then DGS will do the review.

Karen Finn noted that John is correct that the next 4 acquisitions followed the same process. Did the Conservancy individually get the appraisals reviewed by one appraiser or individually?

Bill responded that each property had a separate appraisal and one reviewer ended up doing 3 reviews and the 4th one has not been done yet.

Karen noted that the Conservancy then went out and contracted the reviews...so you have someone under contract to do all your reviews?

Bill responded, no, when the Conservancy determines that a review needs to be accomplished we send out a request for proposal and complete a service agreement at that time with whoever is the successful bidder. The appraiser is not on retainer to complete reviews.

Chair Trover noted that she sees no other questions and asked if the Board would like to move forward with the motion. She asked for a motion to approve Resolution 2011-01. A motion was made and seconded (Baker/Spicer) to adopt the resolution. The motion passed by the unanimous vote of the 17 members present.

4.3 Resolution 2011-02 approving a local assistance grant to the Friends of the Desert Mountains for the acquisition of land in the Santa Rosa and San Jacinto Mountains National Monument.

Bill explained that this acquisition is also located off of Highway 74 in the Springcrest area in the Santa Rosa and San Jacinto Mountains National Monument. The Palm Canyon Trail, which runs the length of Palm Canyon from the Indian Canyons Heritage Park traverses this property and the trail ends at a paved road that connects Section 7 on its southern boundary to Highway 74. A few months ago the current owners, Pinyon View Limited Partnership, applied for a right of way to the U.S. Forest Service (USFS) across adjacent USFS land to provide legal access to this property; the owners also indicated an interest in selling the property. USFS had no funding available, and forwarded the information to the Friends. The Friends subsequently appraised the property and entered into a contingent purchase agreement with the owners. The Friends then requested a grant from the Conservancy to fund the acquisition, and submitted the appraisal to the Conservancy for review.

As with the previous agenda item, Conservancy staff determined that DGS could not complete a review of the appraisal in a time frame that would have made it possible to have consideration of a grant by the Governing Board on the January agenda, and because the Purchase Agreement requires close of escrow by the end of February, Conservancy obtained independent review of the appraisal using the same review standards that DGS uses. The reviewer found that the appraisal complies with DGS standards and is compliant with USPAP. Staff recommends that the Board approve a local assistance grant to the Friends not to exceed amount of \$636,250 to include closing costs.

Bill asked if the Board had any questions.

Larry Spicer asked since the two properties is so similar, what are the factors an appraiser would take into consideration.

Bill Havert said there are very few comparable sales in these areas and both parcels were appraised by different appraisers. So the predominant factor was in the adjustments the appraisers made in the proximity to HWY 74. And topographically the Pinyon View property is more gentle than the Pine Mountain Property.

Larry Spicer that because the property is close to HWY 74 it implies that there may be some public use of the property.

Bill noted that he thinks the presumption is that the buyer would perceive that there is the ability to put a few houses on this property.

Larry Spicer noted that we are buying the land for conservation purposes.

Bill answered that the appraiser is still going to appraise the property in terms of highest and best use. So they do have to look at all potential uses of the property.

Sam Toles noted that Bill mentioned that the owner approached the USFS to purchase the property. He asked when someone does this do they come with a price in mind or does the appraisal drive the price. Is there any negotiation?

Bill Havert noted that the seller may well have his or her own idea however, the appraisal determines the market value and ultimate purchase price of the property.

Sam Toles asked if it might be beneficial to get a number from the seller before the appraisal is completed in case the appraisal comes in higher than their number, then the Friends could accept the original proposed price.

Bill answered that it does occur from time to time because occasionally the property is already listed before the appraisal therefore there is a list price. When this occurs the Friends may contract with the seller contingent that the appraisal substantiates this price. The Friends have also at times made contingencies such as if the appraisal comes back at a higher price, then it is a bargain sale. The seller may then be able to take the difference as a tax donation write off.

Sam Toles noted that in these hard economic times we may have more people approaching us to sell and we may want to have them give us a number first and use this philosophy on future deals.

Bill noted that he would convey this to the Friends Board since the Conservancy is not involved in negotiating the price for the Friends acquisition deals. And he believes that the two Friends Board members that are here are hearing this message.

Joan Taylor added that having been involved in negotiations with several land owners this theory can boomerang because then they think they can name the price. So she believes it is case by case and generally it is a great suggestion.

Chair Trover added a follow-up to Larry Spicer's questions earlier; one aspect of the appraisal for Pine Mountain property is that they had no legal access to the property which would affect an appraisers' valuation of a property.

Chair Trover asked for any additional discussion on the item and there was none. She asked for a motion to approve Resolution 2011-02. A motion was made and seconded (Muth/Baker) to adopt the resolution. The motion passed by the unanimous vote of 17 members.

4.4 Resolution 2011-03 approving a local assistance grant to the Friends of the Desert Mountains for the acquisition of approximately 165.13 acres in the San Jacinto/San Bernardino Mountains Wildlife Movement Corridor area.

Bill explained that the wildlife movement corridor linking the San Jacinto Mountains and the San Bernardino Mountains has been identified as one of the 15 most critical corridors in southern California. Protection of this corridor is also a Conservation Objective of the Coachella Valley Multiple Species Habitat Conservation Plan/Natural Community Conservation Plan. In the past, the Conservancy has funded the acquisition of more than 900 acres in this area to conserve the movement corridor. Additional lands in the corridor have been acquired by the Bureau of Land Management, The Wildlands Conservancy, and Friends of the Desert Mountains with funds from the Resources Legacy Fund Foundation and mitigation projects. Completing conservation of the land in the corridor is one of the highest priorities for the Conservancy. When the freeze on bond fund projects was lifted in 2010 and the State Treasurer's Office approved various projects proposed for the use of bond funds by the Conservancy, the Friends of the Desert Mountains renewed its efforts to acquire land in the corridor with Conservancy grant funds.

To that end, the Friends prepared a new appraisal for land in the corridor area and subsequently submitted it to the Conservancy for review. As with the previous agenda items, Conservancy staff determined that DGS could not complete a review of the appraisal in a time frame that would have made it possible to have consideration of a grant by the Governing Board on the January agenda; the Conservancy, therefore, obtained independent review of the appraisal using the same review standards that DGS uses. The reviewer found that the appraisal complies with DGS standards and is compliant with USPAP. The appraisal included 78 parcels in the wildlife movement corridor area, which includes portions of the Stubbe/Cottonwood Canyons, Snow Creek/Windy Point, Highway 111-I-10, and Whitewater Floodplain Conservation Areas, as designated in the Coachella Valley Multiple Species Habitat Conservation Plan/Natural Community Conservation Plan.

The Friends has contacted most of the owners in the Stubbe Canyon area to determine who are willing sellers. The contact to date has resulted in one signed Purchase Agreement for 5 acres and three verbal acceptances, one for approximately 152.63 acres, one for 5 acres, and one for 2.5 acres. The purchase price is not known exactly because the largest parcel currently consists of 162.63 acres; however, there are two structures near the northern edge of the parcel, and the Friends do not wish to acquire these structures. All of these parcels are included in this staff report and resolution based on statements from the Sellers that signed Purchase Agreements will be received by the meeting on January 10. If one or the other is not received by the meeting, it can be removed from the resolution at the meeting. The Friends plans to continue to send out groups of offer letters to determine if there are additional willing sellers among the list of appraised properties; and if so, these can be brought to the Governing Board for consideration in March.

The proposal today is to approve a local assistance grant for the total purchase price for the three parcels is projected not to exceed \$640,000. Transaction costs are

estimated not to exceed an additional \$7,250. The Friends also requests reimbursement for the cost of the appraisal, \$12,750. Accordingly, the Friends has requested a grant for a not to exceed amount of \$660,000.

Chair Trover asked for any discussion on the item.

John Donnelly asked what kind of structures are on the property.

Bill answered that the structures are houses and one of them is occupied. The other one can be described as a historic adobe and has not been occupied for a very long time.

John Donnelly asked if the lot line would provide each of the structures with a five acre footprint.

Bill Havert, not necessarily, this is up to the seller. The Friends have indicated that they do not want to take possession of the structures and they would like to obtain only the vacant portion of the land. The seller has agreed to keep the structures by completing a lot line adjustment to make it part of the 80 acres the seller owns immediately to the North of this property. The owner will deal with the County on the lot line adjustment. He suspects that the County will approve them being added to the other parcel. This remains to be accomplished and is part of the Friends agreement with the landowner. If the grant is approved today, before the funds are disbursed the sellers will have to complete the lot line adjustment process.

John Donnelly noted that the County would have to decide if the current zoning would allow for this to happen.

Bill asked if John meant on the other parcel and John responded, yes.

Bill noted that he believes the designation on the other parcel allows one unit for 20 acres. It may actually be denser than that. But at minimum it would be well within the allowable density. He is not sure if the County would actually want them separated into 20 acre parcels and that remains to be seen and beyond his scope.

Karen Finn asked what the schedule is on the lot line adjustment as it seems that the Friends should let the owner handle the lot line adjustment and then come back to the Board for approval of the grant.

Bill responded that the seller would not pursue the expense and difficulty of the lot line adjustment unless she knew that there was already a sale and the Friends have the funding to accomplish the sale. As background on this; this is a landowner with whom other Conservation entities along with the Conservancy have been trying to make a deal for probably 10 years. It has been extremely difficult to get this landowner to sell and frankly surprised that she has agreed to sell to the Friends at this time. So essentially if after all this time the landowner is finally ready to move forward and the Friends do not take advantage if this it could go back to the landowner not wanting to sell. This is a very critical property for the wildlife movement corridor. The reason for the contingencies is to ensure that the action taken by the Board today does not lead to any disbursement of funds until conditions are met, thus they are included as contingencies.

Karen Finn this seems like too much authority for a Board to delegate to staff when you have no idea how much the lot line adjustment is and no idea how much the revised price will be.

Larry Spicer added to take note that there is an appraised value per acre and this will be applied when the actual lot line adjustment is determined. The only variable is the precise acreage...am I correct?

Bill Havert noted that we can estimate that the lot line adjustment is going to be approximately 10 acres but, until the seller obtains a legal description from the surveyor we do not know precisely. The property is not a perfect square, so when they do the lot line adjustment it's difficult to say whether it will be 10 acres or 12.6 acres. The price was determined on the per acre value for the vacant land and the structures were not appraised so it simply the amount of acres times the price per acre and that will arrive at the total. The grant is structured to be a not to exceed amount and once the final acreage is determined if the value is less than the not to exceed amount that will be disbursed and that will be the protection for the Conservancy.

Karen Finn asked if there are any access issues...in other words will that parcel need access over the entire property.

Bill responded that the entire property is adjacent to a public street and there would not be any access issues.

Karen Finn, because she is not familiar with our process, she asked if staff reports back on the outcome after completion.

Bill Havert responded that we will make the outcome known at the next Board meeting. This is a pretty unusual situation so we will definitely report back.

Karen Finn, has there been a motion.

Chair Trover, yes.

Karl Baker moved staff recommendation. Larry Spicer seconded.

Karen Finn, I would like to amend the motion to support staff recommendation with the requirement to come back to the next Board meeting to report on the outcome of the action item.

Chair Trover, will the motion maker accept the amendment?

Karl Baker, I do not think it is necessary, but if everyone thinks it is necessary I will do it. He will accept the amendment to the motion.

Bill Havert will add that to the resolution to have Staff report back to the Board on the outcome of this action item.

Chair Trover asked for any discussion on the item and there was none. She asked for a motion to approve Resolution 2011-03. A motion was made and seconded (Baker/Muth) to adopt the resolution. The motion passed by the unanimous vote of 17 members.

4.5 Resolution 2011-04 approving a local assistance grant to the Friends of the Desert Mountains for the acquisition of approximately 259.61 acres in the San Bernardino/Little San Bernardino Mountains Wildlife Movement Corridor area.

The 259.61 acres proposed for acquisition was previously part of the proposed Palmwood project. Following the collapse of that proposal, the Palmwood property was split among the three major investors in Palmwood. The easternmost property was subsequently purchased by the Coachella Valley Conservation Commission. The remaining property east of Highway 62, approximately 883 acres, is owned by Ron Breckner and is a high priority for conservation, and it is hoped that federal funding will be available through BLM and USFWS in the near future to pursue acquisition of this property. The remaining 259.61 acres is owned by Stearns Bank, which has it listed for sale. They were in negotiation with another buyer and on the strength of the Friends offer to them they ceased negotiations with the other potential buyer. However, they also gave the Friends a very limited timeframe to complete the transaction. As a result of this, there are more contingencies associated with this transaction than normal, including the contingency for the completion of the appraisal and subsequent review. However, with respect to the appraisal, the purchase price negotiated by the Friends is \$750,000.00. The property was purchased for the Palmwood project in 2005 at a cost of \$2,500,000. When Stearns Bank acquired the property from the Palmwood project proponents through foreclosure in 2009, the foreclosure amount was \$14,094,976 based on the amount Stearns Bank had loaned against the property. Stearns Bank has now entered into a Purchase Agreement with the Friends of the Desert Mountains for \$750,000, reflecting that Stearns Bank is anxious to get this property off its books. So you can see the bank has taken a huge loss on this property which is why they are putting such tight conditions on it. They are willing to give the Friends a short period of time to see if they can do this acquisition and if not I would imagine they will go back to their other perspective buyer. So, odds are the appraised value will be at least the purchase price if not more in which case it would be a bargain sale. One of the terms of the Purchase Agreement, at the Seller's insistence, is that escrow close by February 21, 2011.

There are structures on this property as well and the Friends do not want to be in the landlord business nor do they want to own structures. In this case it is a manufactured home and a very large metal barn. There are also wells on the property that serve the structure. So, the Friends have been looking for a way to deal with the house, the barn and the well. I am going to pass around a proposed additional contingency language to the resolution to address the current situation. Bill explained from the display map that the Wildlands Conservancy own land contiguous to this property on two sides. The Friends approached the Wildlands Conservancy about the possibility of them managing the property or at least address the issue of managing the structures. After consideration the Wildlands Conservancy said, no.

The Friends then asked the seller to remove the structures prior to them taking title to the property. The Barn is actually something that can be disassembled and may have value and the manufactured home can be removed from the property. The Friends do not want to take on these uncertainties and asked Stearns Bank to handle in order to complete the deal. So the suggestion is to amend the resolution to add an additional contingency for the appraisal and review contingency whereas they will also remove the structures before close. If all contingencies are met we will disburse funds, if not we will not disburse funds.

Chair Trover asked for any discussion on the item.

Karl Baker asked if this property is essentially the northwest portion of what was known as the Palmwood development?

Bill responded, exactly.

Karl Baker, West of HWY 62?

Bill responded, yes.

Karl Baker, the manufactured home and barn; what is their genesis?

Bill responded, the owners that sold the property to the Palmwood Development used to live there.

Karl Baker, so the home and the barn have nothing to do with the Palmwood project?

Bill responded, correct.

Karl Baker, the bank has been approached and is willing to do the demolition?

Bill responded, the Bank has been approached just this morning.

Karl Baker, the bank is in Minnesota or something?

Bill, somewhere in the Midwest.

Karl Baker, well there seems to be a lot of ifs on this deal. I move staffs recommendation with the amendment with language as handed out at this meeting but, I would like a caveat for staff to report back and if necessary a phone meeting.

Bill, we can't do a phone meeting, but if necessary we can do a special meeting.

Larry Spicer seconded the motion.

Al Muth requested that line 5 of the contingency be corrected.

John Donnelly asked about the timing on the completion of the appraisal.

Bill responded, probably tomorrow.

John Donnelly, and then the offer of \$755K, was the value of the structures built into that price.

Bill responded, the structures were not included in the consideration.

John Donnelly, if you are asking them to remove the structures and cap the wells. Could the wells provide any form of wildlife benefit for a source of water for wildlife and should they be maintained.

Bill Havert, I do not have an answer for that. Bill referred the question to Eddy Konno with the Department of Fish and Game for his expertise in this area. He added that his point is well taken and would certainly be possible to leave discretion on the case of the well as to whether it should be capped or not. Perhaps the Friends can consult further with the local agencies that have familiarity to see if there is any reason to

leave the well there. Ultimately it will be the Friends who will determine if they are willing to take on the responsibility of maintaining the well and any liability associated with that or not.

John Donnelly, we are buying this for conservation and the number one priority should be to wildlife and keeping a well open for wildlife should be considered a very important aspect of a project.

Eddy Konno, there is a possibility that it may be beneficial but, he would have to look into it.

Karen Finn, is the value of the well going to be considered in the appraisal or not.

Bill, no it will not be considered. The only consideration is to land, the structures are not being considered.

Karen Finn, she understands they are considering the structures, but should the wells be considered as a source of water.

Bill, no they will not be considered.

Chair Trover asked for any additional discussion on the item and there was none. She asked for a motion to approve Resolution 2011-04. A motion was made and seconded (Baker/Spicer) to adopt the resolution. The motion passed by the vote of 16 members and one member voting no.

5.0 Reports

5.1 Written Reports. Chair Trover asked if there were any additional discussion. Since there was no additional discussion, she called for an omnibus motion to receive and file written report item 5.1. A motion was made and seconded (Baker/Benoit) to receive and file written report 5.1. The motion was adopted by 17 members saying "Aye" in a unanimous vote.

6.0 Closed Session – One matter is scheduled

Pursuant to Government Code sections 11126 (a)(1), 11126 (e)(1) and 11126.3(a) the Board may hold a closed session to discuss and take possible action on personnel matters and or receive advice of counsel on pending or potential litigation. In addition, pursuant to Government Code section 11126 (c) 7 (A) the Board may meet in closed session with its negotiator prior to the purchase or sale of real property by or for the state body to give instructions to its negotiator regarding the price and terms of payment for the purchase or sale. Confidential memoranda related to these issues may be considered during such closed session discussions. The matter scheduled for Closed Session is a personnel matter pertaining to the effects of the current vacancy in the Staff Environmental Scientist position and the need to initiate a search for a new Executive Director as a result of the anticipated retirement of the current Executive Director.

Adjourned to closed session at 4:08 PM

Closed Session Adjourned at 4:29 PM

7.0 Adjourn to the March 14, 2011 meeting.

A motion was made and seconded (Muth/Baker) to adjourn the meeting. The meeting was adjourned without objection at 4:30 p.m.