



Midpeninsula Regional  
Open Space District

R-12-50  
Meeting 12-15  
May 23, 2012

## AGENDA ITEM 7

### AGENDA ITEM

Approval of the Proposed Purchase of the adjacent Gallaway and Sempervirens Fund properties as additions to the El Corte de Madera Open Space Preserve located along Native Sons Road approximately two miles west of the Kings Mountain Community in unincorporated San Mateo County Gallaway property (Assessor's Parcel Numbers 081-100-080 (portion), 081-100-160) and Sempervirens Fund property (081-100-040); Acceptance of Grant of Right of First Offer and Right of First Refusal for separate Gallaway property (San Mateo County Assessor's Parcel Number 081-100-050), Adoption of the Preliminary Use and Management Plan; and Approval of a Categorical Exemption in Accordance with the California Environmental Quality Act

### GENERAL MANAGER'S RECOMMENDATIONS

A handwritten signature in black ink, appearing to be "J. G. ...", written over the "GENERAL MANAGER'S RECOMMENDATIONS" header.

1. Determine that the recommended actions are categorically exempt from the California Environmental Quality Act (CEQA) as set out in this report.
2. Adopt the attached Resolution authorizing the purchase of the Gallaway property, and accepting a Grant of Right of First Offer and Right of First Refusal for a separate 1.7 acre Gallaway property.
3. Adopt the attached Resolution authorizing the purchase of the Sempervirens Fund property.
4. Adopt the Preliminary Use and Management Plan contained in this report.
5. Withhold dedication of the Property as public open space.

### SUMMARY

The Midpeninsula Regional Open Space District (District) is proposing to purchase the 58.2-acre Gallaway property for \$1,408,100 and the 30.78-acre Sempervirens Fund property for \$515,000 at a 50% bargain sale of Sempervirens Fund's 2010 purchase price. The Gallaway purchase price would be supplemented with up to \$375,000 in purchase funds and an additional \$50,000 in stewardship funds which can be used on both the Sempervirens Fund and Gallaway properties from the Resource Legacy Fund Grant. The Gallaway purchase would also include a right of first offer and right of first refusal (right of first refusal) for a separate 1.7-acre parcel owned by the family. The following report presents a description of the Gallaway and Sempervirens Fund properties, the Coastside Protection Plan process, a Preliminary Use and Management Plan, the environmental review, the purchase terms and conditions, and financial considerations.

## DISCUSSION

The 58.2-acre Gallaway and 30.78-acre Sempervirens Fund properties being considered for purchase by the District are located adjacent to the western boundary of El Corte de Madera Creek Open Space Preserve (Preserve) along Native Sons Road approximately three miles southwest of Highway 35 (Skyline Boulevard) via Swett and Star Hill Roads. The purchase of the Gallaway and Sempervirens Fund properties would protect the north facing ridgeline and the Tunitas Creek watershed, wildlife habitat corridors, old growth redwoods and douglas fir forest and may someday provide a future trail connection between El Corte de Madera Creek Open Space Preserve and Tunitas Creek Open Space Preserve. The properties are within the Coastside Protection Area, an area that was annexed into the District boundaries in 2004.

### **Property Description (see attached map)**

Situated along the north facing ridgeline above Tunitas Creek, the properties are bordered by District land to the east and private properties along Native Sons Road and a large 1,155 acre privately owned property to the north. Tunitas Creek Open Space Preserve is located approximately a half mile to the west. The properties are characterized by steep densely wooded slopes with mixed evergreen forest including redwood, douglas fir, madrone and tan oak.

Of the 26 special-status wildlife species known in the area, six either have the potential to occur or may be positively impacted by the District's purchase of these properties. The species include: steelhead, California red-legged frog, marbled murrelet, Cooper's hawk, sharp-shinned hawk and San Francisco dusky-footed woodrat.

Native Sons Road and the existing road networks connecting both properties would serve for patrol access. The primary use of the properties would be for watershed and viewshed protection, wildlife habitat conservation and to preserve future regional public trail opportunities.

Each property is discussed in more detail below:

### Gallaway Property:

Situated on a prominent ridge off Native Sons Road the property is bordered by the District's El Corte de Madera Creek Open Space Preserve to the east. The property is composed of an unimproved 20.2-acre parcel and an unimproved 38-acre parcel being created by a lot line adjustment through San Mateo County. The 38-acre parcel is currently part of a larger 55-acre parcel which contains a single family home. The Gallaway family will retain the single family home along with the remaining 17-acres. The Gallaway properties have two gated access points. The upper access gate is located on a hair pin turn along Native Sons Road and a dirt access road runs down the main ridge line which rises to a height of 1,640 feet. The lower gate is also located off of Native Sons Road and it serves a separate dirt road that accesses the lower 20.2-acre parcel.

The upper access road located along the main east-west ridgeline serves as a rough dividing line between the two Gallaway parcels. On either side of the upper access road the property is characterized by rugged, densely wooded side slopes. The headwaters of two seasonal drainages flow into Tunitas Creek which is known to host steelhead trout. Mitchell Creek originates on the 38-acre Gallaway property and flows north into Tunitas Creek. An unnamed creek originates on

the 20.2-acre Gallaway property and flows west through the Sempervirens Fund property towards Tunitas Creek. According to the Gallaway Family, there are several old growth redwoods that remain on the rugged northern slopes of the property.

A 1.7-acre parcel owned by the Gallaway family would be subject to the right of first offer and refusal. This parcel is located at the terminus of the upper access road and bounded by a large 1,155 acre privately owned property to the north, a small privately owned parcel to the south, the Sempervirens Fund's property to the west and the 38-acre Gallaway parcel to the east.

#### Sempervirens Fund Property:

The 30.78-acre Sempervirens Fund property is situated west and adjacent to the Gallaway property along the same ridgeline. This property is bounded by a large 1,155-acre privately owned property to the north, smaller private properties to the southwest and the Gallaway property to the west. Access to the property is via an easement over the upper access road across the Gallaway Property. The access road extends into the Sempervirens Fund property where it terminates toward the southwest property boundary. Portions of this road have eroded and become overgrown and virtually impassable.

The property is located further down the main ridgeline that runs through the Gallaway property and is characterized by both broad level areas along with steep rugged side slopes. There is one seasonal drainage located on the property that flows into Tunitas Creek.

One of the unique characteristics of the property is the presence of an impressive old growth redwood tree grove that contains approximately 60 old growth trees with diameters over 72 inches. The old growth grove is approximately six acres in size and it is easily accessed via a path from the lower road on the property. A Timber Harvest Plan was approved in 2009 for the property prior to the Sempervirens Fund purchase in September of 2010. As part of their purchase, Sempervirens Fund subsequently cancelled the Timber Harvest Plan in September of 2011.

#### **Potential Future Use and Development**

Although not proposed for consideration at this time, the property could potentially be opened for low-intensity recreational use and integrated into the overall District trail system in the future after a long-term planning process is completed, unless precluded by environmental or other constraints identified during this process. The existing road networks on the property may provide a link that could someday connect the El Corte de Madera Creek Open Space Preserve with Tunitas Creek Open Space Preserve. The timing and final configuration of this trail system will depend on future District priorities.

#### **Coastside Protection Program Process**

As part of the annexation process, the Service Plan and subsequent conditions approved by LAFCo established a number of policies and procedures for conducting the Coastside Protection Program. The Program now guides the District's purchase, use and management of open space land within the Coastside Protection Area. The proposed purchase of the Gallaway and Sempervirens Fund properties described in this report and the accompanying Preliminary Use and Management Plan are consistent with the policies and procedures contained in the Program.

The Coastside Protection Program requires consultation with interested public agencies, officials and interested organizations to solicit input into the planning process prior to the Board's consideration of purchasing the property. On April 2, 2012, District staff met and consulted with the San Mateo County Farm Bureau on the proposed purchase of the Sempervirens Fund and Gallaway properties. The Farm Bureau was in support of the proposed project.

## **REAL PROPERTY COMMITTEE**

The District's Real Property Committee, a standing committee of the Board of Directors, held a meeting on the property (within the Coastside Protection Area) with neighbors and interested members of the public in order to familiarize them with the property and to receive public input on the proposed purchase. This meeting was held on April 24, 2012, after notice was distributed to property owners of land located adjacent to or surrounding the property, Coastside public officials, community-interest groups, non-profit land trusts, conservation-oriented organizations, elected officials, government agencies and government-sponsored organizations within the Coastside Protection Area. Fourteen members of the public attended the meeting including adjacent neighbors along Native Sons Road, Sempervirens Fund staff and three of their Board members, and a member of the Gallaway family. At the meeting, staff described the property, how it would be managed as a natural extension of the adjacent Preserve, the proposed preliminary use and management plan, and the purchase terms.

## **USE AND MANAGEMENT**

### **Planning Considerations**

The Gallaway properties are comprised of one legal parcel (20.2 acres) and a 38-acre parcel being created by a lot line adjustment application with San Mateo County, which will merge with the adjacent 90-acre District parcel which is part of the preserve. The Sempervirens Fund parcel is a single legal parcel. Development of the two Gallaway properties for residential purposes would be feasible due to the road frontage along Native Sons Road. Residential development of the Sempervirens property would be more difficult, due to the lack of public road frontage and a majority of both properties are composed of steep heavily forest side slopes. There are numerous homes located along Star Hill and Native Sons Road adjacent to the properties.

### **San Mateo County General Plan Conformity Determination**

#### Gallaway:

The current San Mateo County General Plan designation for the property is General Open Space, and the zoning is Resource Management-Coastal Zone (RM-CZ). Adjacent private properties to the north, south, east and west are zoned Timber Production Zone-Coastal Zone (TPZ-CZ). Adjacent private properties to the southwest along Native Sons Road are zoned Resource Management-Coastal Zone (RM-CZ). District staff requested that San Mateo County review the conformity of the District's proposed property purchase with the County General Plan.

#### Sempervirens Fund:

The current San Mateo County General Plan designation for the property is Timber Production, and the zoning is Timber Preserve Zone-Coastal Zone (TPZ-CZ). Adjacent private properties to the north and west are zoned Timber Preserve Zone-Coastal Zone (TPZ-CZ). Adjacent private properties to the east and southwest along Native Sons Road are zoned Resource Management-

Coastal Zone (RM-CZ). District staff requested that San Mateo County review the conformity of the District's proposed property purchase with the County General Plan.

The San Mateo County Planning Commission conducted its conformity review and found the purchase of these properties is in conformance with the General Plan at its meeting on May 9, 2012. In addition District staff notified the California State Resources Agency that the District was considering the acquisition of a Timber Preserve Zone Property.

### **Phase I Environmental Site Assessment**

The District commissioned a Phase I Environmental Site Assessment for the Gallaway property and Sempervirens Fund commissioned a Phase 1 Environmental Site Assessment for their property. District staff has conducted due diligence investigations and inspections of the properties, including a review of San Mateo County's property records and files. No information of concern was identified for either property when inspecting the property, reviewing the County files or reviewing the Phase I reports.

### **Williamson Act**

The 38-acre Gallaway property is subject to a Land Conservation Contract (Williamson Act) dated April 26, 1968 with the County of San Mateo. On November 23, 2011, the County recorded a Notice of Non-Renewal of California Land Conservation Contract for this property. Therefore, this contract will expire on December 31, 2020. The District has notified the State of California, Department of Conservation of the proposed purchase of this property. The District will comply with the terms of this contract until the term has ended.

### **Recognition of Significant Donors**

As part of the proposed Sempervirens Fund property purchase, Sempervirens Fund would retain a 10 year covenant to recognize significant donors over an approximately six acre portion of the property. Sempervirens Fund will retain the right to specifically recognize certain donors with donor stakes at certain old growth redwoods trees within the six area donor recognition area. The donor recognition area and donor stakes shall be in compliance with the District's policies for "Site Naming and Gift Recognition" and "Forest Management".

The District will receive a \$50,000 Resource Legacy Fund Grant stewardship grant to be used on either property for stewardship purposes as part of the potential Sempervirens Fund deal. The grant funds can be used for erosion control, road restoration, forest management and invasive plant removal.

### **Preliminary Use and Management Plan (Next Steps)**

The principal purpose of the proposed Preliminary Use and Management Plan is to establish a status quo approach to land management to be effective in the interim between purchase and the completion of a subsequent long-term plan. This plan outlines the uses that can occur on this property in the near term and the management methods for ensuring their compatibility with each other and with neighboring properties. It also outlines actions to protect and balance the natural resource potential, and initiate activities needed to inform long term planning and management.

The proposed Preliminary Use and Management Plan below would take effect upon the close of escrow, and remain effective until a long-term plan is developed for the properties. The

Preliminary Use and Management Plan includes posting signs, routine patrol and possible restoration work, as described more fully below.

All mitigation measures contained in the Coastside Environmental Impact Report (EIR) are incorporated into this Preliminary Use and Management Plan.

- Name: Designate the Sempervirens Fund and Gallaway properties as additions to El Corte de Madera Creek Open Space Preserve.
- Public Access: Designate the property as closed to the public. However, to be consistent with the Sempervirens Fund purchase and sale agreement Sempervirens Fund staff and donors would be granted access to the donor recognition area after proper notification of the Skyline Field office.
- Issue neighbor permits on a case-by-case basis (per the Good Neighbor Policy) allowing hiking consistent with historical use patterns.
- Allow docent-led hikes, after evaluating the compatibility of limited public access in light of existing on-site factors including natural resources, neighbor concerns, temporary parking/staging needs, and road and trail conditions.
- Signs, Safety and Site Security: Install private property, closed area and preserve boundary signs where appropriate.
- No evidence of any recognized environmental condition has been found on the property that has not already been corrected.
- Resource Management: Conduct a detailed resource assessment of the entire property, covering such topics as forest management and special status plants and animals. Conduct other interim invasive plant and animal management activities consistent with the District's policies and practices. Determine the most effective way to utilize the \$50,000 stewardship grant funds which may be used for erosion control, road restoration, forest management and invasive plant removal, and complete subsequent environmental review if required.
- Patrol: Regularly patrol the property utilizing existing roads.
- Wildfire Fuel Management: Implement standard District-wide fuel management and defensible space practices. Further assess plant communities on the property to determine wildfire management needs and consult with San Mateo County and the California Department of Forestry and Fire Protection in developing site-specific fuel modification and management program as part of the subsequent planning process.
- Roads and Trails: Keep existing primary roads serviceable for vehicular and permitted trail use. Implement maintenance and minor erosion and sediment control measures for access roads in accordance with District and Service Plan standards.

	Prepare a more detailed road and trail assessment of the entire property consistent with Service Plan requirements, considering equestrian use as discussed under Public Access above.
Fences and Gates:	Install new fences and gates as necessary to prevent unauthorized vehicular entry at the property boundaries or other appropriate locations.
Coastside Service Plan:	Operate and manage the property in conformity with the provisions of the Service Plan for the Coastside Protection Program and the mitigation measures adopted pursuant to the Coastside Service Plan Environmental Impact Report.
Dedication:	Withhold dedication of the property as public open space at this time. Study timing of dedication as part of the subsequent planning process.
Subsequent Planning:	Develop a long-term plan for the property as an addition to El Corte de Madera Creek Open Space Preserve, including more detailed plans for resource management, public access, road and trail management, and wildland fuel and fire management. Since the property is within the Coastside Protection Area and is subject to the Service Plan, the process for developing a long-term plan involves conducting more detailed resource assessments to inform resource management, and public access plans including consultation with interested government officials, agencies and organizations; and an extensive public input process. The long-term plan will be subject to further environmental assessment under the California Environmental Quality Act (CEQA).

## CEQA COMPLIANCE

### Project Description

The proposed project consists of the acquisition of the 58.2-acre Gallaway property and the 30.78-acre Sempervirens Fund property as additions to the District's El Corte de Madera Creek Open Space Preserve and the concurrent adoption of a Preliminary Use and Management Plan for the property. The land would be permanently preserved as open space and maintained in a natural condition. The property would be closed to the public, except for the Sempervirens Fund donor recognition activities and neighbor trail use. Minor resource and forest management activities would occur, small signs and rustic fences would be installed, and existing dirt roads would be maintained according to District standards.

In accordance with the District's Coastside Protection Program, the proposed project incorporates all of the Coastside EIR mitigation measures that apply to land purchases within the Coastside Protection Area and is subject to the Coastal EIR mitigation monitoring program.

### CEQA Determination

The District concludes that this project will not have a significant effect on the environment. On the whole, it is categorically exempt from CEQA because the various portions of the project are specifically exempt from CEQA under Article 19, Sections 15301, 15316, 15317, 15325, and 15061(b)(3) of the CEQA Guidelines as follows:

Section 15301 exempts operation, repair, restoration, maintenance, permitting, leasing, licensing or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. The Preliminary Use and Management Plan specifies the property will be operated and maintained in the current, primarily natural condition and there will be no expansion of use. The property will be closed to the public with the exception of Sempervirens Fund donor recognition activities, minor resource and forest management activities will occur; minor signs and rustic fences will be installed; and existing dirt roads will be maintained according to District standards.

Section 15316 exempts the acquisition of land in order to create parks if the site is in a natural condition and the management plan proposes to keep the area in a natural condition. The Preliminary Use and Management Plan specifies that the land will not be developed and will remain in a natural condition.

Section 15317 exempts the acceptance of fee interests in order to maintain the open space character of an area. The District will acquire fee interest and maintain the open space character of the area. No new development is proposed as part of this project.

Section 15325 exempts transfers of ownership of interests in land in order to preserve open space. This acquisition will transfer fee ownership of the property to the District and ensure that the open space will be preserved. The Preliminary Use and Management Plan, ensures that the property is preserved as open space by incorporating it into the District's El Corte de Madera Creek Open Space Preserve.

The project is also exempt under 15061(b)(3), as there is no possibility the actions can have a significant effect on the environment.

This proposed project is categorically exempt from CEQA under these five sections.

## **TERMS AND CONDITIONS**

### **Gallaway:**

The purchase price for the 58.2-acre Gallaway Property is \$1,408,100 (\$24,194 per acre) which includes a single timber harvest value of approximately \$215,800. The property will be purchased on an all cash basis at the close of escrow. The purchase price is based upon a fair market appraisal commissioned by the District and is considered fair and reasonable and well supported by sales within this real estate market area. The property is undeveloped and vacant. The proposed transaction is subject to a lot line adjustment involving the 55-acre Gallaway property which will create a 38-acre parcel proposed for purchase by the District and a 17-acre parcel including the existing single family home being retained by the Gallaway family.

As part of the Gallaway purchase, the District is also receiving a right of first refusal to purchase the separate 1.7-acre property owned by the Gallaway family. The right of first refusal requires the seller to first offer to sell the 1.7-acre property to the District before placing the property for sale on the open real estate market, and allows the District to match any third party purchase offer received by the seller. If this property is offered to the District for sale on before December

31, 2018, the purchase price will be \$41,130 which is based on the same \$24,194 per acre price being paid for the 58.2-acre Gallaway property. After January 31, 2018, the parties would share in the cost of hiring an appraiser to determine current fair market value of the 1.7-acre parcel.

As part of this anticipated transaction in July 2011, the Sempervirens Fund on behalf of the District applied for an acquisition and stewardship grant from the Resource Legacy Fund which is funded by the Living Landscape Initiative. The Resource Legacy Fund subsequently awarded a \$425,000 grant with up to \$375,000 of the grant available to assist with the Gallaway property price and the remaining \$50,000 available for stewardship activities on both the Gallaway and Sempervirens Fund properties. The acquisition portion of the grant will be directly deposited into escrow and the \$50,000 stewardship grant will be disbursed to the District by the Sempervirens Fund.

**Sempervirens Fund:**

The 30.78-acre Sempervirens Fund property is being considered for purchased at a bargain sale price of \$515,000 (\$16,732 per acre) on an all cash basis at the close of escrow. The property has a fair market value of \$1,030,000 or \$33,463 per acre based upon the 2010 purchase price of the Sempervirens Fund. Based on a September 2010 appraisal the value of the single timber harvest on the property was \$276,870.

The purchase agreement also includes a covenant that provides Sempervirens Fund a period of ten years to recognize significant donors through recognition stakes within the six acre donor recognition area, in accordance with the District’s “Policies for Site Naming and Gift Recognition”.

Below is a chart that summarizes both potential purchases.

Property	Market Value	Grant/Gift	District Cost
Gallaway	\$1,408,100	\$375,000*	\$1,033,100
Sempervirens Fund	\$1,030,000	\$515,000	\$515,000
Totals	\$2,438,100	\$890,000	\$1,548,100

\*Total grant is \$425,000 which includes \$50,000 for stewardship work on the Sempervirens and Gallaway properties.

**FISCAL IMPACTS**

**FY2012-13 Budget for New Land Purchases:**

New Land Budget	\$9,000,000
Less:	
Land purchase commitments this fiscal year	(\$0)
Gallaway property purchase	(\$1,033,100)
Sempervirens Fund property purchase	(\$515,000)
New Land Purchase Budget Remaining	\$7,451,900

Controller Mike Foster was consulted on this proposed purchase and has indicated that, considering cash flow and account balances, funds are available for this property purchase.

**Current Coastside Protection Area Fiscal Considerations**

The 58.2-acre Gallaway and 30.78-acre Sempervirens Fund properties are located in the District's Coastside Protection Area. Because the properties are not located within the service area of the Coastside Fire Protection District, the properties are subject to the Agreement between San Mateo County and the District regarding fire services therefore the District will make annual Fire Service payments in the following amounts: \$13.11 for the Sempervirens Fund property and \$29.64 for the 20.2 acre Gallaway property and an estimated \$15.76 for the 38 acre Gallaway parcel being created by the lot line adjustment application through San Mateo County for a combined annual fees of \$58.52. The properties are not located in the La Honda-Pescadero School District; therefore, no fees will be payable under that Agreement as a result of the proposed purchase.

The Coastside Protection Program included a Fiscal Analysis conducted by Economics Research Associates confirming the feasibility of implementing that Program. To ascertain whether the conclusions made in the Fiscal Analysis are valid for this particular project, staff researched the specific site conditions and expected costs associated with the proposed purchase and subsequent management of the property. This site assessment indicated that acquisition and management costs for the Gallaway and Sempervirens Fund properties are expected to be consistent with the Fiscal Analysis projections.

Furthermore, staff assessed the costs associated with this project and compared them to the Controller's most recent 15-year projections of cash flow, property tax revenue and operating expenses. Staff therefore concludes that purchasing and managing this property will not result in any significant impact to the District's existing services, and that the District has the resources to sustain this project.

**PUBLIC NOTICE**

An advance notice announcing the meeting date and the agenda for this public meeting, where the Board of Directors will consider purchasing this property, has been sent to property owners of land located adjacent to or surrounding the subject property, individuals requesting notification about this specific property, agenda subscribers, individuals requesting notification of proposed Coastside and Preserve projects, and Coastside public officials, community-interest groups, non-profit land trusts, conservation-oriented organizations, elected officials, government agencies and government-sponsored organizations within the Coastside Protection Area, as well as attendees of the April 24, 2012 Board Real Property Committee Meeting. The agenda and this report have been made available on the District's website. Accordingly, all notices required by the Brown Act and the District's Coastside Protection Program have been provided.

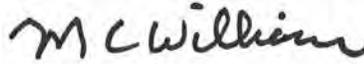
**NEXT STEPS**

Upon approval by the Board of Directors, staff will proceed with close of escrow for the two property purchases, and will undertake the next steps identified in the Preliminary Use and Management Plan contained in this report.

Attachments:

1. Resolutions
2. Property Map

Responsible Department Manager:  
Michael Williams, Real Property Manager

A handwritten signature in black ink that reads "M C Williams". The signature is written in a cursive style with a large, stylized "M" and "W".

Prepared by:  
Allen Ishibashi, Real Property Specialist  
Michael Williams, Real Property Manager

Contact person:  
Michael Williams, Real Property Manager

Graphics prepared by:  
Jamie Hawk, GIS Intern

# ATTACHMENT 1

## RESOLUTION 12-XX

### RESOLUTION OF THE BOARD OF DIRECTORS OF MIDPENINSULA REGIONAL OPEN SPACE DISTRICT AUTHORIZING ACCEPTANCE OF PURCHASE AGREEMENT, GRANT OF RIGHT OF FIRST OFFER AND RIGHT OF FIRST REFUSAL AND AUTHORIZING GENERAL MANAGER OR OTHER OFFICER TO EXECUTE CERTIFICATE OF ACCEPTANCE OF THE GRANTS TO DISTRICT, AND AUTHORIZING GENERAL MANAGER TO EXECUTE ANY AND ALL OTHER DOCUMENTS NECESSARY OR APPROPRIATE TO CLOSING OF THE TRANSACTION (EL CORTE DE MADERA CREEK OPEN SPACE PRESERVE - LANDS OF GALLAWAY)

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The Board of Directors of Midpeninsula Regional Open Space District does resolve as follows:

**Section One.** The Board of Directors of Midpeninsula Regional Open Space District does hereby accept the offer contained in that certain Purchase Agreement between Heather G. Sterner, Bruce H. Gallaway, Brian S. Gallaway, Kent B. Gallaway, and Kirk S. Gallaway, as equal tenants-in-common, and Heather Gallaway Sterner, Successor Trustee of Trust B under August 11, 1994 Amendment to Declaration of Trust dated 7/31/81 and 6/22/83 and the Midpeninsula Regional Open Space District, a copy of which purchase agreement is attached hereto and by reference made a part hereof, and authorizes the President or other appropriate officer to execute the Agreement and all related transactional documents on behalf of the District to acquire the real property described therein (“the Gallaway Property”).

**Section Two.** The General Manager, President of the Board of Directors or other appropriate officer is authorized to execute Certificates of Acceptance for the Grant Deeds and Grant of Right of First Offer and Right of first Refusal on behalf of the District.

**Section Three.** The General Manager or the General Manager’s designee shall cause to be given appropriate notice of acceptance to the seller and to extend escrow if necessary.

**Section Four.** The General Manager is authorized to expend up to \$10,000.00 to cover the cost of title insurance, escrow fees, and other miscellaneous costs related to this transaction.

**Section Five.** The General Manager and General Counsel are further authorized to approve any technical revisions to the attached Agreement and documents which do not involve any material change to any term of the Agreement or documents, which are necessary or appropriate to the closing or implementation of this transaction.

**Section Six.** The purpose of this Section is to enable the District to reimburse its general fund for the cost of certain land acquisitions. The District wishes to finance certain of these real property acquisitions and expects to use tax-exempt debt, such as bonds, but a tax-exempt financing is not cost-justified for the District unless the principal amount of the financing is large enough to justify the related financing costs. Consequently, it is the District's practice to buy property with its general funds and, when a tax-exempt financing is cost-justified based on the aggregate value of acquisitions, to issue tax-exempt obligations to reimburse itself for previous expenditures of general funds. These general funds are needed for operating and other working capital needs of the District and are not intended to be used to finance property acquisitions on a long-term basis.

\* \* \* \* \*

**RESOLUTION 12-XX**

**RESOLUTION OF THE BOARD OF DIRECTORS OF MIDPENINSULA REGIONAL  
OPEN SPACE DISTRICT AUTHORIZING ACCEPTANCE OF PURCHASE  
AGREEMENT AND AUTHORIZING GENERAL MANAGER OR OTHER OFFICER  
TO EXECUTE CERTIFICATE OF ACCEPTANCE OF GRANT TO DISTRICT, AND  
AUTHORIZING GENERAL MANAGER TO EXECUTE ANY AND ALL OTHER  
DOCUMENTS NECESSARY OR APPROPRIATE TO CLOSING OF THE  
TRANSACTION (EL CORTE DE MADERA CREEK OPEN SPACE PRESERVE -  
LANDS OF SEMPERVIRENS FUND)**

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The Board of Directors of Midpeninsula Regional Open Space District does resolve as follows:

**Section One.** The Board of Directors of Midpeninsula Regional Open Space District does hereby accept the offer contained in that certain Purchase Agreement between the Sempervirens Fund and the Midpeninsula Regional Open Space District, a copy of which purchase agreement is attached hereto and by reference made a part hereof, and authorizes the President or other appropriate officer to execute the Agreement and all related transactional documents on behalf of the District to acquire the real property described therein (“the Sempervirens Fund Property”).

**Section Two.** The General Manager, President of the Board of Directors or other appropriate officer is authorized to execute a Certificate of Acceptance for the Grant Deed on behalf of the District.

**Section Three.** The General Manager or the General Manager’s designee shall cause to be given appropriate notice of acceptance to the seller and to extend escrow if necessary.

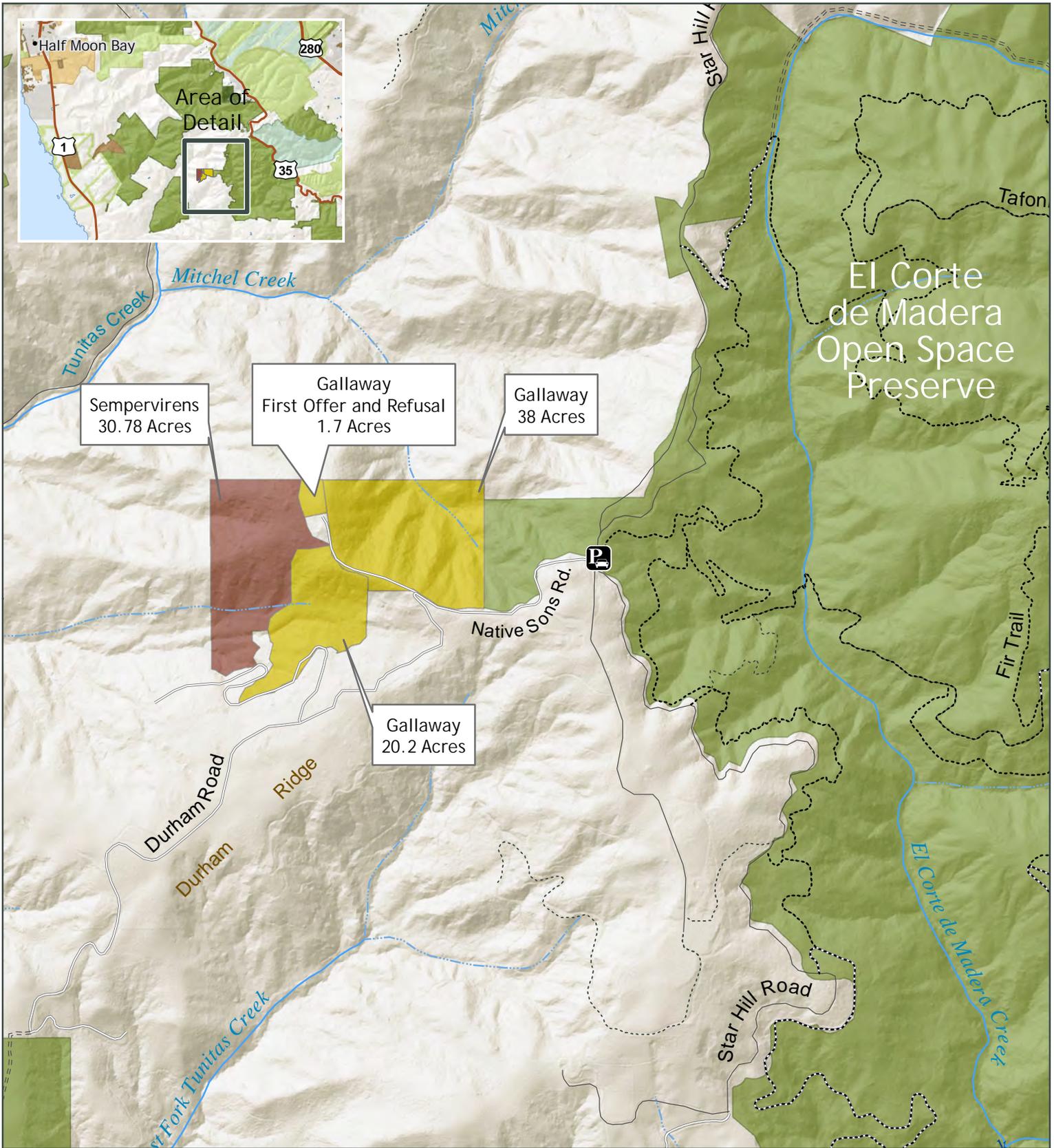
**Section Four.** The General Manager is authorized to expend up to \$5,000.00 to cover the cost of title insurance, escrow fees, and other miscellaneous costs related to this transaction.

**Section Five.** The General Manager and General Counsel are further authorized to approve any technical revisions to the attached Agreement and documents which do not involve any material change to any term of the Agreement or documents, which are necessary or appropriate to the closing or implementation of this transaction.

**Section Six.** The purpose of this Section is to enable the District to reimburse its general fund for the cost of certain land acquisitions. The District wishes to finance certain of these real property acquisitions and expects to use tax-exempt debt, such as bonds, but a tax-exempt financing is not cost-justified for the District unless the principal amount of the financing is large enough to justify the related financing costs. Consequently, it is the District’s practice to buy property with its general funds and, when a tax-exempt financing is cost-justified based on the aggregate value of acquisitions, to issue tax-exempt obligations to reimburse itself for previous expenditures of general funds. These general funds are needed for operating and other working capital needs of the District and are not intended to be used to finance property acquisitions on a long-term basis.

\* \* \* \* \*

Created By: ccleve Path: G:\Projects\EL Corte de Madera\Gallaway\Gallaway\_Sempervirens\_AdjustedParcel.mxd

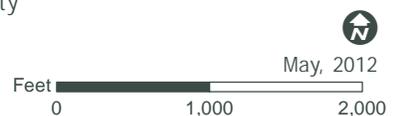


## Attachment 2: Gallaway/ Sempervirens

-  Gallaway Parcel
-  Sempervirens Parcel

-  MROSD Preserves
-  Private Property

Midpeninsula Regional  
Open Space District  
(MROSD)



While the District strives to use the best available digital data, this data does not represent a legal survey and is merely a graphic illustration of geographic features.