

M E M O

TO: Board of Directors

FROM: District Manager

SUBJECT: MALOSKY CREEK PROPERTY PURCHASE AGREEMENT;
APN 081-241-08 AND APN 081-361-01, 03, 04, 05, 06, 07 AND 08.

DATE: May 12, 2006

RECOMMENDATION:

It is recommended that the Board of Directors review this memo and approve the attached resolution which authorizes the purchase of the subject properties.

BACKGROUND:

Your Board directed staff to negotiate a proposed Property Purchase Agreement for APN 081-241-08 and APN 081-361-01, 03, 04, 05, 06, 07 and 08, generally known as the Malosky Creek property. See Attachment 1. The property is presently owned by Roger Burch.

In January 2006 Sempervirens Fund secured a \$5,600,000.00 purchase option for two (2) separate redwood forest properties owned by Roger Burch. The two (2) properties subject to the purchase option are Lompico Headwaters Property (Islandia) which contains approximately 425 acres in Lompico and Malosky Creek Property which contains approximately 190 acres in southwest Boulder Creek. On May 15, 2006 Sempervirens Fund executed the purchase option with Roger Burch for these two (2) properties.

By correspondence dated May 15, 2006 Sempervirens Fund has authorized a fee title sale of the Malosky Creek Property to the San Lorenzo Valley Water District subject to one of the following terms. See Attachment 2.

1. \$1,750,000.00 cash offer, and a conservation easement restricting all timber rights associated with the property.
2. \$2,000,000.00 cash, with no conservation easement restriction.

It is recommended that your Board accept the terms of the \$1,750,000.00 cash and a conservation easement restricting all timber rights associated with the property.

Further, it is recommended that the Board of Directors review this memo and approve the attached resolution which authorized and directs the District Manager to execute any and all pertinent documents relative to the purchase of the subject property.

James A. Mueller
District Manager

JAM/bsb

SAN LORENZO VALLEY WATER DISTRICT

RESOLUTION NO. 35 (05-06)

**SUBJECT: MALOSKY CREEK PROPERTY PURCHASE AGREEMENT;
APN 081-241-08 AND APN 081-361-01, 03, 04, 05, 06, 07 AND 08.**

WHEREAS, San Lorenzo Valley Water District has negotiated a proposed Property Purchase Agreement for the subject property, generally known as Malosky Creek located in southwest Boulder Creek, California; and

WHEREAS, the District desires to complete the purchase of said property in the sum of One Million Seven Hundred Fifty Thousand Dollars (\$1,750,000.00), and a conservation easement restricting all timber rights associated with the property;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District that the District Manager is hereby authorized and directed to execute any and all pertinent documents relative to the purchase of APN 081-241-08 AND APN 081-361-01, 03, 04, 05, 06, 07 and 08.

FURTHER, BE IT RESOLVED that the District Manager is hereby authorized and directed to record the Grant Deed on behalf of the San Lorenzo Valley Water District.

* * * * *

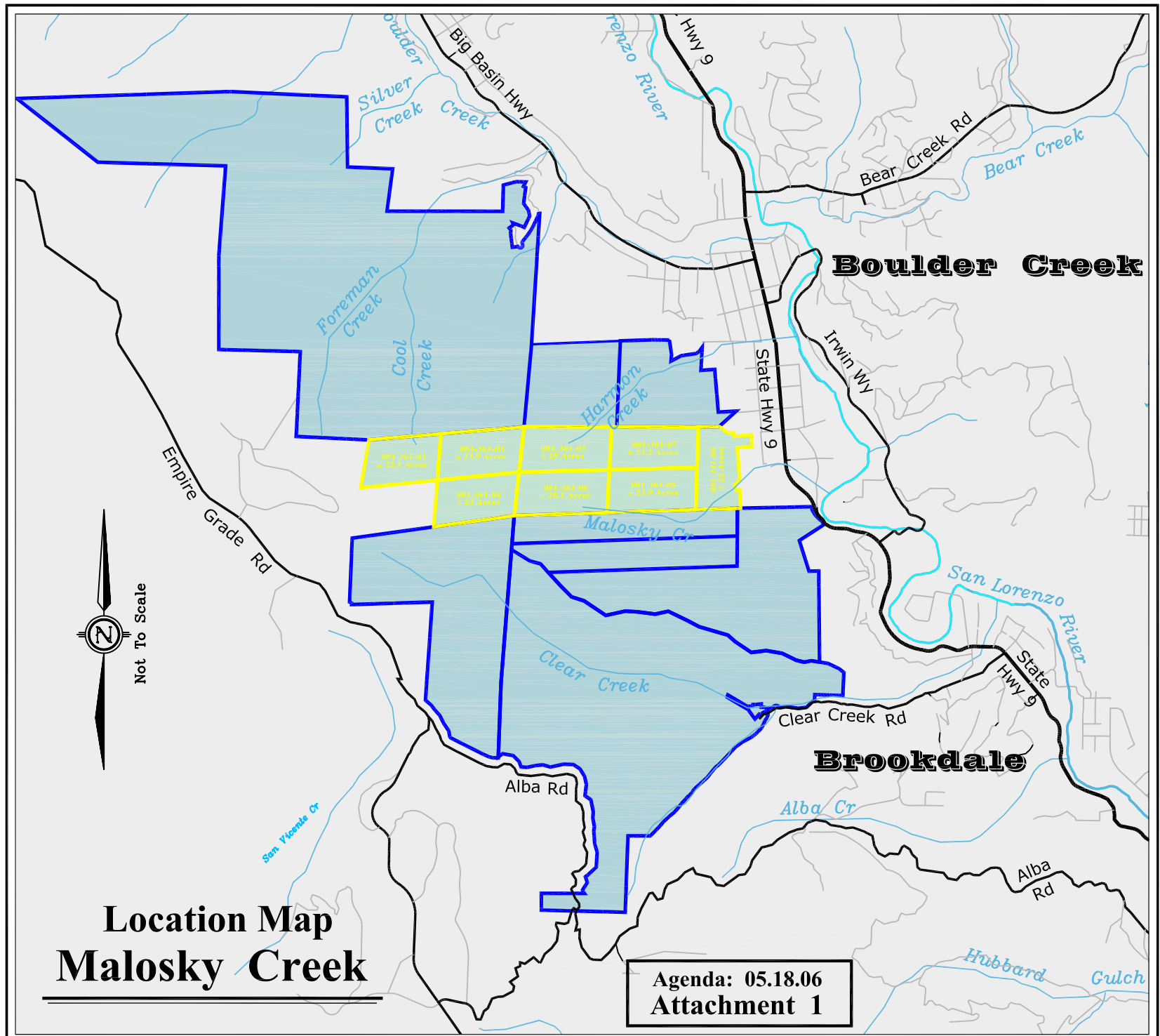
PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 4th day of May, 2006, by the following vote of the members thereof:

AYES:

NOES:

ABSENT:

Brandon Barchi
District Secretary



Sempervirens Fund

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May 15, 2006

Jim Mueller, General Manager
San Lorenzo Valley Water District
13060 Highway 9
Boulder Creek, CA 95006

RE: APN 081-361-01, 03, 04, 05, 06, 07, 08,
APN 081-241-08 Malosky Creek

Dear Jim:

This is to amend the Sempervirens Fund May 2 offer for the sale of the 188 acres Malosky Creek property.

In today's special meeting of the Sempervirens Board of Directors, the following terms were approved:

1. That Sempervirens Fund will accept the District's May 9 purchase offer of \$1,750,000 cash, subject to a conservation easement restricting all timber rights associated with this land.
2. That Sempervirens Fund will accept \$2,000,000 cash with no conservation easement restriction.

Both alternatives above accept the District's May 9 stipulation to fund the purchase escrow for this land on or before June 20, 2006.

We have previously provided a Phase One environmental impact assessment which found no outstanding environmental conditions on this land. Additional information is presented in the previously provided Santa Cruz County Title report.

Please call me if you have questions. We look forward to working with the San Lorenzo Valley Water District to complete this important land conservation transaction.

Sincerely,



Brian Steen
Executive Director