



SACHI A. HAMAI  
Interim Chief Executive Officer

County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

*"To Enrich Lives Through Effective And Caring Service"*

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September 29, 2015

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AN EXCLUSIVE NEGOTIATION AGREEMENT  
WITH LEWIS ACQUISITION COMPANY, LLC  
MARSHALL CANYON GOLF COURSE  
(FIFTH DISTRICT)  
(3 VOTES)**

**SUBJECT**

Approval of the recommended actions will allow the County and the property developer, Lewis Acquisition Company, LLC, to enter into a 16-month exclusive negotiation agreement to explore the feasibility of exchanging the County's Marshall Canyon Golf Course located at 6100 Stephens Ranch Road, La Verne, for the Sierra La Verne Golf Course located at 6300 Country Club Drive, La Verne.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Approve and authorize the Mayor to execute the exclusive negotiation agreement with Lewis Acquisition Company, LLC, establishing a 16-month period in which Lewis Acquisition Company, LLC, would have the exclusive right to analyze conceptual development ideas encompassing the Marshall Canyon Golf Course located at 6100 Stephens Ranch Road, La Verne, and for the parties to engage in exclusive negotiations to establish an exchange agreement for the exchange of the golf course properties.
2. Authorize the Chief Executive Office to negotiate exclusively with Lewis Acquisition Company, LLC, to establish key terms and conditions, which would form the basis of an exchange agreement to exchange golf courses.

3. Authorize and instruct the Chief Executive Office to establish a trust account to receive a deposit that will be collected from Lewis Acquisition Company, LLC, to cover reasonable costs that the County may incur in evaluating and assessing the potential exchange agreement. The deposit has been set at \$75,000, and is the maximum amount Lewis Acquisition Company, LLC, will reimburse the County for its due-diligence costs.

4. Authorize the Chief Executive Office to execute a final draft of the exclusive negotiation agreement, prepare and execute a permit to enter, and other ancillary documentation necessary to facilitate Lewis Acquisition Company, LLC's, access to the Marshall Canyon Golf Course to conduct property inspections and other tasks necessary to carry out the terms of the proposed exclusive negotiation agreement.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Lewis Acquisition Company, LLC, (Lewis) is a subsidiary of Lewis Operating Corp, who has an option interest in purchasing the approximately 120-acre, privately-owned Sierra La Verne Golf Course located in the City of La Verne (City). Adjoining the Sierra La Verne Golf Course property is the approximately 120-acre Marshall Canyon Golf Course owned by the County of Los Angeles.

An unsolicited request was submitted by Lewis expressing an interest in exchanging properties. The request led to discussions about entering into exclusive negotiations for 16 months. It is the intent of Lewis, as a privately-held real estate organization, to explore the possibility of acquiring the Marshall Canyon Golf Course with the intent of developing residential housing on the acquired site and to partner with the City on annexing the site. The City would be the lead agency under the California Environmental Quality Act (CEQA) in connection with the environmental analysis and reporting requirements for any future development.

The proposed exclusive negotiation agreement (ENA) allows the parties to engage in exclusive negotiations to establish the terms and conditions for a potential exchange agreement, and does not constitute an approval of any project, nor does it commit the County to exchange property. Approval of the ENA merely allows exploratory actions, whereby Lewis is granted the right to analyze, study, and design their potential development of the Marshall Canyon Golf Course. An approved ENA will also provide the County with the right to explore operating the Sierra La Verne Golf Course for County golf and associated activities.

Should the exchange negotiations be successful, the Chief Executive Office (CEO) will return to the Board of Supervisors with a recommendation to authorize and approve the proposed property exchange. As conceived, the potential exchange of the Marshall Canyon Golf Course for the Sierra La Verne Golf Course between the County and the City could be authorized pursuant to Government Code section 25365, and such an exchange should benefit the population of the County, since the County would acquire a golf course that is more economically viable with better improvements, and a more robust banquet and wedding operation.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability (Goal 1) directs that we maximize the effectiveness of processes, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services. Approving the proposed action is consistent with this goal since exploring the possibility of exchanging the County's existing Marshall Canyon Golf Course, at no cost to the County, will identify ways to enhance the operations and fiscal management of a County golf course in this community.

**FISCAL IMPACT/FINANCING**

No financial impact is expected since costs associated with the ENA, including inspections, appraisals, document reviews, environmental assessments, and pre-construction activities will be expensed and billed directly to Lewis. Upon Board of Supervisors' approval of the ENA, Lewis will make a payment of \$75,000 to the County to cover the County's due-diligence expenses.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Authority for the CEO to negotiate an exchange agreement, on behalf of the Board of Supervisors, is authorized by Section 2.08.150 of the County Code as it relates to the administration of transactions. Under that code provision, the CEO shall administer and negotiate for the Board of Supervisors all transactions pertaining to purchases, sales, dedications, leases, or rentals of real property or any interest therein, to or by either the County or any public entity of which the Board of Supervisors is the ex-officio governing body.

The proposed ENA includes a provision requiring Lewis to conduct a Community Outreach campaign informing the surrounding community of the proposed exchange and development.

County Counsel has reviewed the attached ENA and has approved it as to form.

**ENVIRONMENTAL DOCUMENTATION**

Approval of the proposed ENA does not constitute a project under CEQA as it is not an activity which may cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, CEQA review is not required in connection with the currently recommended actions. The appropriate environmental studies and documentation will be completed prior to returning to the Board of Supervisors for consideration and approval of any discretionary action that may impact the environment, such as consummation of an exchange agreement involving the subject properties.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the current recommendation will have no impact on current services.