

**TOWN OF
APPLE VALLEY, CALIFORNIA**

AGENDA MATTER

Subject Item:

ACCUSATION FROM MR. TOM CARPINO BROUGHT TO COUNCIL'S ATTENTION BY MAYOR RICK ROELLE DURING THE COUNCIL MEETING OF NOVEMBER 10, 2009.

Summary Statement:

During a call for agenda items for the next Council meeting, Mayor Roelle informed Council that he received a phone call from Mr. Tom Carpino claiming that Mr. Carpino, "...was dissuaded from purchasing the Apple Valley Country Club by a Council Member, a Planning Commission member and a staff member of the Town." Mayor Roelle requested a report from staff on the allegation and wanted to know why Council was not informed about another offer to purchase the country club. Mayor Roelle suggested a special meeting should be called to hear the report.

Findings

During the week of September 8, 2008, the Town Manager received a phone call from Councilman Scott Nassif. Councilman Nassif stated that he had been contacted by Mr. Tom Carpino. He stated that Mr. Carpino was asking him questions about how to partner with the Town regarding the Apple Valley Country Club. Councilman Nassif stated that he was not comfortable answering these questions and felt it was more appropriate for Mr. Carpino to speak with the staff. He asked if the staff would meet with Mr. Carpino and answer his questions. It was recommended that Councilman Nassif invite Mr. Carpino to call and set a meeting. The Town Manager received a call from Mr. Bob Tinsley stating that he and Mr. Carpino would like to meet with Town staff. A meeting was scheduled for Monday, September 15, 2008, at 9:00 a.m.

(Continued on page 2).

Recommended Action:

Provide direction to staff.

Proposed by: Frank Robinson, Town Manager **Item Number** _____

T. M. Approval: _____ **Budgeted Item** Yes No N/A

Summary Statement
Page 2

This meeting was held in Town Hall. The participants in the meeting included Mr. Carpino, his son, Mr. Bob Tinsley (Mr. Carpino's real estate broker), Town Manager Frank Robinson, Finance Director William Pattison, and Economic Development Director Ken Henderson. Mr. Carpino presented his ideas to partner with the Town to build a new clubhouse that would feature a fine dining restaurant, meeting space, pro shop and golf cart facilities. He wanted to know if the Town would participate financially or perhaps in a long term lease with assistance from the Town. At one point he stated he might like to own the clubhouse facility. He wanted to know how to proceed in a partnership with the Town.

The staff responded by explaining that until the Town's purchase offer was accepted by the club the Town was not in a position to entertain offers or proposals from anyone regarding the country club and its facilities. It was explained that a study would be done to determine the best course of action involving new or renovated facilities, and if a public/private partnership was a preferred option, the Town Council would certainly extend an open invitation for interested parties to submit proposals.

Near the close of the meeting, Mr. Carpino stated he was considering buying the Apple Valley Country Club. In keeping with the Council's direction, the Town Manager informed Mr. Carpino that if the Apple Valley Country Club notified the Town that they were considering another offer to purchase, the Town would not interfere and would withdraw its offer to purchase which was already being considered by the country club. At no time during the meeting did anyone attempt to discourage Mr. Carpino from purchasing the Apple Valley Country Club.

It is important to note that Council met in closed session on August 29, 2008, to consider making an offer to purchase the country club. The Town had no knowledge of any competing offers to purchase. The Council was aware of rumors of potential offers as reported in the Daily Press prior to the August 29, 2008, meeting. At the end of the closed session, Mayor Tim Jasper announced in public session that the Council had authorized the Town Manager or his designee to negotiate with the Apple Valley Country Club to purchase. Ms. Lana Dugan, president of the club's Board of Directors, was notified of Council's decision on September 2, 2008, and the Town began negotiations immediately along with reviews of the country club's financial liabilities and identification of assets. Council met again in closed session on September 9, 2008, to review a proposed offer to purchase. At this time, the Town had no information from the club that they were considering any other offers. Following this meeting an offer was delivered to Ms. Lana Dugan. Ms. Dugan advised the Board of Directors would call a meeting as soon as possible. A Board and General Meeting was set for September 16, 2008

Summary Statement
Page 3

In the afternoon of September 16, 2008, the Town Manager received a call from Mr. Carpino. He stated he planned to make an offer to purchase the Apple Valley Country Club. Once again, the Town Manager stated that the Town would not interfere, and if Mr. Carpino followed through, the Town would withdraw its offer already submitted to the country club. Staff cannot identify or substantiate any other communication with Mr. Carpino on this matter that would support Mr. Carpino's claim.

With regard to why Council was not notified of another offer to purchase the country club, neither the Town Manager nor any other staff member involved received a notification from the country club that they were considering another offer. On September 17, 2008, Ms. Lana Dugan met with William Pattison to inform him of the outcome of the Board and General Meeting held the night before on September 16, 2008, and she memorialized the outcome of the Board and General meeting in a letter received by the Town Manager on September 18, 2008 (see attachment A). The letter stated that the membership met in a General Meeting on September 16, 2008, to consider and vote on the Town's offer to purchase the golf course and facilities. Ms. Dugan wrote, "Ten minutes prior to meeting start, I was approached by a member representing a private concern. This member had with him an offer of intent to purchase Apple Valley Country Club." She went on to explain in the letter that the club's legal counsel advised that another meeting would have to be called to present the new offer to the membership and no voting could take place.

Ms. Dugan states in her letter that the Board of Directors separated into two groups to review the purchase offers. One group reviewed the Town's purchase offer and the other group reviewed the new purchase offer from a private concern received 10 minutes prior to the General Meeting. Ms. Dugan did not identify in her letter the private concern making the last minute offer, and she reports in her letter that, "I was notified that the offer received on September 16, 2008, has been withdrawn. No reason was provided." The Town received notice after the fact on September 18, 2008, that another offer to purchase had actually been tendered and withdrawn. Since the offer from an unidentified private concern was no longer valid, there was no material reason to notify Council. Had the Town been informed that there was a valid competing offer to purchase the country club under consideration by the club membership, Council would have been notified.

On Thursday, November 12, 2009, the Town Manager spoke by telephone with Ms. Lana Dugan and asked if Mr. Carpino had tendered an offer to purchase the Apple Valley Country Club. She confirmed the "unidentified private concern" in her letter of September 18, 2008, was Mr. Carpino and the person presenting the offer was Mr. Bob Tinsley. Mr. Tinsley is a real estate broker/developer and also serves on the Town's Planning Commission. She also confirmed that the country club had not been in

Summary Statement
Page 4

negotiations with Mr. Carpino prior to the Town submitting its offer to purchase. Subsequent to the conversation with Ms. Dugan, the Town Manager received a letter from Ms. Dugan on November 16, 2009, providing a history of facts leading to the club's decision to accept the Town's offer and stating that the Board and General meeting of September 16, 2008, was the first meeting with Mr. Carpino by "any Board member." The letter also states that Mr. Carpino did not deliver a check with his offer as reported in a recent article in the Daily Press and there was no agreement with Mr. Carpino. She also states in her letter that the, "Town Manager made it clear to AVCC that should another 'acceptable offer' be presented to AVCC, the Town would step aside and be considered a 'back-up'" (See attachment B).

Conclusion

The facts in this matter do not support a claim that a competing offer to purchase the country club was under consideration by the Apple Valley Country Club's Board of Directors and membership prior to the time the Town Manager began negotiations with the Apple Valley Country Club and submitted the Town's offer to purchase, nor do the facts support the claim that Mr. Carpino was "talked out" of purchasing the Apple Valley Country Club by a Council member, a Planning Commissioner or a Staff member.

Attachment A



APPLE VALLEY COUNTRY CLUB

15200 RANCHERIAS ROAD
APPLE VALLEY, CA 92307

Frank Robinson
Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307

RECEIVED
SEP 18 2008
TOWN MANAGER

Sept 18, 2008

Dear Mr. Robinson:

Upon your absence yesterday morning, I briefly spoke with William Pattison and provided him status information from our Equity Member General Meeting held on Sept 16, 2008, at Apple Valley Country Club. Ten minutes prior to meeting start, I was approached by a member representing a private concern. This member had with him an offer of intent to purchase Apple Valley Country Club. I asked our legal representative to accept this document for review. At that time our legal representative stated that we were required make the membership aware that another offer had come in. No voting could be asked for during this general meeting.

I separated the Board members into two groups: two to present the Town offer to the members, and six to review the new offer in a separate meeting location. I, personally, presented the Town offer to our equity members. Questions came up, which will require written clarification from the Town.

In paragraph one, line 1, of revised offer received Sept 15, 2008: The Town offers to assume all debt of the Country Club in exchange for the acquisition of all assets of the Country Club.

Our equity members request the wording to include "all known and unknown debt of the Country Club".....

Paragraph two identifies green fees and cart fees.

Our members have asked for written clarification as to how these green fees and cart fees will be determined. Should other local municipal course fees be reviewed, which municipal courses are being considered for comparison?

Paragraph three concerns use of private cart and associated trail fees.

Our members have asked for written clarification as to whether trail fees will be adjusted for those paying a green fee/cart fee prevailing rate package? (This was discussed very briefly during our meeting, where you believed this might occur.)

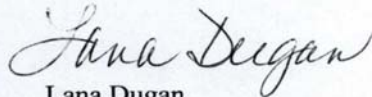
Our members expressed very positive feedback with the offer from the Town. I believe once these concerns are clarified, we will be allowed to move forward.

An additional item of concern 'we' are looking into involves taxation liabilities, either to the Corporation or to equity members. We have received conflicting information from our accounting firm. Darrell Peterson, Board Treasurer, is meeting with a tax attorney for written documentation for our membership. This should be resolved shortly.

As of last evening, I was notified that the offer received on Sept 16, 2008, had been withdrawn. No reason was provided.

I will schedule another 'general meeting' for our equity members once all concerns are answered. I am required to provide a minimum of 72 hours notification prior to holding a special 'general meeting'.

Should you have any questions regarding the information identified above, please do not hesitate to contact me. I will be available to meet with you at your request.



Lana Dugan
President
Board of Directors
Apple Valley Country Club

Attachment B

RECEIVED

NOV 16 2009

TOWN MANAGER

November 13, 2009

Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, California 92307

Mayor Rick Roelle,
Mayor Pro Tem Scott Nassif,
Council Member Peter Allen,
Council Member Ginger Coleman,
Council Member Bob Sagona,
Town Manager Frank Robinson,

My name is Lana Dugan and I am the former president of the Board of Directors at Apple Valley Country Club. My term as president was from March 2008 through November 2008, extended to May 2009 by vote of the Board of Directors. It was during my term that the 'sale process' of Apple Valley Country Club occurred.

I was astounded reading the Daily Press article regarding backroom dealing allegations made by Tom Carpino. I do believe that his 'recollection of negotiations to purchase Apple Valley Country Club' totally incorrect. As president, I was involved in his 'offer' meeting. I would like the opportunity to provide some data as to the negotiations Tom Carpino claims to have had.

Some history first:

August 14, 2008 – General Membership Meeting
Majority of equity members vote approval to list Apple Valley Country Club 'For Sale'

August 15, 2008
AVCC Board of Directors and Landmark Golf work together to find a listing agent for golf courses. We must find one that will accept a list of exempt buyers (those already showing interest in AVCC).

September 2, 2008
Letter received from Town of Apple Valley authorizing Town Manager to negotiate for Apple Valley Country Club.

September 3, 2008 – September 16, 2008
Continual meetings were held between Town Manager, his staff and AVCC Board of Directors determining debts and liabilities of AVCC, and establishing equity member agreements. Town Manager made it clear to AVCC that should another 'acceptable offer' be presented to AVCC, the Town would step aside and be considered a 'back-up'.

September 16, 2008 – General Membership Meeting

Town of Apple Valley offer to be reviewed and discussed with equity members. This offer includes the hiring of a lawyer to perfect the Water Rights of AVCC.

Ten minutes prior to the General Membership meeting start, Tom Carpino enters AVCC with an 'offer' in hand. Our legal counsel, Harry Hutchison, accepts the document for review. Once reviewed, the Board of Directors separate into two groups, one to continue with the Town presentation, the other to review the Tom Carpino presentation.

The general membership is notified that a second 'offer' has just come in. If this offer is accepted by the Board of Directors, it will be presented to the membership at another scheduled membership meeting.

Upon completion of the general membership meeting, the entire Board of AVCC met with Tom Carpino and his entourage. His 'offer' was reviewed and many questions were asked. This was the first meeting with Tom Carpino by any Board member. This was the first day we had any knowledge that he wished to purchase AVCC. Prior to Tom Carpino's departure, he was told that the Board would review and discuss his 'offer', provide him a list of questions and concerns, and schedule their next meeting to continue discussions. Tom Carpino agreed to this.

September 17, 2008

Tom Carpino withdraws his 'offer' to purchase Apple Valley Country Club. No reason is provided.

October 7, 2008 – General Membership Meeting

Town of Apple Valley offer to purchase Apple Valley Country Club is approved by an overwhelming majority.

October 8, 2008

Town Manager is notified of approval by AVCC membership.

The Daily Press stated that Tom Carpino 'had a check written to purchase the country club'. There was NO check at our meeting. His offer letter stated that a check would be deposited to open escrow. This check would represent an initial earnest money deposit, to take place within five days of purchase agreement. There was NO agreement.

Mr. Roelle, should you decide to call a special meeting prior to Thanksgiving to discuss this, I will be happy to attend to answer any questions you or your staff might have. I would also have other Board members accompany me. I'm sure their recollections are the same as mine.

Please feel free to contact me at any time. My home number is (760) 946-5280.

Sincerely,

