

December 2, 2024

Rancho Santa Fe Board of Directors:

Courtney LeBeau, President; Jeff Simmons, Vice President; Phil Trubey, Treasurer; Skip Atkins, Director; David Gamboa, Director; Mark Simpson, Director; and Scott Thurman, Director
Rancho Santa Fe Association

CC: Art Jury—Bruce Jordan, President; Kelli Hillard, Vice President; Janet McVeigh, Secretary; Stephanie Kilkenny, and Raymond Rippy

CC: Dominique Albrecht, Chief Administrative Officer & Manager and Joel Levanetz, Building Commissioner

Re: Proposed Silvergate Senior Living Project

Board members owe a fiduciary duty to act with the utmost good faith and reasonable care for the benefit of the RSF Association and its members.

Silvergate RSF LLC, the owner of real property located adjacent to the intersection of Via De La Valle and Calzada Del Bosque, is asking the Art Jury and the Board to do what is not mandated or even contemplated by any of the RSFA governing documents. In essence, Silvergate is seeking a variance from RSFA's Protective Covenant to permit Silvergate to build a high-density rental housing complex of unprecedented size and scope, the likes of which previously has never been considered, much less permitted.

Silvergate has stated it plans to annex two parcels that are outside of the Covenant if Silvergate's proposal is approved. The development is not possible if the two parcels outside the Covenant are not annexed. But even if the Board approves the annexation, such approval will not become effective until the Board first gives all RSFA members 30 days written notice within which to oppose such approval. If RSFA members submit a petition opposing such annexation, the annexation will fail. Annexation is not a unilateral right of Silvergate.

Approval of the proposed development has a high probability of destroying the essence of the Protective Covenant, and would inexorably lead to the degradation of the rural residential nature of Rancho Santa Fe as it has existed for almost a century by encouraging commercial development of other large parcels. It should not be assumed that RSFA members will not resort to legal action to preserve the Covenant.

Members have asked the Board multiple times for a Covenant-wide vote and to hire a qualified impartial land use attorney, as evidenced or provided by:

- Letter of October 4, 2023 signed by over 140 members asking that the Board hire a land use attorney other than Mr. Budd or anyone in his firm.
- Petition submitted to the Board on November 15, 2024, with over 335 member signatures, asking the Board to call for a vote of RSFA members to determine if not less than two-thirds of the members agree to amend the Protective Covenant to accommodate the proposed high density Silvergate RSF senior housing project. The petition also asks that neither the Art Jury or the Board act in this matter other than the Board conducting a membership vote.
- RSFA members are entitled to request a special meeting of the membership at any time for any lawful purpose, if at least five percent of members request. (Cal. Corp. Code, Sec. 7510(e))
- The Board has 20 days from receipt of the petition to set the date of the special meeting and to provide notice of the meeting, which may not be less than 35 nor more than 90 days from

receipt of the request/petition. 20 days from the date of the above-referenced petition to set the date of such meeting is December 5, which is the date of the next RSFA Board of Directors meeting. (Cal. Corp. Code, Section 7511(c))

- A petition, signed by 17 of 20 properties within 500 feet of the proposed project, whose property owners are opposed to the project and calls for a vote/hearing.
- A supplement to the memorandum of November 15, 2024, sent to the Board on November 18, 2024.
- This letter sent to the Board on December 2, 2024.

The Art Jury, at its November 19, 2024 meeting, unanimously asked the Board to hire an attorney with land use expertise to determine whether the 28-acre plus property is zoned to allow 160 rental apartments, cottages, memory care units, a restaurant, a wellness center and other structures. The proposed project essentially comprises an enormous rental complex to house 250 or more people who will not be RSFA members, not to mention countless employees, service providers, vendors, visitors and more.

Accordingly, the request is made again that the Board hire an impartial lawyer skilled in land use and HOA law who is independent from William Budd or his firm. RSFA members deserve to be confident that any attorney hired by the Board will objectively interpret and follow the Covenant's directives and proscriptions, and is not biased to interpret the Protective Covenant's zoning provisions to reach a predetermined conclusion. For example, a leading law firm in California that specializes in HOA law is Adams Stirling. They have at least two lawyers in their San Diego office who specialize in both land use and HOA law, namely Laurie S. Poole, the co-managing partner of the firm, and Jamie A. Williams.

Similarly, the request is made again that the Board conduct a vote of the membership to determine if not less than two-thirds of the members agree to amend the Protective Covenant to accommodate the proposed Silvergate RSF senior housing project, and that until such vote is finalized neither the Art Jury nor the Board act relating to the proposed Silvergate project.

Courtney Svajian

RSFA Member

Notes: Original petitions, containing signatures of members who have signed the Petition, since last submitted, will be delivered to the RSFA Office by no later than December 5, 2025.

Incorporated by reference are: October 4, 2023 letter requesting attorney; Petition of Members within 150' of proposed project; Petition formally submitted to the Board, with cover letter of November 15, 2024; memorandum to the Board of November 15, 2024 and supplemental memorandums of November 18 and December 2, 2024; all relevant California laws; all relevant governing and allied documents of the Rancho Santa Fe Association.