

PRESS RELEASE

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For Immediate Release

Ross Valley Sanitary District Settles Larkspur Property Suit

Ross Valley, March 29, 2011. The Board of Directors of the Ross Valley Sanitary District, a 111-year-old sewer agency serving the Ross Valley, announced a settlement today of a lawsuit brought against the district by Campus St. James Larkspur, LLC, a development company that withdrew from a property purchase agreement with the district in early 2010, following initiation of the suit.

The resolution ends a nearly 12-year relationship that began in 1999 when the district entered into an option agreement to sell its property located at 2000 Larkspur Landing Circle, to Campus development group for approximately \$12 million. The property was originally purchased in the late 1940's for approximately \$45,000+/- . The planning and permitting of the project, which included environmental reports, zoning and more for a hotel and housing units, was nearly complete when Campus filed a \$15 million suit in early fall 2009. After extensive mediation, a settlement was reached which ends the litigation, and returns the property to the sewer district in exchange for three annual payments of approximately \$1,583,334.

“This has been a long and difficult process resolving this property issue that began before our current board or management staff got involved,” said Marcia Johnson, President of the Board of Directors for the Ross Valley Sanitary District. “We took over the reins

several years ago and I think we've done a good balancing job of protecting the interests of our ratepayers and putting an end to more litigation and costs."

"While I can't imagine any organization looks forward to the cost of litigation, at the end of the day it's an investment decision for the District's board," said Johnson. "In considering the best approach to handling the suit, part of the process was considering the value of the asset. We believe this piece of property is worth significantly more than its original sale price even when factoring in the downturn in the economy and our legal costs. Ross Valley ratepayers stand to benefit from our decisions."

The property, which is located across from the Larkspur Ferry terminal, is approximately 10 acres. The property was put under option to be sold to Campus following the 1998/9 request process for interested parties. During the next 12 years, the plan changed from commercial to residential, several different business entities became involved with the developer, and a number of land development milestones were met. But as the downturn in the economy continued, progress on the development slowed to a crawl. The District made several attempts to close the property deal and conclude business with Campus, but in mid spring 2010 Campus submitted a letter withdrawing interest from the site and continuing with the existing litigation. As legal costs to protect the ratepayer's land asset rose, the Board was faced with the difficult decision of continuing to defend the property in court, or finding an out-of-court settlement which limited the District's exposure and returned the valuable piece of property to District ratepayers.

"We expect everyone will be interested in what the board intends to do with the property and I can assure our ratepayers that we will look at all options carefully," said Johnson. "The District has been making great strides in rehabilitating our aging sewer system and managing the district in ways that are both progressive and financially prudent. We welcome input from our ratepayers and hope they will join us in our upcoming meetings."