RESOLUTION NUMBER R- 299451 ADOPTED ON JUL 13 2004

WHEREAS, on May 18, 1951, the City entered into a master ground lease for the development and use of the "De Anza Point Tourist Area" [the Property] for use as a transient tourist and trailer park area, as amended and assigned from time to time thereafter [the Lease]; and

WHEREAS, in 1981, the California State Legislature adopted legislation permitting the mobile home residential use that had developed over the years to continue until November 23, 2003 [the Kapiloff Legislation], also being the end of the Lease term, and

WHEREAS, anticipating the end of the Lease and the cessation of the State's authorization for residential use of the tidelands at De Anza Point, the City contracted with Hawkeye Asset Management [the Management Company] to assist the City in transition of the Property to park and recreational use, and

WHEREAS, the Management Company was selected for its unique and extensive property management experience including managing mobile home parks in transition; and

WHEREAS, the Management Company currently manages fifteen mobile home parks totaling over 3,000 spaces and has twenty-five years of experience; and

WHEREAS, the Management Company has provided invaluable support to the City and residents on the Property during this transition period including: reconstructing the records necessary to continue management of the Property; obtaining the transfer of utilities and other

services necessary for continued operations; assessing the need for and arranging urgent and emergency repairs throughout the Property; facilitating settlements between the City and individual residents; maintaining facilities and services; conducting a comprehensive assessment of the water, electrical, gas and sewer systems, including their locations, and making emergency repairs; arranging for quality security services and taking security measures to ensure the safety of residents living on the Property; and the collection of rents, utility fees, and other services necessary for every day property management; and

WHEREAS, the proposed Agreement will replace the existing Manager's agreement; and WHEREAS, the term for the proposed Agreement begins on execution of the Agreement and ends June, 1, 2008, with two options to extend (upon mutual agreement) for 1 year each, or until terminated by either party upon 180 days notice; and

WHEREAS, the management fee under the proposed Agreement is \$25,000 per month or \$300,000 per year, plus an additional 5.5% of gross revenue from the RV park area once that area is in operation; and

WHEREAS, under the proposed Agreement, the Management Company will be responsible for all aspects of operation and management of the Property during its transition including accounting, billing, collections, resident legal compliance services, litigation support, maintenance, on-site staffing, and including oversight of the repairs to the RV park area and operation and management of the RV park area; and

WHEREAS, under the Proposed Agreement, the City Manager must pre-approve the yearly Operating Budget for the Property and unbudgeted expenditures over \$3,500 must be submitted for City Manager approval; NOW THEREFORE,

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BE IT RESOLVED, by the Council of the City of San Diego, that the City Manager is hereby authorized and empowered to execute, for and on behalf of the City, an agreement with Hawkeye Asset Management, to manage all day to day operations and facilitate the orderly transition of De Anza to a legal park use, under the terms and conditions set forth in the Agreement on file in the office of the City Clerk as Document No. RR-

BE IT FURTHER RESOLVED, by the Council of the City of San Diego, that the Council approves the Operating Budget for August 1, 2004 through July 31, 2005, on file in the office of the City Clerk as Document No. RR- 299451, and authorizing the City Manager to approve the Operating Budget for each subsequent year of the contract provided the amount of each subsequent year's budget does not exceed the amount of the first year's budget.

APPROVED: CASEY GWINN, City Attorney

Carrie Gleeson

Deputy City Attorney

CG:mm 05/27/04

06/30/04-Revised

Dept:READ R-2004-1326

R-299451

The City of San Diego CERTIFICATE OF CITY AUDITOR AND COMPTROLLER

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