

Attorneys
At Law



PAUL A. GRAZIANO*†
CHARLES D. KIMBELL
BRADLEY E. LUNDGREN
JOHN H. PARKE

MICHAEL C. GERSON*
JAMES M. SWEENEY
CATHERINE E. TEAGUE

GEORGE H. ALLEN
W. JOE BUSH*
OF COUNSEL

January 15, 2010
VIA EMAIL ONLY

*Certified Specialist: Estate Planning,
Trust and Probate Law
†Certified Specialist: Taxation Law
The State Bar of California
Board of Legal Specialization

Chairperson Janet Wolf, and
Members of the Board of Supervisors
County of Santa Barbara
Santa Barbara, CA 93101

Re: Grassini Project; Case No. 07CDH-00000-00015

Dear Chairperson Wolf and Members of the Board:

We represent Mr. and Mrs. Larry Grassini, the owners of the property located at 1775 Fernald Point Lane and the applicant in the matter before you. This application for a Coastal Development Permit for the Grassinis' proposed single family dwelling addition was approved by the Montecito Planning Commission on December 17, 2008. This followed conceptual approval of the project by the Montecito Board of Architectural Review on May 5, 2008. The Klinks' appeal is currently scheduled for hearing at your meeting on January 19, 2010.

This appeal was originally set for hearing on May 19, 2009 and then continued to June 23, 2009, and then to July 7, 2009, and then to August 25, 2009 and then to the currently scheduled hearing date of January 19, 2010. The primary purpose of the continuances was to determine if a settlement could be worked out by the parties.

The Grassinis and the Klinks did reach a tentative settlement last summer. The basic idea was that the Klinks would withdraw their appeal in exchange for payment by the Grassinis to them of \$100,000 for the purchase of a very small portion of the Klinks' property. The few hundred square feet of property to be purchased lies on the north side of the creek passing through the Grassini and Klink properties. Because the creek at that point is a deep concrete flood control channel, the Klinks have no access to this piece of property from the main part of their property. The Grassinis have access by a footbridge over the creek to their gardener's cottage. Their gardener's cottage encroaches a few feet

onto this small piece of the Klinks' property pursuant to an easement granted several decades ago. Under the tentative settlement, the Grassinis were to receive first an easement to all of the Klinks' small piece property on the north side of the creek and then fee title if a lot line adjustment were to be approved by Santa Barbara County.

Unfortunately, Mrs. Klink was forced to declare bankruptcy to stave off foreclosure on their property by various lenders. One of their key lenders refused to rollover the Klinks' loan due to the nationwide credit crunch. The total debt identified in the bankruptcy was more than \$22,000,000. Mrs. Klink is still in bankruptcy to hold off the foreclosures while an attempt is made to sell the Klinks' property to pay off the debt.

The tentative settlement would be worthless to the Grassinis if the foreclosures occur because the small piece of property the Grassinis would be paying \$100,000 for would simply be taken over by the Klinks' lenders. The tentative settlement would also have to be approved by the bankruptcy court. The purpose of the continuance to the current hearing date of January 19, 2010 was to give the Klinks an opportunity to obtain the necessary lender and bankruptcy court approvals. Although the Klinks have received some preliminary encouragement by their lenders regarding the tentative settlement, they have not yet succeeded in obtaining the requisite approvals and are probably months away from doing so.

The Grassinis face the possibility that the requisite approvals for the tentative settlement to be meaningful may never occur. They also face dealing with hostile lenders rather than the Klinks when asking for the cooperation necessary to process the lot line adjustment contemplated by the tentative settlement. When they negotiated the tentative settlement, the Grassinis did not bargain for the manifold complications of buying a property in foreclosure.

At this point, the Grassinis simply do not want to wait any further. They are frustrated that their application filed nearly three years ago on May 7, 2007 is still in its preliminary stages even after approvals by the Montecito Board of Architectural Review and the Montecito Planning Commission and the expenditure of nearly a quarter million dollars on various planning and professional costs and fees. They are being held up by the objections of the Klinks who do not live on their property and will either lose it by foreclosure or sell it if they are lucky enough to find a buyer willing to pay a price large enough to pay off the massive debt against the property. The Grassinis therefore ask the Board to make a final determination on the Klinks' appeal one way or the other so that this seemingly endless process can just come to an end.

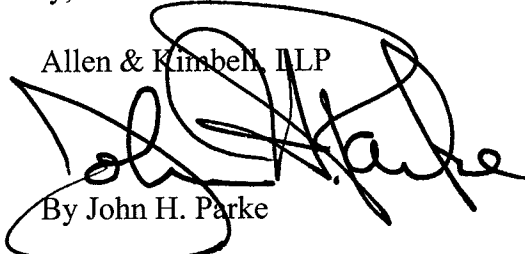
The Grassinis are informed by real estate professionals specializing in high end Montecito properties that the only people likely to pay over 20 million dollars to buy the Klinks' property will want to completely rebuild the Klinks' house into a much larger structure. The Coldwell Banker website lists the Klinks' main parcel for \$18,800,000 and their adjoining lot for \$6,350,000. The probable intention of the target buyer is

Chair Janet Wolf, and
Members of the Board of Supervisors
County of Santa Barbara
Page 3 of 4

recognized in their prior ad on the Coldwell Banker website to sell both Klinks parcels for \$24,750,000 with the “potential to build a complete compound.” The Grassinis seek approval of a project which would put their house 46% over the FAR guidelines when the other houses in the beachfront row just west of Fernald Point average 67% in excess over the guidelines. The Klinks’ own house is 72% over the FAR guidelines. When the eventual buyers of the Klink property make an application to redevelop it, the Grassinis hope that the new owner of the Klink property receives the same degree of scrutiny over compliance with FAR guidelines that the Grassinis have.

The Grassinis respectfully submit that the appeal of the approval of their project by the Montecito Planning Commission should be denied and that their application for their addition should now be approved by this Board.

Sincerely,

Allen & Kimbell, LLP

By John H. Parke

JHP:lmw
cc: Larry Grassini
Appleton & Associates (via email only)