Agenda Item VI
MRCA
4/14/2010

BIG ROCK
PARTNERS LLC

April 7,, 2010

Paul Edelman, Chief of Natural Resources
and Planning
Mountains Recreation and Conservation Authority
5810 Ramirez Canyon Road
Malibu, CA 90265

Re: 23915 Malibu Road ("Towing Site") and 24120 Pacific Coast Highway, ("Crummer Trust Parcel") Malibu, CA

Dear Mr. Edelman:

As you know on February 11, 2010 the California Coastal Commission (the "Commission") approved LCPA No. MAL-MAJ-2-09A with respect to the Crummer Trust Parcel. The Commission's approval contained Suggested Modifications and Revised Findings with respect to the conservation easement which AZ Winter Mesa, LLC ("AZWM") voluntarily offered as outlined in our letter to you dated August 3, 2009. Some of the Revised Findings reflect the agreement reached between AZWM and the Mountains Recreation and Conservation Authority ("MRCA") and Santa Monica Mountains Conservancy ("SMMC") on February 10, 2010 while others modify the agreement contained in our August 3, 2009 letter.

The purpose of this letter is to set forth our mutual understanding with respect to the Commission's action of February 11, 2010 with respect to the conservation easement on the Crummer Site. This letter shall also confirm that our agreement with respect to the Towing Site contained in the August 3, 2009 letter remains unchanged.

315 S. Beverly Drive, Suite 515
Beverly Hills, CA 90212

CRUMMER SITE

The following constitutes our understanding with respect to the Commission's approval of the Crummer Trust Parcel LCPA as follows:

1. The conservation easement shall be increased from 5 acres to 7 contiguous acres and shall be located on the southern and easternmost portions of the Crummer Trust Parcel including as much area of the canyon in the center of Crummer Trust Parcel is feasible subject to the terms outlined herein;
2. The conservation easement shall be dedicated directly to the MRCA prior to or simultaneously with the recordation of any Parcel or Tract Map for the Crummer Trust Parcel;
3. Property owner shall pay all direct costs for the preparation and recordation of the easement and a $1,000 processing fee to the MRCA for review of same;
4. The conservation easement shall prohibit all roads, paved paths, fencing (except fencing that contains at least 3.5 inch gaps between the vertical fence posts to allow for the passage of small animals and is not closed at the bottom to allow for the passage of small animals and reptiles under the fence shall be permitted within the conservation easement in a small on the western side of Lot 5 above the 170 foot contour line), lighting, trails, plants not native to the Santa Monica Mountains Coastal Zone and animal keeping of any duration or type. Stables, equestrian facilities, grazing and vineyards shall be prohibited in the conservation easement;
5. The conservation shall permit the installation, maintenance, upgrade and replacement of all drainage, underground utilities, irrigation, groundwater monitoring wells, fire department prescribed fuel modification, and other non-conflicting infrastructure (collectively "Infrastructure") that may be required for the approval of the Crummer Site pursuant to the Crummer Parcel Site's EIR or associated with the Tract or Parcel Map;
6. No pedestrian, non-vehicular or vehicular paths or roads may be placed in the conservation easement area except vehicular and pedestrian access will be permitted, as necessary to inspect, repair, upgrade and/or replace the Infrastructure and for fuel modification.

Except as other wise provided pedestrian access shall be solely for residents and guests in the residential portions of the Crummer Trust Parcel in the event of an emergency;

7. The easement will allow for the inspection and repair of the Infrastructure by landowners, including the homeowners association, if applicable as well as inspections by the MRCA solely for the purpose of monitoring compliance with the terms of the conservation easement;
8. No portion of the easement shall be located over a Caltrans right-of way except for an approximately 115 foot wide section in the northeast corner of the Crummer Trust Parcel abutting Pacific Coast Highway. The conservation easement will be subordinate to any existing or to be recorded Caltrans, governmental, and utility easements as well as such other easements as may be necessary to carry out the proposed development on either the Towing Site and/or the Crummer Site;
9. Property owner shall provide a $25,000 endowment to the MRCA to monitor the easement in perpetuity. The endowment shall be delivered to the MRCA within thirty (30) days after the approval of the property owner's CDPs for the Crummer Trust Parcel by the Malibu City Council without any material changes in the project description in the final CDPs and the expiration of all appeal periods related to the CDPs or other periods during which one could file a legal challenge to the City's approval of the CDPs. The endowment shall then be held in escrow by the MRCA until recordation of the conservation easement. MRCA acknowledges that the conservation easement and endowment was voluntarily offered by AZWM with the understanding that AZWM intend to obtain tax benefits associated with the donation of the conservation easement;
10. Property owner will consult with the MRCA to minimize brush clearance of native habitat in the conservation easement;
11. In view of the fact the draft EIR for the Crummer Site has not been completed, neither the exact location of the proposed conservation easement on the Crummer Site nor the precise limits of development Infrastructure that would be necessary for the success of the project are known. It was agreed that it was impossible to finalize a definitive boundaries of conservation easement at this time. Subject to all of the

above, AZWM shall use commercially reasonable efforts to locate the conservation in the area contained on Exhibit 1 attached hereto; and

12. In the event the MRCA Governing Board authorizes the execution of this letter, the MRCA agrees to accept the conservation easement as provided herein.

MRCA's Agreement

It is understood that the MRCA's support of the AZWM's development for the Towing Site and the Crummer Site shall not be construed as an abandonment of the concerns expressed in the SMMC's comment letters dated October 20, 2008 and February 9, 2009. On the basis of AZWM's voluntary cooperation with the MRCA as provided above, the MRCA agrees that so long AZWM proceeds in good faith with the terms of this letter, the MRCA will not object to either the development of the Towing Site or the Crummer Site substantially in accordance with the CDPs filed for the projects to date and support the proposed development in any future proceedings with respect to the Crummer Trust Parcel at the Commission or in the City of Malibu.

Please acknowledge at the point indicated below that you have read this letter and confirm the understanding contained herein.

We look forward to continuing working with the MRCA and the SMMC on these two projects.

Sincerely,

Robert Gold

READ & AGREED:

Mountains Recreation and Conservation Authority

By:_____ Date: 4-7-10

Paul Edelman, Chief of Natural Resources
and Planning

CC: Stefanie Edmondson, Principal Planner, Planning Department, City of Malibu
Joyce Parker-Bozylinski, Director, Planning Department, City of Malibu
Santa Monica Mountains Conservancy Members