

Palos Verdes Land Conservancy
916 Silver Spur Road, Suite 108
Rolling Hills Estates, California 90274
Attn: Mr. William H. Ailor

1674198-96

[Space Above For Recorder's Use Only]

APN: 7572-001-001, 7572-001-002, 7572-001-003, 7572-001-004, 7572-001-006,
7572-001-007, 7564-005-001, 7581-023-011, 7583-022-011, 7583-024-005,
7583-024-019, 7588-001-002 and 7588-001-003

Recording

Fee: Exempt pursuant to California
Government Code Section 27383

CONSERVATION EASEMENT

THIS CONSERVATION EASEMENT (this "Easement") is made as of December 6, 2005, by the CITY OF RANCHO PALOS VERDES, a California municipal corporation ("City" or "Grantor"), to THE PALOS VERDES PENINSULA LAND CONSERVANCY, a California nonprofit public benefit corporation ("Conservancy" or "Grantee"), hereinafter collectively referred to as the "Parties."

RECITALS:

A. City is the owner in fee simple of certain real property located in the City of Rancho Palos Verdes, County of Los Angeles, State of California, and described in Exhibit A (Portuguese Bend and Agua Amarga Canyon), which is attached hereto and incorporated herein by this reference (the "Property").

B. The Property possesses wildlife and habitat values (collectively, "conservation values") of great importance to Grantor, Grantee, the State of California, Department of Fish and Game ("CDFG"), and the people of the State of California.

C. The Property provides high quality habitat for the California Gnatcatcher, the Coastal Cactus Wren, the El Segundo Blue Butterfly and the Palos Verdes Blue Butterfly and contains Coastal Sage Scrub Habitat ("CSS").

D. Grantee is authorized to hold conservation easements pursuant to Civil Code Section 815.3. Specifically, Grantee is a tax-exempt nonprofit organization qualified under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and is qualified to do

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business in California, which has as its primary purpose the preservation of land in its natural, scenic, forested or open space condition.

E. CDFG has jurisdiction, pursuant to Fish and Game Code Section 1802, over the conservation, protection, and management of fish, wildlife, native plants and the habitat necessary for biologically sustainable populations of those species, and CDFG is authorized to hold easements for these purposes pursuant to Civil Code Section 815.3, Fish and Game Code Section 1348, and other provisions of California law.

F. This Conservation Easement provides mitigation for certain impacts of projects that are located in the City of Rancho Palos Verdes, County of Los Angeles, State of California, and are identified in the Natural Communities Conservation Plan for the City ("NCCP").

G. Grantee agrees by accepting this grant to honor the intentions of Grantor stated herein to preserve and protect in perpetuity the conservation values of the Property in accordance with the terms of this Conservation Easement.

COVENANTS, TERMS, CONDITIONS AND RESTRICTIONS

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and pursuant to California law, including Civil Code Section 815, et seq., Grantor hereby voluntarily grants and conveys to Grantee a conservation easement in perpetuity over the Property.

1. Purposes. The purposes of this Conservation Easement are to ensure the Property will be retained forever in its natural condition as specified in the NCCP and to prevent any use of the Property that will impair or interfere with the conservation values of the Property. Grantor intends that this Conservation Easement will confine the use of the Property to such activities that are consistent with the purposes of the NCCP, including, without limitation, those involving the preservation, restoration and enhancement of native species and their habitats.

2. Grantee's Rights. To accomplish the purposes of this Conservation Easement, Grantor hereby grants and conveys the following rights to Grantee and to CDFG as a third party beneficiary of this Conservation Easement:

(a) To preserve and protect the conservation values of the Property;

(b) To enter upon the Property at reasonable times in order to monitor compliance with and otherwise enforce the terms of this Conservation Easement, and for scientific research and interpretive purposes by Grantee or its designees and CDFG or its designees, provided that neither Grantee nor CDFG shall unreasonably interfere with Grantor's authorized use and quiet enjoyment of the Property;

(c) To prevent any activity on or use of the Property that is inconsistent with the NCCP and the purposes of this Conservation Easement and to require the restoration of such areas or features of the Property that may be damaged by any act, failure to act, or any use that is inconsistent with the NCCP and the purposes of this Conservation Easement;

(d) All mineral, air and water rights necessary to protect and to sustain the biological resources of the Property; and

(e) All present and future development rights for residential, commercial and industrial projects, which are allocated, implied, reserved or inherent in the Property; such rights are hereby terminated and extinguished, and may not be used on or transferred to any portion of the Property, nor any other property adjacent or otherwise.

3. Prohibited Uses. Any activity on or use of the Property that is inconsistent with the purposes of this Conservation Easement, as delineated in the NCCP, is prohibited. Without limiting the generality of the foregoing, the following uses and activities by Grantor, Grantor's agents, and third parties, are expressly prohibited:

(a) Except as permitted by the NCCP, unseasonal watering; use of fertilizers, pesticides, biocides, herbicides or other agricultural chemicals; weed abatement activities; incompatible fire protection activities; and any and all other activities and uses which may adversely affect the purposes of this Conservation Easement;

(b) Use of off-road vehicles and use of any other motorized vehicles except on existing roadways;

(c) Grazing or other agricultural activity of any kind, except for the existing agricultural uses on City-owned property and the use of approximately twenty-five acres of the Property for active recreational purposes, which may include equestrian uses;

(d) Recreational activities, except recreational activities that are permitted by the NCCP, including the use of approximately twenty-five acres of the Property for active recreational purposes;

(e) Commercial or industrial uses;

(f) Any legal or de facto division, subdivision or partitioning of the Property;

(g) Construction, reconstruction or placement of any building, billboard or sign, or any other structure or improvement of any kind, except signs and improvements that are permitted by the NCCP;

(h) Depositing or accumulation of soil, trash, ashes, refuse, waste, bio-solids or any other materials;

(i) Planting, introduction or dispersal of non-native or exotic plant or animal species, except for large domestic animals that are allowed by the NCCP;

(j) Filling, dumping, excavating, draining, dredging, mining, drilling, removing or exploring for or extraction of minerals, loam, soil, sands, gravel, rocks or other material on or below the surface of the Property, except geologic investigation and other landslide abatement activities that are authorized by the NCCP;

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(k) Altering the surface or general topography of the Property, including building of roads, except as allowed by the NCCP;

(l) Removing, destroying, or cutting of native trees, shrubs or other vegetation, except as required by law for: (1) fire breaks, (2) maintenance of recreational trails or roads, or (3) prevention or treatment of disease, and except those activities that are allowed by the NCCP; and

(m) Manipulating, impounding or altering any natural water course, body of water or water circulation on the Property (except as allowed by the NCCP), and activities or uses detrimental to water quality, including, but not limited to, degradation or pollution of any surface or sub-surface waters.

4. Grantor's Duties. Grantor shall undertake all reasonable actions to prevent the unlawful entry and trespass by persons whose activities may degrade or harm the conservation values of the Property. In addition, Grantor shall undertake all necessary actions to perfect the rights of Grantee and CDFG under Section 2 of this Conservation Easement.

5. Reserved Rights. Grantor reserves to itself, and to its personal representatives, heirs, successors, and assigns, all rights accruing from its ownership of the Property, including the right to engage in or to permit or invite others to engage in all uses of the Property that are not expressly prohibited or limited by, and are consistent with the purposes of, the NCCP and this Conservation Easement.

6. Grantee's Remedies. CDFG, as a third party beneficiary of this Conservation Easement, shall have the same rights as Grantee under this section to enforce the terms of this Conservation Easement. If Grantee determines that a violation of the terms of this Conservation Easement has occurred or is threatened, Grantee shall give written notice to Grantor of such violation and demand in writing the cure of such violation. At the time of giving any such notice, Grantee shall give a copy of the notice to CDFG. If Grantor fails to cure the violation within fifteen (15) days after receipt of written notice and demand from Grantee, or if the cure reasonably requires more than fifteen (15) days to complete and Grantor fails to begin the cure within the fifteen (15)-day period or fails to continue diligently to complete the cure, Grantee may bring an action at law or in equity in a court of competent jurisdiction to enforce the terms of this Conservation Easement, to recover any damages to which Grantee may be entitled for violation of the terms of this Conservation Easement or for any injury to the conservation values of the Property, to enjoin the violation, ex parte as necessary, by temporary or permanent injunction without the necessity of proving either actual damages or the inadequacy of otherwise available legal remedies, or for other equitable relief, including, but not limited to, the restoration of the Property to the condition in which it existed prior to any such violation or injury. Without limiting Grantor's liability therefor, Grantee may apply any damages recovered to the cost of undertaking any corrective action on the Property.

If Grantee, in its sole discretion, determines that circumstances require immediate action to prevent or mitigate damage to the conservation values of the Property, Grantee may pursue its remedies under this Section 6 without prior notice to Grantor or without waiting for the period provided for cure to expire. Grantee's rights under this section apply equally to actual or

threatened violations of the terms of this Conservation Easement. Grantor agrees that Grantee's remedies at law for any violation of the terms of this Conservation Easement are inadequate and that Grantee shall be entitled to the injunctive relief described in this section, both prohibitive and mandatory, in addition to such other relief to which Grantee may be entitled, including specific performance of the terms of this Conservation Easement, without the necessity of proving either actual damages or the inadequacy of otherwise available legal remedies. Grantee's remedies described in this section shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity, including, but not limited to, the remedies set forth in Civil Code Section 815, et seq., inclusive. The failure of Grantee to discover a violation or to take immediate legal action shall not bar Grantee from taking such action at a later time.

If at any time in the future Grantor or any subsequent transferee uses or threatens to use the Property for purposes inconsistent with the NCCP and this Conservation Easement then, notwithstanding Civil Code Section 815.7, the California Attorney General or any entity or individual with a justiciable interest in the preservation of this Conservation Easement has standing as interested parties in any proceeding affecting this Conservation Easement.

6.1. Costs of Enforcement. Any costs incurred by Grantee or CDFG, where it is the prevailing party, in enforcing the terms of this Conservation Easement against Grantor, including, but not limited to, costs of suit and attorneys' and experts' fees, and any costs of restoration necessitated by Grantor's negligence or breach of this Conservation Easement shall be borne by Grantor.

6.2. Discretion of Grantee and CDFG. Enforcement of the terms of this Conservation Easement by Grantee or CDFG shall be at the discretion of the enforcing party, and any forbearance by Grantee or CDFG to exercise its rights under this Conservation Easement in the event of any breach of any term of this Conservation Easement shall not be deemed or construed to be a waiver by Grantee or CDFG of such term or of any subsequent breach of the same or any other term of this Conservation Easement or of any of Grantee's rights (or any rights of CDFG as a third party beneficiary) under this Conservation Easement. No delay or omission by Grantee or CDFG in the exercise of any right or remedy shall impair such right or remedy or be construed as a waiver.

6.3. Acts Beyond Grantor's Control. Nothing contained in this Conservation Easement shall be construed to entitle Grantee or CDFG to bring any action against Grantor for any injury to or change in the Property resulting from: (i) any natural cause beyond Grantor's control, including, without limitation, fire not caused by Grantor, flood, storm, and earth movement, or any prudent action taken by Grantor under emergency conditions to prevent, abate, or mitigate significant injury to persons or the Property resulting from such causes; or (ii) acts by Grantee or its employees or CDFG or its employees.

6.4. Department of Fish and Game Right of Enforcement. All rights and remedies conveyed to Grantee under this Conservation Easement shall extend to and are enforceable by CDFG. These rights are in addition to, and do not limit, the rights of enforcement under the NCCP.

7. Fence Installation and Maintenance. Grantor may install and maintain fencing that is reasonably satisfactory to Grantee and CDFG to protect the conservation values of the Property, including, but not limited to, wildlife corridors.

8. Access. Public access to the Property shall be in accordance with the NCCP and the Public Use Master Plan, which shall be submitted to CDFG and the USFWS for review and approval.

9. Costs and Liabilities. Except as provided in the NCCP, Grantor retains all responsibilities and shall bear all costs and liabilities of any kind related to the ownership, operation, upkeep, and maintenance of the Property. Grantor agrees that CDFG shall have any duty or responsibility for the operation, upkeep or maintenance of the Property, the monitoring of hazardous conditions thereon, or the protection of Grantor, the public or any third parties from risks relating to conditions on the Property. Grantor remains solely responsible for obtaining any applicable governmental permits and approvals for any activity or use permitted by this Conservation Easement, and any activity or use shall be undertaken in accordance with all applicable federal, state, local and administrative agency statutes, ordinances, rules, regulations, orders and requirements.

9.1. Taxes; No Liens. Grantor shall pay before delinquency all taxes, assessments, fees, and charges of whatever description levied on or assessed against the Property by competent authority (collectively "taxes"), including any taxes imposed upon, or incurred as a result of, this Conservation Easement, and shall furnish Grantee and CDFG with satisfactory evidence of payment upon request. Grantor and Grantee each shall keep the Property free from any liens, including those arising out of each of their respective obligations for any labor or materials furnished or alleged to have been furnished at or for use on the Property.

9.2. Hold Harmless. Grantor shall hold harmless, protect and indemnify Grantee and its directors, officers, employees, agents, contractors, and representatives and the heirs, personal representatives, successors and assigns of each of them (each a "Grantee Indemnified Party" and, collectively, "Grantee's Indemnified Parties") and CDFG and its directors, officers, employees, agents, contractors, and representatives, and the heirs, personal representatives, successors and assigns of each of them (each a "CDFG Indemnified Party" and, collectively, "CDFG's Indemnified Parties") from and against any and all liabilities, penalties, costs, losses, damages, expenses (including, without limitation, reasonable attorneys' fees and experts' fees), causes of action, claims, demands, orders, liens or judgments (each a "Claim" and, collectively, "Claims"), arising from or in any way connected with: (1) injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, regardless of cause, except that (a) this indemnification shall be inapplicable to Grantee's Indemnified Parties with respect to any Claim due solely to the negligence or willful misconduct of Grantee or any of its employees and (b) this indemnification shall be inapplicable to CDFG's Indemnified Parties with respect to any Claim due solely to the negligence or willful misconduct of CDFG or any of its employees; (2) the obligations specified in Sections 4, 9, and 9.1. If any action or proceeding is brought against any of the CDFG Indemnified Parties by reason of any such Claim, Grantor shall, at the election of and upon written notice from CDFG, defend such action or proceeding by counsel reasonably acceptable to the CDFG Indemnified Party or reimburse CDFG for all

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To CDFG:

Department of Fish and Game
P.O. Box 944209
Sacramento, California 94244-2090
Attn: Regional Manager

With a copy to:

Department of Fish and Game
Office of the General Counsel
1416 Ninth Street, 12th Floor
Sacramento, California 95814-2090
Attn: General Counsel

or to such other address as Grantor, Grantee or CDFG may designate by written notice to the other parties. Notice shall be deemed effective upon delivery in the case of personal delivery or delivery by overnight courier or, in the case of delivery by first class mail, five (5) days after deposit into the United States mail.

13. Amendment. This Conservation Easement may be amended by Grantor and Grantee only by mutual written agreement and subject to the prior written approval of CDFG. Any such amendment shall be consistent with the purposes of this Conservation Easement and California law governing conservation easements and shall not affect its perpetual duration. Any such amendment shall be recorded in the official records of Los Angeles County, State of California.

14. General Provisions.

(a) Controlling Law. The interpretation and performance of this Conservation Easement shall be governed by the laws of the State of California, disregarding the conflicts of law principles of such state.

(b) Liberal Construction. Despite any general rule of construction to the contrary, this Conservation Easement shall be liberally construed to effect the purposes of this Conservation Easement and the policy and purpose of Civil Code Section 815, et seq. If any provision in this instrument is found to be ambiguous, an interpretation consistent with the purposes of this Conservation Easement that would render the provision valid shall be favored over any interpretation that would render it invalid.

(c) Severability. If a court of competent jurisdiction voids or invalidates on its face any provision of this Conservation Easement, such action shall not affect the remainder of this Conservation Easement. If a court of competent jurisdiction voids or invalidates the application of any provision of this Conservation Easement to a person or circumstance, such action shall not affect the application of the provision to other persons or circumstances.

(d) Entire Agreement. This instrument sets forth the entire agreement of the parties with respect to the Conservation Easement and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Conservation Easement. No alteration or variation of this instrument shall be valid or binding unless contained in an amendment in accordance with Section 13.

(e) No Forfeiture. Nothing contained herein will result in a forfeiture or reversion of Grantor's title in any respect.

(f) Successors. The covenants, terms, conditions, and restrictions of this Conservation Easement shall be binding upon, and inure to the benefit of, the parties hereto and their respective personal representatives, heirs, successors, and assigns and shall constitute a servitude running in perpetuity with the Property.

(g) Termination of Rights and Obligations. A party's rights and obligations under this Conservation Easement terminate upon transfer of the party's interest in the Conservation Easement or Property, except that liability for acts or omissions occurring prior to transfer shall survive transfer.

(h) Captions. The captions in this instrument have been inserted solely for convenience of reference and are not a part of this instrument and shall have no effect upon its construction or interpretation.

(i) No Hazardous Materials Liability. Grantor represents and warrants that it has no knowledge or notice of any Hazardous Materials (defined below) or underground storage tanks existing, generated, treated, stored, used, released, disposed of, deposited or abandoned in, on, under, or from the Property, or transported to or from or affecting the Property. Without limiting the obligations of Grantor under Section 9.2, Grantor hereby releases and agrees to indemnify, protect and hold harmless the Grantee Indemnified Parties and the CDFG Indemnified Parties (each as defined in Section 9.2) from and against any and all Claims (as defined in Section 9.2) arising from or connected with any Hazardous Materials or underground storage tanks present, alleged to be present, or otherwise associated with the Property at any time, except that (I) this indemnification shall be inapplicable to the Grantee Indemnified Parties with respect to any Hazardous Materials placed, disposed or released by Grantee, its employees or agents and (II) this indemnification shall be inapplicable to the CDFG Indemnified Parties with respect to any Hazardous Materials placed, disposed or released by CDFG, its employees or agents. This release and indemnification includes, without limitation, Claims for (i) injury to or death of any person or physical damage to any property; and (ii) the violation or alleged violation of, or other failure to comply with, any Environmental Laws (defined below). If any action or proceeding is brought against any of the CDFG Indemnified Parties by reason of any such Claim, Grantor shall, at the election of and upon written notice from CDFG, defend such action or proceeding by counsel reasonably acceptable to the CDFG Indemnified Party or reimburse CDFG for all charges incurred for services of the California Attorney General in defending the action or proceeding.

Despite any contrary provision of this Conservation Easement, the parties do not intend this Conservation Easement to be, and this Conservation Easement shall not be, construed such that it creates in or gives to CDFG any of the following:

(1) The obligations or liability of an "owner" or "operator," as those terms are defined and used in Environmental Laws (defined below), including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601 et seq.; hereinafter, "CERCLA"); or

(2) The obligations or liabilities of a person described in 42 U.S.C. Section 9607(a)(3) or (4); or

(3) The obligations of a responsible person under any applicable Environmental Laws; or

(4) The right to investigate and remediate any Hazardous Materials associated with the Property; or

(5) Any control over Grantor's or Grantee's ability to investigate, remove, remediate or otherwise clean up any Hazardous Materials associated with the Property.

The term "**Hazardous Materials**" includes, without limitation, (a) material that is flammable, explosive or radioactive; (b) petroleum products, including by-products and fractions thereof; and (c) hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in CERCLA, the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901 et seq.; hereinafter "**RCRA**"); the Hazardous Materials Transportation Act (49 U.S.C. Section 6901 et seq.; hereinafter "**HTA**"); the Hazardous Waste Control Law (California Health & Safety Code Section 25100 et seq.; hereinafter "**HCL**"); the Carpenter-Presley-Tanner Hazardous Substance Account Act (California Health & Safety Code Section 25300 et seq.; hereinafter "**HSA**"), and in the regulations adopted and publications promulgated pursuant to them, or any other applicable Environmental Laws now in effect or enacted after the date of this Conservation Easement.

The term "**Environmental Laws**" includes, without limitation, CERCLA, RCRA, HTA, HCL, HSA, and any other federal, state, local or administrative agency statute, ordinance, rule, regulation, order or requirement relating to pollution, protection of human health or safety, the environment or Hazardous Materials. Grantor represents, warrants and covenants to Grantee and CDFG that activities upon and use of the Property by Grantor, its agents, employees, invitees and contractors will comply with all Environmental Laws.

(j) Warranty. Grantor represents and warrants that there are no outstanding mortgages, liens, encumbrances or other interests in the Property (including, without limitation, mineral interests) which have not been expressly subordinated to this Conservation Easement, and that the Property is not subject to any other conservation easement.

(k) Additional Easements. Grantor shall not grant any additional easements, rights of way or other interests in the Property (other than a security interest that is subordinate to this Conservation Easement), or grant or otherwise abandon or relinquish any water agreement relating to the Property, without first obtaining the written consent of Grantee and CDFG. Grantee or CDFG may withhold such consent if it determines that the proposed interest or transfer is inconsistent with the purposes of this Conservation Easement or will impair or interfere with the conservation values of the Property. This Section 14(k) shall not prohibit transfer of a fee or leasehold interest in the Property that is subject to this Conservation Easement and complies with Section 11.

(1) Recording. Grantee shall record this Conservation Easement in the Official Records of Los Angeles County, California, and may re-record it at any time as Grantee deems necessary to preserve its rights in this Conservation Easement.

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IN WITNESS WHEREOF, the Parties have executed this Conservation Easement as of the day and year first set forth above.

CONSERVANCY:

PALOS VERDES PENINSULA LAND
CONSERVANCY, a California non-profit corporation

By: William H. Ailor
William H. Ailor, President

CITY:

CITY OF RANCHO PALOS VERDES, a California
municipal corporation

By: Larry Clark
Larry Clark, Mayor

ATTEST:

By: Carolynn Petru
Carolynn Petru, City Clerk

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STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On December 5, 2005, before me, JOAN M. BLATY, a Notary Public in and for the State of California, personally appeared WILLIAM H. AILOR, personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/~~she~~ executed the same in his/~~her~~ authorized capacity, and that by his/~~her~~ signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

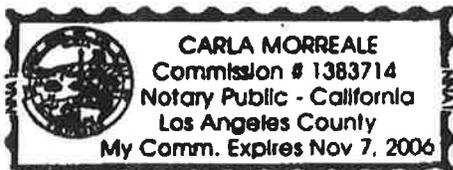


Joan M. Blaty
Notary Public in and for the State of California

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On December 6, 2005, before me, Carla Morreale, a Notary Public in and for the State of California, personally appeared Larry Clark, personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/~~she~~ executed the same in his/~~her~~ authorized capacity, and that by his/~~her~~ signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Carla Morreale
Notary Public in and for the State of California

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Exhibit A

Legal Description

(See Appendix A)