

**FINDINGS OF THE BOARD OF SUPERVISORS
ACTING AS THE GOVERNING BOARD OF THE LOS ANGELES COUNTY
REGIONAL PARK AND OPEN SPACE DISTRICT
— AND ORDER
ON LEASE, CHANGE OF USE, AND PARTIAL DISPOSITION
OF PROPERTY PURCHASED WITH PROPOSITION A FUNDS
FOR THE WHITTIER HILLS OIL DRILLING PROJECT**

1. The Los Angeles County ("County") Board of Supervisors ("Board"), acting as the governing body of the Los Angeles County Regional Park and Open Space District ("District"), conducted a duly-noticed public hearing on October 29, 2013, in the matter of the Whittier Main Oil Field Development Project ("Project"), which involves the City of Whittier ("Whittier") leasing approximately 1,280 acres of open space and associated mineral rights ("Whittier Hills Property"), that was acquired by Whittier using funds from County Proposition A enacted by the County voters in 1992, for oil and gas exploration, drilling, processing, and production by two private oil companies.
2. The Board's consideration of the Lease ("Lease") and Project is based on the requirements of Proposition A and the Project Agreement between the District and Whittier ("Project Agreement"). Pursuant to Proposition A and the Proposition A Project Agreement, the Board is reviewing the Lease and Project as both a change of use of the Whittier Hills Property and as a disposition of less than the entire interest in the Whittier Hills Property originally acquired by Whittier with Proposition A funds.
3. Proposition A, which created the District, was approved by the County voters in 1992 "to provide funds to benefit property and improve the quality of life in the District by preserving and protecting the beach, wildlife, park, recreation and natural lands of the District."
4. Proposition A provides that the governing body of the District is the Board and the Board, as required by Public Resources Code section 5506.9, is vested with all powers and authority of the District. Proposition A provides that the District shall take all actions necessary and desirable to carry out the purposes of Proposition A.
5. Proposition A placed an annual assessment on most parcels in the County and County-issued bonds, to be repaid by taxpayers, to provide over \$530 million for open space and park acquisition with an application to the District being required in order to receive funding. As required by Public Resources Code section 5539.9(h), the Proposition A assessment is apportioned by a method that fairly distributes the net amount among all assessable lots or parcels in proportion to the benefits to be received from the improvements.

6. In Proposition A, section 6 the Board found and declared the following:
- (a) "The increase in, restoration of, and enhanced safety of park, open space and recreation lands, and facilities will help maintain sound economic conditions and a high standard of livability in the District by increasing property values, economic activity, employment opportunities, and tourism throughout the District."
 - (b) Clean and safe parks will increase public safety, help to reduce crime, increase the attractiveness of the District as a place to live, and enhance the overall quality of life in the District.
 - (c) The development, acquisition, improvement, restoration, and maintenance of the public parks, open space, beaches, trails, and other public recreational facilities within the proposed District confer a direct and specific benefit to all parcels within the District, including without limitation increased attractiveness, improved environmental quality, enhanced recreational opportunities, and increased economic activity, each of which will result in maintained or enhanced property values within the District.
 - (d) The protection of beach, wildlife, park, recreation, and natural lands are vital to the quality of life in the District, providing important recreational opportunities to all residents of the District, especially children and senior citizens, and helping to protect air and water quality.
 - (e) It is critical that we restore and improve . . . parks throughout the District to improve the overall quality of life of communities . . . and provide pleasant places that all District residents can enjoy for the relief from traffic and urban congestion.
 - (f) The District's . . . mountains, foothills, and canyons are a vital part of the region's natural heritage and are home to hundreds of species of native Californian animals and plants.

7. The District Engineer's Report for Proposition A was necessary to justify the property tax assessment and demonstrate compliance with the legal requirements for benefit assessments and articulated nine benefits the assessed parcels would receive from Proposition A, among which the following three benefits are particularly relevant to the Whittier Hills Property:

- (a) Increased attractiveness of the District for development or redevelopment as a result of preservation of mountains, foothills, and canyons, and increased public access to these lands.
- (b) Improved environmental quality by protecting, restoring, and improving the District's irreplaceable beaches, wildlife, park, mountains and open space lands, and improved public access to those lands.

- (c) Improved recreational opportunities and expanded access to recreational facilities for all properties within the District, through improvements such as beaches, parks, trails, and other public recreational facilities.

8. California Public Resources Code section 5539.9, the State law that authorized the creation of the District, provides in subsection (j):

The Legislature hereby finds and declares that the land acquisition, improvements, and services provided by the regional district, if created and established, will specially benefit the properties assessed and the persons paying the assessments authorized in this section in at least the following respects:

- (1) Enhanced recreational opportunities and expanded access to recreational facilities for all residents throughout the district.
- (2) Improved quality of life for all communities in the district by protecting, restoring, and improving the District's irreplaceable beach, wildlife, park, and open space land.
- (3) Preservation of mountains, foothills, and canyons, and development of public access to these lands throughout the District.
- (4) Protection of historical and cultural assets of the region.
- (5) Increased economic activity and expanded employment opportunities within the regional district.
- (6) Increased property values, resulting from the effects specified in this subdivision.
- (7) Provision of benefits to all properties within the county, including positive impacts on air and water quality, capacity of roads, transportation and other public infrastructure systems, schools, and public utilities.

9. California Public Resources Code section 5539.9 further provides in subsection (k):

The Legislature also finds and declares the following:

- (1) The expansion, restoration, and improvement of park, recreation, beach, and open-space lands throughout Los Angeles County benefits all residents in the county.
- (2) Protection, restoration, and improvement of these lands are vital to the quality of life for all residents in Los Angeles County.

- (3) Increased park and recreation opportunities in the densely populated and heavily urbanized areas of Los Angeles County are vital to the health and well-being of all residents in the county, and providing these opportunities is a high priority.
 - (4) The protection and enhancement of the recreational opportunities provided by Los Angeles County's beaches, shoreline, and mountains must be included within the expenditure plan specified in subdivision (c) of section 5506.9 in order to provide benefits to each resident of the county.
 - (5) The population of Los Angeles County continues to grow at an increasing rate, and already is far behind other urban areas in the State in providing adequate park, recreation, and open space facilities for its residents. Creation of a regional park and open space district with boundaries coterminous with those of Los Angeles County is critical to help address the growing and unmet park and recreation needs in Los Angeles County. It is therefore vital that Los Angeles County act immediately to address these issues.
10. Both the Proposition A official ballot and the text of Proposition A demonstrate that the purpose of Proposition A funds was to benefit property and to improve the quality of life by "preserving and protecting" the "park, wildlife, recreation, and natural lands of the District." The ballot arguments in favor of Proposition A stated that it will "preserve disappearing natural lands" and that if "we don't act today, it will be too late to save our disappearing natural lands, mountains and canyons for our children and grandchildren to enjoy tomorrow."
11. At the 1992 public hearing before the Board that resulted in Proposition A being placed before the County voters, Whittier councilman Bob Henderson testified in support of Proposition A stating that in, "Whittier we have a unique opportunity to acquire wilderness that will be lost forever if these actions are not taken[.]"
12. Proposition A section 8(b)(2) QQ provided \$9.3 million in funds to Whittier for the acquisition of natural lands in the Whittier Hills. Proposition A section 8(c) provided \$40 million to the Santa Monica Mountains Conservancy ("SMMC"), including in section 8(c)(6) that not less than \$7 million of that money shall be expended in the Whittier Hills. Proposition A, section 8(c)(6) provided that prior to the expenditure of the \$7 million in the Whittier Hills, Whittier and SMMC shall enter into a joint powers agreement ("JPA") in order to facilitate the preservation of park and open space lands. A JPA was entered into by Whittier and SMMC in December 1993, which provides that the Whittier Hills "constitutes a unique and valuable economic, environmental, scientific, educational and recreational resource which should be held in trust for present and future generations."

13. On July 6, 1993, Whittier adopted Resolution No. 6416 approving the filing of an application with the District for section 8(b)(2) QQ funds and certified that it "understands the assurances and certifications in the application form[.]" Whittier promised that it would: (1) "use the Property only for the purposes of the Proposition and will make no other use, sale, or other disposition of the Property except as authorized by specific act of the Board of Supervisors as the governing body of the District"; and (2) "maintain the Property acquired, developed, rehabilitated, or restored with the funds in perpetuity." Whittier Resolution No. 6416 also certified that Whittier has, or will have, sufficient funds to operate and maintain the Project in perpetuity.
14. On August 24, 1993, Whittier prepared a Notice of Exemption from the California Environmental Quality Act ("CEQA") for its acquisition of land in Whittier Hills, including the Whittier Hills Property, which states that Whittier Hills is "part of the last remaining wilderness areas in eastern Los Angeles County." Whittier's Notice of Exemption stated that the hills contain a variety of native plant life and have been found to be part of wildlife migration corridors bridging Chino Hills, the San Gabriel Mountains, and the Santa Ana Mountains. Along the ridges, canyons, and ravines of the area numerous species of birds, reptiles, and mammals can be found along with seasonal streams and riparian communities. Whittier acknowledged in its Proposition A application that the Whittier Hills Property includes acreage designated as Significant Ecological Areas by the County and that it constitutes "portions of the last remaining chaparral, native oak woodlands and coastal scrub ecosystem within eastern Los Angeles County." The Whittier Hills Property is an integral part of the Puente-Chino Hills Wildlife Corridor, that provides an unbroken zone of natural habitat extending nearly 31 miles from the Cleveland National Forest in Orange County to the west end of the Puente Hills above Whittier Narrows.
15. Whittier and the District entered into the Project Agreement on November 1993, which enabled Whittier to receive Proposition A funds to acquire the Whittier Hills Property. The Project Agreement provides that:
 - (a) Any and all existing or proposed operating agreements, leases, concession agreements, management contracts, or similar arrangements with non-governmental entities, and any existing or proposed amendments or modifications thereto, as they relate to the Project or the Project site, must be submitted to the District for prior review and approval.
 - (b) Whittier agrees that it would not, without the prior written consent of the District, permit the use of any portion of the Project by any private person or entity, other than on such terms as may apply to the public generally or enter into any contract with a private entity for the management or operation of the Project or any portion thereof.

- (c) Whittier agrees to use the property acquired or developed with grant monies under this Agreement only for the purpose for which it requested District grant monies and will not permit any other use of the area, except as allowed by specific act of the Board as governing body of the District and under the terms and conditions of the Proposition.
 - (d) Properties acquired with grant monies under the Agreement shall be used only for the purpose for which it requested grant monies and Whittier will not permit any other use of the area, except as allowed by specific act of the Board as the governing body of the District.
16. The Proposition A Procedural Guide which Whittier explicitly agreed to comply with in the Project Agreement, expressly requires "prior District approval" for: (1) any proposed lease agreement with a non-government entity; and (2) any non-governmental use, operations, management, or other activity on the site.
 17. If a change of use or disposition were to be approved by the Board, section 16 of Proposition A provides that the recipient of the grant must agree to use the proceeds of such change of use or disposition only for the purposes permitted by the grant and to make no other use, sale, or disposition of the property, unless the "(1) amount of the grant, (2) the fair market value of the real property, or (3) the proceeds from the portion of such property acquired, developed, improved, rehabilitated, or restored with the grant, whichever is greater, shall be used by the recipient, subject to subdivision a of this Section, for a purpose authorized in that category or shall be reimbursed to the Parks Fund and be available for appropriation only for a use authorized in that category."
 18. The Project Agreement contains similar language and provides that if property acquired or developed with grant monies provided under this Agreement is otherwise disposed of, the Applicant (Whittier) shall reimburse the District in an amount equal to the greater of: 1) the amount of grant monies provided under this Agreement; 2) the fair market value of the real property; or 3) the proceeds from the portion of the property acquired, developed, improved, rehabilitated, or restored with grant monies. If the property sold or otherwise disposed of is less than the entire interest in the property originally acquired, developed, improved, rehabilitated, or restored with the grant monies, then Applicant shall reimburse the District an amount equal to the greater of: 1) an amount equal to the proceeds; or 2) the fair market value."
 19. After entering into the Project Agreement, Whittier took steps to acquire the Whittier Hills Property. The Whittier Hills Property consists of the following Assessor Parcel Numbers: 8137-028-900, 8137-021-908, 8137-021-909, 8138-032-901, 8138-033-913, 8138-033-914, 8138-033-915, 8289-007-907, 8289-007-908, 8289-007-909, 8289-020-900, 8289-021-903, 8289-021-904, 8291-003-901, 8291-004-900, and 8291-005-900. The majority of the land in the Whittier Hills Property was acquired pursuant to the following two deeds: 1) Grant Deed from the Mountains Recreation and Conservation Authority ("MRCA") to Whittier dated

December 20, 1995, recorded on December 26, 1995, as Instrument Number 95-2043171; and 2) Grant Deed from the Trust for Public Land ("TPL") to Whittier dated September 20, 1995, and recorded on October 16, 1996, as Instrument Number 95-1666829. The Whittier Hills Property consists primarily of two tracts of land that were acquired using Proposition A funds: land previously owned by Chevron ("Chevron Tract") and land previously owned by Unocal ("Unocal Tract").

20. The Chevron Tract was acquired with the use of Proposition A funds from both section 8(b)(2) QQ and section 8(c)(6) of Proposition A. SMMC granted a portion of its \$7 million Proposition A section 8(c)(6) funds to MRCA to help facilitate Whittier's acquisition of the Chevron Tract. MRCA purchased the Chevron Tract from TPL on December 12, 1995 using Proposition A funds it had been allocated and concurrently sold it to Whittier for half of that value with Whittier also using Proposition A funds for this purchase. On December 20, 1995, MRCA sold the Chevron Tract to Whittier pursuant to a purchase agreement. As part of the transactions, TPL, MRCA, and Whittier all agreed to a Declaration and Easement of Restricted Use for conservation and habitat preservation ("Chevron Deed Restriction"). The Chevron Deed Restriction named TPL, MRCA, and Whittier as "Grantees" and provided that:

- (a) "It is the purpose of this Declaration . . . to place an easement over a portion of the Sale Property, defined herein below as the Conservation Easement Area, which land will be retained forever in a natural, undeveloped open space condition (subject to those uses permitted in this Declaration) and for wildlife habitat and habitat restoration purposes and to prevent any use of this Conservation Easement Area that will impair and interfere with the conservation values of the Sale Property."
- (b) "Any activity on or the use of the Conservation Easement Area inconsistent with the habitat conservation purposes of . . . of this Declaration is prohibited."
- (c) "The covenants, terms, conditions, and restrictions of this Declaration shall be binding upon and inure to the benefit of the parties hereto and their respective personal . . . successors and assigns and shall continue as a servitude running in perpetuity with Restricted Property[.]"

21. The Unocal Tract was sold by Unocal to TPL, and then purchased by Whittier from TPL on July 26, 1996, using Proposition A funds. The original sale of the Unocal Tract to TPL had been conditioned upon Whittier's representation and covenant that the subject Property would be used for a minimum of 25 years exclusively for open space and recreational purposes. A May 7, 1996, letter from Whittier's city manager discussing the restrictive covenant for the Unocal Tract states that it is "severe" and requires "an open space use in perpetuity" because "the Council didn't feel a 25-year restriction was enough." On June 10, 1996, Whittier recorded a Declaration of Restricted Use ("Unocal Deed Restriction"),

which restricts use of the tract "in perpetuity exclusively for public open space and recreational purposes so as to benefit this generation and future generations to come . . . in accordance with the requirements and limitations set forth in County of Los Angeles Proposition A." The Unocal Deed Restriction also prohibited uses other than those listed in it; oil drilling activities are not listed. In connection with the Unocal Deed Restriction, Whittier's city manager assured Unocal and TPL in a May 12, 1995, letter that "the City's intent is to use this Property only as a future park and open space. We are further restricted by the requirements of the funding source – County of Los Angeles Proposition A which also carries such restriction."

22. On April 23, 1996, Whittier's city manager sent a letter to the District reiterating Whittier's obligation to not permit any other use of the Whittier Hills Property, except as allowed by specific act of the Board as the governing body of the District.
23. On August 14, 1997, Whittier entered into a Property Acquisition and Maintenance Agreement with the Puente Hills Landfill Native Habitat Preservation Authority ("Habitat Authority") whereby the Habitat Authority was given power to "maintain, preserve, and protect" in perpetuity the Whittier Hills Property for "public open space and recreational uses on behalf of this generation and the generations to come."
24. On July 26, 2007, the Habitat Authority approved a Resource Management Plan ("RMP") to guide it in maintaining in perpetuity the public open space and recreational use of the Puente Hills, including the Whittier Hills Property. The RMP designated the Chevron Tract as part of its Core Habitat Zone of areas that were not opened to the public for the sole purpose of providing "undisturbed breeding habitat for wildlife and native vegetation which is recovering in the absence of human disturbance." In addition, the RMP set forth a range of goals designed to maintain visual resources and aesthetics of the open space, to avoid degradation of use, and to avoid noise pollution.
25. The Habitat Authority's biologist consultant opined that the proposed Project contradicts the vision and mission of the Core Habitat Zone, the RMP, and the "biological, usage, and aesthetic goals" of the land managed by the Habitat Authority. The executive director of the Habitat Authority wrote in a memorandum to the Habitat Authority's board members that "in my opinion, the [oil drilling] project doesn't fit within the frameworks of the [Habitat] Authority's mission or the intent and spirit of the RMP."
26. On October 28, 2008, Whittier entered into an oil, gas, and mineral lease ("Lease") with the Matrix Oil Corporation and Clayton Williams Energy, Inc. (collectively "Matrix"), allowing extensive oil and gas drilling on the entire 1,280-acre Whittier Hills Property, which is defined in the Lease as the "Leased Land." The District did not consent to, and has not consented to, Whittier entering into the Lease. The Lease provides that Matrix shall make no surface entry onto the

Property unless a release of protected area status for the Project on the Property is obtained from the District.

27. On April 12, 2011, Whittier amended the Lease to increase the primary term of the Lease from three years to six years and to adjust the amounts of the rental payments. The District did not consent to, and has not consented to, Whittier's first amendment of the Lease.
28. Whittier prepared an Environmental Impact Report ("EIR") pursuant to CEQA (Public Resources Code section 21000, et seq.) prior to issuing a Conditional Use Permit ("CUP") to Matrix for the Project.
29. The executive summary and the Project description of the EIR state that the first objective of the Project is to generate a substantial, long-term income stream for Whittier.
30. The EIR states that due to Whittier's use of Proposition A funds for acquisition of the Whittier Hills Property, the "conditions of this funding require the city to obtain consent of the [District] for certain proposed uses or development of the land for anything other than public open space or recreational use."
31. The District submitted comment letters to Whittier regarding the EIR on December 6, 2010, May 26, 2011, July 21, 2011, and November 8, 2011. The District's comment letters raised Proposition A and land use incompatibility and various environmental issues including: biological resources, hazards and hazardous materials, air quality, land use, and recreation.
32. In response to the District's comments, Whittier replied that the comments regarding Proposition A raised "a legal issue" that was "separate and apart from the environmental issues analyzed" in the EIR and that Whittier would "comply with all legal requirements under Proposition A." Whittier further replied that the "Project would not be able to go forward unless and until the land were permitted to be used for oil extraction consistent with the requirements of Proposition A. . . [that] will be addressed prior to any implementation of the Proposed Project."
33. The CUP approved by Whittier allows Matrix to conduct oil and gas well drilling, extraction, process, and transport of processed oil and gas via truck and pipeline on the Whittier Hills Property. The operations would be primarily situated on an approximately seven-acre portion of the Chevron Tract within the Core Habitat Zone, but the Project would also require the use of several acres of access roads and several acres of permanent fuel modification zone.
34. The Project involves three distinct phases. Phase One is a drilling and testing phase in which land would be graded, concrete well cellars would be constructed, and three test wells would be drilled to assess the quality and quantity of oil and natural gas produced. Phase Two, a construction phase,

would involve construction of wells, installation of gas and oil processing equipment, and crude oil transportation facilities. It is expected to continue for two years, ending with the completion of improvements to the North Access Road. Phase Three allows for drilling the remaining wells (up to 60 wells) and for Project operations and maintenance.

35. The EIR found the Project would result in significant and unavoidable impacts to air quality, aesthetics, hydrology and water resources, land use, and recreation.
36. On May 8, 2012, Whittier amended the Lease to eliminate the requirement to obtain the District's approval. The Whittier City Council minutes from its May 8, 2012 meeting reflect that the purpose of Whittier's action was to amend the Lease "to remove any preconditions" that the District had to approve the disposition of property before Matrix could begin work on the Project. The District did not consent to, and has not consented to, Whittier's second amendment of the Lease.
37. At the October 29, 2013 public hearing on this matter, the Board heard testimony from the public and other interested parties. The Board considered the testimony at the public hearing, the District staff report and presentation, and considered all of the written materials submitted to the Board prior to and at the public hearing.
38. In exercising its discretion to approve or deny the Lease and the Project, the Board considered whether the Lease and Project are consistent with the intent and purpose of Proposition A, and whether Whittier has complied with and will comply with, the requirements of Proposition A, the Project Agreement, and the Procedural Guide, and the environmental impacts if the District were to approve the Lease and Project. In determining whether the Lease and the Project are consistent with Proposition A, the Board is guided by, among other things, the language of Proposition A, the intent of the County voters, and Public Resources Code section 5539.9, which provided the authority for the County to create and establish the District.
39. The Board finds that the rights and powers granted to Matrix under the Lease for testing, drilling, construction, and support activities for the 1,280 acres of the Whittier Hills Property are very broad. The Lease grants Matrix the exclusive right of exploring, drilling, and operating on the Property for oil, gas, other hydrocarbons, and other commercially valuable substances which may be produced through wells on the Whittier Hills Property. Matrix may conduct "continuous operations of drilling" as long as "no more than 180 days lapse in which there are no drilling operations being conducted" (Paragraph 4.2) and may drill as many additional wells as it may elect." The Lease contains no definitive term, but instead allows Whittier the option "to purchase all of Lessee's right, title and interest in this Lease and all wells thereon and operating equipment and pipeline associated therewith at the fair market value thereof." According to this provision, and under the Whittier Charter section 418, the term of this Lease may extend beyond 25 years.

40. The Board finds that the Lease grants Matrix the right to exploit the entirety of the Whittier Hills Property until "fully drilled" subject only to: (1) an approved CUP application by Whittier for additional drill sites; and (2) Whittier's approval of additional well sites in its sole discretion.
41. The Board finds that because the Lease allows Whittier to grant future CUPs to Matrix for additional oil and gas wells, the District's approval of the Lease and the change of use could result in additional well sites and associated activities beyond those reviewed by the EIR and authorized by the existing CUP.
42. The Board finds that there are three public trails, including the Schabarum-Skyline Trail, which is part of the County's trail system, that are located within the Whittier Hills Property and that could be adversely impacted by the Lease and Project if the Board were to approve them.
43. The Lease and the Project have been challenged in five separate lawsuits. The first was filed on October 27, 2010, by the Open Space Legal Defense Fund ("OSLDF") against Whittier and the District alleging the Project violated Proposition A, the Public Trust Doctrine, and on other grounds. *Open Space Legal Defense Fund v. City of Whittier, et al.*, Case No. BS128995. On December 23, 2011, OSLDF filed a second lawsuit against Whittier (naming the County and District as real parties) challenging the Project's CUP and the EIR. *Open Space Legal Defense Fund v. City of Whittier, et al.*, Case No. BS135187. The two OSLDF lawsuits were litigated through October 30, 2012, when they were settled pursuant to a settlement agreement.
44. On February 24, 2012, MRCA filed a lawsuit challenging the CUP and the Lease and alleging violations of Proposition A, the Public Trust Doctrine, and the Chevron Deed Restriction. *Mountains Recreation and Conservation Authority v. City of Whittier, et al.*, Case No. BS136211 ("MRCA Lawsuit").
45. On August 6, 2012, SMMC filed a lawsuit against Whittier challenging the Project. *Santa Monica Mountains Conservancy v. City of Whittier, et al.*, Case No. BS138796.
46. On August 24, 2012, without approval from, or consultation with, the District, Whittier executed a Royalty Funding Agreement with the Habitat Authority agreeing to pay four percent of royalties it receives from the Lease up to an annual maximum of \$2 million to be utilized by the Habitat Authority for ongoing operations and activities.
47. The Board finds that the Royalty Funding Agreement does not require that the royalties received by the Habit Authority be used in compliance with Proposition A and the Project Agreement.

48. On October 25, 2012, the District, the County, and the Board filed a cross-complaint in the MRCA Lawsuit alleging that Whittier had violated Proposition A and the Public Trust Doctrine, and breached the Project Agreement in taking various actions in support of the Project.
49. On December 14, 2012, a fifth lawsuit entitled *Prop "A" Protective Association v. City of Whittier, et al.*, Case No. BS140884, was filed challenging the Project. This case is pending.
50. The MRCA Lawsuit, including the District and County's claims in the cross-complaint, and SMMC's claims were tried before Judge James C. Chalfant on June 6, 2013. Following the June 6, 2013, trial on the claims brought by the District, MRCA, and SMMC, Judge Chalfant issued an order that contains the following rulings.
 - (a) The court held that Whittier breached the Project Agreement by failing to obtain the District's approval before entering into and amending the Lease with Matrix in connection with the Project. Based on this breach of contract, the court held that the District is entitled to: (1) an order requiring Whittier to request the District's approval for the Project; and (2) an injunction prohibiting the Project from moving forward until the District approves the Project or until the Project Agreement expires on June 30, 2015, whichever occurs first. In exercising its discretion, the court found that the District will act as a responsible agency under CEQA and that the District must decide whether the Project is consistent with Proposition A.
 - (b) The court held that Proposition A must be interpreted as permitting a change of use or disposition of property acquired with Proposition A funding only where the District consents.
 - (c) The court held that Proposition A requires: (1) Whittier to obtain the District's approval for the Project before proceeding with the Project; and (2) in the event that approval is obtained, that any proceeds generated from the Project must be used for Proposition A purposes and not for Whittier's general fund purposes.
 - (d) The court held that the Chevron Deed Restriction over a portion of the Chevron Tract where the Project is to be located requires preservation of said land as open space in perpetuity. In this regard, the court found that the Project violates the Chevron Deed Restriction and that MRCA is entitled to a permanent injunction precluding any Project activities on the 600 acres where the Chevron Deed Restriction applies. A portion of the Project drilling site and an access road are located within the Chevron Deed Restriction area.

- (e) The court held that because the County, District, and SMMC did not challenge the CUP for the Project within 90 days of approval of, they were barred from raising mandamus challenges to the Project based on the Public Trust Doctrine and Proposition A.
51. On June 13, 2013, Judge Chalfant entered a preliminary injunction prohibiting any physical work in furtherance of the Project on the ground until June 30, 2015, unless the District exercises its discretion to approve the Project prior to that date.
52. On August 15, 2013, MRCA agreed to a settlement agreement with Whittier and Matrix ("MRCA Settlement Agreement") that requires Whittier to pay MRCA a portion of royalties from the Project up to a maximum of \$11.25 million per year. The MRCA Settlement Agreement also required MRCA to dismiss its lawsuit, which it did on August 20, 2013. There is no requirement in the MRCA Settlement Agreement requiring MRCA's use of the royalty payments from the Project to comply with the requirements of Proposition A or the Project Agreement. Pursuant to the terms of the MRCA Settlement Agreement, MRCA could use the royalties to purchase or maintain land in Ventura County.
53. On August 15, 2013, SMMC agreed to a settlement with Whittier and Matrix pursuant to which SMMC agreed not to appeal the court's ruling that its claims were barred by the statute of limitations and agreed to have judgment entered against it.
54. MRCA's Executive Director, Joseph Edmiston, is quoted in the *Whittier Daily News* as stating that "MRCA intends to use some of the royalties to keep toilets cleaned at other parks MRCA manages."
55. On October 2, 2013, judgment was entered in favor of the District in the MRCA Lawsuit for the reasons set forth in the court's June 6, 2013 decision.
56. The District retained Sapphos Environmental, Inc. ("Sapphos"), as an independent expert to prepare an analysis of the Lease and the Project for consistency with the intent and requirements of Proposition A and the Project Agreement and the impacts of the District's potential approval ("Sapphos Analysis"). The Board has reviewed and considered the Sapphos Analysis and incorporates it herein by reference.
57. As a Responsible Agency, the Board has considered the EIR prepared by Whittier for the Project, and the Board finds that the Project will result in the following significant, unavoidable impacts, as set forth in the EIR:
- (a) Air Quality: Construction activities would generate emissions that exceed South Coast Air Quality Management District significance thresholds and even with mitigations, would remain significant and unavoidable. The Project will emit greenhouse gases well beyond allowed threshold levels together with excessive odor and toxic emissions. Greenhouse gas

emissions are significant and unmitigable. The air quality at the Whittier Hills Property will be further diminished due to drilling and vehicle activities producing dust. Finally, a loss of plant life will contribute to a decrease of oxygen production, contributing to a reduction of air quality.

- (b) **Hydrology and Water Quality:** The EIR acknowledges that a rupture or leak of crude oil from the Project could substantially degrade surface water and groundwater quality and that even after mitigation, this impact remains significant and unavoidable. The Whittier fault lies beneath a portion of the Chevron Tract, with an active segment of the fault being approximately 1,500 feet north of the project site and 1,500 feet north east of the proposed pipeline alignment. Whittier acknowledges that in the event of an earthquake along this active fault, a very significant risk of pipeline rupture and spills exist, which could result in the contamination of groundwater. Whittier acknowledges that there is no potential mitigation factor to address this impact. Significantly, in the event of an earthquake, oil spillage on the surface will result in groundwater contamination.
- (c) **Aesthetics and Visual Resources:** The EIR found that the Project will cause significant and unavoidable impacts to area aesthetics and that installation of the oil drilling rig will impact public viewsheds and even after mitigation those impacts remain significant and unavoidable.
- (d) **Land Use and Policy Consistency:** The Project will cause a significant and unavoidable impact to land use and policy consistency, including views of Project-related equipment. The construction, oil drilling, and processing and transportation activities associated with the Project will take place in open space area near recreational trails. The drilling rigs will extend 130 feet in the air, exposing the rigs above ridge lines and the public view from multiple recreational trails. Further, a permanent concrete wall will be erected around the entire Oil Drilling Project – along with soundproofing and shielding – destroying the open space views. The Project will "strongly contrast with the surrounding environment."
- (e) **Recreation:** The Project will "strongly contrast with the surrounding environment" and will cause a significant and unavoidable impact to recreation based on views of Project-related equipment. Further, the Project will result in the closure of the Arroyo San Miguel Trail for up to eight years and will adversely impact public viewsheds, including public trails.

58. The Board finds that the August 2012 hydrology study prepared for Matrix (prepared after the EIR was certified by Whittier) indicates that drilling and operation of test wells could result in oil spills and such spills could substantially degrade groundwater, surface water, and the Whittier Hills Property, and that a large oil spill could spread contamination to residential communities, and storm drain facilities and could have a significant long-term, widespread impact.

59. The Board finds that Paul Edelman, Deputy Director of Natural Resources and Planning for SMMC and the Chief of Natural Resources and Planning for the MRCA, who has a Masters of Science in Biology, and has spent 25 years as a planner and ecologist for government agencies, signed a written declaration under penalty of perjury that the Project "will cause irreparable ecological impacts to both the immediate subject area, and more importantly to the greater core habitat area" and "will also result in widespread indirect ecological impacts that effectively will reduce habitat value with various adverse effects rippling in all directions."
60. The Board finds that in April 2013, the National Park Service transmitted the Final San Gabriel Watershed and Mountains Special Resource Study to Congress ("NPS Study"). The NPS Study documents the unique and significant biological resources that are present in Puente Hills and recommends the entirety of the Project area for inclusion as part of the proposed San Gabriel Watershed and Mountains unit of the Santa Monica Mountains National Recreation Area. The National Park Service has determined that the remaining undeveloped areas of the Puente-Chino Hills, inclusive of the Whittier Hills Property where this Project is located, are of national significance because they contain outstanding examples of Southern California native ecological communities, particularly coastal sage scrub, which is designated as critical habitat for the coastal California gnatcatcher.
61. The Board finds that the Whittier Hills Property is an integral part of the Puente-Chino Hills Wildlife Corridor that provides an unbroken zone of natural habitat extending nearly 31 miles from the Cleveland National Forest in Orange County to the west end of the Puente Hills above Whittier Narrows. The remaining undeveloped areas of this Wildlife Corridor, which includes the Whittier Hills Property, is of regional and global significance. The Whittier Hills Property includes critical habitat for the federally listed endangered coastal California gnatcatcher that would be impacted by the Lease and the Project.
62. The Board finds that approval of the Lease and the Project would allow Matrix to conduct oil and gas drilling and related activities that would substantially interfere with the use of the Whittier Hills Property as open space and wildlife habitat and will result in significant direct and indirect adverse impacts to over 250 acres of the Whittier Hills Property.
63. The Board finds that approval of the Lease and Project would be contrary to the public interest and the best interests of the District and County in that it would lead to the loss of open space lands in the Whittier Hills Property.
64. The Board finds that the issues raised in this matter will have a precedential impact that could affect other properties in the County that were acquired using Proposition A funding. As set forth in the Sapphos Analysis, numerous properties acquired with Proposition A funds are located on, near, or adjacent to oil reserves that municipal and agency owners could seek to exploit if this Project

is approved. SMMC's Executive Director, Joseph Edmiston, is quoted in the *Whittier Daily News* as stating that "everyone is watching what will happen with the Whittier Hills Property and the Project because it is unprecedented." Mr. Edmiston acknowledged in the story that SMMC owns lands that sit on top of oil deposits, including land in the Pacific Palisades, and that people are concerned about the precedent approval of this Project could have on other nature preserves and parks.

65. The Board finds that approval of the Lease and Project would set a precedent that would likely result in future requests to change the use or dispose of properties acquired with Proposition A funds for oil and gas exploration.
66. The Board finds that the proposed change of use and disposition of property that would result from approval of the Lease and the Project would not further the intent of Proposition A "to benefit property and improve the quality of life in the District by preserving and protecting the beach, wildlife, park, recreation, and natural lands of the District."
67. The Board finds that the proposed change of use and disposition of property that would result from approval of the Lease and the Project would contravene, rather than provide or promote, the following benefits specifically set forth in Proposition A:
 - (a) "The increase in, restoration of" open space and recreation lands " will help maintain sound economic conditions and a high standard of livability in the District by increasing property values, economic activity, employment opportunities and tourism throughout the District."
 - (b) Clean and safe parks will increase public safety, help to reduce crime, increase the attractiveness of the District as a place to live, and enhance the overall quality of life in the District.
 - (c) The "acquisition, improvement, restoration and maintenance of the public parks, open space, beaches, trails and other public recreational facilities within [the District] confer a direct and specific benefit to all parcels within the District, including without limitation increased attractiveness, improved environmental quality, enhanced recreational opportunities and increased economic activity, each of which will result in maintained or enhanced property values within the District."
 - (d) The "protection of" "wildlife, park, recreation, and natural lands are vital to the quality of life in the District, providing important recreational opportunities to all residents of the District" and "helping to protect air and water quality."
 - (e) Restoring and improving parks throughout the District improves the overall quality of life of communities and provides pleasant places that all District residents can enjoy for relief from traffic and urban congestion.

- (f) The District's mountains, foothills, and canyons are a vital part of the region's natural heritage and are home to hundreds of species of native Californian animals and plants.

68. That approval and implementation of the Lease and Project would contravene, rather than provide or promote, the following benefits set forth in the Engineers' Report used to justify the benefit assessment created pursuant to Proposition A:

Benefit (4) increased attractiveness of the District for development or redevelopment as a result of preservation of mountains, foothills, and canyons, and increased public access to these lands . . . ;

Benefit (5) improved environmental quality by protecting, restoring, and improving the District's irreplaceable beaches, wildlife, park, mountains and open space lands, and improved public access to those lands . . . ;
and

Benefit (8) improved recreational opportunities and expanded access to recreational facilities for all properties within the District, through improvements such as beaches, parks, trails, and other public recreational facilities.

69. That approval and implementation of the Lease and Project would contravene, rather than provide or promote, the following benefits set forth in Public Resources Code section 5539.9(j):

- (1) Enhanced recreational opportunities and expanded access to recreational facilities for all residents throughout the district.
- (2) Improved quality of life for all communities in the district by protecting, restoring, and improving the District's irreplaceable beach, wildlife, park, and open space land.
- (3) Preservation of mountains, foothills, and canyons, and development of public access to these lands throughout the District.
- (4) Protection of historical and cultural assets of the region.
- (5) Increased economic activity and expanded employment opportunities within the regional district.
- (6) Increased property values, resulting from the effects specified in this subdivision.
- (7) Provision of benefits to all properties within the county, including positive impacts on air and water quality, capacity of roads, transportation and other public infrastructure systems, schools, and public utilities.

70. That approval and implementation of the Lease and Project would contravene, rather than provide or promote, the following benefits set forth in Public Resources Code section 5539.9(k):
- (1) The expansion, restoration, and improvement of park, recreation, beach, and open-space lands throughout Los Angeles County benefits all residents in the county.
 - (2) Protection, restoration, and improvement of these lands are vital to the quality of life for all residents in Los Angeles County.
 - (3) Increased park and recreation opportunities in the densely populated and heavily urbanized areas of Los Angeles County are vital to the health and well-being of all residents in the county, and providing these opportunities is a high priority.
 - (4) The protection and enhancement of the recreational opportunities provided by Los Angeles County's beaches, shoreline, and mountains provides benefits to each resident of the county.
 - (5) The population of Los Angeles County continues to grow at an increasing rate, and already is far behind other urban areas in the state in providing adequate park, recreation, and open-space facilities for its residents. Creation of a regional park and open-space district with boundaries coterminous with those of Los Angeles County is critical to help address the growing and unmet park and recreation needs in Los Angeles County. It is therefore vital that Los Angeles County act immediately to address these issues.
71. The Board's discretion is also informed by the Legislature's recognition that "open-space land is a limited and valuable resource which must be conserved wherever possible," (Government Code section 65562(a)) and that, "[w]ildlife, coastal, and park land conservation is in the public interest and is necessary to keep these lands in open-space, natural, and recreational uses, to provide clean air and water, to protect significant environmental and scenic values of wildlife and plant habitat . . . and other open-space lands, and to provide opportunities for the people of California to enjoy, appreciate, and visit natural environments and recreational areas." (Public Resources Code section 5905). The Board finds that the Lease and Project do not further these legislative policies and declarations.
72. The Board finds that Proposition A requires – only if the Board has first approved a disposition or change in use – that Whittier must use the greater of the grant amount, the fair market value of the property interests disposed, or the proceeds from the involved transaction, whichever is greater, for Proposition A purposes.
73. The Board finds that the term "proceeds" in Proposition A and the Project Agreement includes all lease payments, management fees, and royalties

generated by the Lease and Project. Whittier's receipt of these Lease proceeds derives exclusively from its purchase of the Whittier Hills Property (including the mineral rights) using Proposition A funds.

74. The Board finds that the Lease provides for rental payments of \$140 per acre for the 1,280 acres leased to Whittier for the first year. Once oil and gas are produced at the site, the Lease requires Matrix to pay Whittier on a monthly basis - commencing 120 days after the first sale of oil or gas from the Leased lands - a defined royalty share of the market price of oil, gas and other valuable mineral substances recovered from the Leased land. This royalty share is defined as: (1) 30 percent of the first \$1.5 million in market price of leased substances not sold or the gross proceeds of sale of such substances; and (2) 1.25 percent of each incremental \$250,000 in market price or gross proceeds of sale in any calendar month. The EIR estimated that royalty payments to Whittier pursuant to the Lease would be between \$7.5 million and \$115.4 million per year.
75. The Board finds that the Lease guarantees that Whittier will receive a minimum royalty equal to \$50 per acre of the 1,280 acre to Leased Land per year (i.e., \$64,000), irrespective of any operation or suspension of operation of any wells on the land.
76. The Board finds that at a Whittier City Council meeting discussing the Project, a Whittier City Councilmember stated that money from the Project, estimated by him to be "over a billion dollars" or even "much, much higher" if the full field production is as high as Matrix anticipates, would "flow to the City Council and at that point it becomes like any other revenue source for the City."
77. The Board finds that Whittier has consistently maintained that its only obligation under Proposition A and the Project Agreement is to provide the District with a payment equal to the surface value of the 22.1 acres it concedes will be impacted by the Project. On May 9, 2012, Whittier sent the District a check in the amount of \$325,000 for what Whittier stated was its obligations under Proposition A section 16(b). Whittier stated in the letter that the \$325,000 payment was the surface value of 22.1 acres of land that Whittier contended would be impacted by the Project. On June 6, 2013, the District returned the check to Whittier.
78. The Board finds that Whittier's proposed payment of \$325,000 does not comply with the requirements of Proposition A or the Project Agreement.
79. The Board finds that Whittier has already contractually committed up to \$268,000 in Lease payments it has received from Matrix for general fund purposes.
80. The Board finds that Whittier has spent Lease payments received from Matrix for general fund purposes, including paying tens of thousands of dollars from Lease payments to lawyers from the firm of Rutan and Tucker to develop a trust fund to

set aside proceeds from the Lease and Project to be used for Whittier general fund purposes.

81. The Board finds that Whittier has repeatedly stated its intention to continue using proceeds from the Project for general fund purposes. Whittier City Council members have referred to potential royalties from the Project as being "like any other revenue source" for Whittier that is "to be used for the people of Whittier" and could be spent on schools and infrastructure.
82. The Board finds that on November 13, 2012, Whittier established a subcommittee to make recommendations for the management of all revenues from the Lease in order to provide an Endowment Trust Fund to meet the needs of Whittier and to provide a "safety net" to Whittier.
83. The Board finds that on March 25, 2013, Whittier's mayor wrote a letter to the Opinions Editor of the *San Gabriel Valley News Group* regarding *Whittier Daily News* editorial regarding the Project and stated that one of Whittier's goals in pursuing the Project is to provide "needed public services to residents."
84. The Board finds that Whittier issued a Joint Press Release dated August 15, 2013, which was attached as an exhibit to the MRCA Settlement Agreement, which reads, "Whittier's stated goal was and is to . . . generat[e] a stable income stream which would support City services without tax increases into the future as well as provide funding for infrastructure replacement."
85. The Board finds that Whittier's intention to use proceeds from the Lease and Project for general fund purposes, including to support city services and infrastructure replacement, does not comply with Proposition A or the Project Agreement.
86. The Board finds that the District sent a letter to Whittier on August 5, 2013, requesting an accounting of how Whittier has spent lease payments it has received from Whittier as required in the Project Agreement. On August 20, 2013, Whittier responded to the District's letter by refusing to provide any of the requested information in violation of the Project Agreement.
87. The Board finds that Whittier has, without approval from the District, committed a portion of the royalties from the Project to MRCA without prior District approval, in violation of Proposition A and in breach of the terms of the Project Agreement. The MRCA Settlement Agreement does not require MRCA to use funds generated by the Project it may receive from Whittier in compliance with Proposition A or the Project Agreement.
88. The Board finds that on August 29, 2013, the District sent Whittier a letter informing Whittier that the District was reviewing the Project and would be considering the proposed Project. The District's letter requested that Whittier submit any additional materials it wished the District to consider as part of its review of the Project. The District also requested that Whittier provide any

additional information regarding whether the Project is consistent with Proposition A and the Project Agreement, including section 16 of Proposition A, how Whittier has spent past rental income from the Project, and how Whittier proposes that any proceeds (including royalties and any other payments) from the Project be spent. The letter requested a response by September 11, 2013.

89. The Board finds that on September 11, 2013, Whittier sent a two-page letter to the District in response to the August 29, 2013, letter in which Whittier refused to provide any additional documents. Whittier's letter also failed to provide the District with any information regarding how Whittier has spent rental income from the Project or how Whittier proposes that any future proceeds (including royalties and any other payments) from the Project be spent.
90. The Board finds that public notice for the public hearing was sent to Whittier and Matrix, all property owners within 500 feet of the 1,280-acre Whittier Hills Property, all Proposition A grantees, including cities, agencies, and non-profit organizations, and other interested parties. Notice of the public hearing was published in the *Los Angeles Times*, *Whittier Daily News*, and *La Opinion*. The public notice was also posted on the District's website.
91. Whittier and Matrix were given notice of this public hearing. Prior to the public hearing, the Board received written comments from several members of the public.
92. The location of the documents and other materials constituting the record of proceedings upon which the Board's decision is based in this matter is the Regional Park and Open Space District, 510 South Vermont Avenue, Los Angeles, California 90020. The custodian of such documents and materials shall be the Administrator of the Regional Park and Open Space District, County Department of Parks and Recreation.
93. The Board incorporates herein the statements and presentation of District staff and District consultants made at the public hearing.

BASED ON THE FOREGOING, THE BOARD OF SUPERVISORS, ACTING AS THE GOVERNING BOARD OF THE DISTRICT, CONCLUDES THAT:

1. The change of use and disposition that would result from the Lease and Project are not consistent with the purpose and intent of Proposition A and the terms of the Project Agreement and Procedural Guide, and should therefore be denied.
2. The change of use and disposition that would result from the Lease and Project are inconsistent with the intent of Proposition A "to benefit property and improve the quality of life in the District by preserving and protecting the beach, wildlife, park, recreation, and natural lands of the District."
3. The approval of the Lease and Project would be contrary to the intent of the voters who approved Proposition A based on the ballot statement that

Proposition A will "preserve disappearing natural lands," "protect wildlife, and natural lands," and that if "we don't act today, it will be too late to save our disappearing natural lands, mountains, and canyons for our children and grandchildren to enjoy tomorrow."

4. District approval of the Lease and Project would jeopardize future land conservation efforts in the County as voters would be reluctant to approve future bonds or propositions for parks and open space if oil drilling were allowed on lands purchased with public funds for the purpose of being permanently set aside as open space.
5. Approval of the Lease and Project will result in significant unavoidable impacts to the Whittier Hills Property and the environment, including air quality, aesthetics, hydrology and water quality, land use, and recreation.
6. The Lease and Project will substantially interfere with the use of the Whittier Hills Property as open space and wildlife habitat and will result in significant direct and indirect adverse impacts to the Whittier Hills Property.
7. Whittier has breached the Project Agreement by entering into the Lease without the Board's or District's approval.
8. Whittier has breached the Project Agreement by twice amending the Lease without the Board's or District's approval.
9. Whittier has used rental payments from the Lease for general fund purposes in violation of Proposition A and in breach of the Project Agreement.
10. Whittier's use of proceeds from the Lease for general fund purposes directly contravenes the purpose and intent of Proposition A that the proceeds from any change of use or disposition of property acquired with Proposition A funds must be used only for a purpose authorized in Proposition A.
11. Whittier has breached the Project Agreement by refusing to provide financial information regarding its use of proceeds from the Lease as requested in writing by the District.
12. Whittier has breached the Project Agreement and Proposition A by entering into a Royalty Sharing Agreement with the Habitat Authority, without District approval, to share royalties from the Project and Lease with the Habitat Authority and without a requirement that the royalties be used in strict compliance with Proposition A and the Project Agreement.
13. Whittier has breached the Project Agreement and Proposition A by entering into the MRCA Settlement Agreement to share royalties from the Project and Lease with MRCA without the District's approval and without a requirement that MRCA use the royalties in strict compliance with Proposition A and the Project Agreement.

14. Whittier has repeatedly and consistently refused to agree to use all proceeds from the Lease and Project in compliance with Proposition A and the Project Agreement.
15. Whittier's failure to comply with the requirements of Proposition A section 16(b) and the Project Agreement and stated intent to use proceeds from the Lease and Project for general fund purposes justifies disapproval of the change of use and disposition proposed in the Lease and Project.
16. Whittier's repeated violation of Proposition A and breaches of the Project Agreement in relation to the Lease and Project demonstrate that Whittier does not intent to comply with the requirements of Proposition A and the Project Agreement and independently justify denial of the Lease and Project.
17. Denial of the Lease and Project is an action necessary and desirable to carry out the purposes of Proposition A.
18. Approval of the Lease and Project would allow activities on the Whittier Hills Property that are contrary to the requirements, intent, and spirit of the Chevron Deed Restriction and Unocal Deed Restriction and would violate the Public Trust doctrine.
19. Approval of the Lease and Project would violate the Public Trust doctrine.

THEREFORE, THE BOARD OF SUPERVISORS, ACTING AS THE GOVERNING BOARD OF THE DISTRICT:

1. Pursuant to Proposition A and the Project Agreement, denies the change of use for the Whittier Hills Property proposed pursuant to the Lease and the Project.
2. Pursuant to Proposition A and the Project Agreement, denies the partial disposition of property acquired by Whittier that would result from the Lease and the Project.
3. Refuses to consent to Whittier leasing any portion of the Whittier Hills Property for the Project or for oil drilling, exploration, and production purposes.
4. Refuses to consent to, rejects, and disapproves the Lease and the Project.
5. Determines that the Lease and Project are inconsistent with the intent and purpose of Proposition A.
6. Determines that approval of the Lease and Project by the District would be inconsistent with the benefits, policies, and findings in Proposition A section 6, the Engineer's Report, Public Resources Code sections 5539.9(j) and (k) and 5905, and Government Code section 65562(a).

7. Determines that approval of the Lease and Project would allow activities on the Whittier Hills Property that are contrary to the requirements, intent, and spirit of the Chevron Deed Restriction and Unocal Deed Restriction and would therefore violate the Public Trust doctrine.
8. In the event that oil and gas drilling, exploration, and production occurs at any point on the Whittier Hills Property, as a result of a court decision or otherwise, the Board determines that all proceeds, including rental payments and royalties, that result from any such future oil drilling, exploration, and production from the Whittier Hills Property and the mineral rights associated with it, must be used consistent with Proposition A and the Project Agreement and cannot be used for general fund purposes by Whittier or any other entity.
9. Determines that the MRCA Settlement Agreement violates Proposition A and the Project Agreement as it was not consented to by the District and the Board hereby refuses to consent to it and hereby rejects it, and because it does not require MRCA to spend the royalties from the Lease and Project in strict compliance with Proposition A and the Project Agreement.
10. Determines that the Habitat Authority Royalty Funding Agreement was entered into by Whittier without the consent of the District or the Board and hereby refuses to consent to it and rejects it.

The foregoing was on the _____ day of _____, 2013, adopted by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies, and authorities for which said Board so acts.

SACHI A. HAMAI, Executive Officer-Clerk of the
Board of Supervisors of the County
of Los Angeles

By _____
Deputy

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By 
Deputy