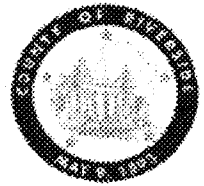


**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



504B

FROM: TLMA - Planning Department

SUBMITTAL DATE:
1/27/2011

SUBJECT: ORDINANCE NO. 810 FEE CREDIT AGREEMENT BETWEEN THE COUNTY OF RIVERSIDE AND STARFIELD SYCAMORE INVESTORS, LLC

RECOMMENDED MOTION:

1. The Board of Supervisors approve and authorize the Chairman of the Board to sign the Ordinance No.810 Fee Credit Agreement between the County of Riverside and Starfield Sycamore Investors, LLC.
2. Direct the Clerk of the Board to send the Notice of Exemption to the County Clerk Recorders Office for posting.

Carolyn Syms Luna

Carolyn Syms Luna
Planning Director

Initials:

Continued on next page

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY *Jennifer L. Sargent*
Jennifer L. Sargent

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Tavaglione, seconded by Supervisor Ashley and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: February 15, 2011
xc: Planning, Recorder

Kecia Harper-Ihem
Clerk of the Board
By *Kecia Harper-Ihem*
Deputy

Prev. Agn. Ref. | **District:** First | **Agenda Number:**

3.31

APPROVED COUNTY COUNSEL
Karin L. Watts-Bazan
 KARIN L. WATTS-BAZAN
 Departmental Concurrence

Dept Recomm.: Consent Policy
 Per Exec. Ofc.: Consent Policy

The Honorable Board of Supervisors

RE: ORDINANCE NO. 810 FEE CREDIT AGREEMENT BETWEEN THE COUNTY OF RIVERSIDE AND STARFIELD SYCAMORE INVESTORS, LLC

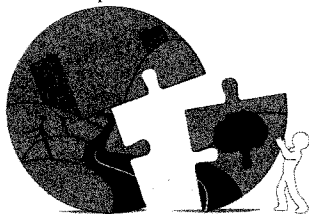
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Page 2 of 2

BACKGROUND:

The Sycamore Creek Specific Plan (Specific Plan No. 256) was approved by the Board of Supervisors on November 8, 1994. An amendment to the Specific Plan (Specific Plan No. 256 Amendment 1) was subsequently approved on June 10, 2003. The project site contains significant biological resources including several listed plant and animal species. A nationwide permit authorization (NWP 26) from the U.S. Army Corps of Engineers, pursuant to the Clean Water Act was required in order to commence construction activities related to the Sycamore Creek Specific Plan.

In connection with the aforementioned nationwide permit authorization, the Developer's predecessor in interest, Sycamore Creek Associated, L.P. ("SCA"), was required to implement and abide by the Biological Opinion issued by the U.S. Fish and Wildlife Service and dated January 31, 2001. The Biological Opinion required SCA to purchase 192 acre credits from the Wilson Creek Conservation Bank in order to mitigate for project impacts to the California gnatcatcher. SCA purchased said credits from the Wilson Creek Conservation Bank for \$909,500.00. The developer desires to obtain credit for the 192 acre Wilson Creek Conservation Bank credits against the fees that would otherwise be required to be paid in connection with its development of the Sycamore Creek Specific Plan pursuant to Riverside County Ordinance No. 810.2.



RIVERSIDE COUNTY PLANNING DEPARTMENT

Original Negative Declaration/Notice of Determination was routed to County Clerks for posting on.

Carolyn Syms Luna
Director

2/24/11
Date

VB
Initial

NOTICE OF EXEMPTION

TO: Office of Planning and Research (OPR) P.O. Box 3044 Sacramento, CA 95812-3044
 County of Riverside County Clerk

FROM: Riverside County Planning Department
 4080 Lemon Street, 12th Floor P. O. Box 1409 Riverside, CA 92502-1409
 38686 El Cerrito Road Palm Desert, CA 92201

Project Title/Case No.: ORDINANCE NO. 810 FEE CREDIT AGREEMENT BETWEEN THE COUNTY OF RIVERSIDE AND STARFIELD SYCAMORE INVESTORS, LLC.

Project Location: In the unincorporated area of Riverside County, more specifically located south of Interstate 15 and west of Indian Truck Trail, in the community of Glen Ivy Hot Springs.

Project Description: The developer desires to obtain credit for the 192 acre Wilson Creek Conservation Bank credits against the fees that would otherwise be required to be paid in connection with its development of the Sycamore Creek Specific Plan (SP00256A1) pursuant to Riverside County Ordinance No. 810.2

Name of Public Agency Approving Project: Riverside County Planning Department

Project Sponsor: Starfield Sycamore Investors, LLC

Exempt Status: (Check one)

- Ministerial (Sec. 21080(b)(1); 15268)
- Declared Emergency (Sec. 21080(b)(3); 15269(a))
- Emergency Project (Sec. 21080(b)(4); 15269 (b)(c))
- Categorical Exemption (____)
- Statutory Exemption (____)
- Other: CEQA Sec. 15061(b)(3)

Reasons why project is exempt: The proposed activity constitutes compensation to the project sponsor for actions already taken and reviewed under the original EIR. There is no potential for the proposed activity to have a significant effect on the environment, and thus the activity is not subject to CEQA.

Chad Young County Contact Person 951-955-8159 Phone Number

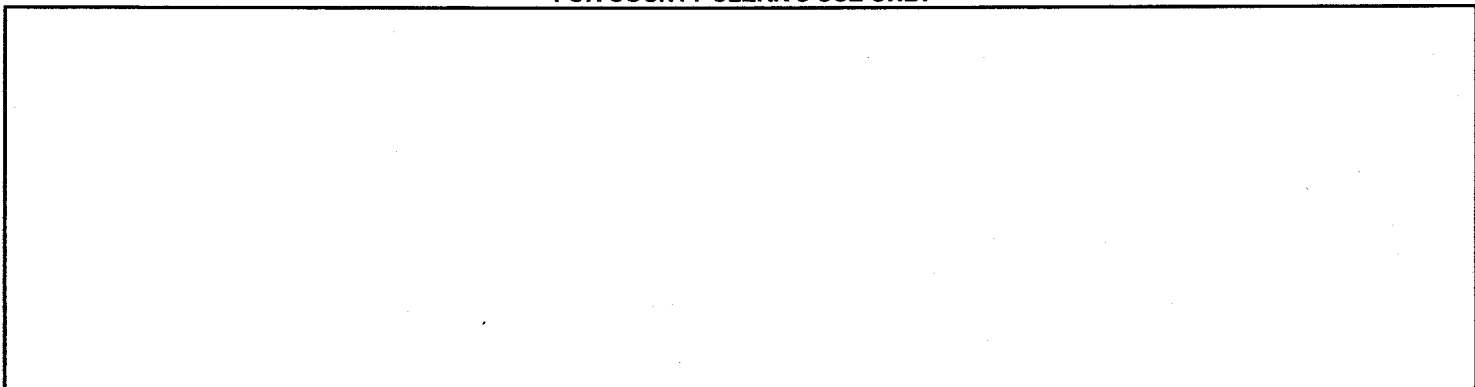
[Signature] Signature Ecological Resource Specialist Title 1/26/11 Date

Date Received for Filing and Posting at OPR: _____

Revised: 3/15/10: Y:\Planning Master Forms\Templates\CEQA Forms\NOE Form.docx

Please charge deposit fee case#: ZEA N/A ZCFG No. 5789 - County Clerk Posting Fee \$64.00
FOR COUNTY CLERK'S USE ONLY

FEB 15 2011 331



1 **ORDINANCE NO. 810 FEE CREDIT AGREEMENT BETWEEN THE COUNTY OF**
2 **RIVERSIDE AND STARFIELD SYCAMORE INVESTORS, LLC**

3 This Agreement is made this 15th day of February, 2011 by and between the County of
4 Riverside, a political subdivision of the State of California, hereinafter referred to as "County",
5 and Starfield Sycamore Investors, LLC, a Delaware limited liability company referred to as
6 "Developer", and its successors and assigns.

7 WHEREAS, the Sycamore Creek Specific Plan (Specific Plan No. 256) was approved by
8 the Board of Supervisors on November 8, 1994; and

9 WHEREAS, the Sycamore Creek Specific Plan site contains significant biological
10 resources including several listed plant and animal species and a wildlife corridor on the site that
11 will facilitate movement of animals from the east side of Interstate 15 to the Cleveland National
12 Forest south of the project site; and

13 WHEREAS, nationwide permit authorization (NWP 26) from the U.S. Army Corps of
14 Engineers pursuant to the Clean Water Act was required in order to commence construction
15 activities related to the Sycamore Creek Specific Plan; and

16 WHEREAS, in connection with the aforementioned nationwide permit authorization,
17 Developer's predecessor in interest, Sycamore Creek Associates, L.P. ("SCA"), was required to
18 implement and abide by the Biological Opinion dated January 31, 2001 issued by the U.S. Fish
19 and Wildlife Service in connection with a Section 7 consultation for project impacts to the
20 federally listed as endangered California gnatcatcher and Munz' onion; and

21 WHEREAS, said Biological Opinion required SCA to purchase 192 acre credits from the
22 Wilson Creek Conservation Bank in order to mitigate for project impacts to the California
23 gnatcatcher; and

24 WHEREAS, SCA purchased said credits from the Wilson Creek Conservation Bank for
25 total consideration in the amount of \$909,500.00 and assigned such credits to Developer in
26 connection with Developer's acquisition of the Sycamore Creek Specific Plan property; and

27 WHEREAS, Developer desires to obtain credit for the 192 acre Wilson Creek
28 Conservation Bank credits against the fees that would otherwise be required to be paid in

FEB 15 2011 3:31

1 connection with its development of the Sycamore Creek Specific Plan pursuant to Riverside
2 County Ordinance No. 810.2 (the "MSHCP Fee"); and

3 ///

4 WHEREAS, the Wilson Creek Conservation Bank property is within the Criteria Area set
5 forth in the Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP); and

6 WHEREAS, the MSHCP considers the acres within this private conservation bank to be
7 included within the estimates of privately owned habitat that will be conserved pursuant to the
8 MSHCP.

9 NOW, THEREFORE, in consideration of the foregoing recitals, it is mutually agreed as
10 follows:

11 1. Purpose of the Agreement. The purpose of this Agreement is to provide a MSHCP
12 Fee credit to Developer in connection with the purchase of 192 credits from the Wilson Creek
13 Conservation Bank which resulted in the conservation of approximately 320 acres of habitat
14 pursuant to an irrevocable conservation easement grant conveyed to the Center for Natural Lands
15 Management, Inc. dated December 27, 2000 and recorded on February 2, 2001 as Instrument
16 No. 047024 by the Riverside County Recorder. Said grant of easement is attached hereto as
17 "Exhibit A" and incorporated herein by this reference.

18 2. Fee Credit. The MSHCP Fee credit provided herein applies only to the
19 development of the property within the Sycamore Creek Specific Plan and to the payment of
20 MSHCP Fees pursuant to Ordinance No. 810.2 or any subsequently approved amendment to
21 Ordinance No. 810. No transfer of credit may occur to a different development entitlement. The
22 total number of residential dwelling units within the Sycamore Creek Specific Plan that Developer
23 expects to build and which shall be subject to this Agreement is 469. Each individual approved
24 dwelling unit shall receive a credit against the MSHCP Fee applicable to it in the amount of
25 \$1,938.00 allocated among the remaining tracts within the Specific Plan area as follows:

Tract	Number of Lots	Per Lot Fee Credit
Tract 31908-1	115	\$1,938
Tract 31908-2	59	\$1,938

Tract 31908	87	\$1,938
Tract 36316	87	\$1,938
Tract 36317-1	112	\$1,938
Tract 36317	9	\$1,938
Total	469	

4 ///

5 The total MSHCP Fee credit shall be \$909,500.00. Any MSHCP Fees required to be paid
6 that exceed \$909,500.00 shall remain the responsibility of Developer or its successor in interest.

7 3. Recordation of Agreement. This Agreement and any amendments thereto may be
8 recorded by the County in the Office of the Riverside County Recorder for the County of
9 Riverside.

10 4. Consistency with Ordinance No. 810 and Resolution No. 2004- 223. This fee credit
11 is consistent with and meets the requirements for MSHCP Fee credits set forth in Ordinance No.
12 810 and Resolution No. 2004-223.

13 5. Paragraph Headings. The paragraph headings herein are for the convenience of the
14 parties only, and shall not be deemed to govern, limit, modify or in any manner affect the scope,
15 meaning or intent of the provisions or language of this Agreement.

16 6. Authority to Execute Agreement. The Developer warrants that its authorized officer
17 has the authority vested in him or her to execute this Agreement.

18 7. Entire Agreement. This Agreement is intended: by the parties hereto as a final
19 expression of their understanding with respect to the subject matter hereof and as a complete and
20 exclusive statement of the terms and conditions thereof and supersedes any and all prior and
21 contemporaneous leases, agreements and understandings, oral or written in connection herewith.
22 No provision contained herein shall be construed against the County solely because it prepared
23 this Agreement in its executed form.

24 8. Amendment. This Agreement shall not be changed, modified, or amended except
25 upon written consent of the parties hereto.

26 ///

27 ///

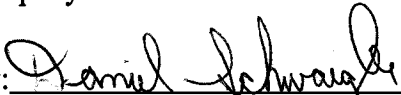
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1 IN WITNESS WHEREOF, County and Developer have entered into this Agreement on the
last date indicated below.

2 Dated: 12/15/10

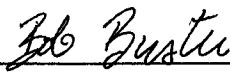
Starfield Sycamore Investors, LLC,
a Delaware limited liability company

3
4 By: SOF-VI Sycamore Creek Holdings,
5 LLC, a Delaware limited liability
6 company

7 By: 
8 Daniel Schwaegler, Vice President

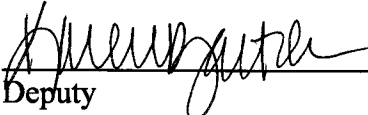
9 Dated: FEB 15 2011

County of Riverside

10 By: 
11 Chairman, Board of Supervisors
12 BOB BUSTER


13 ATTEST: **KECIA HARPER-IHEM**

14 Clerk of the Board

15 By: 
16 Deputy

17 APPROVED AS TO FORM:

18 County Counsel

19 By: 
20 Deputy

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EXHIBIT A
Irrevocable Conservation Easement Grant
dated December 27, 2000
(Attached)

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

Wilson Creek Conservation Bank
27431 Enterprise Circle West
Temecula, CA 92590

COPY of Document Recorded
on FEB 02 2001 as No. 047024
has not been compared with
original.
GARY L. ORSO
County Recorder
RIVERSIDE COUNTY CALIFORNIA

SPACE ABOVE THIS LINE FOR RECORDER'S USE

IRREVOCABLE CONSERVATION EASEMENT GRANT

THIS CONSERVATION EASEMENT GRANT ("Grant") is made this 27th day of December 2000, between SUNLAND DEVELOPMENT CO., INC., a Nevada corporation (hereinafter "Grantor"), and the CENTER FOR NATURAL LANDS MANAGEMENT, INC., a California nonprofit corporation (hereinafter "Grantee").

WITNESSETH:

WHEREAS, Grantor is the sole owner in fee simple of certain real property referred to as the Wilson Creek Conservation Easement (hereinafter "Easement") as described below. The Easement contains three hundred twenty (320) acres more or less subject to all existing easements, rights-of-way, and leases of record, all being located in Riverside County, State of California, as described in Exhibit "A" attached hereto and made a part hereof; and,

WHEREAS, the Easement possesses wildlife and native habitat values (collectively, "Conservation Values") of great importance to Grantor and the people of the State of California; and,

WHEREAS, this Easement includes Riversidian sage scrub suitable to Quino Checkerspot Butterfly, Coastal California Gnatcatcher, San Bernardino Merriam's kangaroo rat, and Stephen's kangaroo rat which are state and federally listed species; and,

WHEREAS, Grantor freely grants this Conservation Easement Grant over the Easements to better protect the Conservation Values thereon; and,

WHEREAS, this Grant fulfills certain conditions imposed by the United States Fish and Wildlife Service (hereinafter "USFWS") and the California Department of Fish and Game (hereinafter "CDFG"); and,

WHEREAS, The Center is a "qualified organization" within the meaning of Section 170(h) of the Internal Revenue Code of 1986, as amended ("IRC"). The Center is also a tax-exempt nonprofit organization qualified under Section 501(c)3 of the IRC and qualified to do business in

First American Title Company has recorded this instrument by request as an accommodation only and has not examined it for regularity and sufficiency or as to its effect upon the title to any real property that may

First American Title Company has recorded this instrument by request as an accommodation only and has not examined it for regularity and sufficiency or as to its effect upon the title to any real property that may

the State of California. The Center has as its primary purpose the management of land in an environmentally and biologically beneficial manner consistent with state and federal environmental laws; and,

WHEREAS, this Grant shall constitute a servitude running in perpetuity with the Easement;

WHEREAS, the Grantor and Grantee have signed the Management Agreement dated March 10, 2000 describing the terms of the transfer of this Grant and the responsibilities concerning the Easement, attached hereto as Exhibit "B".

NOW THEREFORE, in consideration of the above and mutual covenants, terms, conditions, and restrictions contained herein, and pursuant to the laws of California and Civil Code Section 815, et seq., and in consideration of the Congressionally mandated purposes as authorized by the above-referenced authorities and other conservation benefits conferred by the transfer of these lands pursuant to federal law and the laws of the State of California, the Grantor does grant, convey, and transfer a conservation easement in perpetuity on and over the Easement with appurtenant rights of access to the Grantee.

1. PURPOSE

The purpose of this Grant is to preserve and protect the Conservation Values of the Easement including, but not limited to, wetlands and certain threatened or endangered species found thereon. The restrictions and covenants contained in this Grant constitute a perpetual servitude on and run with the Easement. The grantor under this deed covenants with the Grantee to do or refrain from doing, severally and collectively, the various acts mentioned later in this Grant. The Grantee is conveyed the rights enumerated in this Conservation Easement Grant for itself and its successors, agents and assigns.

2. RIGHTS GRANTED TO GRANTEE

To accomplish the purposes of this Grant, the following rights are conveyed to Grantee and its successors or assigns:

- a. Preserve and protect the Conservation Values of the Easement
- b. Access to, and over, the Easement by Grantee, USFWS and CDFG to accomplish any of the purposes contained herein.
- c. Prevent any activity on or use of the Easement that is inconsistent with the purpose of this Grant and to require the restoration of such areas or features of the Easement that may be damaged by any inconsistent activity or use
- d. Inspect for compliance with the terms of this Grant
- e. Conduct surveys and monitor habitat conditions and species populations
- f. Maintain roads and fences on the Easement

- g. Establish boundary and such other signage necessary to maintain the Easement
- h. Report violations of the Grant to the USFWS and CDFG
- i. Conduct any other activities necessary for the maintenance and protection of the Conservation Values on the Easement including but not limited to the activities contained in the Management Agreement as attached Exhibit B.

3. **PROHIBITED USES**

Except as expressly set forth in this Grant or approved in writing by Grantee and the USFWS in interest, any activity on or any use of the Easement inconsistent with the habitat conservation purposes of this Conservation Easement Grant is prohibited. Without limiting the generality of the foregoing, the following shall be prohibited:

- A. No dwellings, barns, outbuildings, paving or any other improvements shall be built within the Easement except with the specific written approval of the Grantee.
- B. The vegetation, topography, wildlife of the Easement or the hydrology of the Waters shall not be altered in any way except for activities to protect or enhance the habitat that are conducted by the Grantee or with the specific written approval of the Grantee.
- C. Personal articles, refuse, wastes, chemicals, pesticides, herbicides, and rodenticides, sewage, or other debris shall not be placed on the Easement.
- D. Motorized vehicles or mountain bikes shall be operated in the Easement only on existing roads except by the Grantee in the execution of its duties.
- E. The Property shall not be subdivided nor shall any other division of the Property into additional legal parcels occur.
- F. The Grantor shall not create any encumbrances to the title of the Property other than those approved by Grantee in writing, or execute, renew or extend any liens, licenses or similar interests if the proposed encumbrances, liens, lease, license or similar interest will have a priority over the easement and therefore affect the biological values of the property without the expressed written consent of the Center, USFWS and CDFG.

4. **OBLIGATIONS OF GRANTOR**

- A. The Grantor shall:
 - a. Comply with the terms of this Grant and cooperate with Grantee in the protection of the Conservation Values.
 - b. Repair and restore damage to the Easement caused by the Grantor, Grantor's guests, tenants, lessees, representatives or agents.

- c. 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.
- d. Install and provide fencing and gates on the perimeter of the Easement and adjacent to Wilson Valley Road within 60 days of conveyance of this Grant as required in the Management Agreement.
- e. Fulfill all responsibilities as owner of the Easement property other than those specifically granted to the Grantee.

5. GRANTOR'S RESERVED RIGHTS

- A. 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 consistent with the purposes of this Conservation Easement.

6. GRANTEE'S REMEDIES

- A. If Grantee determines that Grantor is in violation of the terms of this Grant or that a violation is threatened, Grantee shall give written notice to Grantor or its successors and assigns of such violation and demand corrective action sufficient to cure the violation and, where the violation involves injury to the Easement resulting from any use or activity inconsistent with the purpose of this Grant, to restore the portion of the Easement so injured. Grantee may also notify USFWS and CDFG. If Grantor fails to cure the violation within fifteen days (15), or fails to continue diligently to cure such violation until finally cured, Grantee shall report the violation and the inaction to the USFWS. Grantee may bring an action at law or in equity in a court of competent jurisdiction to enforce the terms of this Grant, to enjoin the violation ex parte as necessary, by temporary or permanent injunction to recover any damages to which Grantee may be entitled for violation of the terms of this Grant, or injury to any Conservation Values protected by this Grant, including damages for the loss of scenic, aesthetic, or environmental values, and to require the restoration of the Easement to the condition that existed prior to any such injury. Grantee, in its sole discretion, may apply damages recovered to the cost of undertaking any corrective action on the Easement. If Grantee, in its sole discretion, determines that circumstances require immediate action to prevent or to mitigate significant damage to the Conservation Values of the Easement, Grantee may pursue its remedies under this paragraph without prior notice to Grantor or without waiting for the period provided for cure to expire. Grantee's rights under this paragraph apply equally in the event of either actual or threatened violations of the terms of this Grant, and Grantor agrees that Grantee's remedies at law of any violation of the terms of this Grant are inadequate and that Grantee shall be entitled to the injunctive relief described in this paragraph, both prohibitive and mandatory, in addition to such other relief to which Grantee may be entitled, including specific performance of the terms of this Grant, without the necessity of proving either actual damages or the inadequacy of otherwise available legal remedies. Grantee's remedies described in this paragraph shall be cumulative and shall be in addition to all remedies now or

hereafter existing at law or in equity. Furthermore, the provisions of Civil Code Section 815 et seq. are incorporated herein by this reference and this Grant is made subject to all of the rights and remedies set forth therein. If at any time in the future, Grantor or its successors and assigns or any subsequent transferee uses or threatens to use such lands for purposes not in conformance with the stated conservation purposes contained herein, notwithstanding Civil Codes 815 et seq., California Attorney General or third-party entities organized for conservation purposes have standing as interested parties in any proceeding affecting this Grant;

- B. In the event that a dispute arises between Grantee and Grantor that results in litigation, the prevailing party shall be entitled to recover reasonable attorneys' fees and litigation costs from the losing party.
- C. If Grantor or if Grantee fails to exercise any right or fails to enforce any obligation of this Grant, such failure shall not be deemed to waive any other right which said Grantor or Grantee may hold, including subsequent exercise of the same right to subsequent enforcement of the same obligation.
- D. Nothing contained in this Grant shall be construed to entitle Grantee to bring any action against Grantor for any injury to or change in the Easement resulting from causes beyond Grantor's control, including, without limitation, fire, flood, storm, earth movement or from any prudent action taken by Grantor under emergency conditions to prevent, abate, or mitigate significant injury to the Easement resulting from such causes.

7. GRANTOR'S LIABILITIES

- A. Grantor shall be liable for repair and restoration of damages in the Easement caused by Grantor, its employees or agents.
- B. Grantor shall pay before delinquency all taxes, assessments, fees, and charges of whatever description levied on or assessed against the Easement Area by competent authority (collectively "taxes") including any taxes imposed upon, or incurred as a result of this Grant, and shall furnish Grantee with satisfactory evidence of payment upon request.
- C. Grantor shall transfer to Grantee the funds specified in the Management Agreement for the purpose of fulfilling Grantee's obligations under this Grant.

8. GRANTEE TRANSFERS

This Conservation Grant is transferable.

- A. All rights, interests, warranties, representations, obligations and covenants of this Grant, including Management and Endowment accounts, shall run with the land, and shall be binding upon and inure to the benefit of the successors in interest to Grantee. Grantee shall not transfer, assign, give, nor sell the Grant to any person, entity, or government agency unless the purpose of said person, entity, or government agency includes the preservation of wetlands habitats and related species, said entity is described in Section 170(h)(3) of the Internal Revenue Code of 1986 of the United

States as amended (or any successor provision then applicable), and the applicable regulations promulgated thereunder, and unless the permission of the USFWS, and CDFG or its successors and assigns is obtained in writing.

9. GRANTOR TRANSFERS

- A. Grantor agrees to incorporate the terms of this Grant in any deed or other legal instrument by which they divest themselves of any interest in all of a portion of the Easement Area. Grantors further agree to give written notice to Grantee and USFWS of the transfer of any interest at least thirty (30) days prior to the date of such transfer. The failure of Grantors to perform any act required by this paragraph shall not impair the validity of the Grant or limit its enforceability in any way.
- B. Grantor shall not grant additional easements in the Easement to any other person or entity without the prior authorization of the Grantee, USFWS and CDFG.

10. HOLD HARMLESS

Grantor and Grantee each agree to hold the other harmless, indemnify, protect and defend the other and their respective employees, agents, contractors, heirs, personal representatives, successors and assigns, from and against all claims and demands of liability unless such claim or liability is due to the intentional act, negligence or willful misconduct of one the parties.

11. ESTOPPEL CERTIFICATES

Upon request by Grantor, Grantee shall within fifteen (15) days execute and deliver to Grantor any document, including estoppel certificate, which certifies Grantor's compliance with any obligation of Grantor contained in this Grant or otherwise evidences the status of this Grant as may be requested by Grantor.

12. NOTICES

Any notice, demand, request, consent, approval or communication that either party desires or is required to give to the other shall be in writing and either served personally or sent by first class mail, postage prepaid, addressed as follows:

To Grantor: Sunland Development Co., Inc.
27431 Enterprise Circle West
Temecula, CA 92590-4833

To Grantee: Center for Natural Lands Management, Inc.
425 E. Alvarado St., Suite H
Fallbrook, CA 92028-2960
Attn: Project Manager

To USFWS: U.S. Fish and Wildlife Services
2730 Loker Avenue West
Carlsbad, CA 92008
Attn: Field Supervisor

13. RECORDATION

Grantor shall promptly record this instrument in the official records of Riverside County, California and may re-record this instrument at any time as may be required to preserve its right in this Grant.

14. DISSOLUTION

Upon the dissolution, or any reformation of the non-profit conservation status of the Center, the Management Account and Endowment Account and such other funds dedicated to the management of the Property, the Easement over the Property, and possession of all books and records and all rights and responsibilities contained herein, shall be transferred to a non-profit entity organized for conservation purposes which is acceptable to and approved in writing by the USFWS and CDFG.

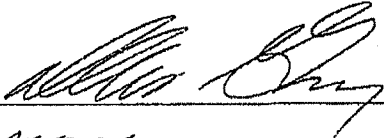
15. GENERAL PROVISIONS

- A. Controlling Law. The interpretation and performance of this Grant shall be governed by the laws of the State of California.
- B. Liberal Construction. Any general rule of construction to the contrary notwithstanding, this Grant shall be liberally construed in favor of the Grant to effect the purpose of this Grant 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 Grant that would render the provision valid shall be favored over any interpretation that would render the provision invalid.
- C. Severability. If any provision of this Grant, or the application thereof to any person or circumstances, is found to be invalid, the remainder of the provisions of this Grant, or the application of such provision to persons or circumstances other than those as to which the provision is found to be invalid, as the case may be, shall not be affected thereby.
- D. Entire Agreement. This instrument sets forth the entire agreement of the parties with respect to the Grant and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Grant, all of which are merged herein.
- E. No Forfeiture. Nothing contained herein shall result in a forfeiture or reversion of Grantor's title in any respect.
- F. Successors. The covenants, terms, conditions, and restrictions of this Grant shall be binding upon, and inure to the benefit of, the parties hereto and their respective personal representatives, heirs, successors, and assigns and shall continue as a servitude running in perpetuity with the Easement.

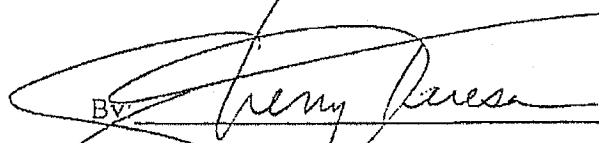
- G. Counterparts. The parties may execute this instrument in two or more counterparts, which shall, in the aggregate, be signed by both parties; each counterpart shall be deemed an original instrument as against any party who has signed it. In the event of any disparity between the counterparts produced, the recorded counterpart shall be controlling.
- H. Subsequent statutes. Any subsequent amendment to or repeal of any federal or state law or order which authorizes this Grant shall not affect the rights conveyed to the Grantee or subsequently held by its successors or assigns.
- I. Tax Reductions. Grantor shall be allowed to apply for designations, tax exemptions, or assessments existing, or for which may be enacted. The grant of this Grant shall be without prejudice to grantors' right to receive such designations.

TO HAVE AND TO HOLD, the herein described interests in land unto the Grantee forever.
WITNESS, the signature of the authorized officer of the Grantor.

SUNLAND DEVELOPMENT CO., INC.

By:  Date: NOV. 29, 2000
It's: PRESIDENT
Print Name: DALLAS A. GERN

CENTER FOR NATURAL LANDS MANAGEMENT

By:  Date: Dec 27, 2000
Its: Executive Director
Print Name: SHERRY TERESA

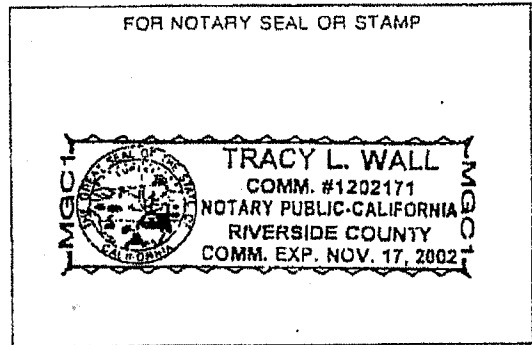
(SIGNATURES TO BE NOTARIZED)

STATE OF CALIFORNIA,

COUNTY OF Riverside } S.S.

On November 29, 2000 before me, Tracy L. Wall
a Notary Public in and for said County and State, personally
appeared Dallas Gray

personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

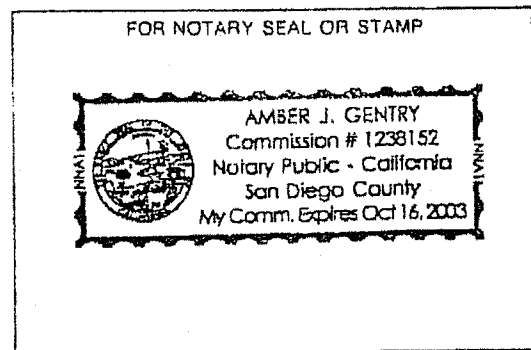
Signature Tracy L. Wall

STATE OF CALIFORNIA,

COUNTY OF SAN DIEGO } S.S.

On DECEMBER 27, 2000 before me, AMBER J. GENTRY
a Notary Public in and for said County and State, personally
appeared SHERY TERESA

personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Signature Amber J. Gentry

EXHIBIT "A"

Section 33, Township 7 South, Range 1 East, San Bernardino Base & Meridian, in the unincorporated area of the County of Riverside, State of California, according to United States Government Survey, excepting therefrom the south one-half of said Section 33.

WILSON CREEK
MANAGEMENT AGREEMENT

THIS WILSON CREEK MANAGEMENT AGREEMENT ("Agreement") is made and entered into this 10th day of March, 2000 by Sunland Development Company Inc., a Nevada Corporation ("Sunland") and the Center for Natural Lands Management ("Center"), (collectively the "Parties") as set forth below.

RECITALS

WHEREAS, Sunland is the owner of a property ("Property") consisting of 320 acres located in Riverside County, east of the City of Temecula and northwest of the town of Aguanga. It is described as the south one half of Section 33, Township 7S, Range 1E (SBB&M) and is further described in Exhibit A attached and made a part hereof.

WHEREAS, Sunland is the owner of a second property ("Property Two") consisting of 320 acres located in Riverside County, east of the City of Temecula and northwest of the town of Aguanga. It is described as the north one-half of Section 33, Township 7S, Range 1E (SBB&M).

WHEREAS, the Property possesses wildlife and native habitat values (collectively, "Conservation Values") of great importance to the Parties and the people of the State of California; and,

WHEREAS, the Center is a "qualified organization" within the meaning of section 170(h) of the Internal Revenue Code of 1986, as amended. The Center is also a tax-exempt nonprofit organization qualified under section 501(c)3 of the Internal Revenue Code and is qualified to do business in the State of California. The Center has as its primary purpose the management of land in an environmentally and biologically beneficial manner consistent with state and federal environmental laws.

WHEREAS, establishment of the Property as a protected area under a Conservation Easement ("Easement") meets certain requirements of the federal and state endangered species acts by conserving highly valuable resources administered by the United States Fish and Wildlife Service and the California Department of Fish and Game (collectively the "Wildlife Agencies").

WHEREAS, this Property includes Riversidian sage scrub suitable to Quino Checkerspot Butterfly, Coastal California Gnatcatcher, San Bernardino Merriams kangaroo rat, and Stephens kangaroo rat which are state and federally listed species; and,

WHEREAS, the Parties desire to enter into this Agreement to set forth the terms and conditions pursuant to which the Easement over the Property shall be established, implemented and managed.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Establishment of the Protected Property.

- (a) Sunland shall convey an Easement attached as Exhibit B over the Property to the Center.
- (b) Sunland shall transfer funds for the initial and permanent stewardship of the Easement to the Center as provided in this Agreement. These funds are hereafter referred to as the "Contributions".
- (c) The Parties agree that Center undertakes this Agreement under the assumption that a substantially similar Easement over Property Two shall be conveyed to the Center within one year of this Agreement or less and that such conveyance shall include a Contribution from Sunland to Center of one-half of the Contribution required for the Property adjusted for inflation as described in 2(g) below.

2. Conveyance of Easement

(a) Within seven (7) days prior the conveyance of the Easement to the Center, Sunland and Center shall conduct a walk-through of the Property. Within three (3) days after the walk-through, Center shall provide a written list to Sunland of property conditions, including but not limited to dumping, or dangerous conditions needing correction by Sunland. Conveyance to the Center shall not occur until Sunland has received written concurrence from the Center that the corrections are complete.

(b) Sunland shall deposit in escrow (1) the Easement over the Property, (2) the Easement Contribution of \$192,896 (two-thirds of the total 640 acres of the property of \$289,634) of which \$12,530 shall be two-thirds of the Initial and Capital funds and the remainder \$180,366 shall be a perpetual non-wasting endowment, payable as set forth below in 2(g).

(c) Sunland shall ensure that the Property is free and clear with no liens, leases, and restrictions, including mineral and water rights, except those approved by the Center in writing. Sunland shall provide Center with a title policy covering the Property. Sunland shall ensure that the Center receives a conformed copy of the recorded Easement.

(d) Sunland shall survey and mark legal Property boundaries with permanent markers within 60 days after the conveyance of the Easement to the Center.

(e) Sunland shall install and provide perimeter fencing on the east, west and south Easement boundaries coterminous with the section line plus fencing along Wilson Valley Road. Sunland will install two gates along Wilson Valley Road and two gates along the south boundary line. This work shall be completed within 60 days after the conveyance of the Easement to Center.

(f) In the event that Sunland sells any portion or all of the Property after conveyance of the easement, the obligations of Paragraph d and e above shall also apply prior to the completion of such sale. This Agreement shall be attached to and made a part of any contract of sale on all or any portion of the Property, and the purchaser shall agree to assume all obligations under this Agreement as those obligations apply to the portion purchased.

(g) Sunland shall pay to Center funds for the Perpetual Endowment Fund at the rate of \$423 per acre upon the sale of conservation credits to third parties, provided, however, the entire Endowment Fund of \$180,366 shall be paid to the Center not later than one year from the recording date of the Easement. If the Contributions which the Sunland shall pay to the Center are not paid to the Center by June 30, 2001, the Contributions shall be adjusted for inflation using the Consumer Price Index (CPI-All Urban Consumers, 1982-1984 = 100) for Los Angeles-Anaheim-Riverside published by the Bureau of Labor Statistics of the U.S. Department of Labor. The method of calculation shall be the Contribution multiplied by a fraction in which the numerator shall be the CPI for the month two months before the month in which the conveyance is to take place, and the denominator shall be the CPI for January 2000. The Contribution sum so calculated shall be the Contribution except that in no event shall the sum be less than the amount in Paragraph 3 above.

(h) Upon receipt by escrow of items (b) and (c) above, Sunland and Center shall authorize recordation of the Easement and transfer of the Contribution to Center. Sunland shall pay all transfer taxes and recording charges associated with the conveyance of the Easement.

3. Sunland's Covenants.

Sunland hereby agrees and covenants that Sunland:

(a) Shall not discharge or release on the Property, or permit others to discharge or release on the Property, any material or substance deemed "hazardous" or "toxic" under any applicable federal, state, or local environmental laws.

(b) Shall not create any encumbrances to the title of the Property other than those forth in Exhibit B attached hereto and approved by the Center, or execute, renew or extend any liens, licenses or similar interests if the proposed encumbrances, liens, lease, license or similar interest will have a priority over the easement and therefore affect the biological values of the property without the expressed written consent of the Center and the Wildlife Agencies.

(c) Shall not, unless otherwise agreed to in writing by Center construct any structures or engage in any development activities on, or uses of the Property.

(d) Shall not disturb the native biological value of the Property.

(e) Shall fulfill all responsibilities as the Owner of the Property other than those specifically reserved for the Grantee.

4. Management/Endowment Deposits.

(a) Center shall establish dedicated accounts, a Initial and Capital Account and an Endowment Account for the Contributions to be held by the Center. The Initial and Capital Account and the Endowment Account shall be held in trust by the Center for the purposes specified in this Agreement. The Center shall be the trustee of the accounts.

(b) The Initial and Capital Account for the Easement Contribution shall be used to fund initial management and compliance activities, and the accrued interest and earnings from the Endowment Account for the Easement Contribution shall be used exclusively to fund the permanent compliance activities in maintaining the Easement. Compliance and management activities include the Property's prorata share of the Center's administrative expenses. The basis for determining the Contributions is the Property Analysis Record ("PAR") completed by the Center, which are attached to this Agreement as Exhibit C.

(c) The Center shall maintain an accounting of all funds received and expended for management of the Property using accepted accounting methods. The Center's accounting shall be audited annually, and the accounting and the results of the audits shall be available to the public.

5. Management of Easement and Property.

The Center shall accept and hold the Easement to the Property and shall manage the Property as provided in this Section 5. Management tasks and funding are described in the Property Analysis Record attached as Exhibit C.

(a) Access Controls. Physical barriers (fences and gates) and security patrols will be used to control the access of unauthorized people, vehicles, livestock and domestic pets into the Property. No funds were allocated for any type of controlled public access such as hiking and self-guided nature trails, informational kiosks, and brochures. In the future Center may see an advantage to controlled, passive public access to promote the public's appreciation for the Property and more importantly, to provide local eyes and ears to observe and prevent trespassing resulting in resource damage. If that direction is desired in the future, additional funding, in addition to the Endowment, will be required.

The PAR includes maintaining the installed fencing, gates and locks placed at strategic locations to control primary access points. It also includes biannual security patrolling. Signs will be designed and placed along the Property boundaries to inform the public of access restrictions.

(b) Monitoring Surveys. Beginning in the first year of management, and every two years thereafter, surveys will be completed to determine the overall condition of the site, and the presence/absence of sensitive species. These surveys include standard CNLM survey for the California gnatcatcher.

Every two years, live trapping for the determination of heteromyid species in the flat wash area of the south central portion of the site will be completed.

Every two years, the arial extent and condition of the site's vegetation will be assessed by a combination of satellite imagery, ground-truthing, and computer generated change detection.

Every two years, a monitoring survey will be completed to determine the status of the Quino checkerspot butterfly.

(c) Fire Management. Every four years, the main road through the center of the site will be re-graded to maintain it as a fire break and to allow continued access for the biological surveys to be completed. Removal activities for invasive exotic species will be conducted to help reduce the reoccurrence of burning.

(d) Photo Documentation. During the years that biological surveys are completed, the entire site will be photographed to help assess change in vegetation, and to document any serious impacts. A series of locations will be determined and their precise positions determined with the use of GPS receiver. At each of these "stations" one photograph will be take in each of the four cardinal directions. Photos will be compared with succeeding photos to assist with the determination of plant community change, if any. Additionally, digitized satellite or aerial images will be used to construct biennial vegetation maps to assess any potential changes in the extent(s) of plant communities.

6. Entire Agreement.

This Agreement and its related exhibits contain the entire agreement of the Parties with respect to the matters covered by this Agreement, and no other agreement, statement, or promise made by any party, or to any employee, officer, or agent of any party, which is not contained in this Agreement shall be binding or valid.

7. Interpretation and Headings.

The language in all parts of this Agreement shall in all cases be simply construed according to its fair meaning, and not strictly for or against any party. Headings of the paragraphs of this Agreement are for the purposes of convenience only and the words contained in such headings shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Agreement.

8. Modification.

This Agreement is not subject to modification except in a writing signed by all Parties, and any attempted modification not in compliance with this requirement shall be void. The Parties shall use their good faith efforts to complete such modifications within ninety (90) days after the initial request is made for a modification by the requesting party.

9. Notices.

All notices, demands, or requests from one party to another may be personally delivered, sent by facsimile, sent by recognized overnight delivery service, or sent by mail, certified or registered, postage prepaid, to the persons set forth below or shall be deemed given five (5) days after deposit in the United States mail, certified and postage prepaid, return receipt requested, and addressed as follows or at such other address as any Party may from time to time specify to the other Parties in writing, and shall be effective at the time of personal delivery, facsimile transmission, or mailing.

Grantor: Sunland Development Company, Inc.
27431 Enterprise Circle West
Temecula, CA 92590-4833

Center: Center for Natural Lands Management, Inc.
424 E. Alvarado St., Su. H
Fallbrook, CA 92028
Attn: Sherry Teresa
FAX No. (760) 731-7791

USFWS: United States Fish and Wildlife Service
2730 Loker Avenue West
Carlsbad, California 92008
Attn: Field Supervisor

Any party may change the address to which such notices, payments, or other communications may be sent by giving the other Parties written notice of such change. The Parties agree to accept facsimile transmitted signed documents, and agree to rely upon such documents as if they bore original signatures. Each party agrees to provide to the other Parties, within seventy-two (72) hours after transmission, such documents bearing the original signatures.

10. Successors and Assigns.

This Agreement and each of its covenants and conditions shall be binding on, and shall inure to, the benefit of the Parties and their respective successors and assigns.

11. Exhibits.

All exhibits referred to in this Agreement are attached to this Agreement and are incorporated herein by this reference.

12. Counterparts.

This Agreement may be executed by the Parties in several counterparts, each of which shall be deemed to be an original executed document.

13. Attorneys' Fees.

If any action at law or equity, including any action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, each Party to the litigation shall bear its own attorneys' fees and costs.

14. No Partnerships.

This Agreement shall not make, or be deemed to make, any Party to this Agreement an agent for or the partner of any other Party.

15. Governing Law.

This Agreement shall be governed by and construed in accordance with the internal laws of the State of California, the Federal Endangered Species Act and other applicable federal law.

16. Severability.

If any provision of this Agreement, or the application thereof to any person or circumstances, is found to be invalid, the remainder of the provisions of this Easement, or the application of such provision to person or circumstances other than those as to which it is found to be invalid, as the case may be, shall not be affected thereby.

17. Entire Agreement.

This instrument sets forth the entire agreement of the parties with respect to the Agreement and all exhibits and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Agreement.

EXECUTED this 10th day of March, 2000.

SUNLAND DEVELOPMENT CO., INC.

CENTER FOR NATURAL LANDS MANAGEMENT

By: [Signature]

By: [Signature]

Print Name: WILLIAM A. COLTON

Print Name: STEPHAN TERESA

Title: PRESIDENT

Title: Executive Director