

National Fish and Wildlife Foundation

Guadalupe Oil Field Settlement Water Quality Trust Grant Contract

Contract Date: November 8, 2001

Contract Number: 98-289-4

Contract Title: TNC Land/Easement Purchase

Grantee: The Nature Conservancy ("Grantee")

Project: Purchase of fee interests in, or conservation easements affecting, ecologically significant lands within San Luis Obispo County and/or Santa Barbara County

The National Fish and Wildlife Foundation and Grantee agree as follows:

- Background:** In settlement of litigation between Union Oil Company of California ("Unocal") and various agencies of the State of California regarding petroleum pollution at the Guadalupe Oil Field, Unocal, among other things, created the Guadalupe Oil Field Settlement Water Quality Projects Trust. ("the Trust") The National Fish and Wildlife Foundation ("NFWF") is the Trustee of the Trust. Funds in the Trust are to be spent on water quality projects that directly benefit or study ground water or surface water quality and the beneficial use of ground water and surface water. Under the terms of the Trust, the Regional Water Quality Control Board, Central Coast Region (RWQCB) has sole authority to select projects to be funded by the Trust.
- Executive Officer and Assistant Executive Officer:** The Executive Officer is the chief executive of the RWQCB and is appointed pursuant to California Water Code section 13220. The Executive Officer has been delegated and may exercise all the powers of the RWQCB except for those enumerated in California Water Code section 13223. The Assistant Executive Officer is an employee of the RWQCB and is second ranking manager at the RWQCB.
- Contract Manager:** The Contract Manager represents NFWF and is responsible for coordinating NFWF's role under this Contract. The Contract Manager for this Contract is Rebecca Kramer; NFWF; 28 2nd Street, 6th Floor, San Francisco, California, 94105.

4. **Project Manager:** The Project Manager represents Grantee and is responsible for coordinating the Grantee's role under this Contract. The Project Manager for this Contract is Kara Woodruff Smith, The Nature Conservancy, P.O. Box 1004, San Luis Obispo, CA 93406.
5. **Project Monitor:** The Project Monitor represents RWQCB and is responsible for coordinating the RWQCB's role under this Contract. The Project Monitor for this Contract is Michael LeBrun, RWQCB; 81 Higuera Street, Suite 200, San Luis Obispo, California 93401.
6. **Contract Term:** The term of this Contract shall commence on the **Contract Date** specified above and shall continue until all funds allocated for land/easement purchase under this contract have been disbursed or until this Contract is terminated as provided herein.
7. **Conditions Precedent to Land Purchase Funding:** NFWF will not be obligated under this Contract to provide funds for any given land or conservation easement purchase until the applicable conditions precedent set forth in **Conditions Precedent**, attached to and incorporated in this Contract as Attachment A have been satisfied.
8. **Deliverables:** All deliverables identified in the **Conditions Precedent** shall be submitted to the RWQCB Project Monitor according to the time schedule in the **Conditions Precedent**.
9. **Budget:** The **Budget** for this Contract is attached to and incorporated in this Contract as Attachment B.
10. **Additional Requirements:** Grantee and NFWF agree to and Grantee shall comply with all provisions set forth in **Additional Requirements** attached to and incorporated in this Contract as Attachment D, if applicable.
11. **Acknowledgment of Support:** Grantee shall give appropriate credit to NFWF and RWQCB for their financial support in all press releases, publications and other public communications regarding the project funded under this Contract. Grantee gives NFWF and RWQCB the right to publicize their financial support for the project funded by this Contract in their press releases, publications and other public communications, and to use the Grantee's name in such communications.
12. **Special Payment Procedures:** Payment for land or easement purchase price and associated costs will be made according to the following procedure:
 - a. Grantee shall request disbursement for the acquisition of fee title to the subject real property (the "Property") , or the acquisition of a conservation easement affecting the Property (the "Easement"), whichever is applicable, in each case by sending a letter to the RWQCB. The letter shall include the date, the name and address of Grantee, the Contract number and title, the amount to be disbursed and

a description of the items to be paid for by the disbursement. Additionally, the letter shall include the name, address and telephone number of the escrow holder and the escrow account number to which the funds will be disbursed. Finally, the letter shall briefly describe how all applicable conditions precedent to funding specified in **Conditions Precedent** in Attachment A have been completed. If any of the applicable conditions precedent have not been completed, the letter shall so state and explain how and when they will be completed. The letter shall be signed by an authorized representative of Grantee.

- b. Upon receipt of the disbursement request letter, the RWQCB shall determine if all the applicable conditions precedent to funding specified in **Conditions Precedent** in Attachment A have been completed. If they have not, the RWQCB will promptly notify Grantee which conditions precedent must be completed before disbursement will occur. If the RWQCB determines all conditions precedent are complete the RWQCB will promptly notify NFWF and request disbursement, but not later than 10 business days from the date the RWQCB determines conditions precedent are complete. NFWF will disburse the funds within 15 business days after receipt of a signed original of the Grantee's letter requesting disbursement and the RWQCB letter notifying NFWF that the conditions precedent are complete. The Executive Officer may authorize disbursement into escrow before all conditions precedent are complete subject to escrow instructions drafted to the satisfaction of the Executive Officer.
- c. Upon completion of the process described in sub-paragraphs a. and b., above, NFWF shall disburse funds as follows:
 - i. Submit to Grantee a check payable to Grantee the amount of pre-acquisition costs in accordance with Paragraph 1.a. of Attachment B, Budget; and
 - ii. Deposit into the escrow established for the acquisition of the Property or the Easement, the amount approved by RWQCB for the purchase price, and closing costs including, title insurance, recording fees, escrow fees, and costs of clearing title in accordance with Paragraph 1.b. of Attachment B, Budget.

- 13. **Amendments:** This Contract may be amended only by written agreement between Grantee and NFWF, after obtaining the approval of the RWQCB.
- 14. **Notices:** All notices under this Contract shall be submitted to the NFWF Contract Manager, Grantee Project Manager and RWQCB Project Manager, at the addresses specified above.
- 15. **Dispute Resolution:** If a dispute arises between Grantee and the RWQCB or the NFWF, the Grantee Project Manager, RWQCB Project Monitor and NFWF Contract Manager shall attempt to resolve it informally. If the dispute is not resolved informally within 30 days, the Grantee, NFWF or RWQCB Project Monitor may elevate the dispute to the Executive Officer by submitting a written memorandum to him describing the dispute. The Executive Officer will consult

with the Project Monitor and any representative selected by Grantee and NFWF as well as other appropriate parties and attempt to resolve the dispute. The Executive Officer shall make a decision within 15 days of receiving the memorandum describing the dispute. If Grantee or NFWF is dissatisfied with the decision of the Executive Officer, Grantee or NFWF may elevate the dispute to the members of the RWQCB who will consider the dispute at a regularly scheduled public meeting. If the dispute is not resolved at that point, then it may be resolved by termination and/or arbitration.

16. Termination:

- a. This Contract may be terminated by either party, with or without cause, upon thirty (30) days written notice to Grantee, NFWF and RWQCB. provided, however, that if, as to any purchase or easement transaction entered into by Grantee, from and after the date that RWQCB has notified NFWF under subparagraph 12(b) above that all conditions precedent related to such transaction have been satisfied, NFWF or RWQCB shall not terminate this Contract as to such purchase or easement transaction.
- b. Upon Grantee receipt of notice of termination, and except as otherwise directed in the notice, the Grantee shall:
 - i. Unless Grantee elects to secure funds from other sources, stop further activity with respect to any pending acquisition of property or easement hereunder on the date of receipt unless a different date for termination of activities hereunder is specified in the notice. If Grantee elects to secure funds from other sources, NFWF will not be obligated to pay for any costs incurred by Grantee's decision to continue further activity with respect to any pending acquisition of property or easement.
 - ii. Not enter into any further contracts for acquisitions of properties or easements hereunder except as necessary to complete acquisitions which, as specified in subparagraph 16(a) above, are to be funded hereunder, notwithstanding termination of this Contract.
 - iii. Terminate all orders and subcontracts.
 - iv. Promptly take all other reasonable and feasible steps to minimize any additional cost, loss, or expenditure associated with contracts for the acquisition of property or easement which are terminated, including, but not limited to reasonable settlement of all outstanding liability and claims arising out of termination of orders and subcontracts.

- v. Deliver or make available to the RWQCB all data, drawings, specifications, reports, estimates, summaries, and such other information and material as may have been accumulated by the Grantee under this agreement, whether completed, partially completed, or in progress.
 - c. In the event Grantee terminates, Grantee shall comply with all of the provisions in subparagraph b. of this paragraph, on the date Contractor's notice of termination is electronically transmitted, telecopied or personally served on NFWF and RWQCB. Or if the notice is transmitted by U.S. mail or alternative mail service, on the date it is placed in the mail addressed to NFWF, Contract Manager and RWQCB Project Monitor.
 - d. In the event of termination by either party, Grantee shall be entitled to reasonable compensation for deliverables submitted and accepted as satisfactory by the RWQCB before the date of termination.
17. **Arbitration:** All claims, disputes, and other matters in question arising out of, or relating to this Contract, its interpretation or breach shall be made in writing and shall be decided through arbitration by a single arbitrator mutually acceptable to NFWF, RWQCB, and Grantee. Notice of the demand for arbitration shall be made within a reasonable time after completion of the dispute resolution process specified in this contract. The award rendered by the arbitrator shall be final. If Grantee, NFWF and Regional Board fail to reach agreement on a mutually acceptable arbitrator within 60 days after notice of demand for arbitration is made, the parties may petition the senior judge of the San Luis Obispo County Superior Court to appoint a qualified arbitrator or, if such judge fails to appoint a qualified arbitrator, for any other legally available relief.
18. **Indemnity and Liability:**
- a. In making the grant and monitoring performance under this Contract, NFWF and RWQCB assume no liability for injuries or loss to persons or property resulting from Grantee's activities under this Contract.
 - b. In conducting its activities relating to the Project, the Grantee agrees to conduct all such activities in compliance with all applicable federal, state, and local laws, regulations and ordinances; to secure all appropriate necessary public or private permits and consents; and to obtain and maintain all appropriate insurance against liability for injury to persons or property arising from its activities relating to the Project.
 - c. Grantee shall, indemnify and hold harmless NFWF and RWQCB, their officers, directors, agents, and employees in respect of any and all claims, injuries, losses, diminution in value, damages, liabilities, and expenses (including without limitation, settlement costs and any legal or other

expenses for investigating or defending any actions or threatened actions arising from or in connection with the project funded under this Contract, including but not limited to, environmental laws, regulations, orders and decrees of whatsoever character or nature and damage or injury to persons and property). This indemnification will survive termination of this Agreement.

- d. If Grantee is a government entity this Contract supersedes and Grantee expressly waives any and all rights the Grantee may have to indemnity and contribution pursuant to Government Code sections 895 through 895.8 and any amendments thereof.
 - e. Except insofar as Grantee's liability arises as the result of the gross negligence or willful misconduct of the State of California or the United State, their officers agents or employees, Grantee expressly waives any and all rights to any type of express or implied indemnity or right of contribution from the State of California and the United States, their officers, agents or employees, for any liability resulting from or growing out of, or in any way connected with or incident to this Contract.
19. **Third Parties:** Nothing in this Contract is intended to create in the public or any member of the public, rights as a third party beneficiary under this Contract.
20. **Permits, Fees and Notices:** Grantee shall procure all permits and licenses necessary to accomplish the work funded under this Contract, pay all charges and fees, and give all notices necessary and incident to the due and lawful prosecution of the work.
21. **Insurance and Bonds:**
- Grantee is solely responsible for maintaining insurance policies to cover insurance needs, which may be required by law in the jurisdiction where the project funded by the Contract is being implemented.
22. **Grantee Acting Independently:** Grantee, and the employees or agents of Grantee, in the performance of this Contract, shall act in an independent capacity and not as officers, employees or agents of NFWF, RWQCB, or the State of California.
23. **Site Access:** Upon at least 48 hours prior written notice to Grantee, and subject to reasonable procedures for access set forth in any easement received by Grantee, Grantee shall permit representatives of RWQCB and NFWF access to the site where the project funded under this Contract is located for the sole purpose of inspecting the property.

24. **Audits and Access to Records:**

- a. Grantee shall maintain standard financial accounts, documents and records relating to implementation of the project funded under this Contract. The Grantee may use any accounting system which follows the guidelines of "Generally Accepted Accounting Practices" published by the American Institute of Certified Public Accountants. Grantee will maintain all required records for three (3) years after NFWF makes final payment and all pending matters are resolved.
- b. NFWF, RWQCB, and federal and state government auditors or their duly authorized representatives shall have access to any books, documents, papers, and records of the Grantee which are directly pertinent to this Contract for the purpose of making audits, examinations, excerpts and transcriptions.
- c. Grantee shall include in each of its subcontracts involving an expenditure of funds under this Contract in excess of ten thousand dollars (\$10,000) a provision which requires the subcontractor to make all records directly pertinent to the subcontract available for examination and audit under the same terms as specified in subparagraph a., of this paragraph. The subcontract shall also require subcontractor to maintain all required records for three (3) years after final payment under the subcontract and all pending matters are resolved.

25. **Rights to Data and other Information:** Grantee agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes and other written or graphic work funded by Grantor under this Contract are subject to the rights of the NFWF and RWQCB as set forth in this section. NFWF and RWQCB shall have the right to reproduce, publish, and use all such work, or any part thereof, in any manner and for any purposes whatsoever and to authorize others to do so. If any such work is copyrightable, the Grantee may copyright the same, except that, as to any work which is copyrighted by the Grantee, NFWF and RWQCB reserve a royalty-free, nonexclusive, and irrevocable licenses to reproduce, publish, and use such work, or any part thereof.

26. **Contract Not Assignable:** Without agreement of NFWF and RWQCB this Contract is not assignable in whole or in part.

27. **Complete Compensation:** Payments under this Contract according to the **Conditions Precedent** and **Budget** are the sole compensation to be paid to Grantee for any services, materials or other consideration provided by Grantee under this Contract, including any travel or other expenses.

28. **Review and Comments:** The Grantee agrees NFWF and RWQCB have the right to review and comment on any and all activities undertaken by Grantee in

connection with this Contract. All services, materials and other consideration provided by Grantee shall be provided to the reasonable satisfaction of RWQCB and NFWF.

29. **Lobbying:** Grantee is prohibited from using funds from the Trust for lobbying the executive or legislative branches of the state or federal government.
30. **Applicable Law and Jurisdiction:** This Contract has been executed and delivered in the State of California and shall be subject to and interpreted by the laws of the State of California, without regard to choice of law principles. By entering into this Contract NFWF and Grantee agree to submit to the jurisdiction of the courts of the State of California.
31. **Entire Agreement:** This Contract constitutes the entire understanding between the parties and supersedes all prior agreements and understandings, whether written or oral, between the parties.
32. **No Waiver of Enforcement:** The failure of NFWF or RWQCB to enforce, or the delay by NFWF or RWQCB in enforcing, any of the terms and conditions of this Contract shall not be deemed a continuing waiver or a modification of this Contract unless the waiver or modification is expressly written and signed by NFWF and Grantee, or when appropriate by NFWF, Grantee and RWQCB.
33. **Nondiscrimination:** During the performance of this Contract, Grantee and its subcontractors shall not unlawfully discriminate, harass or allow harassment, against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, disability (including HIV and AIDS), medical condition (cancer), age, marital status, denial of family and medical care leave and denial of pregnancy disability leave. Grantee and its subcontractors shall comply with the provisions of the Fair Employment and Housing Act (California Government Code, Section 12900 et seq.) and the applicable regulations promulgated thereunder. (California Code of Regulations, Title 2, Section 7285.0 et seq.)
34. **Americans with Disabilities Act Compliance Statement:** By signing this Contract, Grantee assures NFWF and the State of California that it complies with the Americans with Disabilities Act (ADA) of 1990 (42 U.S.C. 12101 et seq.), which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. Nothing in this Paragraph 34 shall be construed as providing any right of public access to any property or easement acquired by Grantee under this Contract.
35. **Current State Employees:** No officer or employee of the State of California shall engage in any employment, activity, or enterprise from which the officer or employee receives compensation or has a financial interest and which is

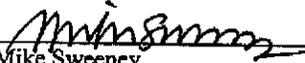
sponsored or funded by any California state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.

36. **Former State Employees:** For the two-year period from the date he or she left state employment, no former California state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements, or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.

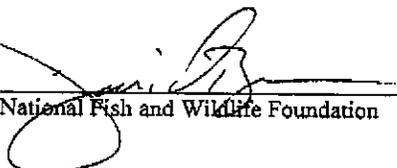
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37. **Certification of Signatories:** The people signing this Contract certify that they are authorized by the entity they represent to sign this Contract and to bind the entity they represent to the terms of this Contract.


Mike Sweeney
Chief Operating Officer for the California Region.
The Nature Conservancy

4/21/07
Date


National Fish and Wildlife Foundation

27 Nov 01
Date

ATTACHMENT A

CONDITIONS PRECEDENT

Contract Number: 98-289-4

Contract Title: TNC Land/Easement Purchase

Grantee: The Nature Conservancy ("Grantee")

1. **Resolution:** Grantee shall submit to the Contract Manager and Project Monitor either a copy of a resolution adopted by appropriate governing body of The Nature Conservancy authorizing the execution of this Contract and approving its terms and conditions or a letter from Grantee's Regional Counsel stating the execution of the Contract has been duly authorized by Grantee and that the person executing this Contract is duly authorized to execute the same on behalf of Grantee.
2. **Conditions Precedent to Land or Easement Purchase Funding:** NFWF will not be obligated under this Contract to provide funds for any given purchase of a Property or an Easement until the following conditions precedent have been completed:
 - a. Grantee has provided the RWQCB with a description of the Property and, where applicable, the Easement to be purchased and has provided a written explanation to the RWQCB reasonably satisfactory to the Executive Officer as to how the purchase and preservation of the Property or the Easement (as applicable) will directly benefit ground water or surface water quality and the beneficial use of ground water or surface water.
 - b. If compliance with CEQA is required prior to purchase, Grantee has submitted to RWQCB a written report demonstrating that a government agency other than the RWQCB has complied with CEQA. If there is no other government agency responsible for CEQA compliance, the RWQCB will have the discretion to act as lead agency for CEQA compliance or to refuse funding for that particular land purchase.
 - c. Grantee has submitted to RWQCB a preliminary title report respecting the Property, a description of which title exceptions in the report will be accepted and which will be removed at closing and adequate evidence that the title company is prepared to issue, promptly after the closing of the acquisition, a title insurance policy insuring that title to the Property or the Easement (as applicable) is vested in Grantee (or such other party as may have been approved by the RWQCB and NFWF). Within ten (10) days of receipt from Grantee of a preliminary title report respecting the Property and a description of which title exceptions are proposed to be accepted and which title exceptions are proposed to be removed from the title insurance policy to be issued at closing, RWQCB

agrees to identify any additional title exceptions which in the reasonable opinion of RWQCB might interfere with the purpose of the grant provided for under this Contract.. If any such additional title exceptions are identified, Grantee shall exercise reasonable efforts to cause such exceptions to be removed as title exceptions from the policy, or, if such exception cannot be removed, Grantee shall exercise its right, which shall be set forth in the acquisition agreement, to terminate the acquisition on the basis of the failure of RWQCB to approve the acquisition.

- d. Grantee has submitted a precise legal description of the Property or the Easement (as applicable).
- e. Grantee has submitted to RWQCB a signed purchase agreement showing that the purchase price for the Property or the Easement (as applicable) plus pre-acquisition costs funded under this Contract, plus all closing costs, including all appraisal fees, escrow fees, title insurance, recording fees, and costs of clearing title will not exceed the amount of funds available under this Contract. If the purchase price plus pre-acquisition costs funded under this Contract plus closing costs will exceed the amount of funds available under this Contract, Grantee shall demonstrate to the RWQCB that sufficient additional funding has been secured.
- f. Grantee has submitted to RWQCB an appraisal showing a fair market value of the Property or the Easement (as applicable) that is not less than the purchase price specified in the purchase agreement.
- g. Grantee has submitted to RWQCB escrow instructions that are satisfactory to the RWQCB. The escrow instructions shall include (1) where fee title to the Property is to be acquired at the closing, the recording of a Grant Deed to Grantee (or such other party as may have been approved by the RWQCB and NFWF), including the **Essential Deed Provisions**, in Attachment C, and (2) in the case of acquisition of an Easement, the recording of a Grant of Conservation Easement in a form satisfactory to the RWQCB, Conveying the Easement to Grantee (or such other party as may have been approved by the RWQCB and NFWF).
- h. The escrow instructions shall provide that, prior to closing, the owner of the Property shall have submitted to escrow a signed and acknowledged Grant Deed conveying the Property to Grantee (or such other party as may have been approved by the RWQCB and NFWF), containing the essential provisions specified in **Essential Deed Provisions**, attached to and incorporated in this Contract as Attachment C, or in the case of an Easement, a signed and acknowledged Grant of Conservation Easement, in the form approved by the RWQCB, conveying the Easement to Grantee (or such other party as may have been approved by the RWQCB and NFWF).
- i. The Executive Officer has determined that proposed acquisition of the Property, or Easement is consistent with the terms of the Settlement Agreement and Judgment and the Guadalupe Oil Field Settlement Water Quality Project Trust, which mandate that funds granted under this contract must be used to acquire fee title in real property or conservation easements that directly benefit ground

water or surface water quality and the beneficial use of ground water or surface water. Such determination will not be unreasonably withheld.

2. **Early Meetings:** RWQCB staff and Grantee will convene one or more meetings or teleconferences as soon as possible after Grantee identifies a piece of real property for purchase or conservation easement so that the RWQCB Executive Officer can make a determination as early as possible that the acquisition of fee title or conservation easement will directly benefit ground water or surface water quality and the beneficial use of ground water or surface water. Generally, acquisition of fee title or a conservation easement that prevents development of a property that has little or no existing development, prevents or limits erosion and pollutant discharge or supports restoration of riparian habitat will directly benefit water quality or beneficial uses of water. Generally, acquisition of property that will be developed, paved, used for intense recreational, agricultural or industrial purposes will not provide the required benefit. But, the Executive Officer will have to make this determination on a case by case basis and some regulated public access, agricultural or industrial use may be acceptable.
3. **Easement Approval:** The Executive Officer will review the form of the Grant of Conservation Easement for the purpose of assuring the restrictions upon the use of the property set forth in the conservation easement will directly benefit ground water or surface water quality and the beneficial use of ground water or surface water. The Easement must also provide for public comment and approval by the RWQCB in public of any successor owner of the conservation easement. RWQCB staff and Grantee will convene one or more meetings or teleconferences as soon as possible after Grantee identifies a piece of real property for purchase or conservation easement so that the RWQCB Executive Officer can approve the form of the Grant of Conservation Easement as early as feasible.

ATTACHMENT B

BUDGET

Contract Number: 98-289-4

Contract Title: TNC Land/Easement Purchase

Grantee: The Nature Conservancy ("Grantee")

1. **Use of Funds:** All funds granted under this contract shall be used to pay:
 - a. The following specified pre-acquisition expenses, that apply directly to the acquisition, in a total amount not to exceed 5% of the purchase price for fee title in real property or a conservation easement:
 - i. appraisals;
 - ii. environmental site assessment (hazardous waste assessment);
 - iii. baseline reports/easement documentation (natural resource documentation); and
 - iv. boundary and water rights surveys.;
 - b. The purchase price for fee title or a conservation easement and closing costs including, title insurance, recording fees, escrow fees and costs of clearing title for the purchase of real property or a conservation easement.
2. **Allocation of Funds:** The total Contract amount of \$2,000,000 (two million dollars) shall be allocated as follows:
 - a. At least \$500,000 (five hundred thousand dollars) shall be used to acquire fee title or conservation easements in real property within Black Lake Canyon, San Luis Obispo County Black Lake Canyon lies directly east of Black Lake and is bound by State Highway 1 to the west and Pomeroy Road to the east. Land purchased under this allocation, or with respect to which a conservation easement is purchased under this allocation, shall drain to Black Lake Canyon. It is preferred that such lands have an abundance of riparian habitat.
 - b. Up to \$1,500,000 (one million five hundred thousand dollars) shall be used to acquire fee title or conservation easements in real property within the Guadalupe-Nipomo Dunes complex.

ATTACHMENT C ESSENTIAL DEED PROVISIONS

Contract Number: 98-289-4

Contract Title: TNC Land/Easement Purchase

Grantee: The Nature Conservancy ("Grantee")

Any grant deed conveying fee title to The Nature Conservancy ("Grantee") shall contain the following notice:

NOTICE OF GRANTEE'S AGREEMENT BENEFITTING CERTAIN THIRD PARTIES

Notice is hereby given that Grantee is obligated to make and does hereby make certain agreements in favor of specified public agencies in connection with and in consideration of Grantee's receipt of funding from such agencies for Grantee's acquisition of the real property described in the within Grant Deed (the "Real Property"), as follows:

The Real Property was acquired by Grantee in whole or in part pursuant to a grant of funds by the California Regional Water Quality Control Board, Central Coast Region, from the Guadalupe Oil Field Settlement Water Quality Project Trust (hereinafter "Trust"), through its Trustee, the National Fish and Wildlife Foundation. The purpose of the grant is restoration and permanent preservation of the lands located within Black Lake Canyon, San Luis Obispo County or within the Guadalupe-Nipomo Dunes Complex to benefit water quality and to protect the beneficial uses of ground water and surface water. For the sole benefit of the State of California, the California Regional Water Quality Control Board, Central Coast Region, the United States Government and the National Fish and Wildlife Foundation, Grantee agrees to all of the following:

1. Grantee and its successors shall not use or allow the use of the Real Property for any purpose inconsistent with the purposes of the grant as set forth above, except by specific act of the California legislature.
2. Grantee and its successors shall not use or allow the use of any portion of the Real Property for mitigation (in other words, to compensate for adverse changes to the environment elsewhere). Notwithstanding the above, Grantee and its successors may accept and use mitigation funds for enhancement and restoration of the Real Property.
3. The Real Property (including any portion of it or any interest in it) may not be used as security for any debt without the written approval of the California Regional Water Quality Control Board, Central Coast Region and National Fish and Wildlife Foundation or their successors in interest.

4. The Real Property (including any portion of it or any interest in it) may not be transferred without the written approval of the California Regional Water Quality Control Board, Central Coast Region and National Fish and Wildlife Foundation or their successors in interest. The Grantee is obligated to use, manage, operate and maintain the Real Property in a manner consistent with the purpose of the grant from the Trust. The Grantee further assumes all management, operation and maintenance costs associated with the Real Property, including the costs of ordinary repairs and replacements of a recurring nature, and costs of enforcement of regulations. The State of California, the California Regional Water Quality Control Board, Central Coast Region, the United States government, and the National Fish and Wildlife Foundation shall not be liable for any cost of such management, operation or maintenance. The Grantee shall refrain from developing or otherwise using the Real Property in such a way as to interfere with or inconvenience the use, management, operations or maintenance of the property or to detract from the purpose of the Grant from the Trust. The Grantee shall be excused from its obligations hereunder, including for management, operation and maintenance of the Real Property, upon the transfer of the Real Property to a grantee who is a permitted grantee under paragraph 4 and who assumes the obligations hereof in writing.

5. If the existence of the Grantee or its successors in interest cease for any reason or if any of the terms of the agreement stated above are violated, the National Fish and Wildlife Foundation and the Attorney General of the State of California acting on his own behalf or through the California Regional Water Quality Control Board, Central Coast Region or its successor in interest, shall have standing to take any and all actions authorized by law to enforce the terms of the agreement in order to promote the purposes of the grant from the Trust. Nothing in this instrument shall be deemed to create a lien or right of reverter in favor of any party.