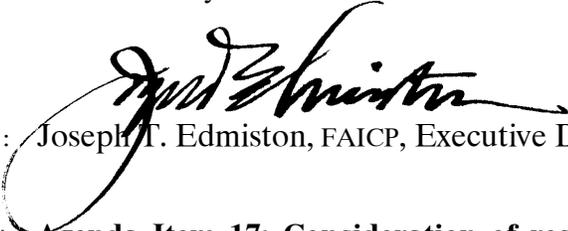


# Memorandum

To : The Conservancy  
The Advisory Committee

Date: December 6, 2004

From :   
Joseph T. Edmiston, FAICP, Executive Director

Subject: **Agenda Item 17: Consideration of resolution authorizing entering into a comprehensive settlement agreement with the Mountains Recreation and Conservation Authority pertaining to the issues raised in the provision language applicable to the Santa Monica Mountains Conservancy in the Budget Act of 2004 and raised by the Department of Finance Management letter of May 4, 2004.**

Legislative Authority: Section 33211 of Public Resources Code provides that the Conservancy may do any and all things necessary to carry out the purposes of Division 23.

Background: On May 4, 2004 the Department of Finance issued a management letter questioning certain grants made by the Conservancy to the Mountains Recreation and Conservation Authority (MRCA), specifically the Proposition 12 funded education and interpretation grants and the Friends of the Conservancy grant. In addition, the management letter questioned the MRCA's method of allocating cost allocation to the Avatar project.

The Budget Act of 2004 provides in relevant part:

7. Any time that the Office of the Attorney General concludes that any use of bond funds has not been consistent with the opinion standard, the Santa Monica Mountains Conservancy shall follow the instructions of the Attorney General with respect to recovery, refund, or other settlement.
8. The Santa Monica Mountains Conservancy shall follow the advice of the Office of the Attorney General with respect to the refund of \$491,841 in overhead on the grant for acquisition of the Avatar property.

The Office of the Attorney General will address the Governing Board on the above.

