

BILL LOCKYER
Attorney General

State of California
DEPARTMENT OF JUSTICE



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December 7, 2004

By Facsimile and U.S. Mail

Craig Steele
Richards, Watson & Gershon
355 South Grand Avenue, Floor 40
Los Angeles, CA 90071-3101

RE: Santa Monica Mountains Conservancy Demand for Refund From Mountains Recreation
and Conservation Authority

Dear Mr. Steele:

I am writing on behalf of the Santa Monica Mountains Conservancy (SMMC) to demand that the Mountains Recreation and Conservation Authority refund the amount of \$1,761,134 (Demand Amount) to the SMMC. The Demand Amount is based on language which the Legislature included in the 2004/2005 budget act which required the SMMC to follow the Attorney General's advice to recover \$491,841 which the MRCA charged to the Avatar project as overhead.

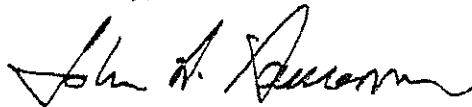
In addition, the Attorney General has determined that several grants which the SMMC issued to the MRCA were improper. Those grants are the following: Grant No. SMM-6109 for \$76,293; Grant No. SMM-871 for \$768,000; and Grant No. SMM-895 for \$429,000. The SMMC has a right to recover these funds pursuant to *Stevens v. Geduldig* (1986) 42 Cal.3d 24, 35.

The SMMC has a right to receive the Demand Amount in cash. Nonetheless, the SMMC is willing to explore the receipt of other consideration of comparable value in lieu of cash.

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Please feel free to contact me if you have any questions concerning the above.

Sincerely,

A handwritten signature in black ink, appearing to read "John A. Saurenman". The signature is fluid and cursive, with the first name "John" being more prominent.

JOHN A. SAURENMAN
Supervising Deputy Attorney General

For BILL LOCKYER
Attorney General