

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

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

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

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

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

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

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

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

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

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

The Legislature also finds and declares the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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