

Exhibit M

Agreement No, OCP10-020
Irvine Ranch Lands
(TNC Endowment Agreement)

Accounting Information
TNC Center No: _____
Subcenter _____
TNC Account No: _____

ENDOWMENT AGREEMENT

THIS ENDOWMENT AGREEMENT ("**Agreement**"), dated this ____ day of _____, 2010 is made by and between the COUNTY OF ORANGE, a political subdivision of the State of California, (hereinafter referred to as "**County**") and THE NATURE CONSERVANCY, a District of Columbia non-profit corporation, (hereinafter referred to as "**Conservancy**").

RECITALS

Whereas, Conservancy has agreed to fund an endowment for Orange County Parks ("**OC Parks**"), the department responsible for the management and operation of all recreational and park properties owned by the County in the amount of Two Million Dollars (\$2,000,000) ("**Endowment**"); and

Whereas, this Endowment is funded with funds the Conservancy received pursuant to a pledge agreement ("**Pledge Agreement**") by and between the Conservancy and The Irvine Company, a Delaware corporation ("**TIC**").

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter, County and Conservancy agree as follows:

1. OBJECTIVE AND ENDOWMENT MANAGEMENT

A. County shall deposit, maintain, manage and administer the Endowment as a permanent endowment. The Endowment and any future interest or funds derived from or accruing to the Endowment ("**Endowment Income**") will be invested in a segregated trust account maintained by County's Auditor-Controller or a foundation or non-profit public benefit corporation, or other similar separate entity, created and controlled exclusively by the County ("**Foundation**"), and will be used exclusively for the Purpose, as defined below. The Endowment shall be deposited, maintained, managed and administered in compliance with the County's Board of Supervisors-approved investment policy; provided, however, that the Endowment may be deposited, maintained, managed and administered in compliance with an alternative investment policy if such alternative investment policy is approved by the Conservancy in writing in advance of its use. The Conservancy may not unreasonably withhold its approval of an alternative investment policy and it shall be deemed unreasonable for the Conservancy to withhold approval of an alternative investment policy that is as conservative or more conservative than the then current investment policy of the County's Board of Supervisors. The Conservancy's approval of an alternative investment policy is procedural and shall not be construed or deemed investment advice. It shall be unreasonable for County to rely on any Conservancy approval as evidence of the adequacy or quality of an alternative investment policy and the County may not rely on any such approval in any manner that creates any liability for the Conservancy.

Exhibit M

B. The purpose of the Endowment (“**Purpose**”) is to support and fund County’s protection and enhancement of the ecological and natural conservation values on the publicly owned lands within the historic Irvine Ranch that have been dedicated for park or open space purposes (“**Irvine Ranch Public Wildlands**”). For the purpose of this Agreement, “dedicated park and open space purposes” shall mean lands managed for the purpose of (1) protecting and enhancing native wildlife and habitat, and (2) passive recreational uses, such as hiking, biking and equestrian use.

C. The Irvine Ranch Public Wildlands include, but are not limited to, lands owned by County that are subject to Grant Deeds of Conservation Easements held by the Conservancy. The historic Irvine Ranch, including both the Irvine Ranch Public Wildlands and privately owned lands, is shown on the attached Exhibit A. The Purpose of the Endowment and permitted uses of the Endowment Income are described in greater detail in the attached Exhibit B (“**Program**”).

2. TERM

The effective date of this Agreement is the date first above written and this Agreement shall expire upon the delivery of the final financial and programmatic reports, as described below, or as otherwise provided in this Agreement.

3. REPORTING

A. On or before April 15th of each year, County shall submit to the Conservancy an annual work plan and budget for the next Fiscal Year. For the purpose of this Agreement, a “**Fiscal Year**” is defined as the period between July 1 and June 30. The work plan shall provide a brief narrative report of anticipated projects funded by the Endowment to be undertaken for the upcoming Fiscal Year within the Irvine Ranch Public Wildlands (“**Anticipated Projects**”). The budget shall include all Program related direct costs and indirect costs. Direct costs shall include those readily identifiable costs that can be directly attributed to the performance of the Program (for example, and without limitation, employee time spent on implementing the Program activities, consultant services contracted to perform Program activities, materials, supplies and equipment purchased for use on Program activities). Indirect costs shall include costs that benefit the Program (for example, and without limitation, utilities, telephone service, office rent, accounting and legal services, general maintenance of office equipment, clerical support, expenses associated with administering and investing the Endowment, and miscellaneous office supplies). For purposes of this Agreement, the indirect costs shall be limited to no more than 25% of the total annual direct costs incurred by County in the performance of the Program. Within thirty (30) days after receiving the annual work plan and budget, the Conservancy shall provide County either (1) written confirmation that the Anticipated Projects are consistent with the terms of this Agreement, or (2) written notice that some or all of the Anticipated Projects are not consistent with the terms of this Agreement, along with a written explanation of the inconsistency. In the event that the Conservancy does not respond within thirty (30) days, the County may proceed with implementation of the annual work plan and budget (this implementation does not foreclose, however, later comments and corresponding revisions from the Conservancy on the annual work plan and budget).

B. On or before September 30th of each year, County shall submit annual financial and programmatic reports for the previous Fiscal Year. The financial and programmatic reports shall provide a summary of the Endowment Income spent in the preceding year, a summary of the Program activities that were funded with the Endowment Income, a description of the

Exhibit M

current Endowment balance and the Endowment Income from the previous year. The final financial and programmatic report will be due as and when required in Sections 16 or 17, below.

C. All reports shall be submitted to:

The Nature Conservancy
Attn: Grants Specialist - SCDR
402 W. Broadway, Suite 1350
San Diego, CA 92101

4. PAYMENTS

The Conservancy will make a single disbursement of Two Million Dollars (\$2,000,000) within sixty (60) days following the satisfaction of both of the following conditions precedent to the Conservancy's obligations under this Agreement: (i) TIC shall have executed such documents as the Conservancy (at its sole discretion) determines are necessary to release the Conservancy from restrictions that would restrict the disbursement contemplated by this Agreement, and (ii) the County shall have taken title to all the lands within the historic Irvine Ranch that are subject to Grant Deeds of Conservation Easements held by the Conservancy (collectively, the "**Conditions Precedent**"). If the Conditions Precedent have not been satisfied as of December 1, 2010, this Agreement shall automatically terminate and neither party shall thereafter have any obligations or rights under this Agreement.

5. EXPENDITURE LIMITED TO DESIGNATED PURPOSES

A. The Endowment Income may be spent only on the costs arising from and associated with the Program activities described in Exhibit B, and as contained in the annual work plan and budget approved by the Conservancy pursuant to Section 3(A) of this Agreement.

B. The Conservancy may monitor and evaluate the Program activities, which may include visits to County's offices by Conservancy personnel and agents, visits with County's staff to sites where Program activities funded with the Endowment Income have occurred, discussions with County's personnel, and review of financial and other records and materials related to the Program activities financed by the Endowment Income in an effort to determine whether County's use of the Endowment Income is consistent with the terms of this Agreement.

6. NO FINANCIAL BENEFIT TO PRIVATE LANDOWNERS AND TIC

The Endowment Income may not be used to fund any Program activities on any portion of the historic Irvine Ranch that is not publicly owned and dedicated for park or open space purposes; provided, however that Endowment Income may be used for Program activities on privately owned portions of the historic Irvine Ranch if and as in the future they become publicly owned lands that are dedicated for park or open space purposes. Such privately owned portions of the historic Irvine Ranch, once they become publicly owned lands dedicated for park or open space purposes, shall be part of the Irvine Ranch Public Wildlands. County is prohibited from investing the Endowment in a manner or using the Endowment Income for any Program activities that relate to mitigation activities performed by TIC or otherwise provide a financial benefit to TIC, including without limitation, any contract with: TIC; any affiliate or subsidiary of TIC; any entity controlled by TIC; any partnership that has as a partner or member of TIC, any TIC affiliate or subsidiary, or any entity controlled or created by TIC or any officers, board

Exhibit M

members, agents or employees of TIC; or any entity (whether a for profit or non profit) with a majority of board members that are officers, board members, agents or employees of TIC.

7. PROVIDING GRANTS TO OTHERS

The County is prohibited from using the Endowment Income to make grants without the Conservancy's prior written permission, which may be provided pursuant to the Conservancy's approval of the annual work plan and budget pursuant to Section 3(A) of this Agreement.

8. DISCLOSURE OF INTERNAL CONFLICTS OF INTEREST

The County must disclose to the Conservancy any proposed investment of the Endowment or use of Endowment Income for activities which may result in an apparent or actual conflict of interest pursuant to California Government Code Section 1090, *et. seq.*, or 87100, *et. seq.*, or related sections, between the County and its employees, board members, or close relatives of the County's employees or board members and make such expenditure subject to prior Conservancy approval in the event that the County decides to pursue such expenditure.

9. PROCUREMENT

The County will invest the Endowment in accordance with its own policies and follow its own policies with regard to documentation of procurements and maintain that documentation in their files.

10. RECORDS AND AUDITS

A. The County agrees to maintain books, records, documents and other evidence pertaining to all costs and expenses incurred and revenues acquired under this Agreement to the extent and in such detail as will properly reflect all costs and expenses attributed to the Program. These records shall be maintained for a period of three (3) years after the final financial and programmatic report is submitted to the Conservancy.

B. The Conservancy and its auditors (internal and external) will have access to all records relating to the Endowment for three (3) years after the final financial and programmatic report for the Endowment have been submitted to the Conservancy, unless local law requires a longer retention period.

C. The County shall be responsible for reimbursing for any disallowance of any expenditure related to the Program activities the County has performed, but only to the extent that such expenditure was not in accordance with this Agreement or was not approved by the Conservancy in the annual work plan and budget pursuant to Section 3(A) of this Agreement.

11. SEGREGATION OF COSTS

The County will segregate the costs of the Program from other projects that it currently administers.

12. JUSTIFICATION OF SALARY EXPENSES

Exhibit M

Employee time spent on implementing the Program is a direct cost, not an indirect cost. Accordingly, the County must track employees' actual time funded by the Endowment Income in a time and effort reporting system.

13. INTELLECTUAL PROPERTY LICENSE

Title to any Materials developed with Endowment Income vests in the County, with the Conservancy getting free irrevocable license to use, publish or distribute all such copyrighted, trademarked, patented Materials, or inventions, trade secrets or other intellectual property rights. The word "**Materials**" may include, but is not limited to reports, studies, photographs (and negatives), computer programs, drawings, writings or other similar works or documents, along with all supporting data and material, produced under this Agreement. The County agrees to provide the Conservancy with copies of the Materials at no cost.

14. ASSIGNMENT

The Endowment may not be assigned by the County in whole or in part without the prior written consent of the Conservancy. The Conservancy may assign its rights and delegate its obligations under this Agreement to a third party at the Conservancy's sole and absolute discretion.

15. NO AGENCY

No legal partnership or agency is established by this Agreement. Neither party is authorized or empowered to act as an agent, employee or representative of the other, nor transact business or incur obligations in the name of the other party or for the account of the other party. Neither party shall be bound by any acts, representations, or conduct of the other.

16. TERMINATION AND REMEDIES

If the County defaults in performance of County's duties under this Agreement, whether for circumstances within or beyond the control of the County, the Conservancy may immediately terminate this Agreement by written notice to the County. Upon receipt of the termination notice from the Conservancy, the County shall take all necessary action to cancel outstanding commitments relating to the Program, the County may use Endowment Income to pay any outstanding expenses permitted under this Agreement that could not reasonably be canceled, and County shall thereafter (within 90-days of the receipt of the termination notice) return the balance of the Endowment and any unspent Endowment Income to the Conservancy with a final financial and programmatic report.

17. CHANGED CONDITIONS

If the portion of the Irvine Ranch Public Wildlands owned by County in fee title is ever composed of less than ten thousand (10,000) acres, the Purpose shall be deemed obsolete, the Conservancy may immediately terminate this Agreement by written notice to the County, and County shall thereafter (within 90-days of County's receipt of the termination notice) return the balance of the Endowment and any unspent Endowment Income to the Conservancy with a final financial and programmatic report.

Exhibit M

18. LOBBYING AND POLITICAL CAMPAIGNING

A. County shall not use Endowment Income to engage in any lobbying activities.

B. County shall not use any Endowment Income to participate or intervene in any political campaign on behalf of or in opposition to any candidate for public office, to cause any private inurement or improper private benefit to occur, or to take any other action inconsistent with Section 501(c)(3) of the US Internal Revenue Code.

19. LIABILITY

County shall be solely responsible for the payment of any and all claims for loss, personal injury, death, property damage, or otherwise, arising out of any act or omission of its employees or agents in connection with the performance of the Program. County agrees to indemnify and hold the Conservancy harmless from any and all claims, loss, damages, costs and expenses, including attorney fees through the appellate levels, made against or incurred by the Conservancy arising out of work performed by the County under this Agreement, or arising out of any act or omission of the County. County shall be solely responsible for the payment of any and all claims for loss, personal injury, death, property damage, or otherwise, arising out of any act or omission of its employees or agents in connection with the performance of the Program. County agrees to indemnify and hold the Conservancy harmless from any and all claims, loss, damages, costs and expenses, including attorney fees through the appellate levels, made against or incurred by the Conservancy arising out of work performed by the County under this Agreement, or arising out of any act or omission of the County; including, without limitation, any act or omission related to or arising from the promulgation of an alternative investment policy or the implementation or compliance with the County's investment policy or any alternative investment policy.

20. USE OF CONSERVANCY NAME/LOGO

The County may not use the Conservancy's name and/or logo in any way without prior written consent from the Conservancy.

21. TAXES

The County agrees to be responsible for any and all filing and payment of applicable taxes and for compliance with any and all provisions and requirements arising under any applicable tax laws. Neither federal, nor state, nor local income tax, nor payroll tax of any kind shall be withheld or paid by the Conservancy on behalf of the County, or employees of the County. If appropriate, the Conservancy shall report all fees paid to the County to the IRS on Form 1099.

22. COMPLIANCE WITH LAWS

The County represents, warrants, and agrees that, in connection with the Program, the County shall comply with all applicable statutes, laws, ordinances, rules, regulations, court orders, and other governmental requirements of the United States, the State of California, and any other jurisdiction(s) in which the County is organized or authorized to do business, including but not limited to any applicable anti-bribery statutes, which are applicable to the work to be done by the County under this Agreement (in each case, an "**Applicable Law**"). The County shall not take any actions that might cause the Conservancy to be in violation of any of such Applicable Laws.

Exhibit M

23. CHOICE OF LAW/FORUM

This Agreement shall be interpreted, construed and governed by the laws of the State of California and such laws of the United States as may be applicable. In the event of any litigation over the interpretation or application of any of the terms or provisions of this Agreement, the Conservancy and the County agree that litigation shall be conducted in the State of California.

24. BINDING EFFECT/AMENDMENTS

This Agreement supersedes all prior or contemporaneous communications and negotiations, both oral and written and constitutes the entire Agreement between the parties relating to the work set out above. No amendment shall be effective except in writing signed by both parties.

25. SEVERABILITY

If any provision of this Agreement is held invalid, the other provisions shall not be affected thereby.

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Exhibit M

IN WITNESS WHEREOF, the parties hereto certify that they have read and understand all the terms and conditions contained herein and have duly authorized and caused this Agreement to be executed as of the date first above written.

APPROVED AS TO FORM
COUNTY COUNSEL

By Thomas A. Miller
Dated 6/21/10

SIGNED AND CERTIFIED THAT A COPY
OF THIS DOCUMENT HAS BEEN
DELIVERED TO THE CHAIR OF THE BOARD
G.C. SEC 25103, RESO 79-1535

ATTEST:

Clerk of the Board of Supervisors
Orange County, California

Conservancy

The Nature Conservancy, a District of
Columbia non-profit corporation

By _____
Its:

By _____
Its:

County

County of Orange

By _____
Chair, Board of Supervisors

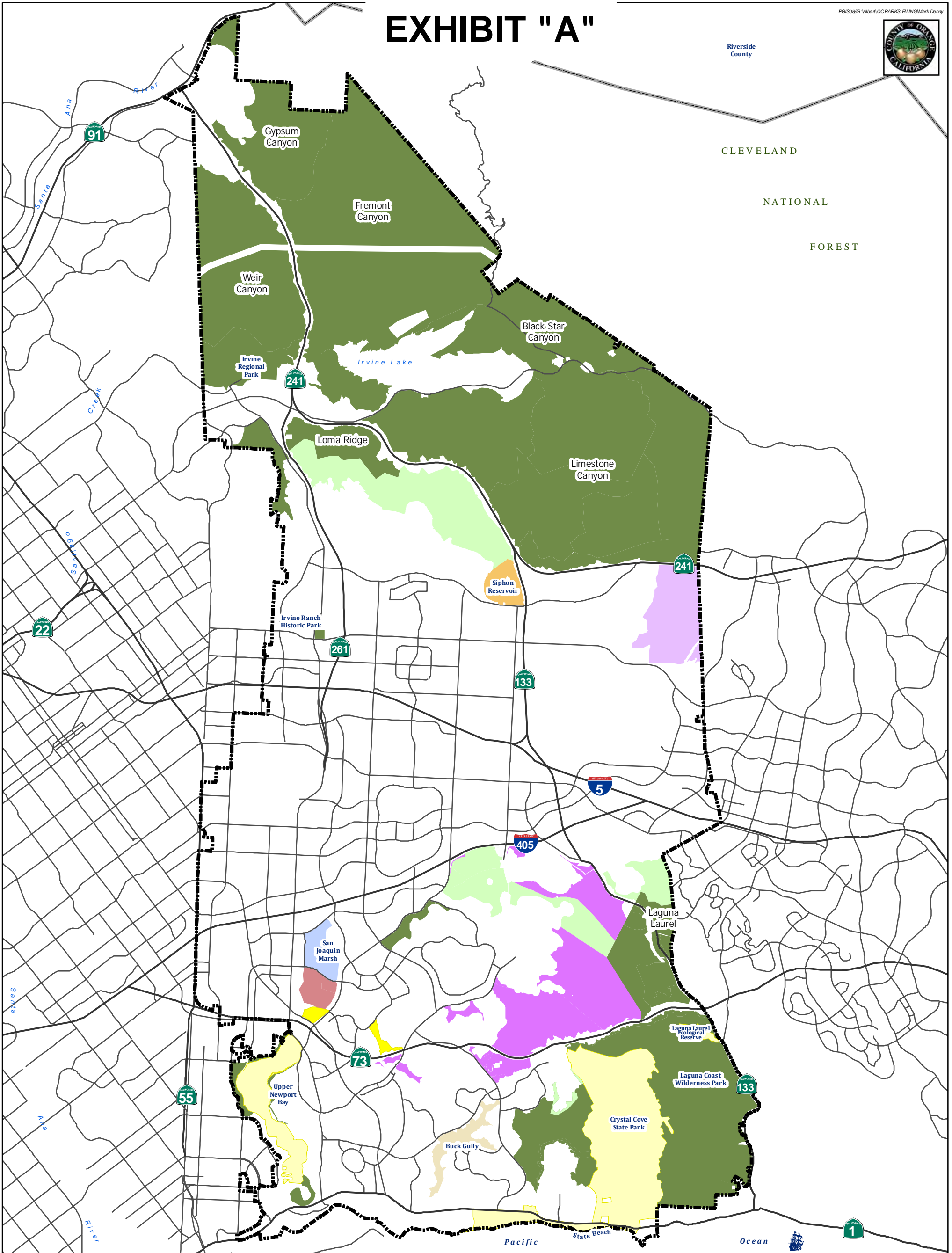
Exhibit M

EXHIBIT A

MAP OF THE HISTORIC IRVINE RANCH

EXHIBIT "A"

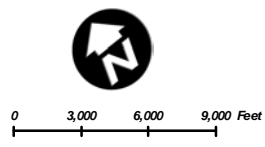
PGIS08/B-Walbe#OC PARKS FLING/Mark Denny



DESIGNED AND PRODUCED BY:
 OCCR
 OC Parks GIS
 Albert Lucero

DATA SOURCE:
 - Geomatics Land Information Systems Division
 - Irvine Company and Irvine Ranch Conservancy
 - The County of Orange and Occorok - Parks Strategy
 - OC Parks Survey/GIS/LIS shall be liable under any circumstances for any direct, indirect, special, incidental or consequential damages with respect to any claim by any user or any third party on account of or arising from the use of this map.

DATE: June 02, 2010



Irvine Ranch Public Wildlands

- County of Orange
- State of California
- City of Irvine
- TIC IOD To City of Irvine
- City of Newport Beach
- IRWD
- TCA
- UC Natural Reserve System
- UCI
- Department of Navy
- Historic Irvine Ranch Boundary

Ownership of Protected Parks and Open Space



Exhibit M

EXHIBIT B

PROGRAM

1. The Endowment shall be held and the Endowment Income used by County, in accordance with applicable sections of the County's Contract Policy Manual; provided that County may use the Endowment Income exclusively to pay for the indirect costs described in Section 3 of the Agreement and the reasonable direct costs that actually arise from County's performance of the following work on the Irvine Ranch Public Wildlands.

The protection and enhancement of the Irvine Ranch Public Wildlands' ecological and natural Conservation Values (as defined below). Such protection and enhancement may include management, maintenance, restoration/enhancement, research, monitoring or analysis of the Conservation Values. County's protection and enhancement of the Conservation Values may include, but is not necessarily limited to, the following activities: removal and control of invasive plant and animal species, restoration of degraded natural communities, study of native plant or wildlife species, installation of barricades to prevent unauthorized access, and provision of staff for site security to protect the Conservation Values.

2. On properties subject to Grant Deeds of Conservation Easements held by the Conservancy (or its successors), Endowment Income may be used exclusively for Program activities performed in compliance with such Grant Deeds of Conservation Easements.
3. On properties subject to the Orange County Central Coastal Natural Communities Conservation Plan ("OC NCCP"), Endowment Income may be used for Program activities that are consistent with the established plans, programs and policies of the OC NCCP.
4. The "Conservation Values" of the Irvine Ranch Public Wildlands shall mean the riparian, coastal sage scrub, native grassland, oak woodland, riparian forests, chaparral, Tecate cypress forest, rock outcrop and aquatic communities of the Irvine Ranch Public Wildlands. The Conservation Values include the many sensitive, rare and endangered plant and animal species dependent on these natural communities, including but not limited to, intermediate mariposa lily, Catalina mariposa lily, many-stemmed dudleya, Humboldt lily, Heart-leaved pitcher sage, chaparral beargrass, Palmer's grappling hook, mule deer, mountain lion, bobcat, coyote, American badger, various species of bats, black-chinned sparrow, Bell's sage sparrow, California gnatcatcher, Cactus wren, San Diego fairy shrimp, San Diego mountain kingsnake, red diamond rattlesnake, speckled rattlesnake, Southwestern spadefoot toad and Coast horned lizard.