TERMINATION AGREEMENT REGARDING THE
ALISO CREEK WILDLIFE HABITAT ENHANCEMENT PROJECT

THIS TERMINATION AGREEMENT ("Agreement") is dated __Oct. 2__, 2012 ("Effective Date"), by and between the UNITED STATES OF AMERICA, acting through the FISH AND WILDLIFE SERVICE, U.S. DEPARTMENT OF THE INTERIOR ("USFWS"), the STATE OF CALIFORNIA, acting through the DEPARTMENT OF FISH AND GAME, a subdivision of the California Natural Resources Agency ("CDFG"), the COUNTY OF ORANGE, a political subdivision of the State of California ("County"), and SHEA HOMES LIMITED PARTNERSHIP, a partnership organized under California law and successor in interest to the Mission Viejo Company ("Company"), sometimes referred to individually as "Party" or "Parties."

RECITALS

A. On April 18, 1989, USFWS, CDFG, the County, and the Mission Viejo Company entered into that certain agreement entitled "Agreement Regarding the Aliso Creek Wildlife Habitat Enhancement Project" ("ACWHEP Agreement"), which is incorporated by this reference, establishing a wetlands habitat enhancement program and mitigation bank, among other things (referred to collectively as "ACWHEP" or the "Project"), within the Aliso and Wood Canyons Regional Park (now a wilderness park) owned and operated by the County.

B. On October 16, 1989, the Parties approved a Statement of Clarification for the ACWHEP Agreement clarifying certain agreement responsibilities.

C. Under the ACWHEP Agreement, the Company was responsible for constructing and establishing Phase 1 of the Project. Phase 1 was the only phase of the ACWHEP that was constructed.

D. In 1995, ownership, operation, and maintenance of the ACWHEP transferred from the Company to the County, and the Company subsequently completed its monitoring responsibilities.

E. The County received and exhausted a wasting endowment of $143,000 from the Company to operate and maintain the habitat created under Phase 1 of the ACWHEP in accordance with the Operation and Maintenance Plan.

F. After ownership, operation, and management of the ACWHEP transferred to the County, a major storm event in the winter of 1997-1998 caused substantial erosion within Aliso Creek. The erosion eliminated much of the habitat created by the Project and severely damaged the ACWHEP irrigation system. This alteration to the ACWHEP is understood by the Parties to be caused by accident or disaster beyond the control of the Parties. As such, under the ACWHEP Agreement, the Parties are not required to correct the damage.
G. The ACWHEP has remained in a degraded state since the major storm event. The ACWHEP structure has aggravated downstream channel incision and has contributed to significant channel instability in the lower Aliso Creek watershed system. Bank slope materials and affected plantings have been washed downstream. The major storm event caused severe rupturing and loss of portions of the ACWHEP irrigation system in segments where slope failures occurred. The ACWHEP headworks structure itself is a barrier to wildlife migration and promotes habitat fragmentation.

H. As required by the ACWHEP Agreement, the County placed a deed restriction over the parcels comprising the ACWHEP, limiting use of the site to park purposes. The County has also placed a separate deed restriction on the parcels requiring them to be conserved and managed consistent with the Implementation Agreement for the County of Orange Central and Coastal Subregion Natural Community Conservation Plan and Habitat Conservation Plan. Therefore, terminating the ACWHEP Agreement will not eliminate protection for remaining habitat within the ACWHEP.

AGREEMENT

NOW, THEREFORE, the Parties hereby agree as follows:

A. The Parties agree to terminate the ACWHEP Agreement in its entirety, such that there is no right of survivorship or other obligations and responsibilities of the Parties.

B. Notwithstanding termination of the ACWHEP Agreement, County agrees that the restrictive covenant over the ACWHEP site shall remain in place, limiting the site to park purposes.

IN WITNESS WHEREOF, this Agreement is executed by USFWS, CDFG, County, and Company:

CALIFORNIA DEPARTMENT OF FISH AND GAME

[Signature and Date]
Ed Pert
Regional Manager
California Department of Fish and Game

[SIGNATURES CONTINUE ON FOLLOWING PAGE]
SHEA HOMES

Shea Homes Limited Partnership,
a California limited partnership,
successor by merger to,
Mission Viejo Company,
a California corporation

By: [Signature] Date: 8/7/12
   Its: Authorized Agent

By: [Signature] Date: 8/7/12
   Its: Authorized Agent

[SIGNATURES CONTINUE ON FOLLOWING PAGE]
COUNTY OF ORANGE

Date: 10/2/12

By: [Signature]
Chair of the Board of Supervisors
Orange County, California

Signed and certified that a copy of this document has been delivered to the Chair of the Board per G.C. Section 25103, Reso 70-155

ATTEST:

Date: 10/2/12
By: [Signature]
Clerk of the Board of Supervisors
County of Orange, California

Date: 9/10/2012

APPROVED AS TO FORM:
Office of the County Counsel
County of Orange, California

By: [Signature]