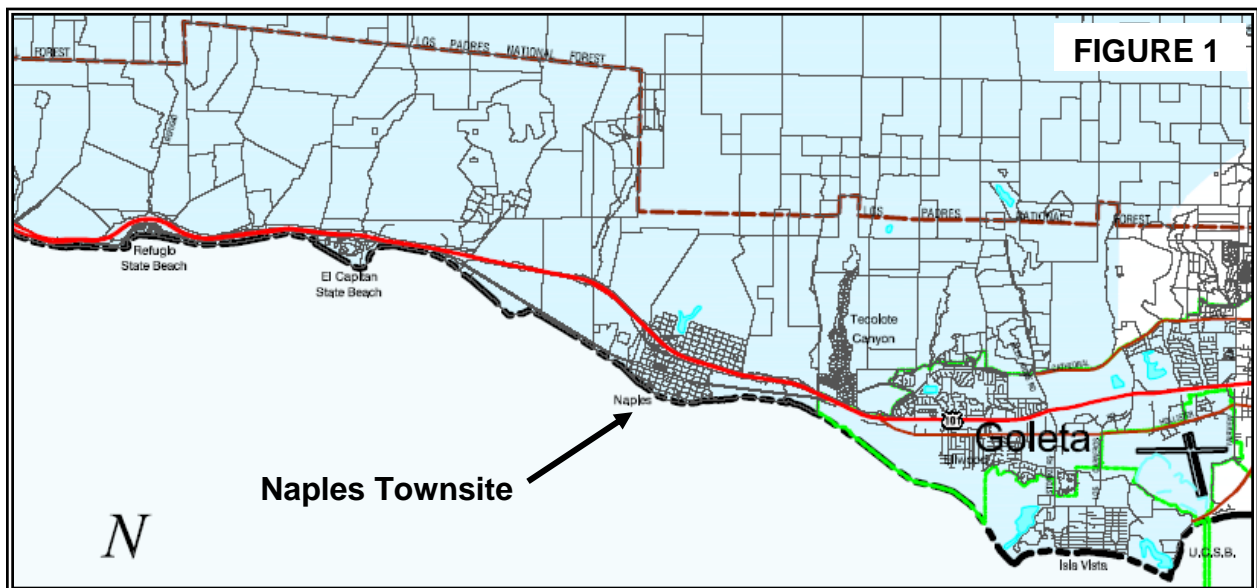
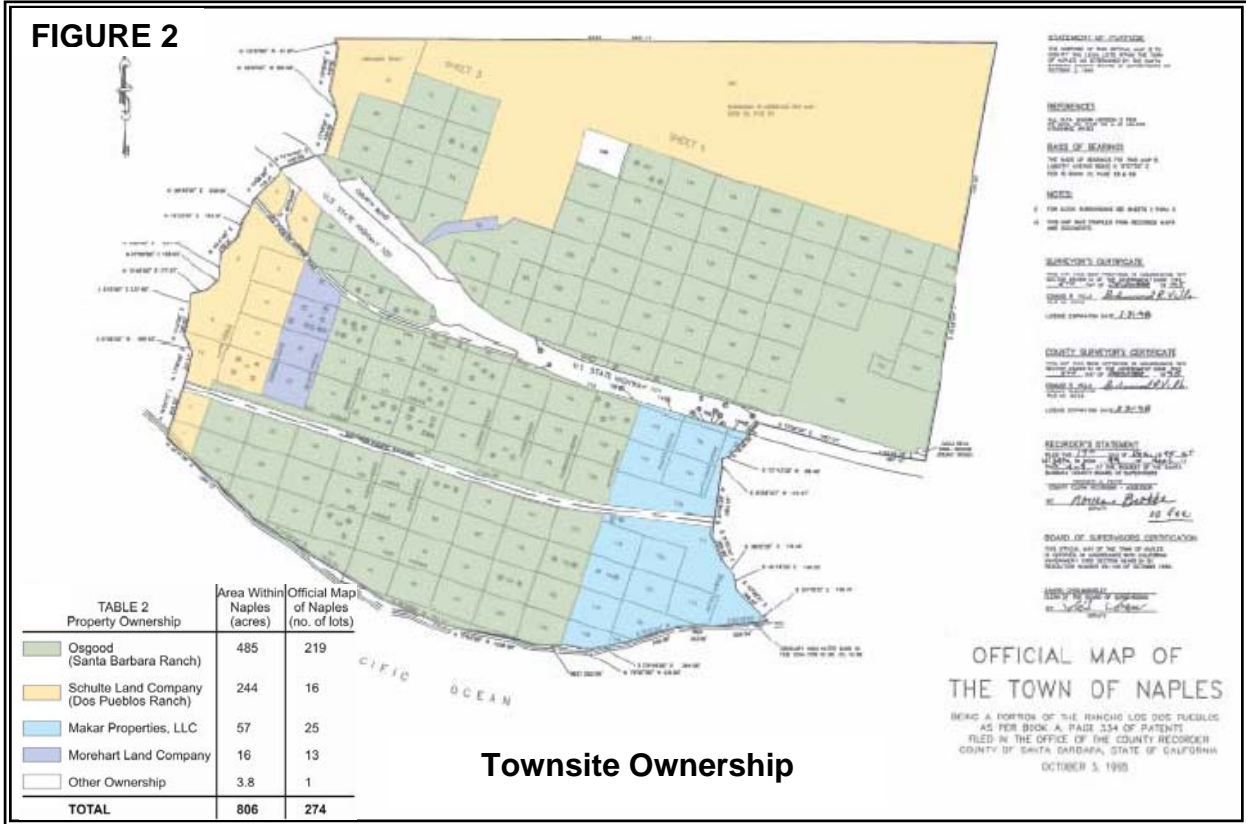


SANTA BARBARA RANCH PROJECT DETAILED SUMMARY

Setting and Context. The Naples Townsite encompasses an 800-acre area on the Gaviota coast, located two miles west of the City of Goleta. The Townsite has a rich history in both pre-European and Spanish-Mexican Land Grant periods. It also has a history of litigation and disputes over the area's development potential. This conflict centers around the Original Map of Naples filed by the Naples Improvement Company on July 23, 1888, the Official Map of Naples recorded by the County on October 3, 1995, and intervening legal disputes over lot merger provisions and septic system permit requirements imposed by the County. Further complicating the matter are California Coastal Act and local coastal land use policies that promote the preservation of agriculture, sensitive habitats and visual quality of the Gaviota Coast, while at the same time allowing a single family residence as a principal permitted use on individual legal lots, regardless of size.



Project Scope. At present, the Naples Townsite is owned principally by four sets of owners: (i) Santa Barbara Ranch related interests (“SBR”) which account for 219 parcels and 485 acres; (ii) Dos Pueblos Ranch related interests (“DPR”) which account for 16 parcels and 244 acres; (iii) Makar Properties, LLC, which account for 25 parcels and 57 acres; and (iv) Morehart related interests which account for 13 parcels and 16 acres. In late 2002, the County, the Morehart related interests, and the SBR related interests entered into a Memorandum of Understanding (“MOU”) setting forth a protocol and structure for the submission of project applications as a part of a potential global resolution of pending and threatened litigation. The MOU does not create entitlements, rights or approvals, and does not impair the County’s ability to enforce its applicable ordinances, resolutions, policies or statutes. However, it does provide a protocol for the County to entertain applications for development and conservation at Naples.



Alternative Configurations. Under the MOU, two project configurations have been put forth by the applicant: (i) a 54-unit large lot residential development on SBR known as the “MOU Project;” and (ii) “Alternative 1” which would broaden the project area to encompass the adjacent DPR and allow for the development of 72 large-lot home sites. Alternative 1B is a further refinement of Alternative 1 that results from feedback received in connection with the public review process over the past three years. Specifically, Alternative 1B includes a revised lot configuration on the north side of Hwy 101 entailing: (i) the relocation of fourteen (14) lots into the further reaches of the project site, outside of the public view corridor; and (ii) elimination of one lot overall, resulting in a total unit count of 71 large-lot homes. The baseline development scenario against which the MOU and Alternative Project configurations are compared is known as “Grid Development.” This particular scenario assumes that development would generally follow the rectilinear pattern of the existing lots and mapped street locations appearing on the Official Map. Taking into account policy conflicts and environmental constraints, it is estimated that between 114 and 125 Official Map lots within SBR have the potential for residential development.

Comparative Attributes. The alternative development configurations are distinguished from one another relative to: (i) preservation of agricultural and open space through conservation easements; (ii) protection of sensitive environmental features through resource management; (iii) provision of coastal access and related public amenities; and (iv) reduction of overall development potential. A statistical

comparison of the Grid Development, MOU Project, Alternative 1 and Alternative 1B appears in Table 1, while schematic configurations are depicted in Figures 3 through 6 and development attributes are shown in Figure 7. Relatively speaking, Alternative 1B represents the least amount of residential development within the Coastal Zone, preserves the most land for agricultural purposes and resolves viewshed impacts to a much greater extent than the other three scenarios. Grid Development, on the other hand, is the most problematic insofar as it would result in incremental and piecemeal development, likely compromise agricultural and open space preservation goals and preclude the lawful ability to extract public benefits in the form of conservation easements or coastal access for individual lots.

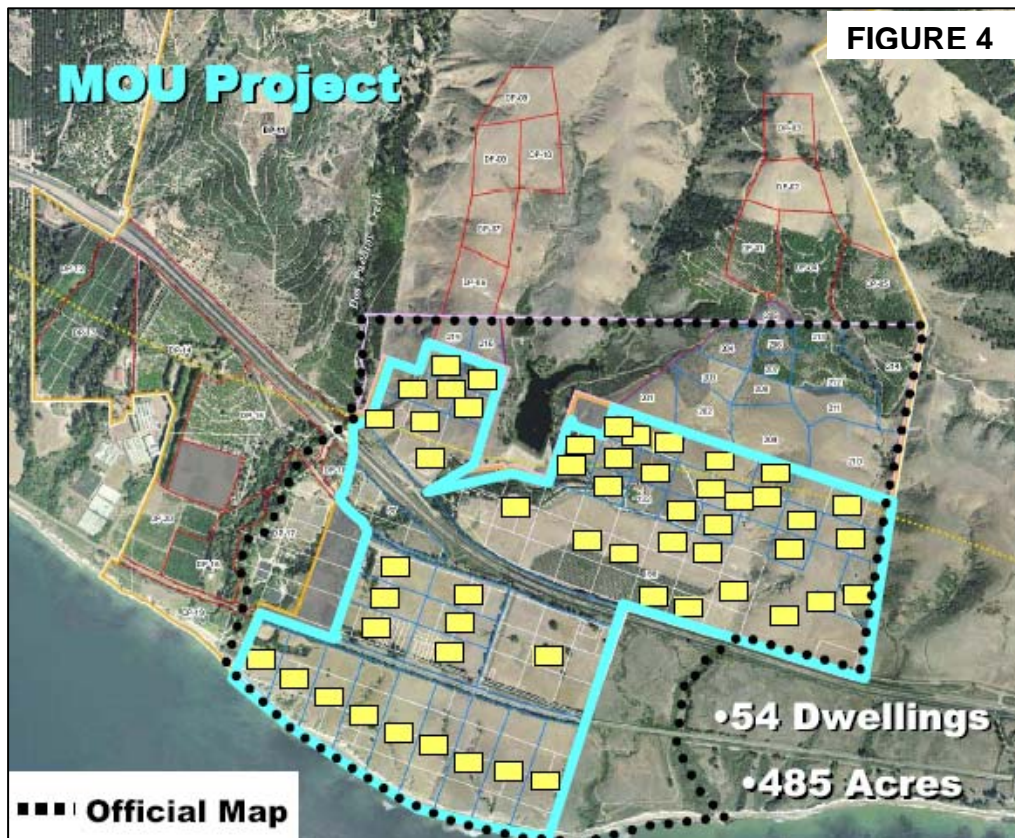
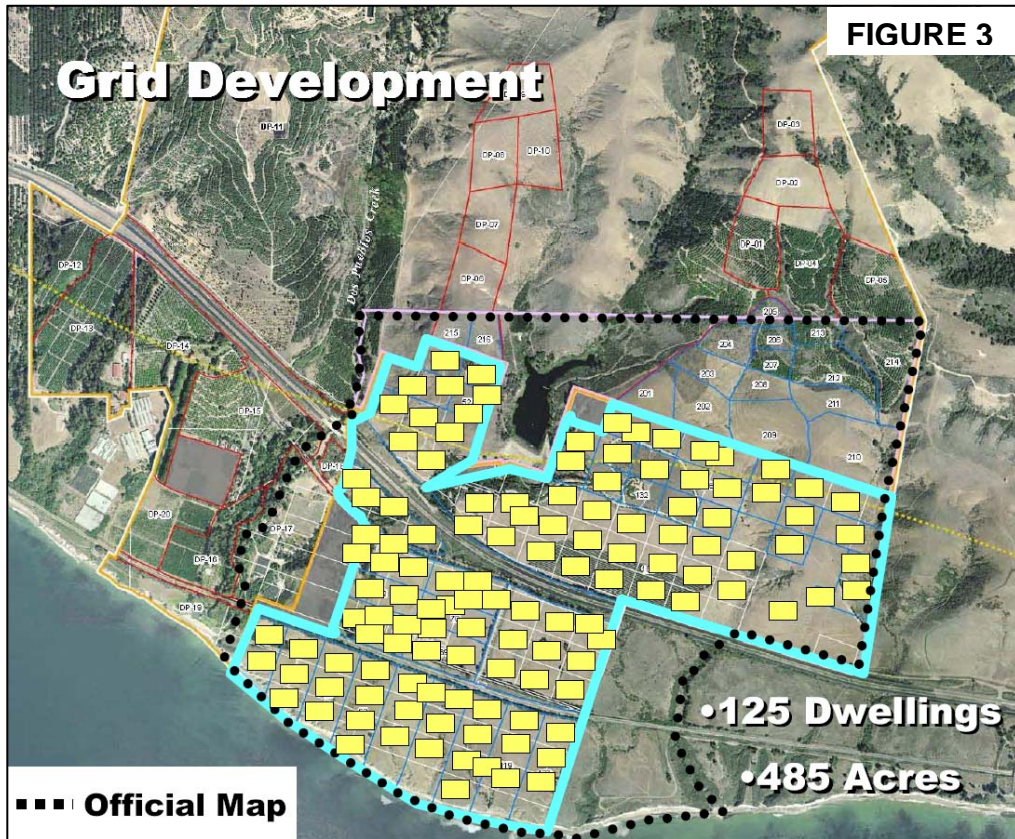
TABLE 1 Comparative Summary	Grid Development			MOU Project		
	Coastal	Inland	Total	Coastal	Inland	Total
Total Area (Acres)	352	133	485	352	133	485
Land Use (Acres)						
Ag Land Preserved	0	0	0	133	4	137
Open Space Preserved	0	0	0	162	26	188
Coastal Access & Trails	0	0	0	8	0	8
Lots						
Existing Official Map	203	16	219	203	16	219
New Residential	109	16	125	38	16	54
Net Reduction	94	0	94	165	0	165

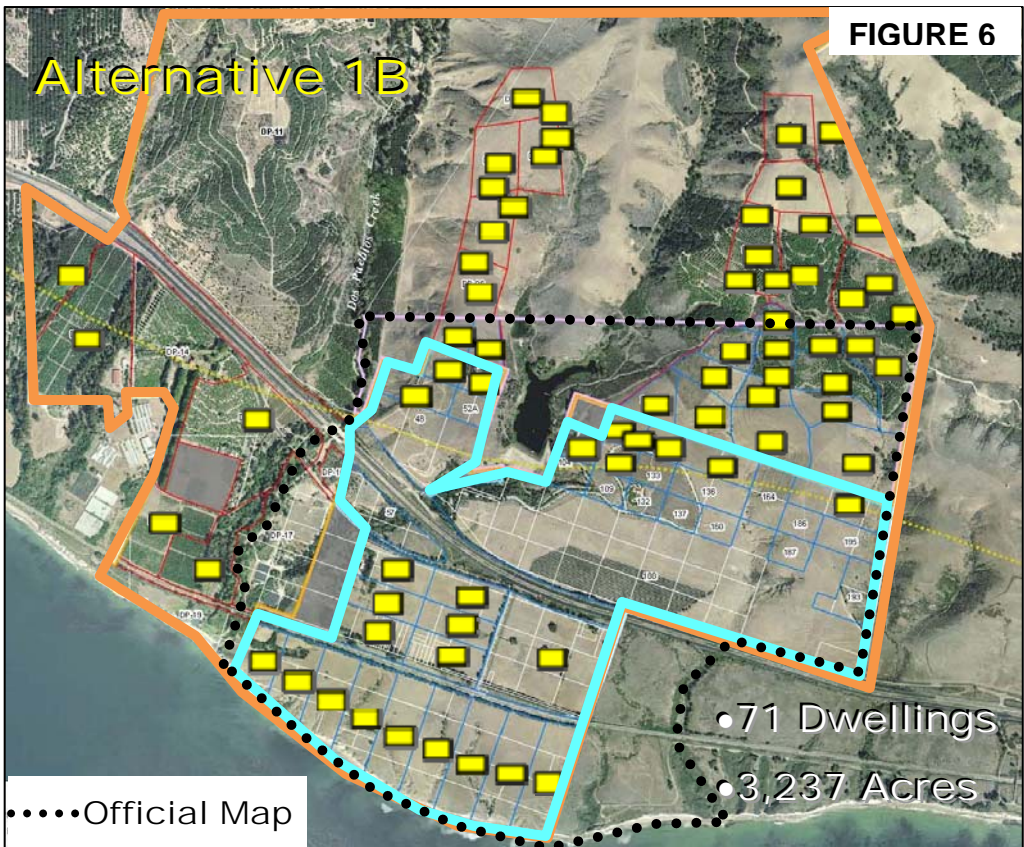
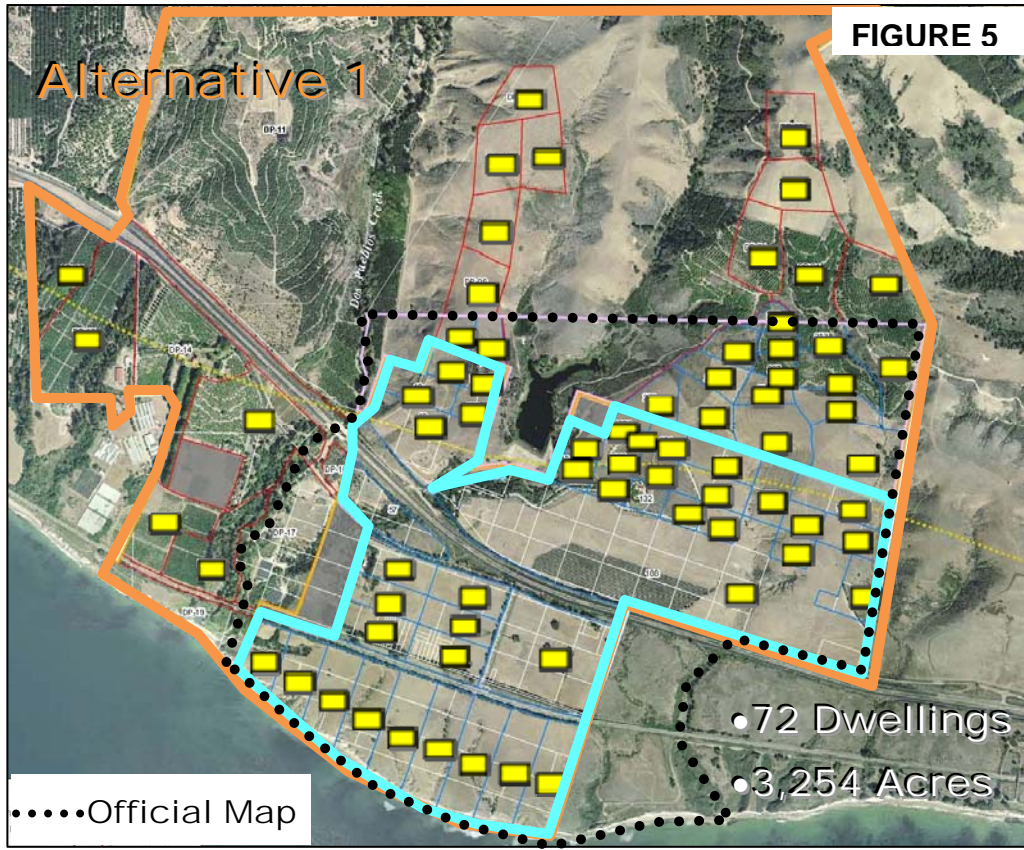
TABLE 1 Comparative Summary	Alternative 1			Alternative 1B		
	Coastal	Inland	Total	Coastal	Inland	Total
Total Area (Acres)	628	2,621	3,249	628	2,621	3,249
Land Use (Acres)						
Ag Land Preserved	271	2,358	2,629	316	2,337	2,653
Open Space Preserved	69	213	282	69	160	229
Coastal Access & Trails	8	1	10	8	1	10
Lots						
Existing Official Map	217	18	235	217	18	235
New Residential	33	39	72	22	49	71
Net Reduction	184	(21)	163	195	(31)	164

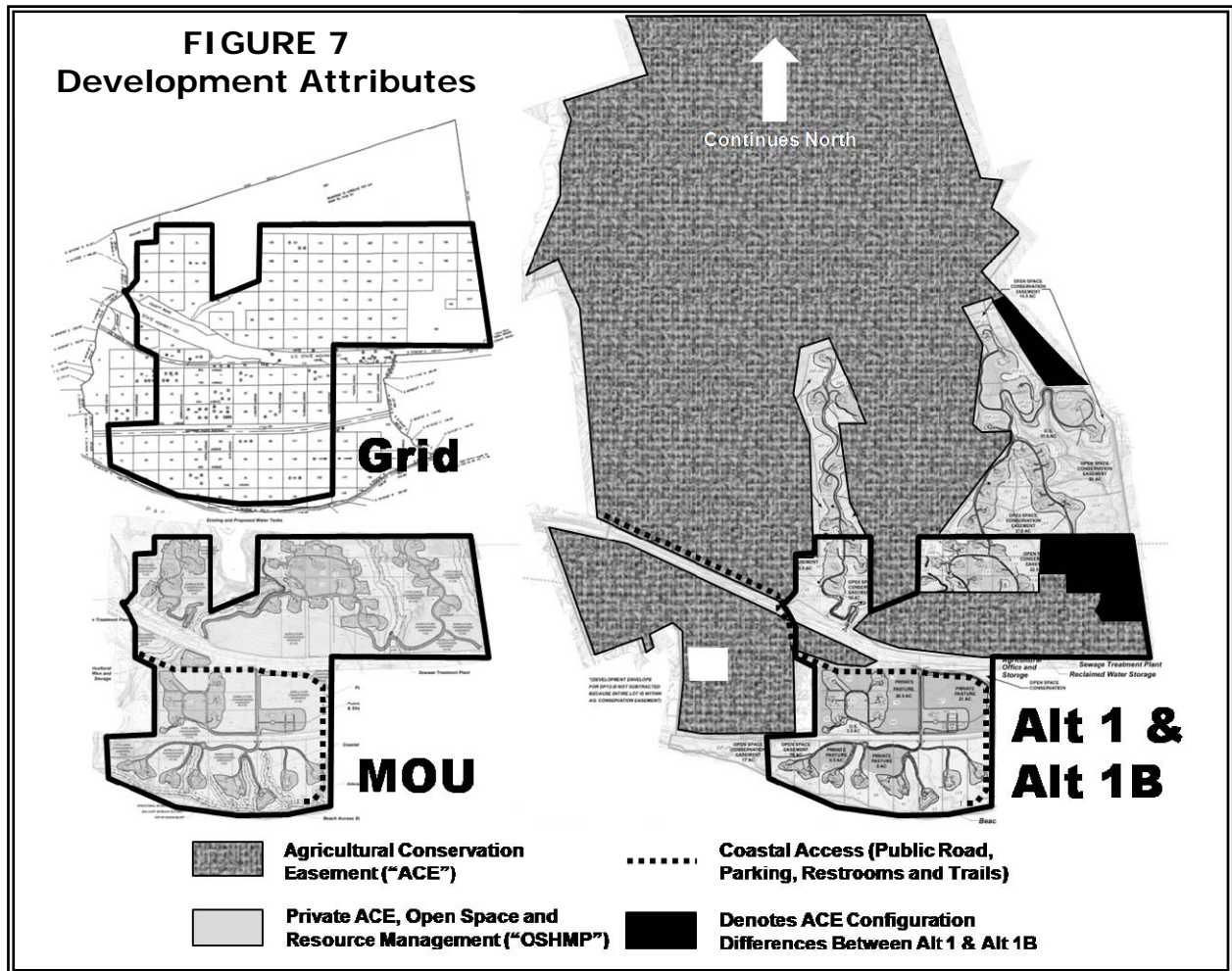
SOURCE: Final EIR for Santa Barbara Ranch Project, URS Corporation, June 2008.

NOTES:

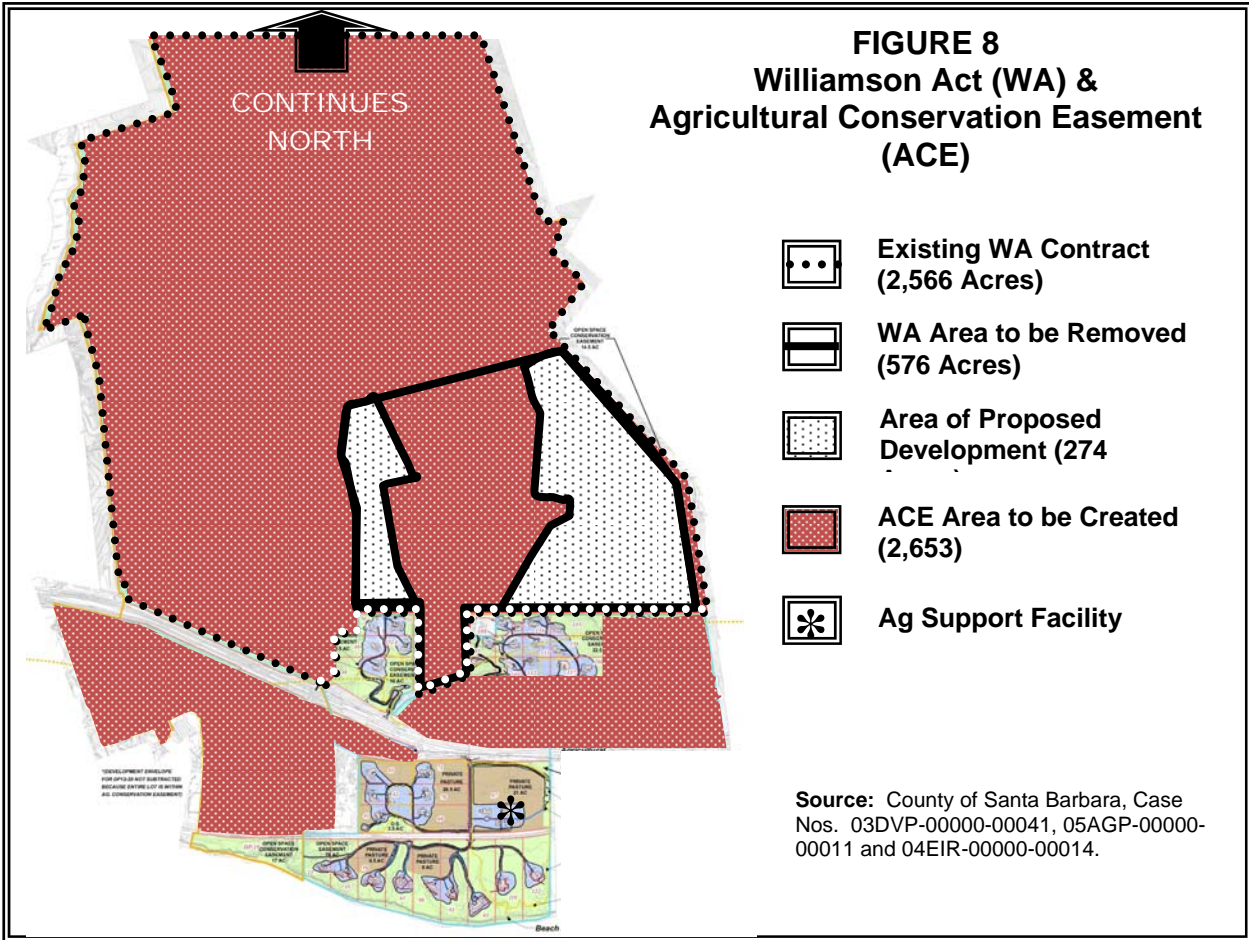
1. Figures 3 through 6 provide schematic representations of approximate residential development density and do not depict actual lot configurations.
2. Grid Development is based on estimates derived from the Final EIR and pertains to SBR only.
3. Open Space acreage for Alternative 1 and Alternative 1B are estimated and subject to further refinement.







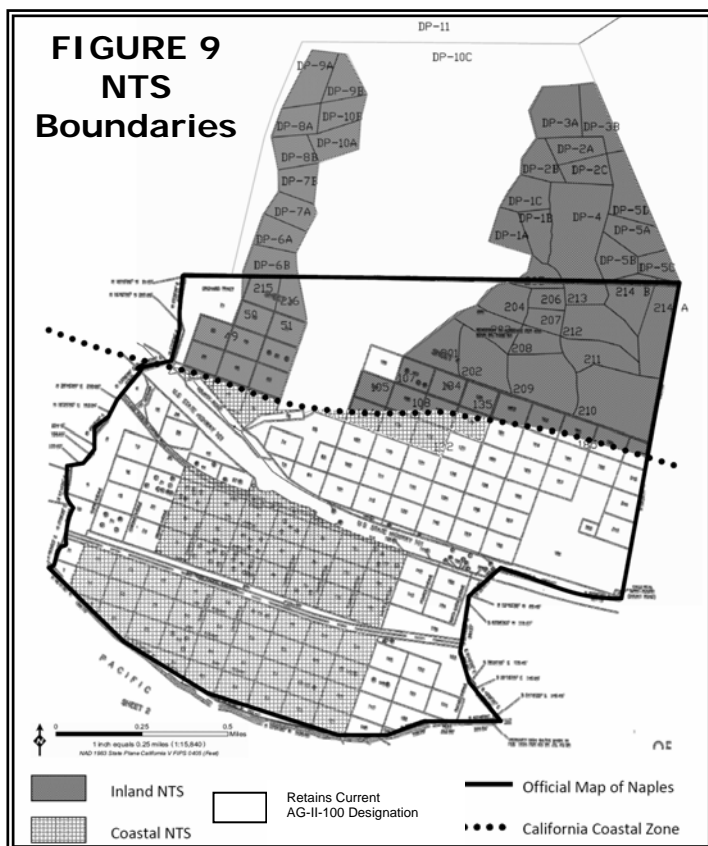
Agricultural Preservation. A distinguishing feature of Alternative 1B is a proposed conservation easement exchange under the authority of Government Code Section 51256 et.seq. (Figure 8). Under this statute, the applicant proposes to cancel Williamson Act ("WA") Contract #77AP14 and simultaneously: (i) place the undeveloped balance of DPR north of Hwy 101 that is presently under contract ("WA Remainder") into a permanent Agricultural Conservation Easement ("ACE"), along with additional non-contract acres within SBR that are currently unprotected, thereby bringing the total to 2,653 acres of agricultural acreage protected *in perpetuity* ("WA-ACE Easement Exchange"); and (ii) place the WA Remainder in a new contract ("New WA Contract"). In summary, the WA-ACE Easement Exchange would: (i) increase the total area of agricultural land under protection from 2,566 to 2,653 acres; (ii) increase the amount of protected prime agricultural land from 517 to 596 acres; (iii) increase the duration of protection from 10 years to perpetuity; (iv) obligate owners to financially support necessary farm infrastructure; and (v) involve the California Rangeland Trust and/or Land Trust for Santa Barbara County as co-conservators of the land under protection. The Planning Commission and Agriculture Preserve Advisory Committee have independently concluded that the proposed WA-ACE Easement Exchange conforms to applicable requirements of State Law as well as the County's Uniform Rules.



Policy 2-13. Existing land use and zoning designations for the Naples Townsite consist primarily of commercial agriculture, with minimum lot size requirements ranging from 10 acres (“U” zone designation for inland lots) to 100 acres (AG-II-100 zone designation for coastal lots) for each parcel. This translates to a hypothetical residential development potential of 14 lots that is far less than the 274 legal lots recognized in the 1995 Official Map of Naples. In short, existing agricultural land use designations and implementing zoning ordinances at Naples do not align with the residential lot densities already in existence. As a means of resolving this conflict, the County’s Coastal Land Use Plan (“CLUP”) contains policy language that is expressly and solely applicable to Naples. Policy 2-13 was adopted in 1982 at the time of the certification of the County’s Local Coastal Program and states:

“The existing townsite of Naples is within a designated rural area and is remote from urban services. The County shall discourage residential development of existing lots. The County shall encourage and assist the property owner(s) in transferring development rights from the Naples townsite to an appropriate site within a designated urban area which is suitable for residential development. If the County determines that transferring development rights is not feasible, the land use designation of AG-II-100 should be re-evaluated.”

Transfer of Development Rights. CLUP Policy 2-13 anticipates the possible need to consider a land use re-designation in the event that a Transfer of Development Rights (“TDR”) program is infeasible. In compliance with CLUP Policy 2-13, a TDR Study has been completed for the proposed project. The TDR Study identifies and evaluates potential receiver sites that would be suitable for residential development within designated urban and rural areas. The TDR Study indicates that, for a variety of reasons, most of these locations are not feasible as receiver sites: remoteness from the Naples Townsite, lack of common interest and issues between the Naples Townsite and potential receiver sites, and the disparity between very high land and development values on the Gaviota Coast when compared with inland urbanized areas. The Study does, however, suggest that it might be possible to extinguish at least some development potential provided that a host of actions subsequently occur: capitalization of a mitigation bank, execution of inter-jurisdictional agreements and a variety of legislative actions to provide requisite “up-zoning” for receiver sites. To maximize whatever TDR potential exists, and in furtherance of the County’s obligations to “encourage and assist the property owner(s) in transferring development rights,” the Board of Supervisors adopted a TDR Enabling Ordinance on September 16, 2008.



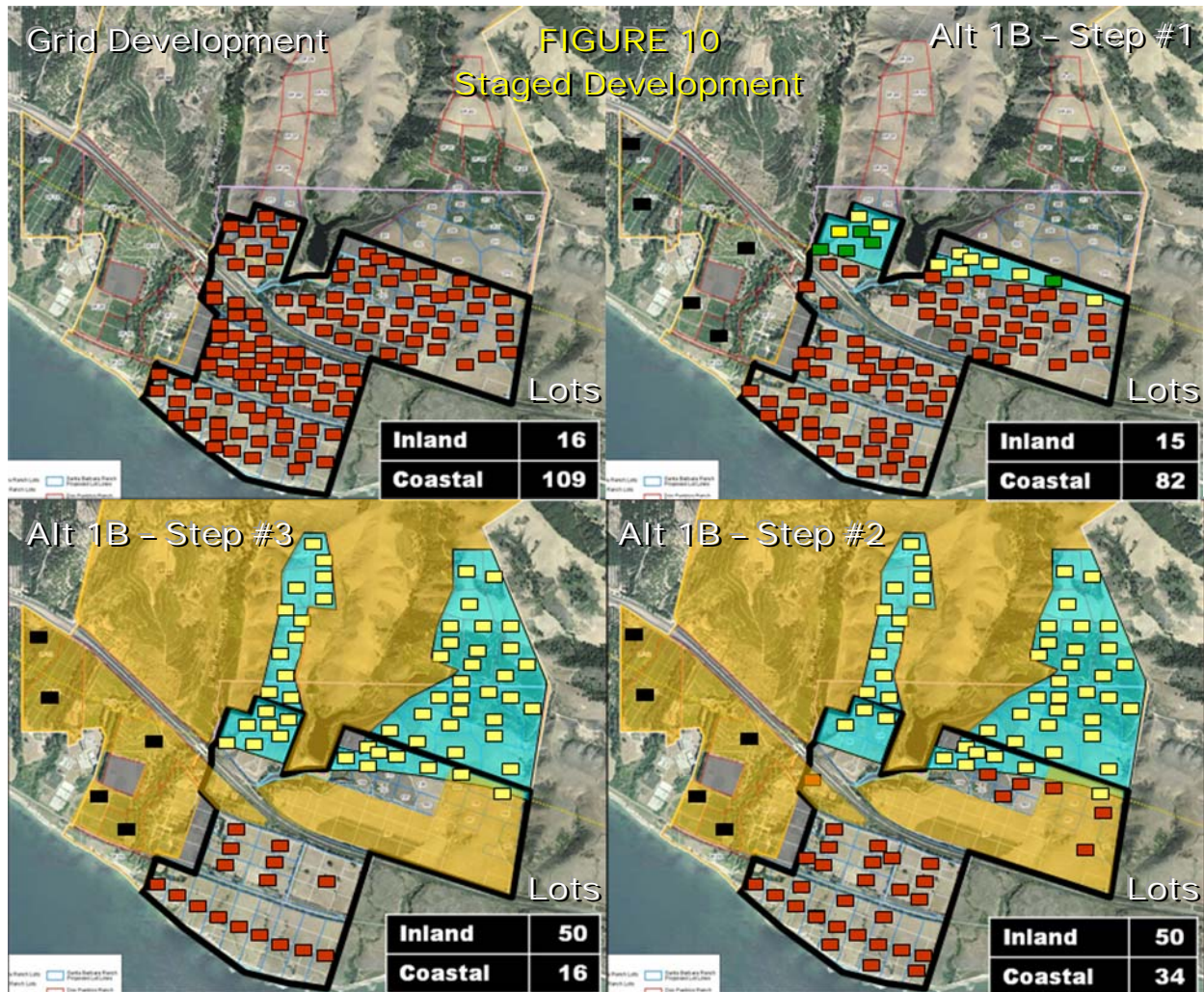
Land Use and Zoning Amendments. Given the limited potential of a TDR program, proposed amendments to the CLUP and Comprehensive Plan have been drafted along with implementing zoning regulations. The common thread in these amendments is the establishment of a new Naples Town Site (“NTS”) land use and zoning designation (Figure 9). The purpose of the proposed NTS would be to achieve a balance of low-density residential units, open space, agriculture, recreation and public access while preserving the scenic and rural character of the Naples area. Compared to the current agricultural designation that applies to Naples, the new NTS zone is: (i) more restrictive in terms of permitted and conditional uses; (ii) requires more comprehensive

development and design review; (iii) relies more on performance standards than quantitative measures to balance competing resource values; and (v) limits the height of all structures to a maximum height of 25 feet compared to 35 feet for residential structures under current agricultural zoning.

Project Approvals. The Santa Barbara Ranch Project entails a broad array of legislative and quasi-judicial land use approvals including: (i) text and map amendments to the Comprehensive Plan, Coastal Land Use Plan and Zoning Ordinance; (ii) subdivision approvals consisting of a vesting tentative tract map, lot mergers and lot line adjustments; (iii) cancellation, modification and re-issuance of Williamson Act contracts; (iv) creation of new Agricultural Conservation and Open Space Preservation Easements in their place; (v) discretionary permit approvals encompassing development plans, conditional use permits (major and minor), land use permits and coastal development permits; and (vi) miscellaneous actions including a development agreement and removal of the existing Special Problems Area designation. The County Planning Commission is advisory to the Board of Supervisors on all of these applications. For areas outside of the Coastal Zone, the Board serves as the final decision maker. Within the Coastal Zone, the Board's action on subdivision and land use approvals are subject to and contingent upon Coastal Commission certification of the Local Coastal Program amendment and zone change.

Environmental Impact Report. The environmental review process for the project officially commenced in January 2005 with issuance of a Notice of Preparation. This was followed with release of a Draft Environmental Impact Report ("DEIR") on June 30, 2006, and a Revised DEIR ("RDEIR") that was subsequently prepared and released on November 13, 2007. During the period of public review on these documents, two administrative hearings were conducted to receive public comment. By the close of the public review period on January 23, 2008, a total of 55 written comments letters had been received. An additional 20 individuals commented at the administrative hearing conducted on December 10, 2008. These written and verbal comments were partitioned into approximately 2,300 individual remarks for which written responses were prepared and issued on June 13, 2008, as a component of the proposed Final EIR. In summary, the environmental review process has spanned a period of 3-1/2 years with approximately six months of public review.

Public Participation. To date, the project has been the subject of four workshops and five decision hearings conducted by the Planning Commission, 15 sessions with the Board of Architectural Review ("BAR") and successor CBAR, eight sessions of the Agricultural Preserve Advisory Committee ("AAC"), five sessions of the Special Problems Area/Subdivision Committee Review Committee ("SPDRC") and four sessions of the Agricultural Preserve Advisory Committee ("APAC"). Interspersed among these meetings have been two project briefings with the Planning Commission and CBAR, one community site visit and numerous independent site investigations by individual committee members. Separate and apart from these proceedings, a series of nine hearings have been conducted in conjunction with the TDR Study, leading to a determination of partial feasibility and adoption of an enabling ordinance. A variety of source documents are available for review online at the website of Santa Barbara County Planning & Development (<http://sbcountyplanning.org/projects/03DVP-00041/index.cfm>). Copies of these and other project materials may be reviewed at the P&D Department, 123 E. Anapamu Street, Santa Barbara, CA 93101.



Final Action. On October 21, 2008, the Board of Supervisors took final action on the project, conditionally approving Alternative 1B. Two weeks earlier on October 7th, the Board approved a companion amendment to the MOU that allows development to be staged concurrent with a reduction of overall development potential under the Official Map of Naples. The graphic above and tables below summarize the processing steps that may result. In brief, Step # 1 allows the development of 10 inland lots subject to and contingent upon satisfying conditions of approval, obtaining requisite permits for infrastructure within the Coastal Zone necessary to serve the inland lots and an overall reduction of Official Map development potential from 219 lots down to 97 lots. Step #2 is likewise subject to conditions of approval and coastal infrastructure permitting, along with recordation of the WA-ACE Easement Exchange (denoted in orange on Figure 10) and the further reduction of development potential down to a maximum of 84 lots. Step #3 represents build-out of the entire Alternative 1B configuration upon obtaining Coastal Commission certification of CLUP amendments and approval of appealed permits (if any). A Notice of Final Action was submitted to the Coastal Commission on October 27, 2008, commencing the official period in which appealable actions may be filed.

TABLE 2 Staged Lot Mergers & Inland Development	Official Map		Alternative 1B		
	Total Legal Lots	Estimated Buildable Lots	Step #1 (Inland Partial)	Step #2 (Inland Balance)	Step #3 (Total Buildout)
SBR Coastal Lot Mergers					
S. of Hwy 101	153	67	48	28	16
N. of Hwy 101	50	42	34	6	0
SBR Inland Development	16	16	15	50	50
SBR Total	219	125	97	84	66
DRP Total	14	Unknown	5	5	5
Grand Total	233	125	105	89	71

TABLE 3 Conditions Precedent to Staging	Prerequisite Actions	Conditions of Approval	Lot Total*
Grid Development	Coastal Development & Land Use Permits	Case-by-Case	125
Alt 1B - Step #1	Lot Reductions & Coastal Infrastructure Serving Inland (With Appeals to CCC)	Conditions Compliance, EQAP, CC&Rs, CFD, OSHMP, OSCE, Common & Lot- Specific Mitigation	97
Alt 1B - Step #2	Lot Reductions, Coastal Infrastructure Serving Inland & WA-ACE Easement Exchange	Conditions Compliance, CC&Rs, CFD, OSCE, Common & Lot-Specific Mitigation	84
Alt 1B - Step #3	Lot Reductions & Coastal Commission Certification of CLUP Amendments	Conditions Compliance, CC&Rs, CFD, Common & Lot- Specific Mitigation, Coastal Access, PACE & OSCE	66
*Lot totals reflect Santa Barbara Ranch only.			