

DANIEL E. LUNGREN
Attorney General

State of California
DEPARTMENT OF JUSTICE



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December 12, 1997

Allan Abshez
Irell & Manella
1800 Avenue of the Stars, Suite 900
Los Angeles, California 90067-4276

Jonathan S. Horne
1158 26th Street
Suite 535
Santa Monica, California 90403

SENT BY FACSIMILE AND U.S. MAIL

RE: Mancuso v. Calif. State Coastal Conservancy, et al.
LASC No. BS 040197

Dear Gentlemen:

This is to confirm that at 10:00 A.M. on December 19, 1997 we are scheduled to meet in Alan Abshez's offices to complete the drafting of the settlement agreement in the above entitled matter. This letter is also to confirm that prior to that date, I will have received a copy of proposed escrow instructions (Exhibit D to the agreement) drafted by Jonathan Horne in sufficient to time to have them reviewed by the Conservancy's staff counsel (by Wednesday December 17th).

It is my understanding that after completion of the settlement agreement and exhibits on December 19, 1997, you will schedule a date for a meeting with Supervisor Yaroslavsky, Steve Horn and the two of you to discuss in general terms issues regarding the Dan Blocker and El Sol beaches owned by the County of Los Angeles. Steve Horn will be available to meet with Supervisor Yaroslavsky on the following dates prior to January 14, 1998: January 6, 7, 8, 9 and 13, 1998.

As I indicated to the both of you, the fact that you were not prepared to complete the drafting and execution of the settlement agreement prior to December 15, 1997 has made it impossible to obtain the order from Judge O'Brien contemplated by the agreement and left me with no alternative but to file a

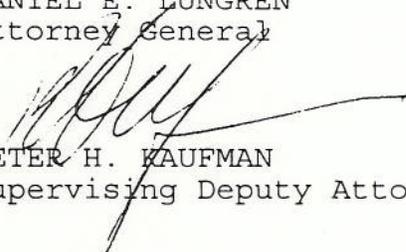
notice of appeal in the above entitled matter. As a result, the mechanism for terminating the action presently set forth in the agreement will have to be reconsidered and redrafted. This constitutes a unilateral substantial modification of the terms of the agreement based solely upon your refusal to expedite final drafting and execution of the agreement.

Because of the pendency of these settlement negotiations, the Conservancy has been delayed considerably in the conduct of its analysis of the cost of constructing an infrastructure to allow the public to utilize the easement the Conservancy possesses across your clients' property. Because this delay has benefited no one but your clients, serious questions have arisen in our minds as to your good faith in conducting these settlement negotiations. These questions over your commitment to this settlement have been compounded by repeated failures to promptly return phone calls and failures even to read relevant documents until weeks after they were prepared. Such conduct does not convey an image of a party seriously interested in completing a settlement agreement.

For these reasons, I have been authorized to inform you that if we have not reached agreement on the language of the settlement agreement and accompanying exhibits by midnight on December 19, 1997 and if you have not provided me with a copy of the agreement duly executed by your clients by January 14, 1998, the Conservancy will immediately take appropriate action consistent with its rights as the owner of an easement across your clients' property. That action includes but is not limited to taking appropriate steps to assure that the Conservancy will be able to conduct the work necessary to perform an analysis of the cost of constructing the infrastructure to allow the public to utilize the easement.

Sincerely,

DANIEL E. LUNGREN
Attorney General



PETER H. KAUFMAN
Supervising Deputy Attorney General

cc. Steve Horn
Marcia Grimm

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