PERMITTED/PARTIALLY PERMITTED TYPES OF BONDS

Permitted

Revenue Bonds
Certificates of Participation
Business Improvement Bonds
Redevelopment Agency Bonds
Conduit Financing
Lease/Purchase Agreements

Partially Permitted

Community Facilities District Bonds: Permitted only for residential and commercial projects and when requested by the land owner(s).

Special Assessment: Permitted only for residential and commercial projects and when requested by the land owner(s).

Tax Anticipation Notes: Permitted only when available cash is or will be
Revenue Anticipation Notes: insufficient to meet working capital requirements.
Tax and Revenue Anticipation Notes Not permitted for purpose of arbitrage earnings.

General Obligation Bonds: Permitted upon an approval of 2/3 of the qualified electors of the City of Lake Forest.

THE POLICY

This Policy includes a number of separate policy and procedure statements organized into a general category and specific categories of bonds based upon the nature of the debt. These categories area:

I. General Policies – All Debt Bond Obligations
II. Direct Debt Obligations
III. Indirect Debt Obligations
IV. Community Facilities District Special Tax and Special Assessment Bonds
V. Conduit Bond Obligations
VI. Bond Debt Issued by Statewide Financing Authorities

I. GENERAL POLICIES – ALL DEBT BOND OBLIGATIONS

These policies and procedures apply to all categories of debt issuance, regardless of the nature of the debt or bonds issued. They are necessary to assure adequate control by the City Council to manage debt liability properly and to keep risk exposure to a minimum. They are applicable to all categories of debt and are organized into the following nine sub-categories:

A. Competitive Versus Negotiated Bond Sales
B. Formation of the Financing Team
C. Rating Agencies
D. Bond Insurance
E. Cost of Debt and Optimum Pricing
F. Full Disclosure Obligation
G. Continuing Disclosure Obligation
H. Authorized City Representatives on Matters Concerning Debt Issues
I. Authority and Responsibility for Evaluation and Recommendations Respecting Bond Issuance and Debt Incurrence

A. Competitive Versus Negotiated Bond Sales

Policy:

All bonds issued by the City shall be sold through either a competitive or negotiated procedure according to the following criteria:

1. Competitive sale procedures shall be used when the transaction is expected to have adequate market interest to assure competitive pricing.

Explanation:

Negotiated sales should be used whenever the financing structure may not be sufficiently understood by the market place to ensure adequate competition, or if there is some credit risk. Negotiated sales are also often used for refunding (refinancing) transactions to enable the issuer to move in and out the market until the desired interest rate savings can be achieved.

In a competitive bid sale, the procedures for advertising and opening bids are precise as to a time schedule, and the City does not have the flexibility to move in and out of the market place. As a result, competitive sales may not be efficient for refunding transactions, although they may work very effectively under certain circumstances; i.e., where the economy and interest rates are stable and a familiar financing transaction is proposed.

2. Negotiated sale procedures shall be used whenever the transaction possesses characteristics which are not readily understood by the market so that competitive pricing is not anticipated, and generally should be used for most refunding transactions.

Negotiated sales are also appropriate for use in issuing tax allocation bonds, certain types of special tax and assessment bonds and revenue bonds having complex financing structures. This type of financing transaction may involve complex characteristics such as fluctuating real estate values, concentrated revenue flow; i.e., not diversified, unusual dependence upon a new or unproven revenue flow.

B. Formation of the Financing Team

The City Manager may recommend and the City Council shall approve all members of the City's financing team. Members of the City's financing team shall be selected in accordance with the City's purchasing and contract guidelines then in effect pursuant to the City's Municipal Code, as may be amended from time to time.

Members of the financing team may include, but not be limited to, the following:

1. Bond Counsel;
2. Disclosure Counsel;
3. Financial Advisor;
4. Underwriter;
5. Trustee/Fiscal Agent;
6. Debt/Special Tax/Assessment Administrator;
7. Continuing Disclosure Agent;
8. Appraiser;
9. Absorption Consultant;
10. Investment Advisor; and
11. Arbitrage Rebate Consultant.

<u>Bond Counsel</u>: Bond Counsel is the attorney that structures the legal documents and legislative approval for the financing. The City will only select Bond Counsel from firms which are listed in the "Red Book" and which may issue tax-exempt opinions which are nationally recognized.

<u>Disclosure Counsel</u>: Disclosure Counsel prepares the offering statement relating to the financing and conducts due diligence to ensure that the City has met the standard of disclosure required under the securities laws.

Financial Advisor: The Financial Advisor generally will assist the City in selecting the appropriate method of financing, assist the City in preparing presentations to rating agencies and bond insurers, determine the credit quality of the issue for offering on a competitive or negotiated sale, and assist the City with determining fair offering prices for the bonds at a negotiated sale.

Underwriter: The Underwriter purchases the bonds from the City and places the bonds with purchasers which are suitable for the type of credit. The Underwriter will assist with the preparation of the City's credit evaluations, and will participate in due diligence and preparation of the offering statement.

Trustee/ Fiscal Agent: The Trustee/Fiscal Agent is the corporate trust bank that holds all of the funds and accounts related to the payment of the bonds. The Trustee/Fiscal Agent makes regularly scheduled payments on the bonds and maintains records of payment on the City's bonds.

Debt/Special Tax/Assessment Administrator: This consultant will prepare an annual report of special taxes/assessments to be levied against real property and needed to pay debt service on bonds. This consultant will ensure that the special taxes/assessments are properly enrolled with the County Treasurer/Tax Collector.

Continuing Disclosure Agent: This consultant prepares and disseminates the annual continuing disclosure report required in each year so long as the bonds are outstanding.

Appraiser: Some financings require the appraisal of property to determine the credit quality of the bonds. The appraiser will prepare the appropriate report to determine the value of the asset securing the bonds.

Absorption Consultant: This consultant will help assess the marketability of residences in a given area and assess the proposed prices of homes in the competing market.

Investment Consultant: This consultant helps the City determine the most effective method of investing bond funds.

Arbitrage Rebate Consultant: Reviews investment earnings on invested bond proceeds and calculates rebate liability of excess investment earnings which are payable to the I.R.S. under the provisions of the Internal Revenue Code.

C. Rating Agencies

1. Every effort shall be made to obtain an investment grade rating; i.e., "A-" or better, for any bond issue whereby the general fund or any other special fund of the City is the primary credit. For conduit borrowing, the City will obtain such ratings as is recommended by the financial advisors and underwriter. The City may issue non-rated

Three major credit rating agencies currently evaluate and rate municipal debt for the benefit of their clients and prospective investors. These include Standard and Poor's, Moody's Investors Services and Fitch Investor's Services. Generally, the higher the bond rating ("AAA" is the highest), the lesser will be the implied credit risk to the investor and, thus, the lower the rate of interest which will be required to sell the bonds. Therefore, maintaining a high credit rating has significant public benefits of: (1) assuring continued access of the City to the tax-exempt credit market, and

debt in the case of assessment or special tax bonds.

2. Rating agencies for City bonds should be selected based upon the criteria of: (1) market acceptance of the rating agency; (2) the experience of the rating agency with particular type of financing transaction; (3) the quality of the methods used for research and analysis by the rating agency.

3. Non-rated debt, other than land secured obligations, may be issued by the City on a case by case basis with the concurrence of the City Council.

D. Bond Insurance

Provided the ratio of the cost of premiums to interest rate savings are favorable, every effort shall be made to insure bonded indebtedness of the City.

E. Cost of Debt and Optimum Pricing

Whenever the issuance of bonds or incurrence of debt are proposed, the full cost of the issuance and debt service shall be identified and disclosed. At, or prior, to presenting

(2) realizing substantial savings in the cost of bonded debt. Under current market conditions, non-rated debt or ratings below "A-"; i.e., "B+" or "B" will typically result in having to pay the highest interest rates in the market in order to sell the bonds.

Unusual and/or innovative transactions may lend themselves to a rating agency who performs much in depth research and approaches each financing on a case-by-case basis. Routine and straight-forward transactions lend themselves to a rating style which is very structured and standardized.

Bond insurance provides a guarantee to the investors that their principal and interest payments will be paid in the event of default by the bond issuer or borrower. Bonds which are insured usually expect to receive the highest credit ratings available ("AAA," or equivalent to the rating of the insuring entity). The analysis regarding whether or not to purchase bond insurance should focus on two factors: (1) does the bond issue qualify for insurance and, if so, (2) will the anticipated interest rate savings justify the added cost of insurance. If the present value calculation for the anticipated interest savings exceeds the cost of the insurance, the insurance would be considered "cost effective" and should be included in the transaction.

While the goal of achieving the lowest available interest rates and costs of issuance for City debt is implied elsewhere in this Policy, a specific policy statement is established. When a competitive bond sale procedure is used properly, that procedure generally assures optimum pricing. For negotiated

recommendations for final approval or authorization of any bond or debt, the City Council shall be fully informed of the anticipated and maximum amounts of debt, costs of issuance, net interest costs and total debt service obligation over the term of the debt. Bonds or debt authorized by the City Council shall not be sold or issued when the net interest costs or cost of issuance materially exceeds the prevailing market conditions for similar debt. The City shall seek to obtain the lowest available bond and debt interest cost and cost of issuance available, under current market conditions.

sales, the financial advisor should be relied upon to provide guidance and advice to the City on the competitiveness of the anticipated net interest cost and costs of issuance.

F. Full Disclosure Obligation

Whenever City debt or bonds are issued, City officials, agents and representatives shall make full and complete disclosure of all material facts relating to the issuance in order to comply fully with applicable state and federal disclosure laws and regulations.

The disclosure counsel should be made fully aware of all relevant matters which must be disclosed in the official statement. City staff and officials should cooperate fully and make diligent efforts to provide complete, timely and accurate information to the disclosure counsel.

For the purposes of issuing debt or bonds, "full and complete disclosure" shall comply with the following statement: The information contained in the official statement (to the extent such information related to the issuer) is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading.

G. Continuing Disclosure Obligation

City officials shall, at all times, comply fully with the continuing disclosure requirements of

As a result of the 1994 Orange County financial crises and other debt-related problems of local government, the Securities and Exchange

the Securities and Exchange Commission, and any other regulatory agencies.

Commission adopted Rule 15c2-12 which imposes a continuing disclosure requirement upon all issuers of tax-exempt bonds and other debt, similar to the obligations imposed upon officers of publicly traded corporations. Rule 15c2-12 requires that an annual disclosure filing be made of eleven specified financial factors relating to any bonds issued after July 1, 1995, and an immediate disclosure filing upon the occurrence of any material events which cold affect the credit ratings or marketability of the bonds. This requirement is intended to protect investors who purchase bonds on the secondary market (often, years after the original bond issue).

Because of the importance of Rule 15c2-12, and due to the effort required to gather data for the annual filings, it is prudent and efficient for the City to contract with professional services who are qualified and experienced to perform this function. Such services would be especially appropriate for conduit bond issues.

H. Authorized City Representatives on Matters Concerning Debt Issues

The City Manager, Director of Finance and City Attorney (or their respective designees, when expressly authorized in writing) are the only representatives of the City, except for the City Council acting as the governing body, who are authorized to represent the City on matters related to the issuance or incurrence of debt. All other City officials and staff shall refrain from making or giving comments, statements or information related to the policies, practices or position of the City regarding any debt issued or contemplated by the City, and shall refer any inquiries,

Because of the unusually complex and highly sensitive nature of debt issued or contemplated by the City, officials, staff and employees should refrain from making any statements or comments to members of the public regarding such matters unless expressly authorized under this Policy. Casual or uninformed comments or remarks made by City officials or employees may have unintended impacts upon the City's credit rating or may cause concern or uncertainty among holders or investors of City bonds. Prospective borrowers interested in conduit financing debt issuance by the City may be misinformed or misled by casual statements. The limiting effect of this Policy shall be broadly construed and, in particular, shall apply to inquiries or comments received from, appearances before, or representations made to any representatives, agents or employees of federal or state regulatory bodies, statewide or regional financing authorities, credit

questions or comments from any members of the public to one or more of the authorized representatives.

I. Authority and Responsibility for Evaluation and Recommendations Respecting Bond Issuance and Debt Incurrence

The City Manager, Director of Finance and City Attorney (or their respective designees, when expressly authorized in writing) are hereby designated as a committee and are authorized and directed to review and recommend upon any inquiries, requests or proposals made to the City for any bond issuance or debt incurrence, including conduit financing, bond or debt refunding or re-issuance, or new issues. Any such inquiries, requests or proposals received by or presented to any City official shall immediately be referred to the City Manager who shall inform and consult with both the Director of Finance and City Attorney.

rating agencies, investment or financial institutions and interested or prospective conduit borrowers.

In order to properly coordinate and evaluate proposals or suggestions for issuance of any bonds or incurrence of any debt by the City, the City Manager shall be responsible and accountable for recommendations made to the City Council. The City Manager shall consult with and rely upon the advice of both the Director of Finance and the City Attorney. The City Manager, Director of Finance and City Attorney may rely upon advice and information received from the financing team and other sources, including sources outside the City organization. However, any such reliance will be held subject to the duty and responsibility of "due diligence." In evaluating any proposals received or recommendations made regarding the issuance of bonds or the incurrence of debt by the City, the City Manager, Director of Finance and City Attorney should be concerned exclusively with the highest and best interest of the City and with particular concern for the City's financial well-being, credit rating and the accomplishment of the City goals and objectives as approved and authorized by the City Council.

II. DIRECT DEBT OBLIGATIONS

Revenues of the General Fund of the City of Lake Forest may be pledged to secure bonded debt only when necessary to finance essential and worthwhile public projects. Before determining to issue direct debt, all reasonable alternatives and options should be evaluated to determine if other funds or entities may reasonably incur the debt.

Because of the risk that the direct debt service obligation upon the City's General Fund could severely impact the City's ability to maintain essential public services, given the limitations imposed by California laws and Constitutional amendments against raising General Fund revenues, issuance of direct debt obligations of the City should be avoided whenever other reasonable alternatives are available. Under certain limited circumstances, it will be appropriate to issue direct General Fund debt, such as for Certificates of Participation (COPs) or certain lease revenue bonds, used to acquire or construct necessary capital improvements of citywide benefit.

III. INDIRECT DEBT OBLIGATIONS

Indirect debt shall be issued or incurred by the City: (1) only for worthwhile public purposes; (2) shall be adequately secured by sources of revenue or assets independent from the General Fund; and (3) shall be structured so that revenues of the City's General Fund are not legally obligated for payment of principal or interest.

Tax-exempt bond financing and other forms of indirect debt which may be issued by the City often provided needed capital and a means of financing worthwhile public projects. The City may reap substantial benefits from this form of debt financing. Indirect tax-exempt bonds and other forms of debt are appropriate for redevelopment projects, when secured by adequate tax increment or other revenues; and for utility and other enterprise improvements, when adequate revenues to be derived from such improvements are available. The City shall exercise administrative control over, and is held responsible for such debt, but the City should not be legally obligated for repayment of the debt or annual interest cost from the General Fund. When reasonable, revenues from annual appropriations of the City's General Fund may be used for debt service or principal retirement of indirect debt, if the authorization for such appropriations remains at the discretion of the City Council.

This Policy declares the intent of the City Council to avoid any commitment or obligation of General Fund revenues in the future for securing indirect debt. All indirect debt must be adequately secured by resources other than those of the General Fund.

IV. COMMUNITY FACILITIES DISTRICT SPECIAL TAX AND SPECIAL ASSESSMENT BONDS

A. The City will consider the use of community facilities districts pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), or fixed lien special assessments districts as well as other methods of public financing to assist residential and commercial/retail projects.

B. The use of community facilities districts or assessment districts will be permitted to finance public facilities whose useful life will be equal to or greater than the term of the bonds, including fees associated with such public facilities. Facilities which are, upon completion, owned, operated or maintained by public agencies shall be considered public facilities. The City will not finance facilities to be owned and maintained by private utilities. The City will also consider the use of community facilities districts or assessment districts to pay for police protection services, additional fire protection and suppression services that are necessary to meet increased demands placed upon the City as a result of development, the costs of maintenance of streets, roads and median landscaping within the City's boundaries, and the costs of maintenance of parks, parkways and open space.

Tax-exempt bond financing, which may be issued by the City, often provides lower cost needed capital for a variety of public projects associated with private development. The City may greatly benefit from this form of debt financing. The use of tax-exempt financing for public project portions of the project are appropriate and permitted by law. The City shall exercise administrative control over the debt issuance and debt service, but shall not be obligated for the payment of principal and/or interest from funds other than those collected specifically for the payment of principal and interest. In most cases, the City has an obligation to set the special tax rate or levy the special assessment, receive the special taxes or special assessments from the County Treasurer-Tax Collector, forward the amounts received from the County Treasurer-Tax Collector to the fiscal agent and to make reasonable efforts to collect delinquent special taxes or special assessments.

The City will finance facilities through a community facilities district or assessment district which have a substantial benefit to the community and which are necessitated as a result of the new development. The City will finance intract facilities only to the extent that the intract facilities support the community-wide facilities. Such improvements should include, but not be limited to, the acquisition of land, and construction of facilities appurtenant to the following:

1. Community Sports Park;
2. Community Center;
3. City Hall;
4. Neighborhood Parks;

C. The City is concerned that the proposed project that is to be financed is not premature for the area in which it is to be located. The proposed project must be consistent with the City's General Plan.

D. Economic Viability of the Financing

In evaluating the application and the proposed debt issue, the City may require any or all of the following to determine the economic viability of the proposed project and the timing of the sale of any bonds or series thereof.

1. Absorption Study

Unless waived by the City Manager and Director of Finance, an absorption study of the proposed project shall be required for land secured financing. The absorption study shall be used as a basis to verify that the assumptions supporting price points used to set the assessment spread or the special tax formula are appropriate and sufficient revenues can be collected to support the bonded indebtedness to be incurred.

The absorption study will also be used to evaluate the timing considerations identified by the applicant and the financing team. The absorption study will be provided to the appraiser and the appraisal required below in Section IV.4.B. is to reflect consideration of the absorption study.

5. Public Schools (K-12), academic, athletic, administration and transportation facility;

6. Traffic mitigation, arterial street improvements;

7. Water storage, treatment and delivery facilities;

8. Wastewater transfer and treatment facilities; and

9. Such other public capital facilities and services as may be permitted by the Act and approved by the City Council.

2. Appraisal

A current appraisal will be required of the property that comprises the financing district against which a lien will be placed to secure the bonded indebtedness to be incurred. The appraisal will be made by an appraiser retained by the City. It is to be made consistent with the guidelines prepared by the California Debt and Investment Advisory Commission ("CDIAC") and as stated in the right-hand column. An appraisal may be waived by the City Manager and Director of Finance for any properties that have been developed with residential units and sold to individuals. These properties may be valued at (1) the then current assessed value or (2) if the sale transaction is not yet recorded on the County Assessor's tax roll, the documented sale price.

The "Bulk Land Value" will serve as the basis for establishing the land value to lien ratios described herein for vacant and unimproved land.

CRITERIA FOR APPRAISALS

Definition of Appraisal

An appraisal is a written statement independently and impartially prepared by a qualified appraiser setting forth an opinion of fair market value of an adequately described property as of a specific date, supported by the presentation and analysis of relevant market information.

Standards of Appraisal

The format and level of documentation for an appraisal depend on the complexity of the appraisal problem. A detailed appraisal will be prepared for complex appraisal problems. A detailed appraisal will reflect nationally recognized appraisal standards, including, to the extent appropriate, the Uniform Appraisal Standards for Land Acquisition and the CDIAC Appraisal Guidelines (published in 1994 and updated in 2004). An appraisal must contain sufficient documentation, including valuation data and the appraiser's analysis of the data, to support his or her opinion of value. At a minimum, the appraisal shall contain the following:

1. The purpose and/or function of the appraisal, a description of the property being appraised, and a statement of the assumptions and limiting conditions affecting the appraisal.
2. An adequate description of the physical characteristics of the property being appraised, location, zoning, present use, and an analysis of the highest and best use.

3. All relevant and reliable approaches to arrive at the value consistent with commonly accepted professional appraisal practices. If a discounted cash flow analysis is used, it should be supported with at least one other valuation method such as a market approach using sales that are at the same stage of land development. If more than one approach is utilized, there must be an analysis and reconciliation of approaches to value that are sufficient to support the appraiser's opinion of value.
4. A description of comparable sales, including a description of all relevant physical, legal and economic factors such as parties to the transaction, source and method of financing, and verification by a party involved in the transaction.
5. A statement of the value of the real property.
6. The date of appraisal, signature and certification of the appraiser.

Conflict of Interest

No appraiser or review appraiser will have any interest, direct or indirect, in the real property being appraised for the City that would in any way conflict with the preparation or review of the appraisal. Compensation for making an appraisal will not be based on the amount of the valuation.

Appraisal Premises

The valuation of the proposed district should be based on three premises:

1. Raw Land Value - (Premise #1): The total land within the project is valued "as is".

a. With any existing infrastructure.
b. Without proposed infrastructure being financed.
c. With existing parcel configuration.
d. Considering planned densities allowed by the specific site plan of the project.

This is a typical type of land valuation.

2. Project Build out Value - (Premise #2): The total land within the project is valued under projected conditions.

a. With proposed infrastructure being financed completed.
b. At the planned densities allowed by the specific plan.
c. Land development is at the stage of being marketed to merchant builders or tentative tract maps ready to be filed.

This is a projected value based on the project plans predicated on the market conditions continuing as projected.

3. Bulk Land Value - (Premise #3): The total land within the project is valued under projected conditions.

a. With proposed infrastructure being financed completed.
b. With existing parcel configurations.
c. Considering planned densities allowed by the specific plan of the project.

This premise should consider a discounted or "quick sale" valuation considering time, cost and the possibility of a per unit value based on the total size of the project.

3. Financial Information Required of Applicant

Both at time of application and prior to the sale and issuance of any bonds, the applicant for a land secured debt issue and all property owners owning within the boundaries of the proposed financing district that will be responsible for twenty percent (20%), or more of the debt service on the bonded indebtedness to be incurred shall provide financial statements (preferably audited) for the current and prior

two fiscal years. The applicant shall also provide all other financial information related to the proposed project that may be requested by the City. Such information shall be submitted to the City or its designee.

Subsequent to the sale and issuance of the bonds, federal and state statutes and/or regulations regarding the particular type of financing may require the preparation of periodic reports. The applicant and all major participants in the project will be required to provide information needed to complete such statutorily required reports. In addition, the City department or related district or agency responsible for the administration of the bonds may require information of the applicant or the major participants in the project to satisfy reporting demands for rating agencies or institutional buyers.

4. Land Use Approvals

For land secured financing the City will require, at a minimum, that the proposed project must:

a. be consistent with the City's Comprehensive General Plan; and

b. have had the service levels for the required public facilities established or the exact public facilities required for the project identified.

A proposed project that requires: (i) a General Plan amendment, (ii) a change of zone that increases the density or intensity of land use, (iii) a specific plan, or (iv) a specific plan amendment that increases the density or intensity of land use will be referred to the City's Planning Department for evaluation as to whether the City is willing to initiate the General Plan Amendment.

An appropriate environmental review of the proposed project is to have been completed that will have addressed all of the public facilities that are to be constructed through the proposed financing.

5. Equity Participation by Applicant and Major Participants

In evaluating the proposed debt issuance, the City will consider the equity participation of the applicant and the major participants in the proposed project. At the time the application for the proposed financing is received, an analysis will be made as to the equity interest that the applicant has in the proposed project. It will also be required of the applicant that in addition to the financing, the applicant will fund in tract infrastructure and may be expected to contribute to other public improvements related to the proposed project.

E. Revenue Supporting the Financing

Land secured bonds are termed "limited obligations" whose primary repayment is secured, in the case of community facilities district, by a special tax, or in the case of assessments districts, by a confirmed assessment lien. The following are the criteria that will be applied in evaluating the revenue stream that will be supporting a proposed land secured bond financing.

1. Community Facilities Districts

(a) The rate and method of apportionment of the special tax must be both reasonable and equitable in apportioning the costs of the public facilities to be financed to each of the parcels within the boundaries of the proposed district. The City prefers that this apportionment of costs be based on the benefit that each parcel is to receive from the public facilities.

(b) The rate and method of apportionment of the special tax is to provide for the administrative expenses of the proposed district, including, but not limited to, those expenses necessary for the enrollment and collection of the special tax and bond administration.

(c) All property not otherwise exempted by the Act from taxation shall be subject to the special tax; provided, however, that the special tax will

The maximum annual special tax, together with ad valorem property taxes, special assessments or taxes for any overlapping financing district, or any other charges, taxes or fees payable from and secured by the property, including potential charges, taxes or fees relating to authorized but unissued debt of public entities other than the City, in relation to the expected assessed value of each parcel upon completion of the private improvements to the parcel is of great importance to the City in evaluating the proposed financing.

exempt residential housing units designated as very low and low income housing. The rate and method of apportionment may provide for exemptions to be extended to parcels that are to be dedicated at a future date to public entities, held by a home owner's association, or designated open space.

(d) The City will allow an annual escalation factor, not to exceed two percent (2%) of the annual special tax levy on each residential or commercial property parcel developed to its final land use.

(e) The objective of the City, whenever possible, is to limit the "overlapping" debt burden on any parcel such that the assigned special tax, together with levy of ad valorem taxes, other taxes and assessments, is not greater than two percent (2%) of the expected assessed value of the parcel upon completion of the private improvements. In evaluating whether this objective can be met, the City will consider:

i) what public improvements the applicant is proposing to be financed in relation to these aggregate needs;

ii) the purpose of the proposed financing and/or refinancing;

iii) the existing special assessments or special taxes

The City will decide what is an appropriate amount to extend with public financing on the identified public improvements.

This evaluation will be based on information obtained from other affected taxing entities that have jurisdiction to impose a levy on the proposed project.

(f) The total maximum special taxes that can be collected from taxable property in a district, taking into account any planned changes in land use or development density or rate, and less all projected annual administrative expenses, must be equal to at least one hundred ten percent (110%) of the gross annual debt service on any bonds issued by or on behalf of the district in each year that bonds will remain outstanding.

(g) The rate and method of apportionment of the special tax shall include a provision relating to replenishment of the reserve fund.

(h) The rate and method or apportionment of the special tax shall include a provision for a back up tax to protect against any changes in development that would result in insufficient special tax revenues to meet the debt service requirements of the district. Such back up tax shall be structured in such a manner that it shall not violate any provisions of the Act

regarding cross collateralization limitations for residential properties.

(i) A formula to provide for the full or partial prepayment of the special tax may be provided; however, neither the City nor the community facilities district shall be obligated to pay for the cost of determining the prepayment amount which is to be paid by the applicant.

2. Assessment District

(a) The apportionment of the assessment lien among the parcels comprising the proposed assessment district shall be based upon the direct and special benefit each parcel received from the public facilities to be financed.

(b) The assessment lien is to provide for the administrative expenses of the assessment district including, but not limited to, those expenses necessary for the enrollment and collection of the annual assessment installments and bond administration.

(c) All property within the boundaries of the proposed assessment district not statutorily exempted by the applicable provision of the California Streets and Highways Code will be subject to an assessment lien.

(d) The annual assessment installment levied on each parcel developed to its final land use shall

be approximately equal each year, except that a variation for administrative expenses will be allowed.

(c) The annual assessment installment, together with ad valorem property taxes, special assessments or taxes for an overlapping financing district, or any other charges, taxes or fees payable from and secured by property; including potential charges, taxes, or fees relating to authorized but unissued debt of public entities other than the City, in relation to the expected assessed value of each parcel upon completion of the private improvements to the parcel is of great importance to the City in evaluating the proposed financing.

The objective of the City is to limit the "overlapping" debt burden on any parcel to two percent (2%) of the expected assessed value of the parcel upon completion of the private improvements. In evaluating whether this objective can be met, the City will consider what public improvements the applicant is proposing be financed in relation to these aggregate needs and decide what is an appropriate amount to extend in public financing to the identified public improvements.

This evaluation will be based on information obtained from other affected taxing entities that have jurisdiction to impose a levy on the proposed project.

(f) Consistent with the applicable statutory provisions of the California Streets and Highways Code, a property owner shall have the right to prepay all or a part of the assessment lien.

3. Reimbursement Revenues

Full or partial reimbursement revenue received from a public agency or entity for construction by the financing district of identified public facilities required to be sized to exceed the service needs of the properties within the financing district shall be considered revenues of the financing district. These reimbursements shall, depending on date of receipt, be used to either augment construction proceeds or to reduce the outstanding bonded indebtedness of the financing district as determined appropriate by the City.

F. Capitalized Interest

In land secured financing, the City is concerned with the degree to which property ownership, and therefore the responsibility for payment of the special tax or annual assessment installments, is concentrated in one or more individuals or entities. Capitalized interest is considered a means by which the City can assure itself and bond owners that debt service obligations will be met during the initial year(s) of the financing district.

However, the amount of capitalized interest should be balanced against the annual levy on future landowners.

The amount of capitalized interest that will be required to be funded from bond proceeds in a particular land secured financing shall be based on the degree to which the property ownership is concentrated in one individual or entity. Whenever one individual or entity whose land holdings within the financing district is responsible for ten percent (10%) or more of the debt service on the bonds, then twenty-four (24) months of capitalized interest, or an amount determined by the financing team to be adequate, will be required.

G. Value-to-Lien Ratios

1. If the value-to-lien ratio is 4:1 or greater for the entire CFD or Assessment District ("AD") and if there is a value-to-lien ratio of 4:1 on at least ninety (90%) percent of vacant land in the CFD or AD, the City will not require letters of credit or other security to secure payment of the special taxes to be levied annually on properties within the CFD or AD.

2. The value-to-lien ratio may be less than 4:1 for the CFD or AD as a whole if the landowner posts a letter of credit securing one year's payment of special taxes or assessments, or the overall value to lien may be less than 4:1 if assessments or special taxes levied on

developed property secures 80% of the debt service on the bonds. The City Council may consider other circumstances for the issuance of bonds with a value to lien of less than 4:1 upon finding significant public benefits to the City.

H. Deposits

Except for those proposed CFDs and AD where the City is the sponsor, all City and consultant costs incurred in the evaluation of any CFD and AD proposal, the pre-formation activities and the proceedings to form a CFD or AD and issue CFD or AD bonds will be paid by the proponent by advance deposits with the City of moneys sufficient to pay all such costs.

Each request for the formation of a CFD or AD shall be accompanied by an initial deposit in an amount to be determined by the City to be adequate to fund the evaluation of any CFD or AD proposal and to undertake the proceedings to form the CFD or AD and issue the CFD or AD bonds. The City may, in its sole discretion, permit the proponent to make periodic deposits to cover the CFD or AD formation and bond issuance costs rather than a single lump sum deposit; provided, however, no such costs shall be incurred by the City in excess of the amount then on deposit for such purposes. If additional funds are required to pay the CFD or AD formation and bond issuance costs, the City

Community Facilities Districts and Assessment District permit the applicant to receive certain financial benefits (primarily reduced debt service costs due to tax exempt status of bonds). Therefore, the City should not incur costs which are not reimbursed by the applicant. With this Policy provision, the City will be fully reimbursed for its costs from funds deposited by developers of land.

may make written demand upon the proponent for such additional funds and the proponent shall deposit such additional funds with the City within five (5) working days of the date of receipt of such demand. Upon the depletion of the funds deposited by the proponent for CFD or AD formation and bond issuance costs, all proceedings to form the CFD or AD and/or issue the CFD or AD bonds shall be suspended until receipt by the City of such additional funds as the City may demand.

The deposits shall be used by the City to pay for CFD or AD formation and bond issuance costs incurred by the City incident to the evaluation of proposed CFD or AD, the pre-formation activities and the proceedings for the formation of the CFD or AD and the issuance of the CFD or AD bonds therefore, including, but not limited to, legal, special tax consultant, engineering, appraisal, market absorption, financial advisor, administrative and staff costs and expenses, required notifications, printing and publication costs.

The City shall refund any unexpended portion of the deposits, after payment or provision for payment of all CFD or AD evaluation, pre-formation, formation and bond issuance costs previously incurred, upon the occurrence of one of the following events:

(a) The formation of the CFD or AD and the issuance of the CFD or AD bonds;

(b) The formation of the CFD or AD or the issuance of the CFD or AD bonds is disapproved by the City Council;

(c) The proceedings for the formation of the CFD or AD and the issuance of the CFD or AD bonds are abandoned at the written request of the proponent; or

(d) The CFD or AD bonds may not be issued and sold.

Except as otherwise provided herein, the proponent shall be entitled to reimbursement of all amounts deposited with the City to pay for CFD or AD evaluation, pre-formation, formation and bond issuance costs upon the formation of the CFD or AD and the successful issuance and sale of the CFD or AD bonds for the CFD or AD. Any such reimbursement shall be payable solely from the proceeds of the CFD or AD bonds in the time and manner to be agreed upon by the proponent and the City.

The City shall not be required to accrue or pay interest on any moneys deposited with the City.

I. Continuing Disclosure

By being allowed to participate for a Community Facilities District or Assessment District proceeding, each owner of land therein must be willing to provide information deemed by the City and its financing team to be needed in order for the City and the underwriter to comply with applicable Federal and State securities laws, including continuing disclosure requirements imposed by S.E.C. Rule 15c2-12. Continuing Disclosure shall be the obligation of owners of land which are responsible for more than 20% of the special tax obligation of the CFD or Assessment District.

J. Disclosure to Prospective Purchasers and Purchasers

1. Sales Office Information Sheet and Sample Property Tax Bill

Each Property Owner within a Community Facilities District and merchant builders shall provide prospective purchasers of homes an information sheet in the sales office which discloses the maximum special taxes to be levied on the homes within the Community Facilities District. The form of the information sheet will be mutually agreed upon by the City and the Property Owner. Additionally, purchasers of homes within the Community Facilities District shall be provided a sample tax bill in a form approved by the City.

2. Notice of Special Tax

Property Owners, and any merchant builders, shall provide a "Notice of Special Tax" to each prospective purchaser of property in the Community Facilities District and shall deliver a fully executed copy of each notice to the City. Property Owner shall maintain records of each executed Notice of Special Tax for a period of five years and shall include the Notice of Special Tax in its applications for final Subdivision Reports required by the Department of Real Estate.

With respect to any parcel within a Community Facilities District, the term "Notice of Special Tax" means a notice in the form prescribed by California Government Code Section 53341.5 which is calculated to disclose to the purchaser thereof (i) that the property being purchased is subject to the special taxes; (ii) the land use classification of such property; (iii) the maximum annual amount of the special tax and the number of years for which it will be levied; (iv) if available at the time such notice is delivered, an indication of the amount of special tax to be levied on such property for the following fiscal year; and (v) the types of facilities or services to be paid or with the proceeds of the special tax.

V. CONDUIT BOND OBLIGATIONS

1. The City may sponsor privately-owned projects qualifying for tax-exempt financing under state and federal laws and regulations, and may act as a conduit for financing such projects by issuing tax-exempt bonds, provided that: (1) the proceeds of such bonds shall be used solely for qualified projects that promote the attainment, and are wholly consistent with, the City's approved development goals, policies and regulations; and (2) the borrower of the proceeds of such bonds, or the developer, adequately and completely indemnifies and holds the City harmless from all risk and liability and provides adequate security for such indemnity.

State and local governments (including counties and cities) are authorized under federal and state law to issue bonds and other forms of debt in order to provide funding for private projects serving recognized public purposes such as housing or economic development. Such bond issues are subject to requirements for public hearings to be held in the community in which the project is to be developed, under federal legislation known as "TEFRA." TEFRA supports the principal that tax-exempt financing of private development should be authorized only for private projects that further the development goals and policies of the community, and which comply fully with all applicable development regulations.

Typically, the proceeds of the government bond issue are loaned to the private developer which then repays the bond principal and provides for the annual debt service obligation through loan repayments. Thus, "sponsoring" local government; i.e., City, acts as a "conduit" for the "third party" borrower. However, third party borrowers frequently desire to designate their own financing team to arrange for the issuance of the bonds or debt. Under the City's general policies, this practice is not authorized for the City. The City reserves the right in all instances to approve and appoint its own financing team for conduit financing.

Although the City requires the third party borrower to fully indemnify and hold the City harmless against any liability, certain risks remain. In the event of a default in payment, the City's credit rating may be affected. In the event a violation of Internal Revenue Code requirements or IRS regulations occurs during the life of the bonds, the City, as issuer, will be held responsible and liable for tax payments by the IRS, and possibly the bond investors. Thus, the indemnification and hold harmless provisions protecting the City should be adequately secured.

2. A conduit financing fee of fifty (50) basis points of the par value of the bonds shall be charged by the City for the initial proceedings to issue conduit financing debt. This fee shall be payable and collected from the conduit borrower when the bonds are sold. However, a non-refundable deposit in an amount specified by resolution of the City Council shall be received by the City and credited toward the fee at the time of the borrower's initial application. In addition to the fee, the conduit borrower shall bear responsibility for payment of the cost of issuance of the bonds. Upon approval by the City Council, the fee may be reduced to twenty-five (25) basis points if the conduit borrower is a non-profit, tax-exempt entity and the purpose of the borrowing is to finance a public benefit project. Additional fees may be established on a case-by-case basis by the City Council for refunding or other actions required of the City with respect to a conduit financing. The City Manager shall establish a procedure and provide forms for receiving all applications for conduit financing.

There is a considerable cost involved in the issuance of conduit financing bonds. In addition, the City incurs some risks associated with the issuance of bonds. The City is entitled to collect a reasonable fee for undertaking this risk and to defray its costs of proceedings. In addition, the borrower should bear the cost of issuance of the bonds, in addition to the repayment of principal and annual debt service cost. Where the borrower is a bona fide non-profit entity and the project provides a public benefit, the City may reduce the fee by fifty percent. Where additional services of the City are required, as in the case of a refunding, additional fees may be charged and collected.

"Basis points" are the smallest units of measurement used in bond transactions. One (1) basis point is equivalent to 0.01%. Thus, fifty (50) basis points is equivalent to 0.05%. A fee of fifty (50) basis points is equivalent to $5,000 for each $1 million in par value (0.0050 x $1,000,000 = $5,000).

VI. BOND DEBT ISSUED BY STATEWIDE FINANCING AUTHORITIES

When adequate opportunities exist for conduit financing from statewide or regional financing authorities, conduit borrowers shall be encouraged and assisted in obtaining financing

This Policy is intended to achieve cooperation and avoid competition between statewide agencies and local governments and promote efficiency in the use of these scarce public resources. In addition to cities and counties having been authorized to issue conduit debt financing, the state legislature

from such entities. The City Manager shall arrange to be notified and informed in advance by statewide financing authorities for projects proposed to be financed within the City of Lake Forest, and shall actively monitor the review of such projects. TEFRA hearings for such projects shall be conducted either by the City Council, or by the statewide authority within the City. Local governments should not seek to compete with Statewide authorities, nor should statewide authorities be used to bypass local development policies and regulations.

has recently established certain regional and statewide agencies and consortia, notably the California Economic Development Finance Agency (CEDFA), for the purpose of providing conduit financing for private projects.

It is the stated policy of CEDFA and other statewide financing authorities to keep local governments informed and involved in the decision process for projects within the local community. Recent experience has demonstrated that appropriate local community officials are not always informed of such activities. Cities and counties may not learn of these projects until after the decisions have been made and approval actions have been taken in Sacramento. In addition, the potential now exists that third party borrowers may seek to engender competition between the statewide entities and the local authorities. A purpose of this Policy is to express the concern of the City regarding these potential problems, and to seek cooperation and support from the staff and officials of the statewide financing entities.

A TEFRA hearing is a public hearing that must be held by the sponsoring governmental agency prior to the issuance of bonds in this category. The requirement comes from the Federal Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982.

The City of Lake Forest asserts its right to be informed, through proper channels and in both a timely and adequate manner, of all pending conduit financing proposals, and to be actively involved in the decision processes of financing projects having impacts upon the community. The City also desires that the TEFRA hearing process either be conducted by the appropriate financing authority within the community affected by the project, or that the City Council, itself, conduct the proceeding, in order to carryout the proposes for which TEFRA was enacted. The City believes it is both necessary and desirable that statewide financing authorities conduct their review and approval procedures for these financing proposals with effective participation from local government.

TYPES OF DEBT FINANCING

GENERAL OBLIGATION BONDS

General obligation bonds are secured by a pledge of the ad-valorem taxing power of the issuer and are also known as a full faith and credit obligations. Bonds of this nature must serve a public purpose to be considered lawful taxation of the Citizens of the City and require a two third's majority vote in a general election. The benefit of the improvements or assets constructed and acquired as a result of this type of bond must be generally available to all citizens.

The City can issue general obligation bonds up to but not to exceed 15% of the assessed valuation under Article XVI, Section 18 of the State Constitution. An annual amount of the levy necessary to meet debt service requirements is calculated and placed on the tax roll through the County of Orange.

The City will use an objective analytical approach to determine whether it can afford to assume new general obligation debt. This process will compare generally accepted standards of affordability to the current values for the City. These standards will include debt per capita, debt as a percent of taxable value, debt service payments as a percent of current revenues and current expenditures, and the level of overlapping net debt of all local taxing jurisdictions. The process will also examine the direct costs and benefits of the proposed expenditures. The decision on whether or not to assume new debt will be based on these costs and benefits, the current conditions of the municipal bond market, and the City's ability to "afford" new debt as determined by the aforementioned standards.

MUNICIPAL NOTES

Tax Anticipation Notes (TANs) are issued to offset the timing issues of tax collection.

Revenue Anticipation Notes (RANs) are issued to offset the timing issues of revenue collection other than taxes.

Tax and Revenue Anticipation Notes (TRANs) are issued to offset the timing issues of a combination of tax and revenue collections.

Bond Anticipation Notes (BANs) are issued as an interim financing mechanism in anticipation of a future bond issuance. Generally this method is used when the construction costs of the project and other funding sources are not yet determined.

Grant Anticipation Notes (GANs) are issued as an interim financing mechanism in anticipation of award of a federal or state grant.

REVENUE BONDS

Revenue bonds are limited-liability obligations that pledge revenues of a specific enterprise to debt service. This method of financing is used when the benefiting parties or group are more directly identified Though revenue bonds are not generally secured by the full faith and credit of the City, the financial markets may require coverage ratios of the pledge revenue stream (a Coverage Covenant).

There also may be an additional bonds test required to demonstrate that future revenues will be sufficient to maintain debt service coverage levels after any proposed additional bonds are issued.

For the City to issue new revenue bonds, revenues, as defined in the ordinance or resolution authorizing the revenue bonds in question, may be required to be maintained at certain coverage ratios. The City will strive to meet industry and financial market standards with such ratios. Annual adjustments to the City's rate structures may be necessary to maintain these coverage ratios.

LEASE/PURCHASE AGREEMENTS

Over the lifetime of a lease, the total cost to the City will generally be higher than purchasing the asset outright. As a result, the use of lease/purchase agreements and certificates of participation in the acquisition of vehicles, equipment and other capital assets will generally be avoided, particularly if smaller quantities of the capital asset(s) can be purchased on a "pay-as-you-go" basis.

The City may utilize lease-purchase agreements to acquire needed equipment and facilities. Criteria for such agreements should be that the asset life is three years or more and the minimum value of the agreement is $25,000.

CERTIFICATES OF PARTICIPATION (COP)

A COP transaction is a form of lease obligation in which a government enters into an agreement to pay a fixed amount annually to a third party, the lessor, in exchange for occupancy or use of a facility or equipment. The transaction is structured such that the lease payments are sufficient to pay the principal and interest on the certificates.

Because the voters of the City have not approved the imposition of any additional tax to secure the obligation, the City will make lease payments from its generally available revenue sources that are subject to the annual appropriation process. Upon completion of the final lease payments that support the COPs, the City acquires title to the facilities or the equipment.

REDEVELOPMENT AGENCY DEBT

Debt incurred by the Redevelopment Agency that is secured by Tax Increment revenue is governed by Health and Safety Code Section 3300. Debt incurred by the Redevelopment Agency which is secured by Sales Tax Revenue is governed by Revenue and Taxation Code in Section 7200.

REDEVELOPMENT AGENCY LOANS BETWEEN PROJECT AREAS/CITY

Redevelopment Agency loans between project areas are governed by Health and Safety Code Section 33000 and accounting procedures are detailed in a white paper published by the California Committee on Municipal Accounting through the League of California Cities dated September 1996 (Appendix J).

LAND-SECURED BONDS

Land-secured bonds are issued under the provisions of the Mello-Roos Community Facilities District Act of 1982 (Commencing with Section 53311 of the Government Code), the Improvement Act of 1911, the Municipal Improvement Act of 1913 for special assessment districts and the Improvement Bond Act of 1915 for the issuance of bonds.

CONDUIT FINANCING

The City may sponsor conduit financing for those activities (i.e. economic development, housing, health facilities, etc.) which have a general public purpose and are consistent with the City's overall service and policy objectives. All conduit financing must insulate the City completely from any credit risk or exposure. The City will consider requests for conduit financing on a case-by-case basis using the following criteria:

1. The City's Bond Counsel will review the terms of the financing, and render an opinion that there will be no liability to the City in issuing the bonds on behalf of the applicant.

2. There is a clearly articulated public purpose in providing the conduit financing.

3. The applicant is capable of achieving this public purpose.

4. Provide evidence of compliance with arbitrage regulations.

The review of a request for conduit financing will generally be a three-step process. The first step is to determine if the City Council is interested in considering the request and establishing the ground rules for evaluating it. The second step is to evaluate the request

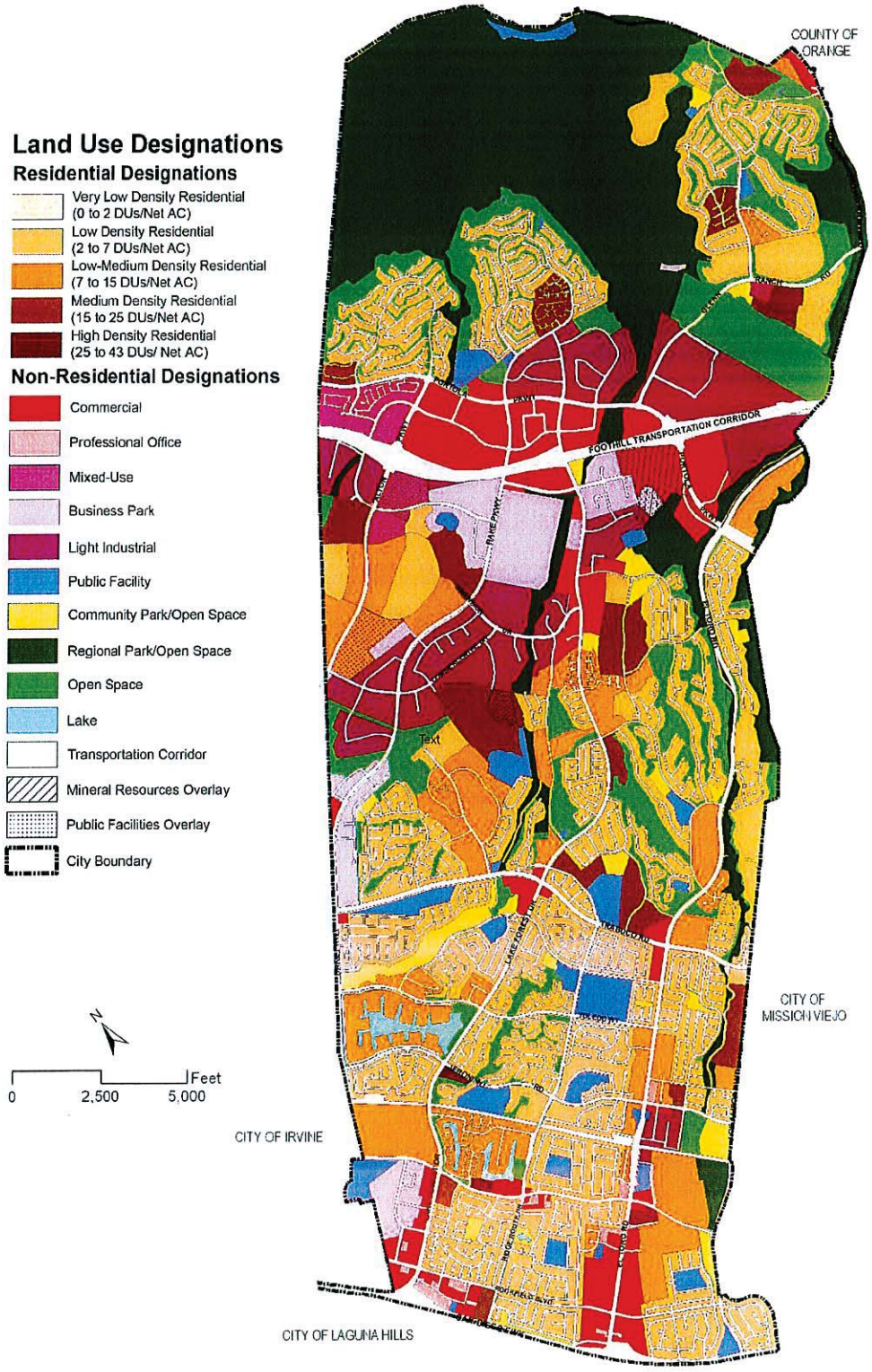
based on the three aforementioned criteria. The third step is to provide the City Council with the results of the evaluation and the appropriate recommendation. This three-step approach ensures that the issues are clear for both the City and the applicant, and that key policy questions are answered.

The City may, at its sole discretion, require additional protections including but not limited to: asset appraisals, credit enhancements, financial audits of the non-City participants or bond insurance.

EXHIBIT H

General Plan Amendment

GPA 5-10-1233
Exhibit A – Changes to the Land Use Element



Updated 6/7/2010 JM

Figure LU-1
Land Use Policy Map

GPA 5-10-1233
Exhibit A – Changes to the Land Use Element

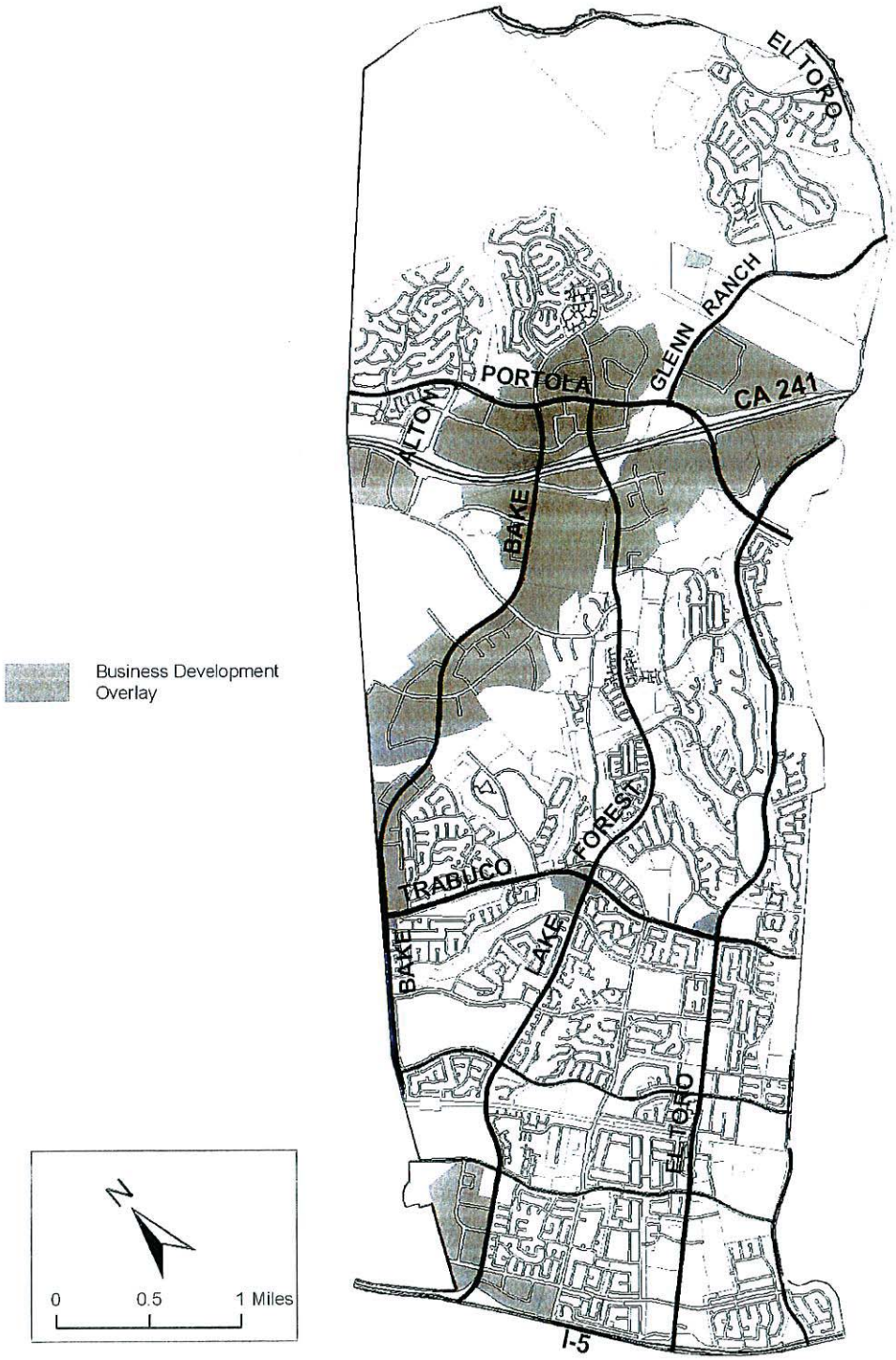


Table LU-3 Land Use Plan Development Capacity Summary

Land Use Designations	*Total Acres*	*Total Dwelling Units[a]*	*Total Square Footage[a] (000s)*	*Average Persons per DU[b]*	*Total Population*
Residential Designations					
Very Low Density Residential (0–2 du/ac)	0.0	0		2.91	0
Low Density Residential (2–7 du/ac)	2,307	15,687		2.91	45,649
Low-Medium Density Residential (7–15 du/ac)	875	9,537		2.91	27,754
Medium Density Residential (15–25 du/ac)	420	9,780		2.91	28,721
High Density Residential (25–43 du/ac)	16	681		2.91	1,981
Subtotal	*3,618*	*35,685[a]*			*104,105[a]*
Effective Development Based on OSA DAs		*31,864**			*92,724**
Nonresidential Designations					
Commercial	695		12,109		
Professional Office	32		696		
Mixed-Use	139	1,090*	1,037	2.91	3,172*
Business Park	279		4,254		
Light Industrial	807		12,303		
Subtotal	*1,952*	*1,090*	*30,399*		*3,172*
Public Facility	325		2,831		
Community Park/Open Space	207		901		
Regional Park/Open Space	2,030		88		
Open Space (with Lake)	1,074		2,339		
Transportation Corridor	513				
Local Roadways	1,127[f]				
Mineral Resource Overlay	(c)		(c)		
Business Development Overlay	(d)		(d)		
Public Facilities Overlay	(e)		(e)		
Subtotal	*5,276*		*6,159*		
Total	***10,847***	***32,954****	***36,558***		***95,896****

Source: GPA 2008-02 and GPA 5-10-1233 – PEIR Alternative 7*

a: Estimated number of dwelling units and square feet of development based on effective intensity of development for each land use type (see table LU-2)

b: Based on 2000 census estimates.

c: Approximately 62 acres of land is designated as an important Mineral Resource Zone (MRZ-2) under this overlay. The underlying future planned land use is Commercial and Business Park and the acreage is reflected under these land use designations.

d: Approximately 2,100 acres of land are designated as Business Development Overlay (BDO) under this overlay. The underlying future planned land use is Commercial, Professional Office, Business Park, and Light Industrial and the acreage is reflected under these land use designations.

e: Approximately 73 acres of land are designated for potential future public facilities as part of the Opportunities Study. The underlying future planned land uses are Commercial, Business Park, and Residential.

f: Acreage to increase by approximately 13 acres based on Alton Parkway construction. Acreage will be deducted from Low, Low-Medium, and Medium Density Residential acreages.

* Actual development is capped by Development Agreements for GPA 2008-02 and GPA 5-10-1233 as analyzed in the Opportunities Study Program FEIR, certified June 3, 2008.

TABLE RR-3
PROPOSED PARKS AND RECREATION FACILITIES

Site	Net New Acreage	Location	Proposed Features (examples only)
Canada East	2 acres	Canada Road near Orchard Rim	
Canada West	4.1 acres	Canada Road near Skybird Lane	
Community Sports Park	35–45[a] acres	**TBD – within the opportunities study**	Multi-purpose facility, lighted ball fields/ soccer fields, multi-purpose court, group picnic area, restrooms, active play areas
Normandale Park	10.7	Regency Lane	Sports fields, play areas
Opportunities Study—Shea-Baker	25[b]	No specific site(s)	Multiple Mini and Neighborhood Park sites to meet parkland dedication requirements for new residential development[c]
Opportunities Study—Portola Center	8[b]	No specific site(s)	Multiple Mini and Neighborhood Park sites to meet parkland dedication requirements for new residential development[c]
Opportunities Study—IRWD	7[b]	No specific site(s)	Mini and Neighborhood Park sites to meet parkland dedication requirements for new residential development[c]
Whispering Hills	6.4	Lake Forest Drive	
Total Acres		***108.2***	

(a) 45 acres assumed for calculation purposes

(b) Estimate based on 3 acres per 1,000 population neighborhood park requirement pursuant to the Opportunities Study Area Development Agreement, which has a maximum unit count of 2,815 units.

(c) In accordance with Opportunities Study Development Agreement.

TABLE RR-4
PARK ACREAGE NEEDS

Population [a]	Park Acreage Required [b]	Available Acreage from Existing and Planned Parkland [c]	Surplus/(Shortfall) of Acreage
93,651	**468 acres**	308 acres	(160 acres)

(a) Projected population based on OCP 2006 projected 2020 population (79,863) plus assumed buildout of Opportunities Study at 4,738 homes.

(b) 5 acres per 1,000 persons

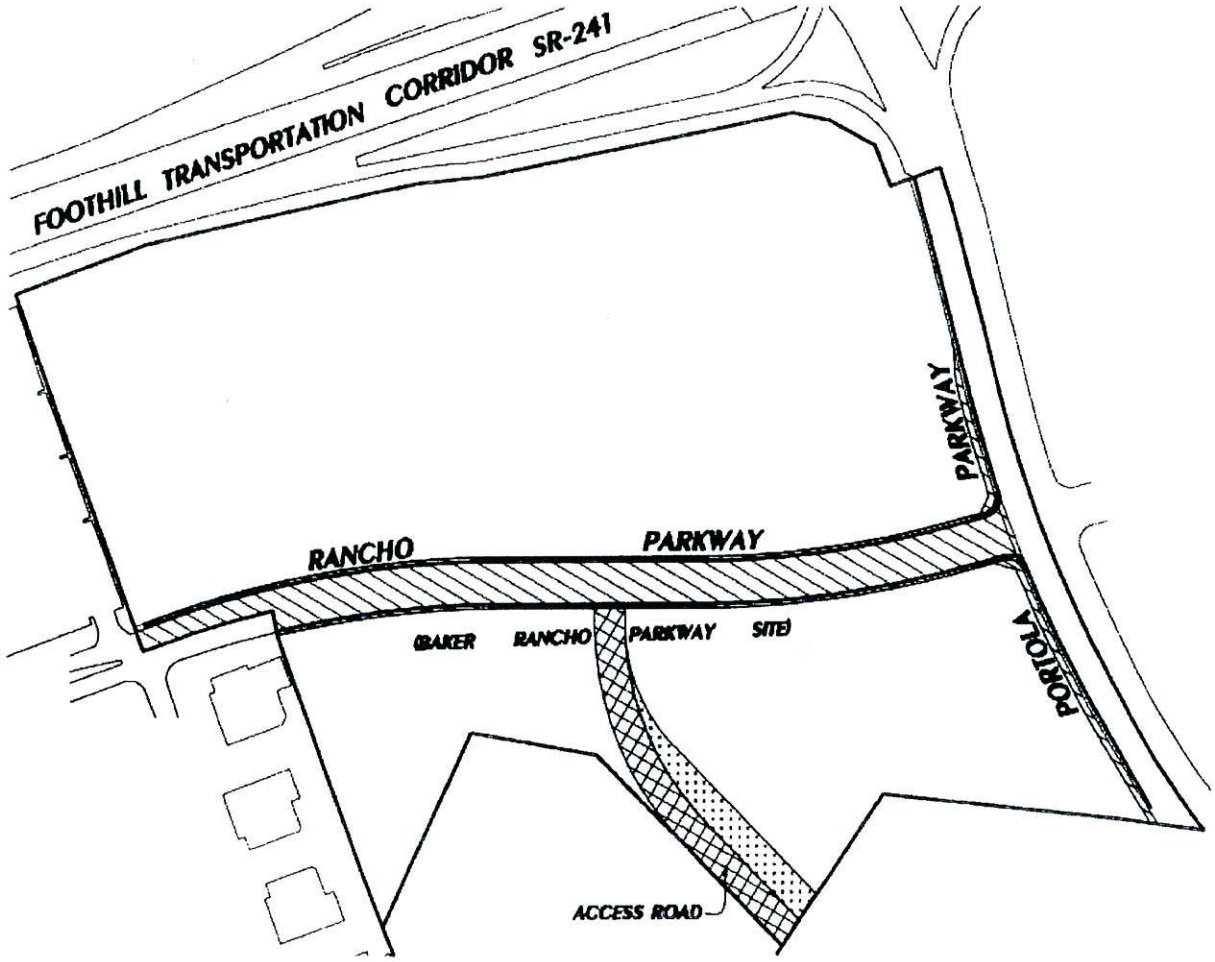
(c) Existing Parkland per Table RR-2 / Planned Parkland per Table RR-3. County and Regional Parks are not used to meet this standard.

EXHIBIT I

Rancho Parkway ROW, Access Road ROW, and Offsite Improvements

Exhibit I

RANCHO PARKWAY RIGHT OF WAY, ACCESS ROAD RIGHT OF WAY AND OFFSITE IMPROVEMENTS



N.T.S.

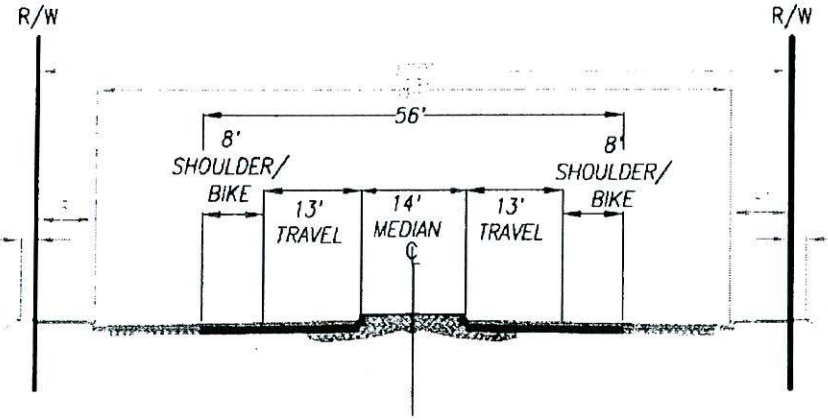
RANCHO PARKWAY RIGHT OF WAY (ROW)

ACCESS ROAD RIGHT OF WAY (ROW)

ACCESS ROAD EASEMENT AREA

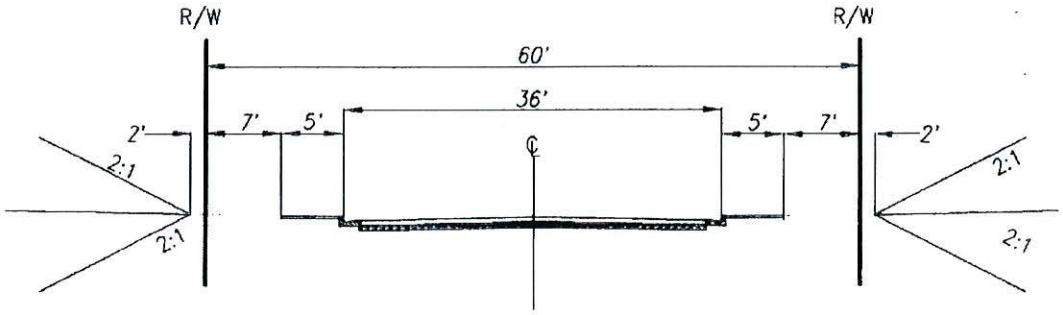
Exhibit I

RANCHO PARKWAY RIGHT OF WAY, ACCESS ROAD RIGHT OF WAY AND OFFSITE IMPROVEMENTS



* OFFSITE IMPROVEMENTS FOR RANCHO PARKWAY INCLUDE (AT A MINIMUM) A MEDIAN, A LANE IN EACH DIRECTION WITH LEFT TURN POCKETS, CORRESPONDING WET UTILITIES, A RECLAIMED WATER LINE, A NATURAL GAS LINE AS MAY BE REQUIRED BY SO. CAL. GAS, UNDERGROUND POWER AS REQUIRED FOR THE STREET LIGHTS, A JOINT DRY UTILITIES TRENCH WITH CONDUITS FOR FUTURE CONNECTIONS INCLUDING SLEEVED CROSSINGS UNDER RANCHO PARKWAY, AND A STORM DRAIN, ALL SIZED TO ACCOMMODATE THE DEVELOPMENT REASONABLY ANTICIPATED FOR THE LAND OWNED BY BAKER RANCH PROPERTIES, LLC; STREET WIDENING ALONG PORTOLA PARKWAY ALONG WITH ANY RELATED AND REQUIRED RELOCATION OF EXISTING UTILITIES.

OFFSITE ROAD IMPROVEMENTS TO RANCHO PARKWAY



* OFFSITE IMPROVEMENTS FOR THE ACCESS ROAD INCLUDE FULL WIDTH STREET IMPROVEMENTS INCLUDING SIDEWALK ON EACH SIDE.

OFFSITE IMPROVEMENTS TO ACCESS ROAD

N.T.S.

EXHIBIT J

PC Text Amendment

EXHIBIT A
ZC 5-10-1234: Baker Ranch Planned Community Text Changes

Location	Current	Proposed
Table of Contents	---	Insert "IIIa. Residential and Mixed Use Development Standards."
Section II – 20	Maximum Building Square footage	Add "(Commercial and Light Industrial Uses)"
Section II – 20	"7,416,612" square feet	Change to "3,100,200" which adjusts the previously permitted non-residential square footage in Planning Area 1 to reflect the current proposal.
Section II-23	---	Add: "Maximum Number of Dwelling Units. The total number of dwelling units shall not exceed 2,815 for Planning Area 1. Any proposal to increase the total number of dwelling units requires an amendment thereto according to the procedures contained in Section VIII, Area Plan Regulations and Procedures."
Section II-24	---	Add: "All Planning Areas shall be developed so as to not exceed the maximum density for the identified land use designation, and in accordance to Section VIII.B.14. A lower density than the Planning Area land use designation density range is permitted. Subject to Director of Development Services approval, transfer of dwelling units between future sub-Planning Areas within Planning Area 1 is permitted up to ten percent without a discretionary application, provided the density allowed in each future sub-Planning Area is not exceeded. However, the City may require an amended Tentative Tract Map in the event of any transfer of dwelling units between future sub-Planning Areas within Planning Area 1."
Section IIIa	---	Insert Exhibit A1 in its entirety.
Section IV-B – Open Space	Uses Permitted in Open Space	Addend to Section: j. Tot-lots. k. Ball Courts and fields. l. Riding and Hiking trails. m. Parking and access drives.
Section VI – B Parking	General Requirements for Parking	Addend to Section: "5. (Planning Area 1 only) Tandem parking in

		conjunction with residential development: Provisions for tandem parking must be reviewed and approved through a Site Development Permit. 6. (Planning Area 1 only) Parking for Second Units: One additional parking space above the requirements for the primary dwelling unit shall be provided. 7. (Planning Area 1 only) Residential driveways must be a minimum of 10 feet wide for single width driveways or 18 feet wide for side-by-side driveways. The length of driveways shall be in accordance with the site development standards and associated engineering standards. 8. On street guest parking may be approved by Site Plan review. CC&Rs shall be established so as to require vehicular use of resident garages.
Section VIII-A	---	Strike ", and each Planning Area shall contain a single land use only."
Section VIII-B-5-a	Area Plan requirements	Add "or number of dwelling units" after "square footage" Change "building site" to "Planning Area"
Section VIII-B-5	Area Plan Requirements	Addend to section, "which shall include, but is not limited to, the following items: • Master Land Use Plan • Design Plan • Public Facilities Phasing and Financing Plan • Grading Concept Plan • Landscape Concept Plan • Circulation Plan • Public and Private Recreational Facilities Plan • Recreation Phasing Plan • Affordable Housing Implementation Plan • Open Space Plan • Drainage Master Plan • Sewer Master Plan • Water Distribution Master Plan • Dry Utilities Plan

		• Fuel Modification Plan • Wall Plan, concept level • Maintenance Responsibilities Plan • Preliminary Geotechnical Study • Phase I Environmental Assessment • Traffic Study • Hydrology Study • Soils Report • Water Quality Management Plan (WQMP) • Noise Analysis • Cultural Resource Study • Biological Resource Survey • Title Report • Tentative A Map (Master Tentative Tract Map) • Environmental Checklist form and consultant deposit for project-level CEQA analysis" If possible, two or more Area Plan components may be combined onto one plan if it improves the ability to review each aspect in conjunction with one another.
Section VIII-14	Adjusting Development between Area Plans	Add "or maximum number of dwelling units" after "maximum allowable building square footage" in three instances.
Section X	Definitions	Insert the following definitions as described in Exhibit A2
Statistical Summary		Replace with Exhibit A3

EXHIBIT A1

SECTION IIIa
RESIDENTIAL AND MIXED USE REGULATIONS AND
SITE DEVELOPMENT STANDARDS

A. PURPOSE AND OBJECTIVES

The purpose of these provisions is to regulate the planning, design and development of residential and mixed uses within the Baker Ranch Planned Community located within Parcel 1 and illustrated on the Baker Ranch Planned Community Development Plan. These regulations provide for a variety of residential and mixed uses and also allow for community facilities and structures accessory to the main residential uses. It is the intent of these regulations to be responsive to changing community needs and goals and to allow and encourage innovative community design.

The Shea Baker Ranch Property incorporates 385.75 acres of commercial, residential, and open space uses in Planning Area 1 and Planning Area 7 within the total 706.59-acre Baker Ranch Planned Community area. Planning Area 1 is proposed to be divided into sub-Planning Areas (1A to 1K) in the future. Mixed Use is proposed within sub-Planning Area 1A. The Mixed Use designation allows flexibility to incorporate neighborhood and community level commercial and/or regional commercial uses in Planning Area 1A when developed with residential uses. The maximum amount of commercial space allowed within the Mixed Use area (Planning Area 1A) is 320,000 gross square feet.

The ultimate control for residential development is the maximum number of dwelling units permitted in sub-Planning Areas 1A – 1J and the density ranges for each Planning Area as indicated on the P.C. Development Plan and Statistical Summary. All Planning Areas shall be developed so as to not exceed the density for the identified land use designation, and in accordance to Section VIII.B.14. A lower density than the Planning Area land use designation density range is permitted. Development in Baker Ranch is subject to the Area Plan and Site Plan Regulations and Procedures of Sections VIII and IX, as modified by the provisions specific to the Shea Baker Ranch and Baker Ranch Properties as described below.

B. PERMITTED USES

1. Public and private utilities regulated by state law and exempt from local land use review.

C. USES PERMITTED IN THE RESIDENTIAL AREA SUBJECT TO AN AREA PLAN

The following uses may be permitted within the Residential Planning Areas subject to prior approval of an Area Plan, pursuant to Section VIII. For Planning Area 1, an

Area Plan shall cover the entire Planning Area 1, inclusive of Planning Areas 1A to 1K. At the City's sole discretion, a separate Area Plan may cover Planning Area 1A for the mixed use area.

1. Single-family dwellings on an individual legal lot or with more than one unit per individual legal lot, as within established detached condominium developments or clustered dwelling developments.

2. Multi-family dwellings, whether for rental or for ownership.

3. Second units on the same lot as the primary residence, if constructed as part of, concurrently with, or after the primary residence.

4. Accessory structures or uses that are customarily incidental or necessary to the permitted main uses, including, but not limited to, fences and walls, garages, loggias.

5. Public and private parks, trails, greenbelts, slopes, and common areas.

6. Public Schools

D. USES PERMITTED IN THE RESIDENTIAL AREAS SUBJECT TO AN AREA PLAN AND SITE PLAN

The following uses may be permitted within the Residential planning areas subject to prior approval of an Area Plan and Site Plan, pursuant to Sections VIII and IX:

1. Single-family dwelling subdivisions or developments, established along with a tract map.

2. Multi-family dwellings.

3. Public and private neighborhood or community non-commercial recreation centers and facilities including, but not limited to swimming pools, tennis courts, clubhouses, etc.

4. Model homes sales complexes.

5. Civic and public uses, such as libraries, museums, public community centers, etc.

6. Private educational facilities

7. Public utilities buildings, structures, and facilities including, but not limited to, the following:

    a. Communication facilities and offices.

b. Wireless communication facilities, subject to section 9.162 of the LFMC.

c. Water distribution facilities and pump stations.

d. Production, distribution, storage, or treatment facilities electricity, water, sewage, telephone or telegraph.

e. Roadways, public and private.

8. Signs, per Section IX and a Planned Sign Program

9. Home occupations per Section 9.146.060 of the Zoning Code.

10. Live Work, in accordance with an approved Area Plan and Site Plan Review, with uses found compatible with the purpose and objectives of Section IIIa and which is indicated on an Area Plan or Site Plan.

11. Parks.

12. Accessory structures or uses that are customarily incidental or necessary to the permitted main uses, including, but not limited to, fences and walls, garages, loggias, public and private parks, trails, greenbelts and common areas.

13. Any use proposing alternative development standards which is found compatible with the purpose and objectives of Section I.

E. <u>USES PERMITTED WITHIN THE MIXED USE AREA AND SUBJECT TO AN AREA PLAN AND SITE PLAN</u>

The following uses may be permitted within the Mixed Use area of the Shea Baker Ranch Property (Planning Area 1A) subject to prior approval of an Area Plan and Site Plan, pursuant to Sections VIII and IX:

1. Retail uses.

2. General and medical office.

3. Service commercial.

4. Restaurants, outdoor dining and entertainment uses, subject to an Entertainment Permit per LFMC 5.36.020.

5. Hotels and motels.

6. Private educational facilities.

7. Day care centers.

8. Worship centers.

9. Civic and public uses, such as libraries, museums, public community centers, etc.

10. Residential Uses.

11. Congregate Care Facility/Congregate Living Facility.

12. Live Work, with residential uses and other uses permitted in this subsection.

F. USES PERMITTED WITHIN THE MIXED USE AREA AND SUBJECT TO AN AREA PLAN AND USE PERMIT

1. Gasoline service stations.

2. Automobile repair and service.

3. Any other similar use which is found compatible with the purpose and objectives of Section IIIa and which is indicated on an Area Plan or Site Plan approved by the Planning Commission.

G. SITE DEVELOPMENT STANDARDS

All residential and mixed use development shall be subject to the following regulations except as otherwise established by an approved Area Plan or Site Development Permit per Sections VIII and IX.

After first occupancy of an individual dwelling unit, the site development standards contained in this section and any applicable Area Plan or Site Development Permit shall apply to that dwelling unit and shall only be modified subject to the variance procedures contained in the City's Zoning Code in effect at the time.

1. Single-Family Dwellings

a. Building site area: 2,000 square foot minimum

b. Building site width: 30' minimum

c. Building site depth: No minimum

d. Building height: 35' maximum, measured from the top of the adjacent grade to the ridgeline, in accordance with Section X.

e. Maximum site coverage (not including garages, porches, stoops, hardscape, patios, balconies and similar features): 70%

f. Building setbacks: See Table 1

g. Attached and detached accessory buildings are allowed as part of single-family home developments, and have the same setback requirements as the main building on the lot.

h. A minimum five 5' wide landscaped parkway shall be installed within the right-of-way adjacent to the curb on all two-lane public neighborhood streets. A minimum 4' wide sidewalk shall be located behind the parkway, and may be outside the public right-of-way. If the sidewalk is located outside the public right-of-way (as indicated in subsection J), a public access easement shall be granted over the sidewalk to allow for installation and maintenance of public utilities and city maintenance of sidewalks.

i. Setback encroachments: Architectural elements such as fireplace chimneys, bay windows, roof overhangs, may project into any setback up to two feet. But in no event shall such elements project into any required setback area so as to be closer than 3 feet to any property line of the building site. Where space and site conditions allow, mechanical equipment such as air conditioning compressors, pool and spa pumps, and similar equipment may be located in the setback areas, but no less than 4' from the property line.

j. Public and Common Area Landscaping: Landscaping, consisting of evergreen or deciduous trees, shrubs, groundcover or hardscape shall be installed and maintained subject to the following standards.

1. Landscaping shall be installed adjacent to all roadways such that sidewalks are always separated from walls and structures by a planted parkway, unless otherwise approved with the Area Plan or subsequent Site Plan approvals.

2. Permanent automatic irrigation shall be provided for all common area landscaped areas.

3. All common area landscaping shall be maintained established Homeowners' Association in a neat, clean and healthy condition. This shall include proper pruning, mowing of lawns, weeding, litter removal, watering, and prompt plant replacement when necessary.

Table 1 – Single-Family Dwelling Residential Setbacks

Minimum Setbacks	Standard Lots	Other Lots (includes Z - Lots, Clustered Lots, etc)
From All Streets *(measured from the back of sidewalk)*		
All Primary or Accessory Buildings and Structures	10'	10'
Building Elevations with Front Entry	8'	8'
From Alleys or Motor-courts (24' wide), if applicable *(measured from the edge of curb or flow-line)*		
Building	N/A	2'
From Interior Property Lines *(from property line; On Z-Lots, easements may be used)*		
Building	5'	5'
Garage Sides**	4'	4'
Patio Cover or Carport	3'	3'
Garage or Carport Setbacks From Access Points		
Street: *(measured from property line)*	18'*	18'*
Alley or Motor Court: *(measured edge of curb or flow line)*	≥18'*/≤5'* With a minimum of 3'*	≥18'/≤5'* With a minimum of 3'*
Building Separation *(From all primary and/or accessory structures)*		
Building Separation	10' 8' facing garage sides**	10' 8' facing garage sides**
Between Buildings Across Alley	28'	28'
Between Facing Garages	30'	30'
Parking	**Refer to Section 9.168 of the the Lake Forest Municipal Code**	

* Requires a roll-up garage door, otherwise add 2'. Garages with a driveway less than 5' from the property line or the curb line are permitted through the approval of a site plan and required to have an automatic garage door opener, ensured by CC&Rs.

** With no openings

2. Multi-family Residential Standards

a. Building site area: No minimum.

b. Building site depth: No minimum.

c. Building height: 40' maximum, measured from the top of the adjacent grade to the ridgeline, in accordance with Section X.

d. Maximum site coverage, as defined in Zoning Code: 80%

e. Building Setbacks: See Table 2

f. Setback encroachments: Architectural elements such as fireplace chimneys, bay windows, roof overhangs, media centers and similar features may project up to two feet into any setback except along alleys, where a minimum setback of three feet must be maintained to provide for adequate distance behind garages. Where space and site conditions allow, mechanical equipment such as air conditioning compressors, pool and spa pumps, and similar equipment may be located in the setback areas, but no less than 4' of the property line.

g. A minimum five 5' wide landscaped parkway shall be installed within the right-of-way adjacent to the curb on all public two-lane, neighborhood streets. A minimum 4' wide sidewalk shall be located behind the parkway, and may be outside the public right-of-way. If the sidewalk is located outside the public right-of-way (as indicated in Subsection J), a public access easement shall be granted over the sidewalk to allow for installation and maintenance of public utilities and city maintenance of sidewalks.

h. Public and Common Area Landscaping: Landscaping, consisting of evergreen or deciduous trees, shrubs, groundcover or hardscape shall be installed and maintained subject to the following standards.

1. Landscaping shall be installed adjacent to all roadways such that sidewalks are always separated from walls and structures by a planted parkway, unless otherwise approved with the Area Plan or subsequent Site Plan approvals.

2. Permanent automatic irrigation shall be provided for all common area landscaped areas.

3. All common area landscaping shall be maintained in a neat, clean and healthy condition. This shall include proper pruning, mowing of lawns, weeding, litter removal, watering, and prompt plant replacement when necessary.

i. Trash and storage areas: All common trash areas shall be shielded from view within a building or enclosed by a wall not less than 6 feet in height. Trash areas shall accommodate separate trash and recycling containers.

Table 2 – Multi-Family Residential Setbacks

Minimum Setbacks	
From Streets *(from back of sidewalk)*	
Building	10'
Garage or carport entry^	18'*
Patio Cover	10'
From Interior Property Lines	
Building	5'
Patio Cover or Carport	3'
Garage or Carport Setbacks From Access Points	
Street: *(measured from property line)*	18'*
Alley or Motor Court: *(measured edge of curb or flow line)*	≥18'*/≤5'* With a minimum of 3'*
Building Separation *(From all primary and/or accessory structures)*	
Building Separation	10' 8' facing garage sides**
Between Buildings Across Alley	28'
Between Facing Garages	30'
Parking	**Refer to Section 9.168 of the the Lake Forest Municipal Code**

* Requires a roll-up garage door, otherwise add 2'. Garages with a driveway less than 5' from the property line or the curb line are permitted through the approval of a site plan and required to have an automatic garage door opener, ensured by CC&Rs.

** No openings

4. Development Standards for Other Permitted Uses in the Residential Areas

   a. Building site area: No minimum.

   b. Building site width and depth: No minimum.

   c. Building height (maximum): To be determined through a Site Plan and measured in accordance with the definition provided in Section X.

   d. Maximum site coverage: No maximum.

e. Maximum building setbacks: To be determined through a Site Plan.

f. Public and Common Area Landscaping: Landscaping, consisting of evergreen or deciduous trees, shrubs, groundcover or hardscape shall be installed and maintained subject to the following standards.

   1. Landscaping shall be installed adjacent to all roadways such that sidewalks are always separated from walls and structures by a planted parkway, unless otherwise approved with the Area Plan or subsequent Site Plan approvals.

   2. Permanent automatic irrigation shall be provided for all common area landscaped areas.

   3. All common area landscaping shall be maintained in a neat, clean and healthy condition. This shall include proper pruning, mowing of lawns, weeding, litter removal, watering, and prompt plant replacement when necessary.

g. Screening shall consist of walls, berms, fences, landscaping or a combination of those materials.

   1. Abutting residential areas: Screening shall be provided along all building site boundaries where the premises abut areas zoned for residential. Except as otherwise provided below, the screening shall have a total height of not less than six feet and not more than seven feet.

   2. Parking areas abutting arterial roadways: All parking areas abutting arterial roadways shall be screened. Except as otherwise provided below, the screening shall have a total height of not less than thirty-six inches and not more than forty-two inches.

   3. Notwithstanding the requirements listed above, where the finished elevation of the property at the boundary line, or within five feet inside the boundary line, is higher or lower than an abutting property elevation, such change in elevation may be used in lieu of, or in combination with, additional screening to satisfy the screening requirements of this section

h. Trash and storage areas: All common trash areas shall be shielded from view within a building or enclosed by a wall not less than 6 feet in height. Trash areas shall accommodate separate trash and recycling containers.

5. <u>Development Standards for Residential Uses in the Mixed Use Area</u>

   a. Building site area: No minimum.

   b. Building site width and depth: No minimum.

   c. Building height (maximum):

i. Single Family Dwelling: 35' maximum, measured from the top of the adjacent grade to the ridgeline, in accordance with the definition provided in Section X.

ii. Attached or Multi-family Residential: 60' or four stories, as measured from the adjacent grade to the parapet or ridgeline, in accordance with the definition provided in Section X.

d. Maximum site coverage: No maximum.

e. Maximum building setbacks:

i. Single Family: See Table 1 in this Chapter.

ii. Attached and Multi-Family Residential: See Table 2 in this Chapter

f. Development under this section is also subject to development standards in subsections 5g – 5i (Landscaping, screening, and trash and storage areas).

6. <u>Development Standards for Non-Residential Only and Mixed Uses in the Mixed Use Area</u>

a. Building site area: No minimum.

b. Building site width and depth: No minimum.

c. Building height (maximum) in accordance with Section X:

1. Retail/commercial and community facility uses (non-residential only): 45' and three stories, as measured from the adjacent grade to the parapet or ridgeline, as appropriate.

2. Office uses: 60' or four stories, as measured from the adjacent grade to the parapet or ridgeline, as appropriate.

3. Vertical Mixed-Use (Residential uses on upper floors above ground-floor non-residential uses): 60' or four stories, as measured from the adjacent grade to the parapet or ridgeline, as appropriate.

d. Maximum site coverage: No maximum.

e. Maximum building setbacks: See Table 3

Table 3 – Non-residential and Mixed-Use Development Standards

Land Use	From Property Line			From Property Line Abutting Residential Planning Area		From Property Line Abutting Non-Residential	
	Front	Side	Rear	Side	Rear	Side	Rear
Retail/ Commercial	20'	10'	10'	20'	20'	0'	0'
Office	10'	10'	10'	10'	10'	10'*	10'
Community Facility	20'	20'	20'	10'	10'	10'	10'
Residential on upper floors above non-residential	Same as setbacks for corresponding ground floor non-residential						
Parking	**Refer to Section 9.168 of the the Lake Forest Municipal Code**						
* 0' setback when abutting another building.							

f. Mixture of Uses. For vertical mixed use buildings, the ground floor is generally commercial or office space and the upper floor(s) are restricted to residential. However, a portion of the ground floor may be allocated to residential uses as long as the commercial or office space is locked out from the residential portion of the unit. Horizontal mixed use projects shall follow the development standards for respective nonresidential and residential uses, unless specified otherwise.

g. Public and Common Area Landscaping: Landscaping, consisting of evergreen or deciduous trees, shrubs, groundcover or hardscape shall be installed and maintained subject to the following standards.

1. Landscaping shall be installed adjacent to all roadways such that sidewalks are always separated from walls and structures by a planted parkway, unless otherwise approved with the Area Plan or subsequent Site Plan approvals.
2. Permanent automatic irrigation shall be provided for all common area landscaped areas.
3. All common area landscaping shall be maintained in a neat, clean and healthy condition. This shall include proper pruning, mowing of lawns, weeding, litter removal, watering, and prompt plant replacement when necessary.

h. Screening: Screening shall consist of walls, berms, fences, landscaping or a combination of those materials.

1. Abutting residential areas: Screening shall be provided along all building site boundaries where the premises abut areas zoned for residential. Except as otherwise provided below, the screening shall have a total height of not less than six feet and not more than seven feet.

2. Parking areas abutting arterial roadways: All parking areas abutting arterial roadways shall be screened. Except as otherwise provided below, the screening shall have a total height of not less than thirty-six inches and not more than forty-two inches.

3. Notwithstanding the requirements listed above, where the finished elevation of the property at the boundary line, or within five feet inside the boundary line, is higher or lower than an abutting property elevation, such change in elevation may be used in lieu of, or in combination with, additional screening to satisfy the screening requirements of this section.

i. Trash and storage areas: All common trash areas shall be shielded from view within a building or enclosed by a wall not less than 6 feet in height and provide self closing doors. Trash areas shall accommodate separate trash and recycling containers.

H. SIGNS

Signs within Planning Area 1 and/or future sub-Areas shall be permitted pursuant to Section VII and an approved Planned Sign Program that is also consistent with the provisions below:

Community Monuments

Gateway and monumentation elements may be located at community entries and key intersections to provide a sense of arrival and establish a unique identity for the Shea Baker Ranch Property community, as determined applicable. Monumentation elements will be developed at a hierarchy of scales consistent with their location and relationship to community or neighborhood features. Thematic materials and colors may be repeated in the gateways and monuments throughout the community. The consistent and repeated use of the same materials, colors and design concepts also reinforces the identity of the Shea Baker Ranch Property as a distinct community within the City of Lake Forest.

1. Gateways

a. Location. Major entry streets may be framed by gateway signs, as shown in an Area Plan.

b. Design and Materials. Final design and materials shall be included in the Planned Sign Program.

c. Community identification signage and/or logos may be included within the design of the gateway signs

2. Major Community Monumentation

a. Location. Where implemented, ~~these~~ gateway elements are refined and reduced in scale at intersections of interior streets to form community monuments, as shown in an Area Plan.

b. Design and Materials. Final design and materials shall be included in the Planned Sign Program. These monuments may also incorporate signage.

3. Minor Community Monumentation

a. Location. Where implemented, neighborhood monuments ~~are~~ may be located at the entry to each neighborhood, where the neighborhood streets join to local collectors within Shea Baker Ranch Property. Community monuments at less prominent intersections are similar to and use many of the major community monumentation design elements. The locations of minor community monuments shall be identified in the Planned Sign Program.

b. Design and Materials. Final design and materials shall be included in the Planned Sign Program. These monuments may also incorporate signage.

I. OFF STREET PARKING REQUIREMENTS

Parking for residential uses is subject to Zoning Code Chapter 9.168 and Section VI (Off-Street Parking Requirements) of this text.

J. Residential and Mixed Use Optional Street Standards

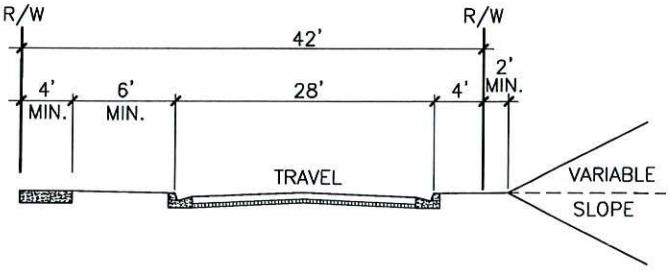
Residential and mixed use "optional street standards" have been developed for the following conditions, with corresponding exhibits included herein:

- Loop Road
- Local Undivided & Divided Collector Street
- Residential Streets
    - Two-lane undivided neighborhood street

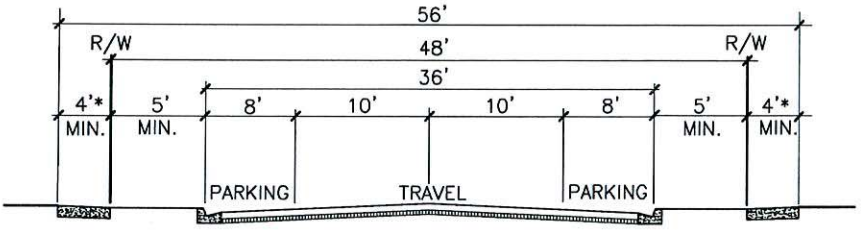
    - Single loaded street
- Alley
- Roundabout

[STREET CROSS SECTIONS]

RESIDENTIAL AND MIXED USE
OPTIONAL STANDARDS
SHEA/BAKER RANCH PLANNED COMMUNITY
PUBLIC STREET SECTIONS

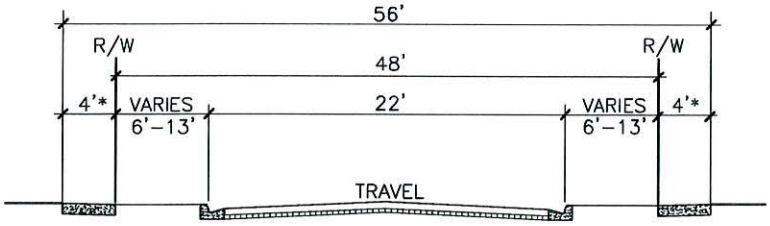


SINGLE LOADED STREET
(PARKING ONE SIDE)



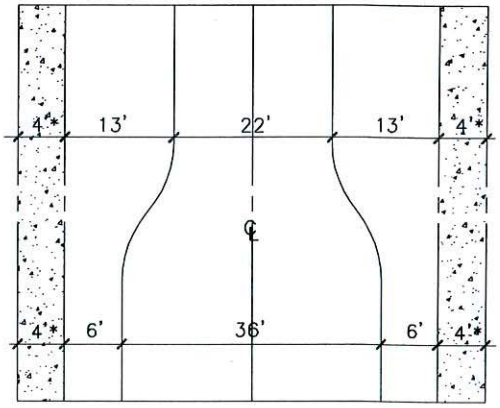
*EASEMENT TO CITY FOR
PUBLIC WALK & MAINTENANCE

TWO-LANE UNDIVIDED NEIGHBORHOOD STREET - ALTERNATE
(PARKING BOTH SIDES)



*EASEMENT TO CITY FOR
PUBLIC WALK & MAINTENANCE

PROFILE VIEW

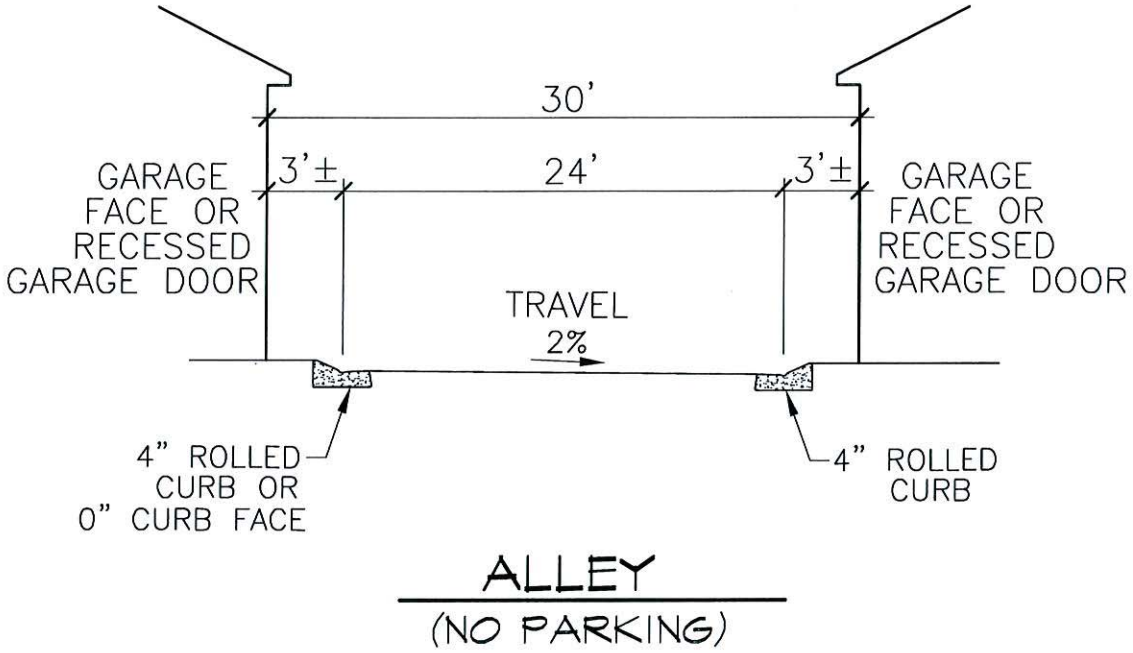


PLAN VIEW

TAPER
(NO PARKING)

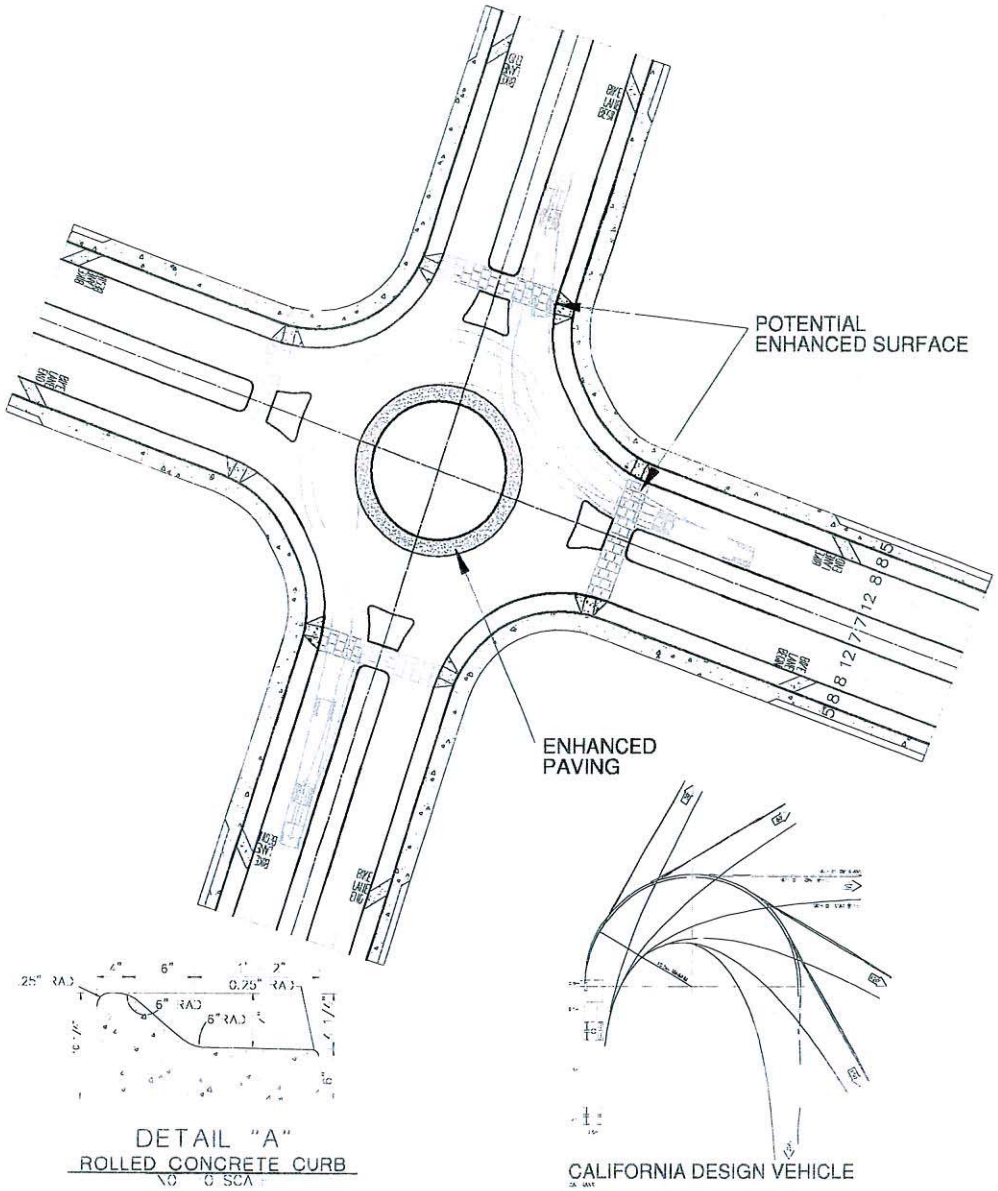
Scale: N.T.S.
Source: Hunsaker & Associates Irvine, Inc.

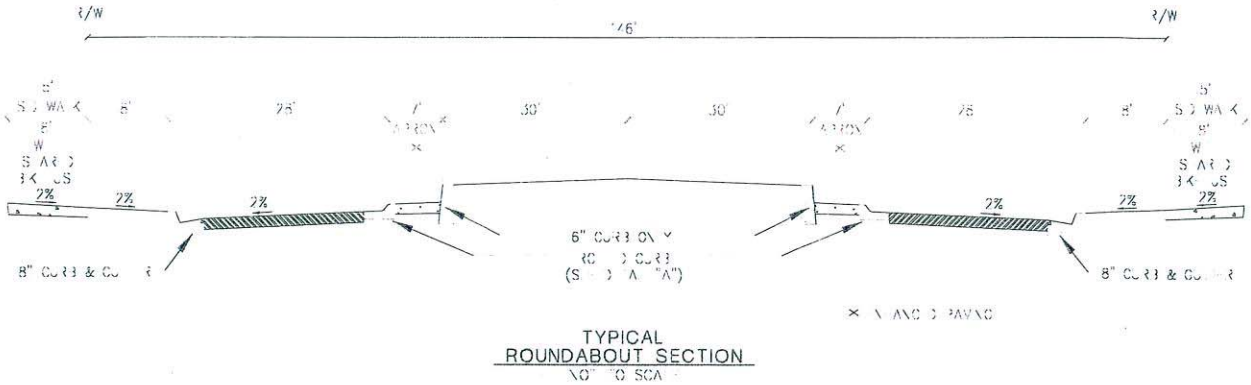
RESIDENTIAL AND MIXED USE
OPTIONAL STANDARDS
SHEA/BAKER RANCH PLANNED COMMUNITY
ALLEY



Scale: N.T.S.
Source: Hunsaker & Associates Irvine, Inc.

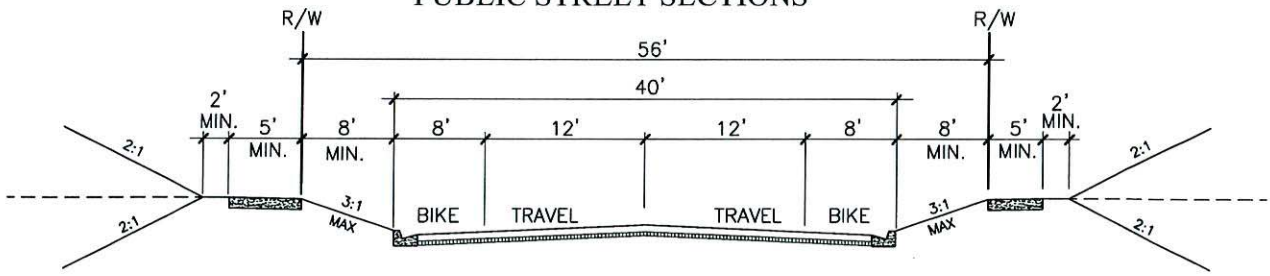
RESIDENTIAL AND MIXED USE
OPTIONAL STANDARDS
SHEA/BAKER RANCH PLANNED COMMUNITY
ROUNDABOUT DESIGN



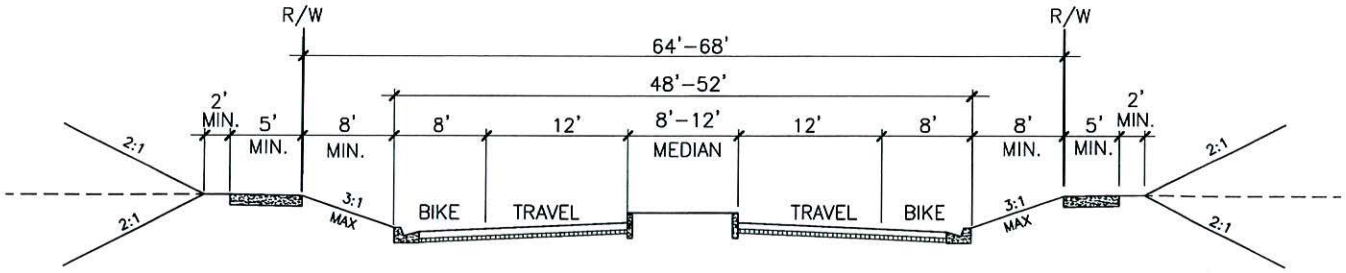


Scale: N.T.S.
Source: Hunsaker & Associates Irvine, Inc.

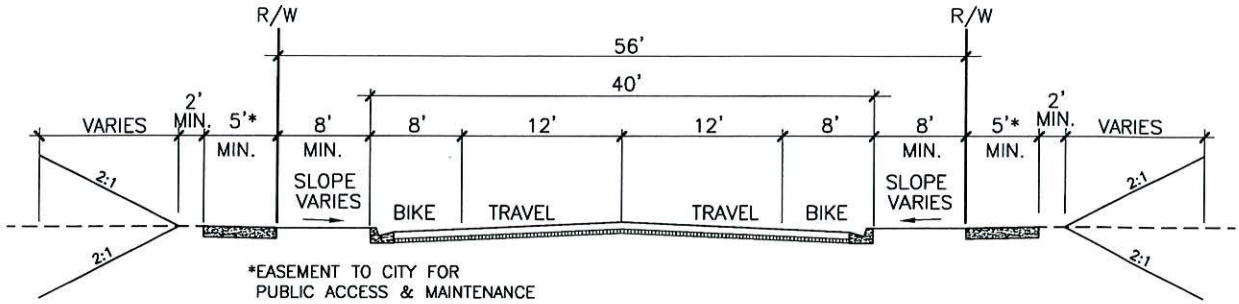
RESIDENTIAL AND MIXED USE
OPTIONAL STANDARDS
SHEA/BAKER RANCH PLANNED COMMUNITY
PUBLIC STREET SECTIONS



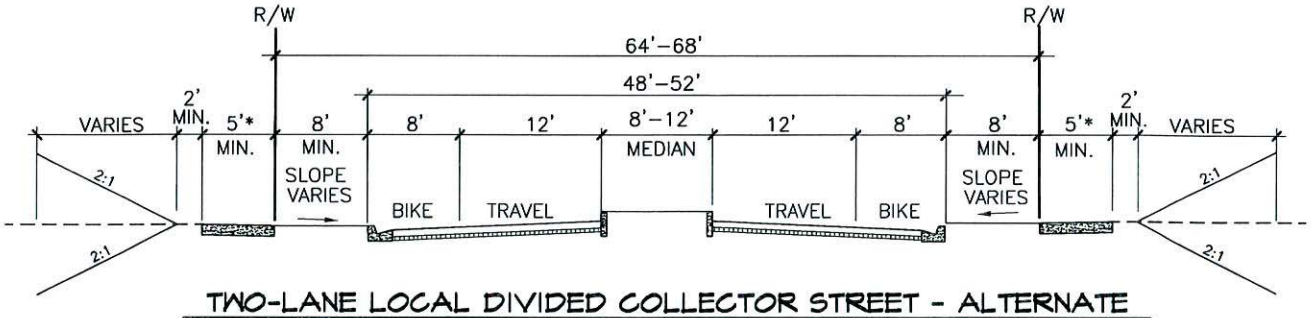
LOOP ROAD



LOOP ROAD
(WITH MEDIAN) @ INTERSECTION WITH ALTON



TWO-LANE LOCAL UNDIVIDED COLLECTOR STREET - ALTERNATE



TWO-LANE LOCAL DIVIDED COLLECTOR STREET - ALTERNATE
(WITH MEDIAN)

Scale: N.T.S.
Source: Hunsaker & Associates Irvine, Inc.

EXHIBIT A2

DEFINITIONS

Insert/Amend the following definitions into Section X, in an alphabetical fashion.

Alley - A vehicle access way with a twenty-four-foot (24') wide travel surface providing reserved access to garage entries for abutting property. Alleys may be through-travel ways.

Building Height – The vertical distance measured from the ground-level grade to the top of the building parapet or ridgeline. On a sloping site, height shall be measured from the highest point of the finished ground level grade to the top of the roof directly above that point. Flagpoles, fireplace chimneys, elevator sheds, mechanical equipment enclosures and other similar architectural and mechanical features and do not exceed the district height limitation by more than eight (8) feet will be permitted.

Community Facility – A noncommercial use established primarily for the benefit or enjoyment of the population of the community in which it is located.

Congregate Care Facility/Senior Living Facility – A facility for the care and housing of persons over age 65, providing independent living and/or the care of persons who are unable to care for themselves. Facilities can include communal eating areas, medical services on-site or twenty-four hour on-call services, and other relevant resident services. Congregate Care and Senior Living facilities are considered commercial uses and not considered residential uses for purpose of allocating dwelling units within this Planned Community.

Detached Condominium – A development consisting of detached dwellings located within a condominium development. The form of detached condominium developments may vary, but includes cluster developments, motor courts, green courts, and other types of detached housing products.

Live Work – A product type, wherein the ground floor is generally commercial or office space and the upper floor(s) are restricted to residential. Portion of the ground floor may be allocated to residential uses as long as the commercial or office space is locked out from the residential portion of the unit. The unit can be detached or attached, and mapped as air space or site condominiums.

Loggias – A covered open-sided walkway, often with arches, along one side of a building.

Mixed Use – A land use that includes a mixture of commercial, office, and residential use in the same building or multiple buildings on the same parcel of land, or within the same Planning Area.

Motor Court – A joint vehicle driveway for multiple dwellings providing reserved access to garages. Motor Courts are not through travel ways.

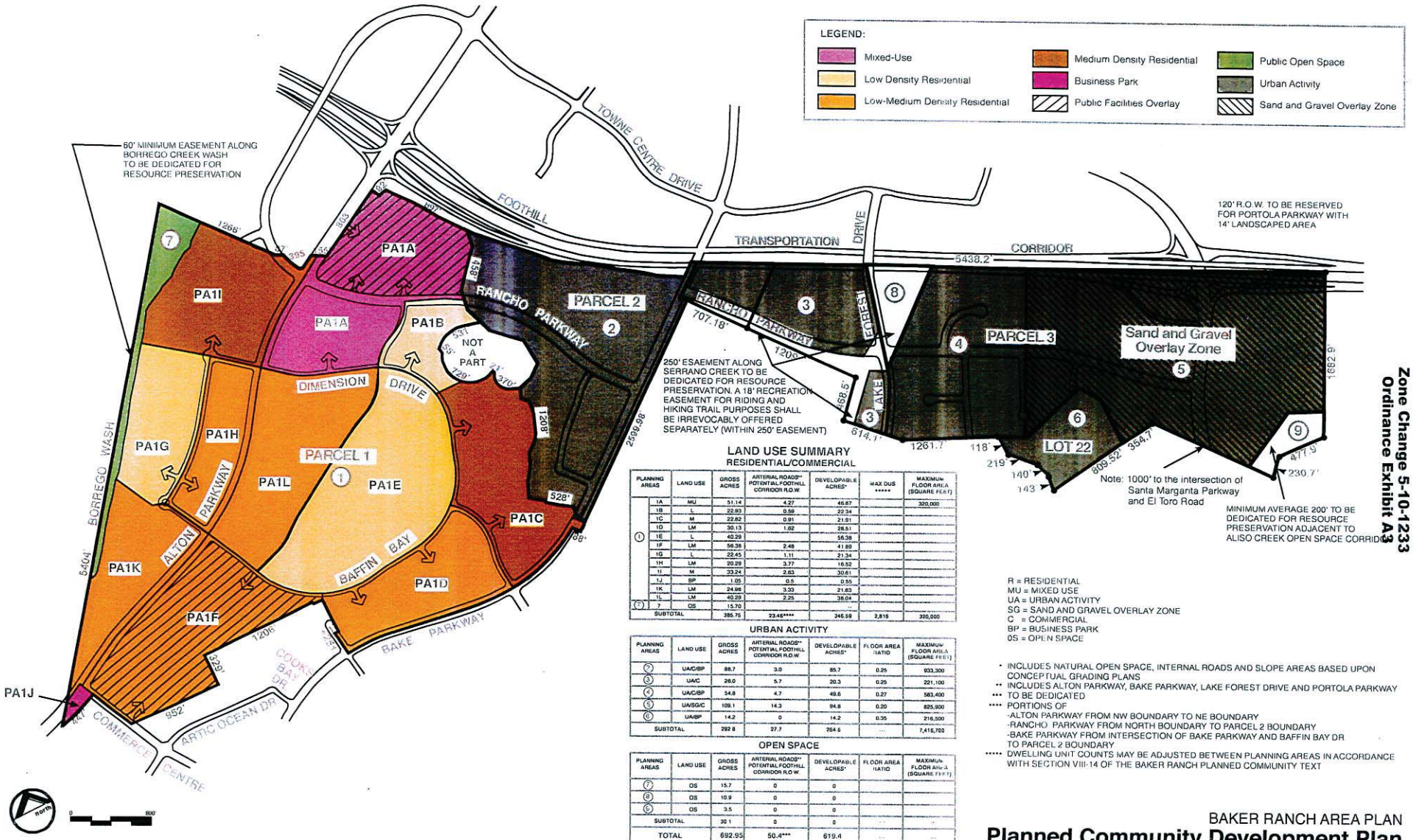
Open Space – Any parcel or area of land or water, public or private, which is reserved for the purpose of (1) preserving natural resources, (2) protection of valuable environmental features, or (3) providing outdoor recreation or educational uses. Open space may include structures and impervious surfaces as identified in "Open Space, usable."

Planning Area – An area of land that is depicted and numbered on the Planned Community Development Plan and defined in the Statistical Summary. A Planning Area may be divided into sub-Planning Areas through an Area Plan.

Senior Citizen Housing – A residential development consisting of any number of at least 35 dwelling units that is developed for, or substantially rehabilitated or renovated for, any person who is 55 years of age or older.

EXHIBIT A3

Statistical Summary



LAND USE SUMMARY

RESIDENTIAL/COMMERCIAL

PLANNING AREAS		LAND USE	GROSS ACRES	ARTERIAL ROADS** POTENTIAL FOOTHILL CORRIDOR R.O.W.	DEVELOPABLE ACRES*	MAX DUS *****	MAXIMUM FLOOR AREA (SQUARE FEET)
1	1A	MU	51.14	4.27	46.87		320,000
	1B	L	22.93	0.59	22.34		
	1C	M	22.82	0.91	21.91		
	1D	LM	30.13	1.62	28.51		
	1E	L	40.29		56.38		
	1F	LM	56.38	2.48	41.89		
	1G	L	22.45	1.11	21.34		
	1H	LM	20.29	3.77	16.52		
	1I	M	33.24	2.63	30.61		
	1J	BP	1.05	0.5	0.55		
	1K	LM	24.96	3.33	21.63		
	1L	LM	40.29	2.25	38.04		
7	7	OS	15.70				
SUBTOTAL			385.75	23.46****	346.58	2,815	320,000

URBAN ACTIVITY

PLANNING AREAS	LAND USE	GROSS ACRES	ARTERIAL ROADS** POTENTIAL FOOTHILL CORRIDOR R.O.W.	DEVELOPABLE ACRES*	FLOOR AREA RATIO	MAXIMUM FLOOR AREA (SQUARE FEET)
2	UA/C/BP	88.7	3.0	85.7	0.25	933,300
3	UA/C	26.0	5.7	20.3	0.25	221,100
4	UA/C/BP	54.8	4.7	49.6	0.27	583,400
5	UA/SG/C	109.1	14.3	94.8	0.20	825,900
6	UA/BP	14.2	0	14.2	0.35	216,500
SUBTOTAL		292.8	27.7	264.6		7,416,700

OPEN SPACE

PLANNING AREAS	LAND USE	GROSS ACRES	ARTERIAL ROADS** POTENTIAL FOOTHILL CORRIDOR R.O.W.	DEVELOPABLE ACRES*	FLOOR AREA RATIO	MAXIMUM FLOOR AREA (SQUARE FEET)
7	OS	15.7	0	0		
8	OS	10.9	0	0		
9	OS	3.5	0	0		
SUBTOTAL		30.1	0	0		
TOTAL		692.95	50.4****	619.4		

R = RESIDENTIAL
MU = MIXED USE
UA = URBAN ACTIVITY
SG = SAND AND GRAVEL OVERLAY ZONE
C = COMMERCIAL
BP = BUSINESS PARK
OS = OPEN SPACE

* INCLUDES NATURAL OPEN SPACE, INTERNAL ROADS AND SLOPE AREAS BASED UPON CONCEPTUAL GRADING PLANS
** INCLUDES ALTON PARKWAY, BAKE PARKWAY, LAKE FOREST DRIVE AND PORTOLA PARKWAY
*** TO BE DEDICATED
**** PORTIONS OF
-ALTON PARKWAY FROM NW BOUNDARY TO NE BOUNDARY
-RANCHO PARKWAY FROM NORTH BOUNDARY TO PARCEL 2 BOUNDARY
-BAKE PARKWAY FROM INTERSECTION OF BAKE PARKWAY AND BAFFIN BAY DR TO PARCEL 2 BOUNDARY
***** DWELLING UNIT COUNTS MAY BE ADJUSTED BETWEEN PLANNING AREAS IN ACCORDANCE WITH SECTION VIII-14 OF THE BAKER RANCH PLANNED COMMUNITY TEXT

BAKER RANCH AREA PLAN

Planned Community Development Plan

Source: Robert Bein, William Frost and Associates
Revised: Hunsaker & Associates
WO:BakerRanchPCDP-6-3-10

Exhibit 2
Revised: June 3, 2010

Zone Change 5-10-1233
Ordinance Exhibit A3

EXHIBIT K

Elements of Public Facilities Phasing and Financing Plan

EXHIBIT K
Elements of Public Facilities Phasing and Financing Plan

Exhibit K

Elements of Public Facilities Phasing and Financing Plan

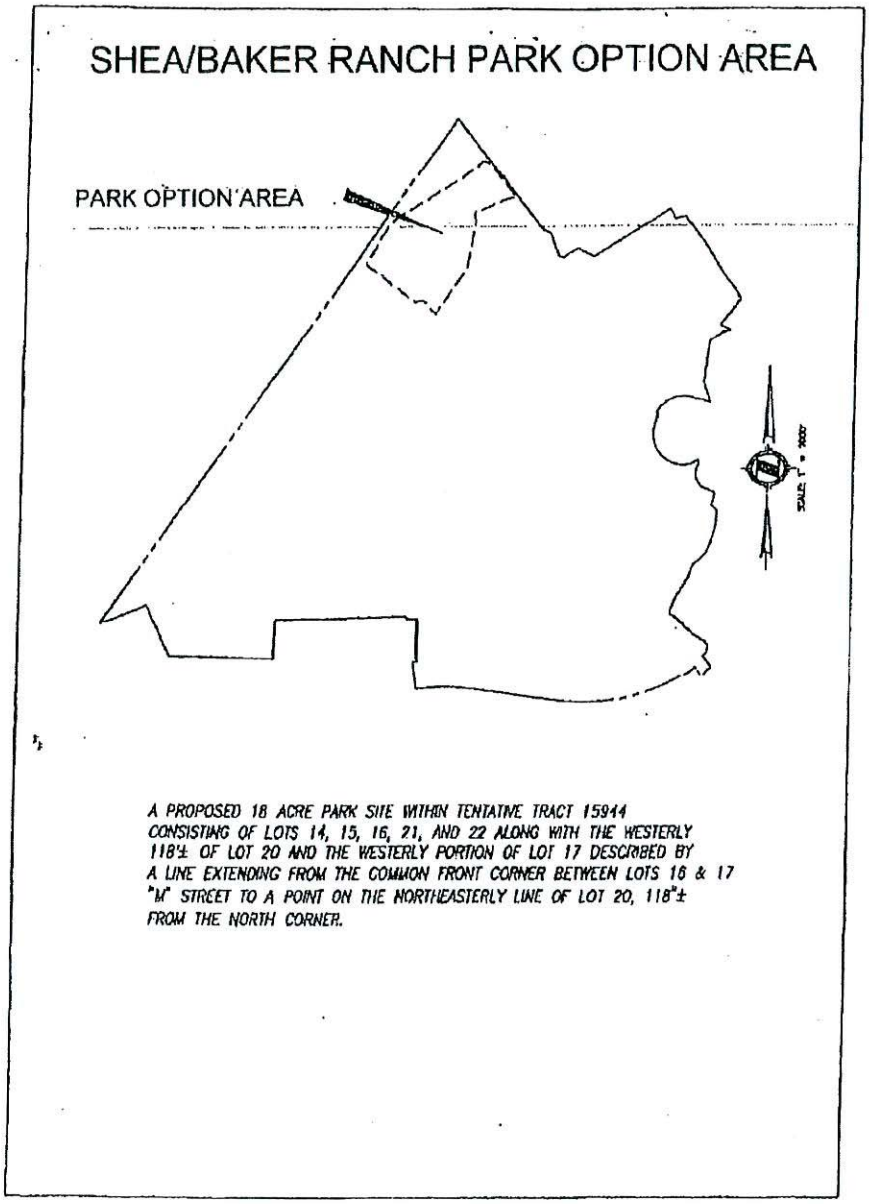
Major elements of the Public Facilities Phasing and Financing Plan include, but are not limited to, phasing for the following items:

1. Project Description
2. Property Grading Phases
3. Circulation and Street Master Plan with Phasing
4. Drainage Master Plan with Phasing (including the Borrego Wash Improvements)
5. Sewer Master Plan with Phasing
6. Water and Reclaimed Water Distribution Plan with Phasing
7. Dry Utilities Master Plan with Phasing
8. Landscaping Master Plan with Phasing
9. Recreation Facilities
    a. Public and Private Recreation facilities Plan
        i. Public Recreation Facilities Phasing Plan
        ii. Private Recreation Facilities Phasing Plan
        iii. Trails Master Plan with Phasing
10. Public Financing Plan
    a. Summary of Public Financing Approach
    b. Summary of Maintenance Responsibilities Approach
    c. Summary of Approach to Homeowner Associations and Sub-Associations
    d. Financial security requirements for public infrastructure with Phasing

EXHIBIT L

Park Option Site

EXHIBIT L
Park Option Site

Exhibit L

Park Option Site