CITY OF LAKE FOREST

Mayor
Mark Tettemer

Mayor Pro Tem
Peter Herzog

Council Members
Richard Dixon
Kathryn McCullough
Marcia Rudolph

City Manager
Robert C. Dunek

November 4, 2008

General Manager
Irvine Ranch Water District
15600 Sand Canyon Avenue
Irvine, CA 92618

RE: Transmittal of Development Agreement

Dear General Manager:

Enclosed for your records is a fully executed Development Agreement with the City of Lake Forest, approved at the August 19, 2008, City Council meeting as Agenda Item Number 11.

If you should have any questions or require any additional information, please contact Gayle Ackerman, Director, Development Services Department at (949) 461-3460.

Sincerely,
CITY OF LAKE FOREST

Sherry A.F. Wentz, CMC
City Clerk

Enclosures: Development Agreement

cc: Gayle Ackerman, Director, Development Services
Finance Department
City Attorney

25550 Commercentre Dr., Suite 100
Lake Forest, CA 92630
(949) 461-3400
City Hall Fax: (949) 461-3511
Building/Planning/Public Works Fax: (949) 461-3512

CONFORMED COPY
Not Compared with Original

RECORDED AT REQUEST OF
AND WHEN RECORDED RETURN TO:
City of Lake Forest
25550 Commercentre Drive
Lake Forest, California 92630
Attn: City Manager

Recorded in Official Records, Orange County
Tom Daly, Clerk-Recorder
NO FEE
2008000486878 09:42am 10/22/08
106 254 A12 267
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Fee Exempt - Gov't Code §6103
(Space above for Recorder's Use)

DEVELOPMENT AGREEMENT

between

THE CITY OF LAKE FOREST,
a California municipal corporation

and

IRVINE RANCH WATER DISTRICT
a California water district

THIS DEVELOPMENT AGREEMENT (the "Agreement") is entered by and between THE CITY OF LAKE FOREST, a California municipal corporation ("City"), and IRVINE RANCH WATER DISTRICT, a California water district ("Owner") with reference to the following facts:

RECITALS.

A. To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the Legislature of the State of California adopted the "Development Agreement Statute," Sections 65864 et seq., of the Government Code. City, a general law city, is authorized by the Development Agreement Statute to enter into development agreements with persons and entities having legal or equitable interests in real property for the purpose of establishing predictability for both City and the property owner in the development process. Owner has requested that City enter into a development agreement for the development of the Property, as defined below. City enters into this Agreement pursuant to the provisions of the California Government Code, the City's General Plan, the City Municipal Code, and applicable City policies.

B. Owner has a legal or equitable interest in that certain real property consisting of approximately 82 acres of land located in the City of Lake Forest, County of Orange, State of California, more particularly described in Exhibit "A" (the "Property"). Owner desires to develop the Property primarily with residential uses, but also with the potential for government, park, and recreational uses.

C. In recognition of changes in the City and Orange County generally since much of the land now contained within the City was planned for development, the City identified for study an area consisting of approximately 956 acres of undeveloped land, including the Property, within both the City and the 65 dB CNEL Noise Contour depicted in the Airport Environs Land Use Plan line as it existed prior to 2005, all as illustrated in Exhibit "A" to Lake Forest Resolution No. 2003-17 (the "Greater OSA Boundaries"). Subsequently, the City commissioned an "Opportunities Study" to identify uses within the Greater OSA Boundaries which would better serve the needs of the community than would the then-permitted uses. As a result of the Opportunities Study, the City identified an 838-acre portion within the Greater OSA Boundaries for which it prepared and approved a general plan amendment on July 1, 2008 (the "General Plan Amendment"). This 838-acre area is identified within this Agreement as the "Opportunities Study Area." The General Plan Amendment establishes new uses within the Opportunities Study Area.

D. Owner participated in the Opportunities Study and desires to develop the Property in a manner consistent with the uses identified for the Property in the General Plan Amendment.

E. This Agreement is intended to ensure that Owner has provided funding sufficient to provide the adequate and appropriate infrastructure and public facilities required by the development of the Property, and that this infrastructure and public

facilities will be available no later than when required to serve demand generated by development of the Property.

F. This Agreement also assures that development of the Property may occur in accordance with City's General Plan, as amended by the General Plan Amendment and the Development Plan as provided in this Agreement. The development of the Property pursuant to the Existing Land Use Regulations, this Agreement, the Subsequent Land Use Regulations to which Owner has consented in writing, and Subsequent Development Approvals (as each of those terms and phrases is defined within this Agreement) shall be referred to as the "Development Plan."

G. This Agreement constitutes a current exercise of City's police powers to provide predictability to Owner in the development approval process by vesting the permitted use(s), density, intensity of use, and timing and phasing of development consistent with the Development Plan in exchange for Owner's commitment to provide significant public benefits to City (the "Public Benefits") as set forth in Section 9.

H. The provision by Owner of the Public Benefits allows the City to realize significant economic, recreational, park, open space, educational, social, and public facilities benefits. The Public Benefits will advance the interests and meet the needs of Lake Forest's residents and visitors to a significantly greater extent than would development of the Property under the existing General Plan.

I. The phasing, timing, and development of public infrastructure necessitate a significant commitment of resources, planning, and effort by Owner for the public facilities financing, construction, and dedication to be successfully completed. In return for Owner's participation and commitment to these significant contributions of private resources for public purposes, City is willing to exercise its authority to enter into this Agreement and to make a commitment of predictability for the development process for the Property. Absent City's willingness to make such a commitment, Owner would be unwilling to enter into this Agreement or make the significant investment of resources required for the planning, financing, construction, and dedication of the public facilities and infrastructure identified in this Agreement.

J. Owner is the successor to the former owner of the Property, Los Alisos Water District, by consolidation on December 31, 2000. Owner's development of the Property will increase its value, enabling Owner to realize net proceeds from the disposition of the Property that will be applied toward discharge of equity considerations necessary for Owner to place the former service territory of the Los Alisos Water District, which includes many customers in the City, on parity with the remainder of Owner's water and sewer service territory.

K. This Agreement is not intended to affect the approval or provision by Owner of water, sewer, reclaimed water or natural treatment system services to the Opportunities Study Area or infrastructure or fees required in connection therewith, which are matters to be addressed separately by Owner in its capacity as the provider of those services.

AGREEMENT

City and Owner agree as follows:

1. INTEREST OF OWNER. Owner represents that it has a legal or equitable interest in the Property and is authorized to enter into this Agreement.

2. PUBLIC HEARINGS. On August 5 2008, after providing notice as required by law, the City Council held a public hearing on this Agreement and made the findings set forth in Section 3.

3. CITY COUNCIL FINDINGS. The City Council finds that:

   3.1 Subject to the approval of the General Plan Amendment becoming effective on or before the Effective Date, this Agreement is consistent with City's General Plan.

   3.2 This Agreement ensures a desirable and functional community environment, provides effective and efficient development of public facilities, infrastructure, and services appropriate for the development of the Project, enhances effective utilization of resources within the City, provides assurances to the Owner in an effort to control the cost of housing and development to the consumer, and provides other significant benefits to the City and its residents.

   3.3 This Agreement provides public benefits beyond those which are necessary to mitigate the development of the Project.

   3.4 This Agreement strengthens the public planning process, encourages private participation in comprehensive planning, particularly with respect to the implementation of the City's General Plan, and reduces the economic costs of development and government.

   3.5 The best interests of the citizens of the City and the public health, safety, and welfare will be served by entering into this Agreement.

4. CONTINUING OBLIGATIONS. This Agreement binds the City now and in the future. By approving this Agreement, the City Council has elected to exercise certain governmental powers at the time of entering into this Agreement rather than deferring its actions to some undetermined future date. The terms and conditions of this Agreement have undergone extensive review by the City staff and the City Council and have been found to be fair, just, and reasonable. City has concluded that the Project will serve the best interests of its citizens and that the public health, safety, and welfare will be best served by entering into this Agreement.

5. DEFINITIONS. In this Agreement, unless the context otherwise requires, the following terms and phrases shall have the following meanings:

5.1 "Affordable Unit" means a unit of housing that is located within the City and is affordable to Moderate Income, Low Income, or Very Low Income Households, as those terms are defined herein. For purposes of interpreting and implementing cooperative agreements between Owner and the City's Redevelopment Agency on the Property, "Affordable Unit" shall be defined according to California Redevelopment Law.

5.2 "Agreement" shall mean this Development Agreement between the City and Owner. The term "Agreement" shall include any amendment properly approved and executed pursuant to Section 7.5.

5.3 "'A' Map" shall mean a Final Map approved by the City Council as a ministerial action for all or a portion of a Tentative Map, that shall consist of neighborhoods or areas which may be further subdivided with a 'B' Map or which may be developed upon the approval of the 'A' Map. If a portion of the 'A' Map shall be further subdivided with a 'B' Map, the Developer shall be required to satisfy, for those portions of the 'A' Map, only the conditions identified as 'A' Map conditions on the Tentative Map. If the 'A' Map creates a lot which shall not be further subdivided with a 'B' Map, then all other applicable Tentative Map conditions shall be satisfied.

5.4 "Approval Date" means the date on which the City Council conducted the first reading of the ordinance adopting this Agreement. That date is August 5, 2008.

5.5 "Area Plan" means an area plan for a planned community as defined in Section 9.184.020 of the City Municipal Code. An application for an Area Plan shall be submitted concurrently with the Owner's application for the First Tentative Map Submittal Package and shall include the following plans: Master Land Use Plan, Circulation Plan, Grading Concept Plan, Landscape Concept Plan, Open Space Plan, Fuel Modification Plan, Maintenance Responsibilities Plan, Drainage Master Plan, Sewer Master Plan, Water Distribution Master Plan, Development Phasing Plan, Public Facilities Phasing and Financing Plan, Private Recreational Facilities Plan, Design Plan, and Dry Utilities Plan. No Feature Plan (as defined in Section 9.184.020 of the City Municipal Code) shall be required prior to the approval of an Area Plan.

5.6 "'B' Map" shall mean a Final Map approved by the City as a ministerial action for all or a portion of the Tentative Map or each Planning Area

within the approved "A" Map, for which no further subdivision is authorized under the Tentative Map.

5.7 "City" shall mean the City of Lake Forest, a California municipal corporation.

5.8 "City Council" shall mean the governing body of the City.

5.9 "City Facilities" shall mean the Sports Park, Community Center, City Hall, LFTM Improvements, and neighborhood parks as defined in this Agreement and as described in Section 9 and Exhibit "F," below.

5.10 "City Municipal Code" shall mean the Lake Forest Municipal Code. However, changes to the Lake Forest Municipal Code occurring between the Approval Date and the Effective Date shall not be considered part of the City Municipal Code for purposes of this Agreement without Owner's prior written consent.

5.11 "Civic Center Site" shall mean the land upon which the City Hall and Community Center may be constructed.

5.12 "Day" refers to a calendar day unless specifically stated as a "business day."

5.13 "Default" shall refer to a Major Default or Minor Default as defined herein.

5.14 "Development" shall mean the improvement of the Property for the purposes of completing the structures, improvements, and facilities comprising the Project including, but not limited to: grading; the construction of infrastructure and public and private facilities related to the Project whether located within or outside the Property; the construction of buildings and structures; the installation of landscaping; and other improvements.

5.15 "Development Approvals" shall mean all permits and other entitlements approved or issued by the City for the use of, construction upon, and/or development of the Property. For the purposes of this Agreement, Development Approvals shall be deemed to include, but are not limited to, the following actions, including revisions, addenda, amendments, and modifications to these actions:

this Agreement;

amendments to this Agreement;

amendments to the General Plan;

Specific Plan and Specific Plan amendments;

tentative and final subdivision and parcel maps;

conditional use permits, use permits and site development permits;

zoning;

Area Plans;

grading and building permits;

certificates of compliance and/or lot line adjustments;

street, drainage, utility, stormwater, and landscape permits;

occupancy permits; and

environmental review documents for the Project.

5.16 "Development Impact Fees" shall mean all fees established and imposed upon the Project by the City pursuant to the Mitigation Fee Act as set forth in California Government Code Section 66000 et seq. and this Agreement, including Owner's Share of Design Budget (as defined in Section 9.3 of this Agreement). "Development Impact Fees" shall not include any fees that have not been established and imposed pursuant to the Mitigation Fee Act and this Agreement.

5.17 "Development Plan" means the Existing Land Use Regulations, this Agreement, the Subsequent Land Use Regulations to which Owner has consented in writing, and Subsequent Development Approvals.

5.18 "Effective Date" shall mean the later of: (i) date the ordinance adopting this Agreement becomes effective; or (ii) expiration of the period provided by applicable law, including but not limited to Government Code Section 65009, for challenging the General Plan Amendment.

5.19 "Existing Land Use Regulations" means all Land Use Regulations in effect on the Effective Date, including the General Plan Amendment (including the range of units approved for the Project by the General Plan Amendment). However, changes to Land Use Regulations occurring between the Approval Date and the Effective Date shall not be considered part of the Existing Land Use Regulations without Owner's prior written consent. Owner has consented to the General Plan Amendment, which shall be considered part of the Existing Land Use Regulations.

5.20 "Fair Market Value" means the appraised value as determined by an appraiser mutually acceptable to the Owner and the City. If the parties cannot agree on an appraiser, each shall select an appraiser who shall appraise the site and Owner and City shall attempt to agree on the fair market value on the basis of the two appraisals. If Owner and the City cannot so agree, the two appraisers shall select a third appraiser who shall determine the fair market value of the site in question and whose appraisal shall be binding on the parties.

5.21 "Final Map(s)" refers to one or more final maps which may be filed with respect to any Tentative Map, including the First Tentative Map, as set forth in Section 66456 et seq. of the Subdivision Map Act and are referenced in this Agreement as either an 'A' Map or a 'B' Map.

5.22 "Financing District" refers to a community facilities district authorized pursuant to the Mello-Roos Act as a means to fund public improvements and/or the maintenance of those improvements.

5.23 "Financing District Determination Date" shall have the meaning ascribed to it in Section 9.4.4 below in this Agreement.

5.24 "Financing District Policy" means the "Long-Term Financing and Land Secured Debt Policy" adopted by the City Council and attached to this Agreement as Exhibit "D".

5.25 "First Tentative Map(s)" shall mean the first Tentative Map for the Project which is approved by the City Council following the Effective Date. Owner may submit more than one Tentative Map to be considered concurrently as the First Tentative Map(s).

5.26 "First Tentative Map(s) Submittal Package" shall mean the package of materials to be submitted with the Owner's application for the First Tentative Map(s), which shall include the Area Plan as defined in this Agreement, and project-level CEQA analysis.

5.27 "General Plan" shall mean the general plan of the City.

5.28 "General Plan Amendment" shall refer to the amendment of the City's General Plan on July 1, 2008, for the Opportunities Study Area (including the Property). A copy of the General Plan Amendment is attached as Exhibit "B".

5.29 "Greater OSA Boundaries" refers to an area consisting of approximately 956 acres of undeveloped land, including the Property, within both the City and the 65 dB CNEL Noise Contour depicted in the Airport Environs Land Use Plan line as it existed prior to 2005, all as illustrated in Exhibit "A" to Lake Forest Resolution No. 2003-17.

5.30 "Implementing Agreement" refers to any agreement entered into by Owner and the City for the implementation of obligations established in this Agreement.

5.31 "Land Use Regulations" shall mean all ordinances, resolutions, codes, rules, regulations and official policies of the City governing the development and use of land, including, without limitation, the permitted use of land, the density or intensity of use, subdivision requirements, timing and phasing of development, the maximum height and size of buildings, the provisions for reservation or dedication of land for public purposes, and the design, improvement, construction, and initial occupancy standards and specifications applicable to the Project. "Land Use Regulations" do not include any City ordinance, resolution, code, rule, regulation or official policy governing:

5.31.1 The conduct or taxation of businesses, professions, and occupations applicable to all businesses, professions, and occupations in the City;

5.31.2 Taxes and assessments of general application upon all residents of the City, provided that the taxes and assessments are not imposed for the purpose of taxing the right, power or privilege of developing or improving land (e.g., excise tax) or to directly finance the acquisition or dedication of open space or any other public improvement in respect of which the Owner is paying any fee (directly or through a Financing District) or providing any improvement pursuant to this Agreement;

5.31.3 The control and abatement of nuisances.

5.32 "LFTM Fees" means fees imposed to fund LFTM Improvements pursuant to the LFTM Ordinance.

5.33 "LFTM Improvements" means those traffic and transportation improvements specified in the LFTM Ordinance.

5.34 "LFTM Ordinance" means Ordinance No. 186, as adopted by the Lake Forest City Council on July 1, 2008. The LFTM Ordinance shall be considered one of the Existing Land Use Regulations.

5.35 "LFTM Program" means the Lake Forest Transportation Mitigation Program, as described in the LFTM Ordinance.

5.36 "Major Default" refers to the material and substantial failure by (1) Owner to timely meet Owner's Facilities Obligations, or (2) City's failure to issue Subsequent Development Approvals in accordance with its obligations under this Agreement, or (3) either Party to provide the agreed upon cooperation needed to implement the Public Benefits

and/or the development of the Property pursuant to the Development Plan, including but not limited to a failure to comply with the terms of any Implementing Agreement. For purposes of this Agreement, a failure by Owner to timely meet Owner's Facilities Obligations shall include, but not be limited to, a failure to timely dedicate land for Public Facilities as required by this Agreement or any Implementing Agreement, and a dedication of land for Public Facilities that has a cloud on title or is in a location or condition that is inconsistent with the requirements of this Agreement or any Implementing Agreement. This definition is not intended to expand or limit the legal definition of "materiality," but only to establish the agreement of the Parties as to the nature of a default which could lead to an early termination of this Agreement.

5.37 "Mello-Roos Act" means the Mello-Roos Community Facilities Act of 1982 as amended (Section 53311 et seq. of the California Government Code).

5.38 "Minor Default" means a failure by Owner or City to comply with the terms and conditions of this Agreement which is not a "Major Default" as defined herein.

5.39 "Mortgagee" means a mortgagee of a mortgage, a beneficiary under a deed of trust or any other security-device, a lender, and their successors and assigns.

5.40 "Neighborhood Parks" shall have the meaning as described in Attachment 1 to Exhibit "F".

5.41 "Opportunities Study Area" means the approximately 838 acres of undeveloped land, including the Property, within the City which is the subject of the General Plan Amendment. Although the Opportunities Study Area has previously been considered to include as much as 956 acres within the Greater OSA Boundaries, only those properties which are the subject of the General Plan Amendment are considered to constitute the Opportunities Study Area for purposes of this Agreement.

5.42 "OSA Landowners" refers to all owners of property within the Opportunities Study Area.

5.43 "Owner" refers to the Irvine Ranch Water District, a California water district, and Owner's successors and assigns as set forth in Section 14.14.

5.44 "Owner's Facilities Obligations" refers to the requirement of Owner to contribute to the City Facilities and the School Facilities, as those terms are defined in this Agreement (including Section 9.2 and Exhibit

"F," including the attachments thereto), through the payment of the Sports Park, City Hall and Community Center Facilities Fees as described in Exhibit "F", payment of LFTM fees, deposits of funds, reimbursement from financing district special tax and bond proceeds, and/or dedication of land.

5.45 "Owner's Vested Right" refers to Owner's guaranteed right to develop the Property as set forth in this Agreement, with particular reference to Section 8.

5.46 The "Parties" means the City and Owner. A "Party" refers to either the City or the Owner.

5.47 "Planning Area" means each development parcel as defined on the First Tentative Map.

5.48 "Project" means the development of the Property as set forth in the Development Plan.

5.49 "Property" means the real property described in Exhibit "A".

5.50 "Public Benefits" refers to those benefits provided to the City and the community by Owner pursuant to Section 9 and Exhibit "F,"below.

5.51 "Public Facilities" refers to the City Facilities and the School Facilities, as those terms are defined in this Agreement.

5.52 "Public Facilities Area of Benefit" refers to the area within both the City and the 65 dB CNEL Noise Contour depicted in the pre-2005 Airport Environs Land Use Plan.

5.53 "Reservation of Authority" means the rights and authority specifically reserved to City which limits the assurances and rights provided to the Owner under this Agreement. The Reservation of Authority is described in Section 8.10.

5.54 "Sports Park, City Hall and Community Center Facilities Fee" shall have the meaning ascribed to it on Exhibit "F".

5.55 "Subsequent Development Approvals" means all Development Approvals and permits approved, granted, or issued after the Effective Date for the Project which are required or permitted by the Existing Land Use Regulations, the Subsequent Land Use Regulations to which Owner has consented in writing, and this Agreement. Subsequent Development Approvals include, without limitation, all development review approvals required under the Subdivision Map Act, the City's subdivision ordinance and/or other provisions of the City Municipal Code, site development permits, excavation, grading, building,

construction, encroachment or street improvement permits, occupancy certificates, utility connection authorizations, drainage, landscape, or other permits or approvals necessary for the grading, construction, marketing, use and occupancy of the Project.

5.56 "Subsequent Land Use Regulations" means those Land Use Regulations which are both adopted and effective after the Approval Date and which are not included within the definition of Existing Land Use Regulations. "Subsequent Land Use Regulations" include any Land Use Regulations adopted by moratorium by initiative, City action, or otherwise.

5.57 "Tentative Map" shall mean any tentative map, as defined in the Subdivision Map Act and the City Municipal Code, for the Project, including the First Tentative Map. With the approval of any Tentative Map, the City shall identify the conditions that shall be satisfied to process an 'A' Map and the conditions that shall be satisfied to process a 'B' Map.

5.58 "Term" means the term of this Agreement as set forth in Section 7.2 of this Agreement.

5.59 "Unit" means a dwelling unit or 1,000 square feet of non-residential space in an area designated by the Land Use Approvals for residential use, provided that only non-residential space meeting the definition of "chargeable covered and enclosed space" in Government Code Section 65995(b)(2) shall be included in calculating or referring to Units under this definition. This definition is provided solely for the purposes of determining the uses which may be built as a part of the Project and for calculating the Sports Park, City Hall and Community Center Facilities Fee described in Exhibit F, and is not intended to allow for conversion of non-residential uses to residential uses.

6. EXHIBITS. All exhibits attached to this Agreement are incorporated as a part of this Agreement. Those exhibits are:

Exhibit	Description
"A"	Legal Description of the Property
"B"	General Plan Amendment
"C"	Civic Center Parcel Terms
"D"	City's Long-Term Financing and Land Secured Debt Policy
"E"	County and Regional Agency Fees
"F"	Public Benefits
"G"	[reserved]

"H"	[reserved]
"I"	Assignment and Assumption Agreement

7. GENERAL PROVISIONS.

7.1 Binding Effect of Agreement. This Agreement shall be recorded against the Property and shall run with the land. The Development shall be carried out only in accordance with the terms of this Agreement. Until released or terminated pursuant to the provisions of this Agreement or until Owner has fully performed its obligations arising out of this Agreement, no portion of the Property shall be released from this Agreement.

7.2 Term of Agreement. The Term shall commence on the Effective Date. The Term shall continue for a period of twenty (20) years from the Effective Date, subject to the following:

7.2.1 The Term shall be extended for periods equal to the time during which:

7.2.1.1 Litigation is pending which challenges any matter, including compliance with CEQA or any other local, state, or federal law, related in any way to the approval or implementation of all or any part of the Development Plan. Any such extension shall be equal to the time between the filing of litigation, on the one hand, and the entry of final judgment or dismissal, on the other. All such extensions shall be cumulative.

7.2.1.2 Any application by Owner for state or federal regulatory permits and/or approvals required for the Project has been pending more than one year after its submittal, beginning on the 366th day following its submittal for approval.

7.2.1.3 Tolling this Agreement under Sections 8.10.4 or 8.17.

7.2.1.4 Any other delay occurs which is beyond the control of the Parties, as described in Section 14.10.

7.2.2 During the Term, certain portions of the Property may be released from this Agreement as provided elsewhere in this Agreement.

7.2.3 As provided in Section 7.3 and elsewhere within this Agreement, the Term may end earlier than the end of the Term specified in this Section.

7.3 Termination. This Agreement shall be deemed terminated and of no further effect upon the earlier occurrence of any of the following events:

7.3.1 Expiration of the Term as set forth in Section 7.2;

7.3.2 Entry of a final judgment setting aside, voiding, or annulling the adoption of the ordinance approving this Agreement;

7.3.3 The adoption of a referendum measure overriding or repealing the ordinance approving this Agreement;

7.3.4 Completion of the Project in accordance with the terms of this Agreement, including issuance of all required occupancy permits and acceptance, as required by state law, by City, or the applicable public agency, of all required dedications and the satisfaction of all of Owner's obligations under this Agreement;

7.3.5 The City's election to terminate this Agreement as provided in Exhibit "F";

7.3.6 Owner's election to terminate this Agreement as provided in Section 9.4.4; or

7.3.7 As may be provided by other specific provisions of this Agreement.

7.4 Effect of Termination. Subject to Section 8.10, upon any termination of this Agreement, the only rights or obligations under this Agreement which either Party shall have are:

7.4.1 The completion of obligations which were to have been performed prior to termination, other than those which are separately addressed in Section 9.4.4 or by Section 12;

7.4.2 The performance and cure rights set forth in Section 12; and

7.4.3 Those obligations that are specifically set forth as surviving this Agreement, such as those described in Article 9 and in Sections 11.1 through 11.7 and 14.15.2.

7.5 Amendment or Cancellation of Agreement. This Agreement may be amended from time to time or canceled only by the written consent of both City and Owner in the same manner as its adoption, as set forth

in California Government Code Section 65868. Any amendment or cancellation shall be in a form suitable for recording in the Official Records of Orange County, California. An amendment or other modification of this Agreement will continue to relate back to the Effective Date of this Agreement (as opposed to the effective date of the amendment or modification), unless the amendment or modification expressly states otherwise.

7.6 Release of Obligations With Respect to Individual Lots Upon Certification of Occupancy. Notwithstanding any other provision of this Agreement:

7.6.1 When any individual lot has been finally subdivided and sold, leased, or made available for lease to a member of the public or any other ultimate user, and a certificate of occupancy has been obtained for the building(s) on the lot, that lot and its owner shall have no further obligations under and shall be released from this Agreement.

7.6.2 Upon the conveyance of any lot, parcel, or other property, whether residential, commercial, or open space, to a homeowners' association, property owners' association, or public or quasi-public entity, that lot, parcel, or property and its owner shall have no further obligations under and shall be released from this Agreement, provided that this paragraph shall not be deemed to release any transferee (including a good faith purchaser) from obligations to pay special taxes imposed in connection with a Financing District.

No formal action by the City is required to effect this release, but, upon Owner's request, City shall sign an estoppel certificate or other document to evidence the release.

7.7 Minor Modifications. The provisions of this Agreement require a close degree of cooperation between the Parties and "Minor Modifications" to the Project may be required from time to time to accommodate design changes, engineering changes, and other refinements related to the details of the Parties' performance. "Minor Modifications" shall mean changes to the Project that are otherwise consistent with the Development Plan, and which do not result in a change in the type of use, an overall increase in density or intensity of use, significant new or increased environmental impacts that cannot be mitigated, or violations of any applicable health and safety regulations in effect on the Effective Date.

Accordingly, the Parties may mutually consent to adopting "Minor Modifications" through their signing of an "Operating Memorandum"

reflecting the Minor Modifications. Neither the Minor Modifications nor any Operating Memorandum shall require public notice or hearing. The City Attorney and City Manager shall be authorized to determine whether proposed modifications and refinements are "Minor Modifications" subject to this Section 7.7 or more significant changes requiring amendment of this Agreement. The City Manager may execute any Operating Memorandum without City Council action.

7.8 Term of Map(s) and Other Project Approvals.

7.8.1 Subdivision Maps. Pursuant to Government Code Section 66452.6, the term of all subdivision or parcel maps that are approved for all or any portion of the Property shall be automatically extended to a date coincident with the Term and, where not prohibited by State law, with any extension of the Term.

7.8.2 Site Development Permits and Area Plans. Site Development Permits and Area Plans for the Project shall have terms that coincide with the term of the subdivision or parcel map for the portion of the Property to which a particular Site Development Permit or Area Plan pertains.

7.8.3 Other Development Approvals. Pursuant to Government Code Section 65863.9, any and all other Development Approvals for any portion of the Project shall automatically be extended for a term ending concurrently with the applicable tentative maps for the Project. Pursuant to Section 7.8.1, those terms shall be the same as the Term of this Agreement.

7.8.4 Decisions of Development Services Director. Any decision of the Development Services Director with respect to Subsequent Development Approvals may be appealed to the City's Planning Commission pursuant to Section 2.04.100(D) of the Lake Forest Municipal Code. Decisions of the Planning Commission on appeal may be appealed to the City Council pursuant to Section 2.04.100(E) of the Lake Forest Municipal Code.

7.9 Relationship of City and Owner. The contractual relationship between City and Owner arising out of this Agreement is one of independent contractor and not agency. This Agreement does not create any third-party beneficiary rights.

7.10 Notices. All notices, demands, and correspondence required or permitted by this Agreement shall be in writing and delivered in person or mailed by first class or certified mail, postage prepaid, addressed as follows:

If to City, to:
City of Lake Forest
25550 Commercentre Drive
Lake Forest, California 92630
Attn: City Manager

With a copy to:
Scott C. Smith
Best Best & Krieger LLP
5 Park Plaza, Suite 1500
Irvine, California 92614

If to Owner, to:
Irvine Ranch Water District
15600 Sand Canyon Avenue
Irvine, CA 92618
Attn: General Manager

Lewis Operating Corp.
1156 N. Mountain Ave.
Upland, CA 91786
Attn: John Young

With a copy to:
Hewitt & O'Neil LLP
19900 MacArthur Blvd., Suite 1050
Irvine, CA 92612
Attn: John P. Yeager, Esq.

City or Owner may change its address by giving notice in writing to each of the other names and addresses listed above. Thereafter, notices, demands, and correspondence shall be addressed and transmitted to the new address. Notice shall be deemed given upon personal delivery or, if mailed, two (2) business days following deposit in the United States mail.

7.11 Waiver of Right to Protest. Execution of this Agreement is made by Owner without protest. Owner knowingly and willingly waives any rights it may have under Government Code Section 66020 or any other provision of law to protest the imposition of any fees, dedications, reservations, or other exactions imposed on the Project as authorized by this Agreement.

8. DEVELOPMENT OF THE PROPERTY.

8.1 Owner's Vested Right. Owner shall have the vested right to complete Development of the Property in accordance with Development Plan as provided in this Agreement ("Owner's Vested Right"). To enable

Owner to complete the Project, Owner's Vested Right shall include, but not be limited to, the rights to (1) develop a minimum of Five-Hundred (500) residential units and a maximum of Eight Hundred and Thirty-Three (833) residential units, including appurtenant facilities, as permitted by the Development Plan, with the minimum increasing to Six Hundred Fifty (650) residential units should the Civic Center Site not be accepted by the City, (2) the timely issuance by the City of all Subsequent Development Approvals, and (3) the timely taking by the City of such other actions that are (i) requested by Owner and (ii) consistent with the terms of this Agreement. Where the Development Plan permits the development of some or all of the Property within a specified range of dwelling units, Owner's Vested Right shall include the right to develop to the greater of: (i) the minimum number of 500 dwelling units permitted by the General Plan Amendment as may be increased by the development of residential uses on the Civic Center Site; and (ii) any greater number of dwelling units approved by City Council subsequent to the execution of this Agreement up to a maximum of 833 dwelling units, provided that (i) Owner can comply with all development standards contained in the Development Plan and (ii) the Project does not exceed the development limits set forth in the General Plan Amendment and First Tentative Map for the Property as a whole.

8.2 Owner's Vested Right shall be subject to the Reservation of Authority set forth in Section 8.10 and all provisions of this Agreement, and may not be modified or terminated except as expressly provided by this Agreement.

8.3 Planning Flexibility. After the approval of the Area Plan and A Map, Owner shall have the right, during the B Map process, to transfer Units between and among Planning Areas provided that the total number of residential units shall not exceed the number of residential units approved on the A Map; provided, however, if the Civic Center Site is subsequently made available for residential development, the total number of residential units may exceed the number of units approved in connection with the First Tentative Map. Any request for a transfer of residential units shall include a revised summary of units assigned to each Planning Area and confirmation that the overall unit count of each Planning Area does not exceed 25 units per acre and that the total units will not exceed the maximum number of dwelling units specified in Section 8.1 of this Agreement.

8.4 Governing Land Use Regulations. The Land Use Regulations applicable to the Project and the Property shall be those contained in the Development Plan. An amendment or other modification of this Agreement will not change these applicable Land Use Regulations unless the amendment or modification expressly provides otherwise.

Subsequent Land Use Regulations shall not apply to the Property except as authorized in Section 8.10 of this Agreement, unless the Owner and the City mutually agree in writing that the Project will be subject to one or more Subsequent Land Use Regulations. To the extent of any inconsistency between this Agreement and any provision of the City's subdivision ordinance (comprising Title 7 of the Lake Forest Municipal Code), this Agreement shall control.

Nothing contained in this Section shall be deemed to authorize City to withhold any building permit, approval, and/or certificate of occupancy based on Owner's failure to comply with any Land Use Regulation that is not applicable to the Project because of this Agreement.

8.5 Permitted Uses. Except as otherwise provided within this Agreement, the permitted uses on the Property shall be as provided in the Development Plan.

8.6 Density and Intensity. Except as otherwise provided within this Agreement, the density and intensity of use for all Development on the Property, and the requirements for reservation and dedication of land, shall be as provided in the Development Plan.

8.7 Consideration of First Tentative Map(s). Notwithstanding any contrary provision of the Land Use Regulations or this Agreement, the First Tentative Map(s) must be approved by the City Council. In addition to the contents required by the Land Use Regulations, applications for First Tentative Map approval shall also include the First Tentative Map Submittal Package.

8.8 Requirement for Reservation and Dedication of Land. Except as otherwise provided within this Agreement, the requirements for reservation and dedication of land shall be as provided in the Development Plan.

8.9 Unit Counts to be Determined with First Tentative Map Approval. The City Council will, concurrently with the approval of the First Tentative Map and First Tentative Map Submittal Package, determine the specific number of Units which may be built as part of the Project in accordance with Owner's Vested Right set forth in this Section of this Agreement. In order for the City to make this determination, Owner shall submit the First Tentative Map Submittal Package, concurrently with its application for a First Tentative Map.

8.10 Reservation of Authority. The following Land Use Regulations or Subsequent Land Use Regulations shall apply to the Property and the Project, provided that the City Council's determination in subsection 8.10.8 shall be considered an Existing Land Use Regulation

implementing the Unit range approved in the General Plan Amendment:

8.10.1 Processing fees and charges imposed by the City to cover the City's estimated or actual costs of reviewing and processing applications for the Project, providing inspections, conducting annual reviews, providing environmental analysis, or for monitoring compliance with this Agreement or any Development Approvals granted or issued, provided such fees and charges are in force and effect on a general basis on the date of filing such applications with the City. This Section shall not be construed to limit the authority of City to charge its then-current, normal and customary application, processing, and permit fees for Subsequent Development Approvals, building permits and other similar permits, which fees are designed to reimburse City's expenses attributable to such application, processing, and permitting and are in force and effect on a City-wide basis at such time as the Subsequent Development Approvals and permits are granted by City, notwithstanding the fact that such fees may have been increased by City subsequent to the Effective Date;

8.10.2 Procedural regulations relating to hearing bodies, petitions, applications, notices, findings, records, hearings, reports, recommendations, appeals, and any other matter of procedure;

8.10.3 The following, provided that (i) they are uniformly applied to all development projects within the City and (ii) are not applied retroactively to any Development Approval issued before their adoption or amendment:

8.10.3.1 Uniform codes governing engineering and construction standards and specifications adopted by the City pursuant to state law. Such codes include, without limitation, the City's adopted version of the Uniform Administrative Code, California Building Code, California Plumbing Code, California Mechanical Code, California Electrical Code, and California Fire Code;

8.10.3.2 Local amendments to those uniform codes which are adopted by the City pursuant to state law, provided they pertain exclusively to the preservation of life and safety; and

8.10.3.3 The City's standards and procedures regarding the granting of encroachment permits and the

conveyance of rights and interests which provides for the use of or the entry upon public property.

8.10.4 Regulations which may be in conflict with this Agreement, but which are objectively required (and there are no available reasonable alternatives) to protect the public health and safety in the event of a sudden, unexpected occurrence involving a clear and imminent danger, and demanding immediate action to prevent or mitigate loss of, or damage to, life, health, property, or essential public services within the immediate community. Such regulations must be a valid exercise of the City's police power and must be applied and construed so as to provide Owner, to the maximum extent possible, with the rights and assurances provided in this Agreement. To apply to the Property, such regulations must be adopted after a public hearing and must be based upon findings of necessity established by a preponderance of the evidence. Any regulations, including moratoria, enacted by City and imposed on the Property to protect the public health and safety in the circumstances described above shall toll the Term and any time periods for performance by Owner and City set forth in this Agreement;

8.10.5 The City's public improvement engineering ordinances, policies, rules, regulations and standards in effect at the time of the construction of the Public Facilities;

8.10.6 Owner shall be issued building permits for the Project after permit applications are reviewed and approved by City in the City's customary fashion for such review and approval;

8.10.7 The exercise of the power of eminent domain; and

8.10.8 The City Council may, concurrently with the approval of: (i) a zone change; (ii) specific plan; and/or (iii) the approval of the First Tentative Map for the Project, determine the specific number of Units which may be built as part of the Project, within the range of Units allowed in the General Plan Amendment. Such determination shall not constitute an amendment to this Agreement.

8.11 Development Impact Fees. Except as otherwise expressly provided within this Agreement:

8.11.1 Owner shall pay only those Development Impact Fees uniformly applied to all development projects within the City as of the Approval Date and permitted under this Agreement, or fees

levied by the County or regional agencies other than the City, including, but not limited to those fees collected by the City for those Agencies listed in Exhibit "E".

8.11.2 Owner shall have no obligation for fees related to traffic, roadways, parks, affordable housing, open space, trails, or schools, except as expressly provided in Section 9, Exhibit "F" (including Attachments 1, 2, 3 and 4 thereto), or in an agreement between Owner and the Saddleback Valley Unified School District, as shown on Attachment 4 to Exhibit "F".

8.12 County-Mandated Impact Fees. Nothing in this Agreement shall relieve Owner of the responsibility to pay any impact fees established by the County of Orange or associated with any County program and for which Owner is legally responsible. Owner shall pay any such fees the City is required to collect or otherwise collects on behalf of the County of Orange. A summary of County fees anticipated to be owed for the Project, and amounts already paid by Owner, is attached as Exhibit "E". Owner understands and acknowledges that Exhibit "E" reflects only the City's estimate of fees paid and fees owed, and may not accurately reflect Owner's County fee obligations.

8.13 Adequacy of Required Infrastructure. Provided that Owner complies with Owner's Facilities Obligations as provided in Exhibit "F" and subject to the Reservation of Authority, the City acknowledges and agrees that there will be sufficient capacity to accommodate the Project in the infrastructure and services owned, operated, outsourced, controlled, and/or provided by the City, including, without limitation, traffic circulation, storm drainage, trash collection, and flood control. Where City renders or outsources such services or owns such infrastructure, and Owner complies with Owner's Facilities Obligations, City shall serve the Project and there shall be no restrictions placed upon Owner concerning hookups or service for the Project, except for reasons beyond City's control. Notwithstanding the foregoing, City does not warrant the adequacy of and City shall not be responsible or liable for any infrastructure or services that are not owned, operated, outsourced, controlled, and/or provided by City.

8.14 Vested Rights Upon Termination. Termination of the Agreement shall not invalidate any Land Use Regulations or terminate any Subsequent Development Approvals obtained prior to the date of termination. Upon any termination of this Agreement, Owner's vested rights, if any, shall be determined by this Agreement, and by state and federal statutes and case law and then current factual state of the Development. Subject to that determination of rights and all other applicable law, Owner's right to continue development of the Project pursuant to some or all of the Development Plan shall be subject to the

ordinary exercise of the City's police power, including the adoption of a general plan amendment, zoning change, or other Land Use Regulations applicable to the Property. Owner acknowledges that following termination of this Agreement, except as to any development that has vested, City may amend the General Plan designation of the Property and/or the zoning designation applicable to the Property.

8.15 Waiver of Density Bonus. While this Agreement is in effect, Owner waives any right Owner may have to a density bonus under Government Code Sections 65915 through 65917.5 or the Lake Forest Municipal Code. Densities vested hereunder include all densities available as density bonuses under the Lake Forest Municipal Code and Government Code Sections 65915 through 65917.5.

8.16 Staffing and Expedited Processing. City shall employ all lawful actions capable of being undertaken by City to (i) promptly receive and, when complete, accept all applications for Subsequent Development Approvals and related environmental analysis, if any (collectively, "Applications"), and (ii) expeditiously process and take action upon the Applications in accordance with applicable law. These actions will include, but are not limited to:

8.16.1 In order to expedite either the processing of Applications or the review and "plan-checking" of Owner's submittals, Owner may request the City to retain a consultant or other third party to supplement the work of City staff. Upon such request, the City shall inform Owner within twenty (20) days of the estimated cost of retaining such assistance. If Owner agrees in writing to pay the full cost of retaining such assistance within ten (10) days after the City informs Owner of that estimated cost, the City shall immediately retain the consultant or other third party to provide that assistance. Under such circumstances, the City shall continue to use its best efforts to undertake the most accelerated processing of the Applications which the law permits. The City may require Owner to tender deposits against the estimated cost of retaining such assistance, and may further require Owner to make periodic payments of the costs of retaining such assistance.

8.16.2 With respect to the "plan-checking" of Owner's submittals, the City, directly or through its consultant, shall complete the plan-checking process within thirty (30) days of receiving each plan check submittal from Owner.

8.17 Changes in Federal and State Law. The Property may be subject to subsequently enacted state or federal laws or regulations which preempt local regulations or mandate the adoption of local regulations that conflict with the Development Plan. Upon discovery of such a subsequently enacted federal or state law, City or Owner shall provide the other Party with written notice, a copy of the state or federal law or regulation, and a written explanation of the legal or regulatory conflict created. Within ten (10) days thereafter, City and Owner shall meet and confer in good faith in a reasonable attempt to modify this Agreement, as necessary, to comply with such federal or state law or regulation. In such negotiations, City and Owner agree to preserve the terms of this Agreement and the rights of Owner as derived from this Agreement to the maximum feasible extent while resolving the conflict. City agrees to cooperate with Owner in resolving the conflict in a manner which minimizes any financial impact of the conflict upon Owner. City also agrees to process, in the same expedited manner as set forth for Applications in Section 8.18, Owner's proposed changes to the Development Plan as needed to comply with such federal or state law, and to process those changes in accordance with City procedures. Any delays caused by such changes in state or federal law shall toll the term of this Agreement and the time periods for performance by Owner and City set forth in this Agreement.

8.18 Cooperation in Securing Other Governmental Approvals and Permits. City agrees to make its staff available, at Owner's cost, to assist Owner in securing permits and approvals required by other governmental agencies to assure Owner's ability to (i) implement the Development Plan and (ii) perform its obligations under this Agreement in a timely manner. City does not warrant or represent that any other governmental permits or approvals will be granted.

8.19 Compliance with CEQA. The City Council has found that the environmental impacts of the Project have been addressed in the Environmental Impact Report certified by City for the General Plan Amendment and this Agreement (the "EIR"). Where the California Environmental Quality Act requires that an additional environmental analysis be performed in connection with a future discretionary approval granted by the City for the Project, the City, consistent with Section 8.18, shall provide the cooperation needed to expeditiously complete those actions.

8.20 Moratorium. Owner and City agree that any City moratorium, whether enacted by initiative, City action or otherwise, shall be subject to the same constraints and limitations under this Agreement as Subsequent Land Use Regulations adopted by the City Council.

8.21 Timing of Development. Because the California Supreme Court held in Pardee Construction Co. v. City of Camarillo, 37 Cal. 3d 465 (1984), that the failure of the parties in that case to provide for the timing of development resulted in a later-adopted initiative restricting the timing of development to prevail over the parties' agreement, it is the specific intent of the Parties to provide for the timing of the Project in this Agreement. To do so, the Parties acknowledge and provide that, subject to Section 8.23 below, Owner shall have the right, but not the obligation, to complete the Project in such order, at such rate, at such times, and in as many development phases and sub-phases as Owner deems appropriate in its sole subjective business judgment.

8.22 Conditions, Covenants and Restrictions. Owner shall have the ability to reserve and record such covenants, conditions, and restrictions (CC&Rs) against the Property as Owner deems appropriate, in its sole and absolute discretion. Such CC&Rs may not conflict with this Agreement or the General Plan. Before recording any CC&Rs, Owner shall provide a copy of the CC&Rs to the City for review and approval by the City Attorney. The City Attorney's review shall be limited to determining if the CC&Rs substantially comply with this Agreement. Within thirty (30) days after receiving a copy of the proposed CC&Rs from Owner, the City Attorney shall provide Owner with either (i) a statement that the CC&Rs comply with this Agreement ("CC&R Approval") or (ii) written comments identifying each aspect of the CC&Rs which the City Attorney believes not to be in compliance with this Agreement (a "Statement of Non-Compliance"). If the City Attorney fails to provide Owner with either CC&R Approval or a Statement of Non-Compliance within thirty (30) days following a written request by Owner, City shall be deemed to have approved the CC&Rs and Owner may record the CC&Rs against the Property. If the City Attorney provides a Statement of Non-Compliance, Owner shall have thirty (30) days in which to respond to the Statement of Non-Compliance. Upon submittal of Owner's response, the procedure described above for the initial submittal and City Attorney review of proposed CC&Rs shall again be followed. This procedure shall be followed until Owner either (1) receives CC&R Approval, (2) submits the compliance issues to binding arbitration pursuant to the rules of the American Arbitration Association, (3) files an action for declaratory relief in Orange County Superior Court seeking a judicial determination of the compliance of the proposed CC&Rs, or (4) agreement is otherwise reached between the Parties allowing for the recording of the CC&Rs. The CC&Rs may run with the land and bind Owner's successors and assigns. Except as provided above, any dispute between the Parties regarding the City's approval or rejection of the CC&Rs shall be subject to immediate and binding arbitration pursuant to the rules of the American Arbitration Association.

8.23 Refund of Fees. Within ninety (90) days after any termination of this Agreement, any Development Impact Fees, as that term is defined in Section 5.16 of this Agreement, or any other funds of any nature which have been paid by Owner (or a Financing District) to City in connection with the implementation of the Development Plan shall be refunded to Owner (or the Financing District) to the extent that those fees were paid for any of the following, provided that no refund or reimbursement shall be required where the City has commenced construction of improvements paid for by such fees or funds, or where the City has committed such fees or funds through a binding agreement of any kind:

8.23.1 Construction not yet started;

8.23.2 Construction started, but not yet completed, provided that no refund or reimbursement shall be required for work for which the City is contractually obligated to pay; and

8.23.3 Onsite or offsite mitigation for the impacts of construction described in Section 8.23.1 and 8.23.2.

Any such refunds shall be limited to the actual amounts attributable to the development and/or construction not yet completed or vested at the time of termination.

8.24 School Mitigation. Owner shall comply with its obligations to contribute funding for school facilities as set forth in Attachment 3 to Exhibit "F".

8.25 Amendment to Phasing of Traffic Circulation. In order to protect the public interest, City acknowledges that it may become necessary for Owner to revise the construction phasing of certain traffic circulation elements described in the Development Plan. Such requested revisions by Owner shall be considered minor or insubstantial and not require this Agreement to be amended provided that:

8.25.1 The revisions are reasonably acceptable to the City Council;

8.25.2 The revisions have been the subject of or are exempt from any further legally required environmental review; and

8.25.3 The revisions do not result in a significant adverse impact on the levels of service, as determined by City, that presently are anticipated in the Environmental Impact Report for the General Plan Amendment.

9. PUBLIC BENEFITS.

9.1 Intent. This Agreement is entered into by the City in consideration of, and in exchange for, Owner's agreement to contribute to the development of certain public facilities owned by the City and the School District as set forth in Exhibit "F" (the "Public Facilities").

9.2 Public Benefits. The Public Benefits consist of Owner's contribution to the following public facilities (the "Public Facilities"), as described in greater detail in Exhibit "F."

9.2.1 The City Facilities. In addition to those public facilities identified in the EIR which will be provided specifically to mitigate the impacts of the Project, Owner shall make contributions (as defined in Exhibit "F") toward the land, improvements, facilities, and equipment required for (i) a community sports park (the "Sports Park"), (ii) a "Community Center," and (iii) a new civic center (the "City Hall"), LFTM Improvements and neighborhood parks, each of which will serve the community at large (collectively, the "City Facilities"). Owner shall make contributions toward the City's construction of the LFTM Improvements through payment of LFTM Fees.

9.2.2 School Facilities Mitigation. Owner's obligations with respect to School Facilities Mitigation shall be as set forth in Section 8.24 above and Exhibit "F."

9.3 Advancement of Funds to Design City Facilities. Owner acknowledges the importance of making the City Facilities available for use as soon as possible following execution of this Agreement, and further acknowledges that the timing and phasing of development within the Opportunities Study Area may not provide the City with adequate funding for the acquisition of land for the City Facilities and design of the City Facilities soon enough to allow the City Facilities to be timely constructed and available for use. Therefore, Owner shall make available to the City Four Hundred Thousand Seven Hundred and Twelve Dollars ($400,712) ("Owner's Share of Design Budget") to fund Owner's share of the design costs for the Sports Park, and Community Center (as described in Exhibit "F") upon request by the City, notwithstanding Owner's schedule of construction for the Project, as set forth in this section of the Agreement. Owner shall not be obligated to tender such advance of funds until City has contracted with consultants to provide design services for the Sports Park or Community Center, and such advance shall be paid as follows: (1) The City shall establish a budget for the design services ("Budget") subsequent to the execution of this Agreement, and provide the Budget to Owner; (2) Within 30 days of receipt of the Budget or 90

days from the Effective Date of this Agreement, whichever is later, Owner shall advance funds to the City in the amount of 25% of the Owner's Share of Design Budget; (3) The remainder of Owner's Share of Design Budget shall be advanced to the City in equal installments over 15 months on a quarterly basis, commencing three months from the date of the first payment of 25% of the Owner's Share of Design Budget. Such advance shall be treated as a non-interest bearing deposit and shall be eligible for reimbursement pursuant to Section 9.4 and 9.5 below, and as a credit against Owner's Sports Park, City Hall, and Community Center Facilities Fee (defined in Exhibit "F").

9.4 Financing Public Facilities.

9.4.1 At the City's discretion, Owner's Facilities Obligations and other public improvement costs may be financed through the use of a Financing District, to the extent permitted by the City's Financing District Policy. If a Financing District is established, the timing, procedure, and other details of Owner's participation in the Financing District shall be addressed in a separate agreement between the City and Owner to be approved concurrently with the formation of the Financing District. Owner is obligated under paragraph A.2 of Exhibit "F" to dedicate land to the City for City Facilities. Subject to the availability of funds from the Financing District to do so, Owner may, at its election, be reimbursed by the Financing District for land so dedicated in an amount equal to Fair Market Value of such land, as calculated no more than 120 days prior to City's acceptance of dedication of such land. Owner's status as a governmental agency will require statements and determinations pursuant to Government Code Sections 53340 and 53317(f), to allow the use of Financing Districts.

9.4.2 Owner shall advance funds to pay all costs for formation of the Financing District and the issuance and sale of bonds therein, including, but not limited to, (i) the fees and expenses of any consultants and legal counsel to the City employed in connection with the formation of the Financing District and issuance of the bonds, including an engineer, special tax consultant, financial advisor, bond counsel, and any other consulting deemed necessary or advisable by the City, (ii) the costs of appraisals, market absorption and feasibility studies and other reports deemed necessary or advisable by the City in connection with the issuance of the bonds, (iii) the costs of publication of notices, preparation and mailing of ballots and other costs related to any hearing, election or other action or proceeding undertaken in connection with the formation of the Financing District and issuance of the bonds, (iv) reasonable

charges for City staff time incurred in connection with the formation of the Financing District and issuance of the bonds, including a reasonable allocation of school district staff time related thereto, if any, and (v) any and all other actual costs and expenses incurred by the City in connection with the formation of the Financing District and issuance of the bonds. Upon completion of the formation of the Financing District and successful sale of the bonds, funds advanced for such formation and issuance costs by Owner shall be reimbursed from bond proceeds within thirty (30) days of receipt of the bond proceeds.

9.4.3 Owner agrees to submit an application to the City to form the Financing District within thirty (30) days following Owner's submittal of the First Tentative Map Submittal Package. At the City's sole discretion, the City may form such Financing District for the purpose of levying a special tax and selling bonds in an amount sufficient to pay for the design, acquisition, construction and maintenance of all or part of the facilities described in Exhibit "F," provided however, that market conditions and the City Council permit the City staff to form such Financing District and issue bonds therein.

9.4.4 Upon Owner's submittal of a petition for the establishment of the Financing District pursuant to Government Code Section 53318, City shall conduct proceedings for such establishment in accordance with the time periods specified in the Mello-Roos Act. City and Owner expect that the public hearing with respect to the Financing District and consideration of a resolution of formation for the Financing District by the City Council in accordance with Government Code Sections 53325 and 53325.1 shall occur concurrent with approval of the First Tentative Map, or as soon thereafter as City may reasonably schedule and notice such hearing, taking into account its City Council meeting schedule. If (i) the City Council fails to adopt such resolution of formation, following the close of the public hearing for the Financing District, (ii) the City Council fails to call an election of the qualified electors within the Financing District following the close of such public hearing, (iii) the City Council fails to confirm the results of such election and adopt an ordinance authorizing the levy of special taxes of the Financing District, or (iv) if Owner files a majority protest against formation of the Financing District at the public hearing, Owner shall, no later than the date that is thirty (30) days following the first to occur of such events (the "Financing District Determination Date'), provide written notice to City of its election to terminate this Agreement. Upon such termination, the Civic Center Site IOD (defined in Exhibit "F") shall be revoked according to the

terms of Exhibit "F", and Development Impact Fees shall be refunded to Owner pursuant to Section 8.23 of this Agreement and Owner's obligations thereunder, including its obligation to deliver to City the Civic Center Site IOD (as defined below), and the City may take action pursuant to the termination provisions of Section 8.14 of this Agreement. If written notice of Owner's election to terminate is not provided by the Financing District Determination Date, Owner shall be deemed to have elected not to terminate this Agreement.

9.4.5 The Owner and the City shall, in good faith, negotiate the rate and method of apportionment of special taxes and other parameters of the Financing Districts prior to the formation of the Financing Districts; provided however, that any such special tax rate, method of apportionment, and other parameters shall comply with the Financing District Policy, which is attached hereto as Exhibit "D."

9.4.6 The issuance of bonds of the Financing District shall comply with the Financing District Policy. The bonds may be sold in one or more series. The timing of the issuance of any series of bonds and the par amount of the bonds to be issued shall be determined by the City in accordance with the Financing District Policy.

9.5 Independent Nature of Obligations. Owner's Facilities Obligations are independent of the obligations of any other OSA Landowner or any other property which the City intends to participate in providing some or all of the Public Benefits. Provided that Owner satisfies Owner's Facilities Obligations and is not in Material Default, Owner's Vested Right to complete the full development of the Project shall not be limited, diminished, or otherwise adversely affected by the failure of any other landowner or property to participate in providing the Public Benefits as anticipated by the City. Similarly, the City's obligations to Owner and the Property are independent of the City's obligations to any other property or landowner. However, the Public Facilities have been defined in Exhibit F, and Owner's Facilities Obligations are based on the overall development of the OSA by all OSA Landowners. Thus, to the extent that the City reduces the Sports Park, City Hall and Community Center Facilities Fee for any other OSA Landowner, such that the per-Unit Sports Park, City Hall and Community Center Facilities Fee is less than Owner's per-Unit Sports Park, City Hall and Community Center Facilities Fee, the City shall reimburse Owner (or, to the extent that portions of the Property have been sold, Owner's successors in interest with respect to such portions of the Property) for the difference, but no such reimbursement shall be allowed for any difference in credits for the Sports Park, City Hall and Community

Center Facilities Fee received by any other OSA Landowners for the dedication of land for Public Facilities in the Opportunities Study Area; provided, however, that reduction in the Sports Park, City Hall and Community Center Facilities Fee shall be used in determining the number of residential units receiving fee credits as referenced in Section A.2 of Exhibit "F" to this Agreement. Any reduction in the Sports Park, City Hall and Community Center Facilities Fee anticipated by this section 9.5 shall not apply to any LFTM credits or reductions in LFTM fees. Owner acknowledges that the provisions of this paragraph shall not apply to any fee the amount of which is not controlled by the City, including but not limited to fees paid to the Saddleback Valley Unified School District, the County of Orange, and/or any other government agency.

9.6 Affordable Housing In-Lieu Fee. Owner recognizes the policy stated in the Housing Element of the Lake Forest General Plan to encourage the provision of affordable housing in new development. However, the allocation of land for the Civic Center and other Public Facilities on the Property makes it impractical to provide affordable housing as part of the Project. In lieu of providing affordable housing, Owner shall pay to the City in lieu fees (the "Affordable Housing In-Lieu Fee") of the lesser of: (a) $12,000 or (b) the then current in lieu fee in effect, when building permits are obtained for each Unit constructed on the Property in excess of 550. The Affordable Housing In-Lieu Fee shall be due concurrently with the issuance of the building permit for each Unit, unless a different schedule is mutually agreed upon by the City and Owner.

10. ANNUAL REVIEW.

10.1 Timing of Annual Review. Pursuant to Government Code Section 65865.1, at least once during every twelve (12) month period of the Term, City shall review the good faith compliance of Owner with the terms of this Agreement ("Annual Review").

10.2 Standards for Annual Review. During the Annual Review, Owner shall be required to demonstrate good faith compliance with the terms of this Agreement. "Good faith compliance" shall be established if Owner is in compliance with every term and condition of this Agreement. If the City Council or its designee finds and determines, based on substantial evidence, that Owner is not in good faith compliance, then City may proceed in accordance with Section 12 pertaining to the potential Default of Owner and the opportunities for cure. City shall establish and Owner shall pay a reasonable fee to cover the costs incurred by City in connection with the Annual Review.

10.3 Procedures for Annual Review. The Annual Review shall be conducted by the City Council or its designee. Owner shall be given a minimum of sixty (60) days' notice of any date scheduled for an Annual Review. Owner shall not be limited in the information it presents to the City Council for the Annual Review and may, if needed, provide information to the City Council in the first instance at the City Council hearing on the Annual Review. Should the City Council designate a party other than itself to conduct the Annual Review, these same notice and procedural requirements shall apply to the conduct by the designee of the Annual Review.

10.4 Certificate of Compliance. At any time during any year that the City Council or its designee finds that Owner is not in Default under this Agreement, City shall, upon written request by Owner, provide Owner with a written certificate of good faith compliance within fifteen (15) days of City's receipt of that request.

11. THIRD PARTY LITIGATION.

11.1 General Plan Litigation. City has determined that this Agreement is consistent with its General Plan. Owner has reviewed the General Plan and concurs with City's determination. Neither Owner nor City shall have any liability under this Agreement or otherwise for any failure of City to perform under this Agreement, or for the inability of Owner to develop the Property as contemplated by the Development Plan or this Agreement, if such failure or inability is the result of a judicial determination that part or all of the General Plan is invalid, inadequate, or not in compliance with law.

11.2 Third Party Litigation Concerning Agreement. Owner shall, at Owner's expense, defend, indemnify, and hold City, its officers, employees and independent contractors engaged in project planning or implementation, harmless from any third-party claim, action or proceeding against City, its agents, officers or employees to attack, set aside, void, or annul the approval of this Agreement. City shall promptly notify Owner of any such claim, action or proceeding, and City shall cooperate in the defense. City may in its discretion participate in the defense of any such claim, action or proceeding.

11.3 Indemnity. In addition to the provisions of Section 11.2, Owner shall indemnify and hold City, its officers, agents, employees and independent contractors, engaged in project planning or implementation, free and harmless from any third-party liability or claims based or alleged upon any act or omission of Owner, its officers, agents, employees, subcontractors and independent contractors, for property damage, bodily injury or death (Owner's employees included) or any other element of damage of any kind or

nature, relating to or arising from development of the Project, except for claims for damages arising through active negligence or willful misconduct of City, its officers, agents, employees, and independent contractors. Owner shall defend, at Owner's expense, including attorneys' fees, City, its officers, agents, employees and independent contractors in any legal action based upon such alleged acts or omissions of Owner. City may in its discretion participate in the defense of any such claim, action or proceeding.

11.4 Environmental Contamination. Owner shall indemnify and hold City, its officers, agents, and employees free and harmless from any liability, based or alleged, upon any act or omission of Owner, its officers, agents, employees, subcontractors, predecessors in interest, successors, assigns, and independent contractors, resulting in any violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene or to environmental conditions on, under, or about the Property, including, but not limited to, soil and groundwater conditions, and Owner shall defend, at its expense, including attorneys' fees, City, its officers, agents and employees in any action based or asserted upon any such alleged act or omission. City may in its discretion participate in the defense of any such claim, action, or proceeding, but must assume its own costs in participating in the defense. Notwithstanding anything to the contrary set forth in this Section, Owner shall not be responsible for clean-up and removal of groundwater contamination migrating to or from an adjacent property not owned by Owner.

11.5 City to Approve Counsel; Conduct of Litigation. With respect to Sections 11.2 through 11.4, City reserves the right either (a) to approve the attorney(s) that Owner selects, hires, or otherwise engages to defend City, which approval shall not be unreasonably withheld or delayed, or (b) if Owner is not agreeable to City's disapproval of counsel, to conduct its own defense. If City elects to conduct its own defense, Owner shall reimburse City for a fraction of all reasonable attorneys fees and court costs incurred for such defense, which fraction shall be equal to the number of Units allowed for the Project by City Council in compliance with the General Plan Amendment, divided by the aggregate number of Units permitted by City Council within the Opportunities Study Area if such action involves more than one OSA Landowner. To the extent that one or more OSA Landowners does not timely pay its full share of attorneys fees and court costs, the City reserves the right to reduce or abandon its defense of any litigation, provided that Owner may, but shall not be required to, tender funds to the City to make up any shortfall. Owner shall have the right to audit all billings for such fees and expenses. City shall not have the right to approve counsel selected by Owner to represent Owner's interests in any litigation. In any joint defense

between the City and Owner of matters arising under this Agreement, City shall cooperate fully with Owner's counsel. To the extent that Owner has failed to timely pay its full share of attorneys fees and court costs under this section, Owner shall be deemed to have waived any right to participate in the selection of counsel and/or be involved in establishing and implementing litigation strategy, and Owner's rights under this Agreement and the General Plan Amendment shall be suspended until Owner has fully reimbursed the OSA Landowner and/or the City which has advanced funds to make up a funding shortfall created by Owner's failure to timely pay.

11.6 Processing During Third Party Litigation. The filing of any third party lawsuit(s) against City or Owner relating to this Agreement, the General Plan, any Development Approvals, including Subsequent Development Approvals, or other development issues affecting the Property shall not delay or stop the development, processing, or construction of the Project, approval of Subsequent Development Approvals, or issuance of "Ministerial Approvals," unless the third party obtains a court order preventing the activity or invalidating this Agreement or any provision thereof. City shall not stipulate to the issuance of any such order without Owner's prior written consent. For purposes of this Section, the term "Ministerial Approvals" shall mean the issuance of approvals or permits requiring the determination of conformance with Land Use Regulations and Development Approvals, including, without limitation, site plans, site development permits, area plans, design review, development plans, land use plans, grading plans, improvement plans, building plans and specifications, ministerial issuance or approval of one or more final maps, zoning clearances, grading permits, improvement permits, stormwater management plans, wall permits, building permits, lot line adjustments, conditional and temporary use permits, certificates of use and occupancy, approvals, entitlements, and related matters as may be necessary for the completion of the Project.

11.7 Survival. The provisions of Sections 11.1 through 11.7 inclusive, shall survive the termination, cancellation, or expiration of this Agreement.

12. DEFAULTS AND REMEDIES.

12.1 Major Default Defined. A Major Default, as defined in Section 5.36 of this Agreement, may establish cause for early termination of this Agreement. This provision does not limit the right of either Party to pursue other non-termination remedies permitted by this Section 12 for Minor Defaults.

12.2 Notice and Termination. Before either Party may declare a Major Default or termination of this Agreement or bring a legal action to

terminate this Agreement, the procedures of this Section must be followed. In the case of a Major Default arising from the conduct of an Annual Review, the procedures of this Section shall be strictly followed and shall constitute a second and independent review of the good faith compliance of Owner.

The Party asserting a Default (the "Non-Defaulting Party") may elect to do so by providing written notice to the Party alleged to be in Default (the "Defaulting Party") setting forth the nature of the Default and the actions, if any, required by the Defaulting Party to cure the Default. The Defaulting Party shall be deemed in Default if the Defaulting Party fails to cure the Default within thirty (30) business days after the date of such notice (for monetary defaults) or within sixty (60) business days after the date of such notice (for non-monetary defaults)("cure periods"). If the nature of the alleged Default is such that it cannot reasonably be cured within the applicable cure period, the Defaulting Party shall not be deemed to be in Default if it has commenced efforts to cure the Default within the applicable cure period and continues to diligently pursue completion of the cure.

12.3 Default Remedies. A Party who complies with the notice of Default and opportunity to cure requirements of Section 12.2 may, at its option, institute legal action to cure, correct, or remedy the alleged Default, enjoin any threatened or attempted violation, enforce the terms of this Agreement by specific performance, or pursue any other legal or equitable remedy. These remedies shall be cumulative rather than exclusive, except as otherwise provided by law.

Furthermore, the City, after first following the procedures set forth in Section 12.2, may give notice of its intent to terminate or modify this Agreement for an uncured Major Default, in which event the matter shall be scheduled for consideration and review by the City Council, using the notice and procedure provisions set forth in Section 10.3 for an Annual Review. The "preponderance of evidence" standard of review set forth in Section 12.4, however, shall be employed rather than the substantial evidence standard set forth in Section 10.2.

12.4 Standard of Review. Any determination by City that Owner is in Default shall be based on the preponderance of evidence before the City. In any legal action by Owner challenging the City's determination of Default, the court shall conduct a de novo review of Owner's compliance based on the administrative record and determine if the preponderance of evidence supports the City's determination.

12.5 Owner's and City's Exclusive Remedy. City and Owner acknowledge that neither City nor Owner would have entered into this Agreement if it were to be liable in damages under or with respect to all or any part of

the Development Plan. Accordingly, except as stated below, neither Party shall sue the other for damages or monetary relief for any matter related to the Development Plan. City may, however, sue Owner for the payment of sums due from Owner to City under provisions of this Agreement which are expressly stated to survive termination of this Agreement. Owner may sue City for the non-performance of its obligations under the LFTM Program. With these exceptions, Owner's and City's litigation remedies shall be limited to declaratory and injunctive relief, mandate, and specific performance.

12.6 Waiver; Remedies Cumulative. All waivers of performance must be in a writing signed by the Party granting the waiver. There are no implied waivers. Failure by City or Owner to insist upon the strict performance of any provision of this Agreement, irrespective of the length of time for which such failure continues, shall not constitute a waiver of the right to demand strict compliance with this Agreement in the future.

A written waiver affects only the specific matter waived and defines the performance waived and the duration of the waiver. Unless expressly stated in a written waiver, future performance of the same or any other condition is not waived.

A Party who complies with the notice of Default and opportunity to cure requirements of Section 12.2, where applicable, and elects to pursue a legal or equitable remedy available under this Agreement does not waive its right to pursue any other remedy available under this Agreement, unless prohibited by statute, court rules, or judicial precedent.

Delays, tolling, and other actions arising under Section 14.10 shall not be considered waivers subject to this Section 12.6.

12.7 Alternative Dispute Resolution. Any dispute between the Parties may, upon the mutual agreement of the Parties, be submitted to mediation, binding arbitration, or any other mutually agreeable form of alternative dispute resolution. While an alternative dispute process is pending, the statute of limitation shall be tolled for any claim or cause of action which either of the Parties may have against the other.

13. ENCUMBRANCES, ASSIGNMENTS, AND RELEASES.

13.1 Discretion to Encumber. This Agreement shall not prevent or limit Owner, in any manner, at Owner's sole discretion, from encumbering some or all of the Property or any improvement on the Property by any mortgage, deed of trust, or other security device to secure financing related to the Property or the Project.

13.2 Mortgagee Protection. City acknowledges that the Lender(s) providing financing secured by the Property and/or its improvements may require certain Agreement interpretations and modifications. City shall, at any time requested by Owner or the lender, meet with Owner and representatives of such lender(s) to negotiate in good faith any such interpretation or modification. City will not unreasonably withhold or delay its consent to any requested interpretation or modification provided such interpretation or modification is consistent with the intent and purposes of this Agreement. Any Mortgagee of the Property shall be entitled to the following rights and privileges:

13.2.1 Neither entering into this Agreement nor a breach of this Agreement shall defeat, render invalid, diminish, or impair the lien of any mortgage or deed of trust on the Property made in good faith and for value.

13.2.2 If City timely receives a request from a Mortgagee requesting a copy of any notice of Default given to Owner under the terms of this Agreement, City shall provide a copy of that notice to the Mortgagee within ten (10) days of sending the notice of Default to Owner. The Mortgagee shall have the right, but not the obligation, to cure the Default during the remaining cure period allowed Owner under Section 12.2 of this Agreement.

13.2.3 Except as otherwise provided within this Agreement, any Mortgagee who comes into possession of some or all of the Property pursuant to foreclosure of a mortgage or deed of trust, or deed in lieu of such foreclosure or otherwise, shall:

13.2.3.1 Take that property subject to the terms of this Agreement and as Owner's successor;

13.2.3.2 Have the rights and obligations of an Assignee as set forth in Sections 13.3 and 13.4;

13.2.3.3 Have the right to rely on the provisions of Section 8 of this Agreement, provided that any development proposed by the Mortgagee is in substantial conformance with the terms of this Agreement; and

13.2.3.4 Not be liable for any defaults, whether material or immaterial, or monetary obligations of Owner arising prior to acquisition of title to the Property by the Mortgagee, except that the Mortgagee may not pursue development pursuant to this Agreement until all delinquent and current fees and other monetary obligations due under this Agreement for the portions

of the Property acquired by the Mortgagee have been paid to City.

13.3 Transfer or Assignment. Subject to Section 13.5, Owner shall have the right to sell, transfer, or assign its rights and obligations under this Agreement (collectively, an "Assignment") in connection with a transfer of Owner's interest in all, any portion of, or any interest in the Property (the "Transferred Property"). No Assignment shall be made unless made together with the sale, transfer, or assignment of all or any portion of Owner's interest in the Property.

Within fifteen (15) business days after any Assignment, Owner shall notify City in writing of the Assignment and provide City with an Assignment and Assumption Agreement, in a form substantially similar to Exhibit "I", executed by the purchaser, transferee, or assignee (collectively, the "Assignee") to expressly and unconditionally assume all duties and obligations of Owner under this Agreement remaining to be performed at the time of the Assignment.

13.4 Effect of Assignment. Subject to Section 13.5 and unless otherwise stated within the Assignment, upon an Assignment:

13.4.1 The Assignee shall be liable for the performance of all obligations of Owner with respect to Transferred Property, but shall have no obligations with respect to the portions of the Property, if any, not transferred (the "Retained Property").

13.4.2 The owner of the Retained Property shall be liable for the performance of all obligations of Owner with respect to Retained Property, but shall have no further obligations with respect to the Transferred Property.

13.4.3 The Assignee's exercise, use, and enjoyment of the Transferred Property shall be subject to the terms of this Agreement to the same extent as if the Assignee were the Owner.

13.5 City's Consent. The City's consent shall not be required to an Assignment unless, at the time of the Assignment, Owner has been determined to be in Major Default pursuant to Section 12 and the Major Default has not been cured. If Owner is in Major Default, City shall consent to any Assignment which provides adequate security to City, in the reasonable exercise of City's discretion, to guarantee the cure of the Major Default upon completion of the Assignment.

14. MISCELLANEOUS PROVISIONS.

14.1 Rules of Construction. The singular includes the plural; the masculine gender includes the feminine; "shall" is mandatory; "may" is permissive.

14.2 Entire Agreement. This Agreement constitutes the entire understanding and agreement of City and Owner with respect to the matters set forth in this Agreement. This Agreement supersedes all negotiations or previous agreements between City and Owner respecting the subject matter of this Agreement including, without limitation, the Original City Agreement.

14.3 Recorded Statement Upon Termination. Upon the completion of performance of this Agreement or its cancellation or termination, a statement evidencing completion, cancellation, or termination signed by the appropriate agents of City, shall be recorded in the Official Records of Orange County, California.

14.4 Project as a Private Undertaking. It is specifically understood by City and Owner that (i) the Project is a private development; (ii) City has no interest in or responsibilities for or duty to third parties concerning any improvements to the Property unless City accepts the improvements pursuant to the provisions of this Agreement or in connection with subdivision map approvals; and (iii) Owner shall have the full power and exclusive control of the Property, subject to the obligations of Owner set forth in this Agreement.

14.5 Incorporation of Recitals. Each of the Recitals set forth at the beginning of this Agreement are part of this Agreement.

14.6 Captions. The captions of this Agreement are for convenience and reference only and shall not define, explain, modify, construe, limit, amplify, or aid in the interpretation, construction, or meaning of any of the provisions of this Agreement.

14.7 Consent. Where the consent or approval of City or Owner is needed to implement Development under this Agreement, the consent or approval shall not be unreasonably withheld, delayed, or conditioned.

14.8 Covenant of Cooperation. City and Owner shall cooperate and deal with each other in good faith and assist each other in the performance of the provisions of this Agreement.

14.9 Execution and Recording. The City Clerk shall cause a copy of this Agreement to be signed by the appropriate representatives of the City and recorded with the Office of the County Recorder of Orange County, California, within ten (10) days following the effective date of

Ordinance No. 196, the ordinance adopting this Agreement. The failure of the City to sign and/or record this Agreement shall not affect the validity of and binding obligations set forth within this Agreement.

14.10 Delay for Events Beyond the Parties' Control. Performance by either Party of its obligations under this Agreement shall be excused, and the Term shall be extended, for periods equal to the time during which (1) litigation is pending which challenges any matter, including compliance with CEQA or any other local, state, or federal law, related in any way to the approval or implementation of all or any part of the Development Plan. Any such extension shall be equal to the time between the filing of litigation, on the one hand, and the entry of final judgment or dismissal, on the other. All such extensions shall be cumulative; (2) any application by Owner for state or federal regulatory permits and/or approvals required for the Project has been pending more than one year after its submittal; or (3) a delay is caused by reason of any event beyond the control of City or Owner which prevents or delays performance by City or Owner of obligations under this Agreement. Such events shall include, by way of example and not limitation, acts of nature, enactment of new conflicting federal or state laws or regulations (example: listing of a species as threatened or endangered), judicial actions such as the issuance of restraining orders and injunctions, delay in the issuance of bonds or formation of any Financing Districts, and riots, strikes, or damage to work in process by reason of fire, mud, rain, floods, earthquake, or other such casualties.

If City or Owner seeks excuse from performance, it shall provide written notice of such delay to the other within thirty (30) days of the commencement of such delay. If the delay or default, whether material or immaterial, is beyond the control of City or Owner it shall be excused, and an extension of time for such cause shall be granted in writing for the period of the enforced delay, or longer as may be mutually agreed upon. Any disagreement between the Parties with respect to whether this Section 14.10 applies to a particular delay or default is subject to the filing by either Party of an action for judicial review of the matter, including requests for declaratory and/or injunctive relief.

14.11 Interpretation and Governing Law. In any dispute regarding this Agreement, the Agreement shall be governed and interpreted in accordance with the laws of the State of California. Venue for any litigation concerning this Agreement shall be in Orange County, California.

14.12 Time of Essence. Time is of the essence in the performance of the provisions of this Agreement as to which time is an element.

14.13 Estoppel Certificate. Within ten (10) business days following a written request by either of the Parties, the other Party shall execute and deliver to the requesting Party a statement certifying that (i) either this Agreement is unmodified and in full force and effect or there have been specified (date and nature) modifications to the Agreement, but it remains in full force and effect as modified; and (ii) either there are no known current uncured Major Defaults under this Agreement or that the responding Party alleges that specified (date and nature) Major Defaults exist. The statement shall also provide any other reasonable information requested. The failure to timely deliver this statement shall constitute a conclusive presumption that this Agreement is in full force and effect without modification, except as may be represented by the requesting Party and that there are no uncured Major Defaults in the performance of the requesting Party, except as may be represented by the requesting Party. Owner shall pay to City all reasonable administrative costs incurred by City in connection with the issuance of estoppel certificates under this Section 14.13 prior to City's issuance of such certificates.

14.14 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

14.15 Future Litigation Expenses.

14.15.1 Payment to Prevailing Party. If either Party brings a legal or equitable proceeding against the other Party which arises in any way out of this Agreement, the prevailing Party shall be entitled to recover its reasonable attorneys' fees and all other reasonable costs and expenses incurred in that proceeding.

14.15.2 Scope of Fees. Attorneys' fees under this Section shall include attorneys' fees on any appeal and in any post-judgment proceedings to collect or enforce the judgment. This provision is separate and several and shall survive the termination of this Agreement.

14.15.3 Limitation of Liability. Owner's obligations under this Agreement are solely those of Owner. In no event shall any present, past or future officer, director, shareholder, member, employee, partner, affiliate, manager, representative or agent of Owner (a "Related Party") have any personal liability, directly or indirectly, under this Agreement. Recourse in any way connected with or arising from this Agreement shall not be available against any Related Party.

14.15.4 Date of Execution. Owner and City have executed this Agreement on the dates set forth below.

CITY

City of Lake Forest

By:_____
Peter Herzog
Mayor Pro Tem

Date:

OWNER

Irvine Ranch Water District

By:_____
Darryl G. Miller
President of the Board of Directors

ATTEST:

By: Martha Halvorson for Sherry Wentz
Sherry A.F. Wentz, CMC
City Clerk

APPROVED AS TO FORM:

By:_____
Scott C. Smith
City Attorney

Date:

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Orange

On 10/13/08 (Date) before me, Sherry A.F. Wentz, Notary Public (Here Insert Name and Title of the Officer),

personally appeared Peter Herzog and Martha Halvorson (Name(s) of Signer(s)),

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is~~/are subscribed to the within instrument and acknowledged to me that ~~he/she~~/they executed the same in ~~his/her~~/their authorized capacity(ies), and that by ~~his/her~~/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

SHERRY A.F. WENTZ
COMM. #1535819
NOTARY PUBLIC - CALIFORNIA
ORANGE COUNTY
My Comm. Expires Dec. 17, 2008

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Sherry A.F. Wentz (Signature of Notary Public)

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Development Agmt btw City of Lake Forest and IRWD

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: Peter Herzog
- ☐ Individual
- ☐ Corporate Officer — Title(s): _____
- ☐ Partner — ☐ Limited ☐ General
- ☐ Attorney in Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☒ Other: City of Lake Forest Mayor Pro Tem

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer's Name: Martha Halvorson
- ☐ Individual
- ☐ Corporate Officer — Title(s): _____
- ☐ Partner — ☐ Limited ☐ General
- ☐ Attorney in Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☒ Other: City of Lake Forest City Clerk

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

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ACKNOWLEDGMENT

State of California
County of Orange)

On September 22, 2008 before me, Nancy Savedra, Notary Public
(insert name and title of the officer)

personally appeared Darryl G. Miller,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

NANCY SAVEDRA
Commission # 1792896
Notary Public - California
Orange County
My Comm. Expires Mar 28, 2012

Signature Nancy Savedra (Seal)

EXHIBIT "A"

LEGAL DESCRIPTION

Parcels 1 and 2 of Parcel Map No. 89-218, recorded December 18, 1992 as Instrument No. 92-867744 in Book 274 Page 27.

EXHIBIT "B"

GENERAL PLAN AMENDMENT

[City will provide]

ORDINANCE NO. 187

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAKE FOREST, CALIFORNIA, APPROVING GENERAL PLAN AMENDMENT (GPA) 2008-02 TO ALLOW FOR RESIDENTIAL USES, PUBLIC FACILITIES, COMMERCIAL USES AND MIXED USES WITHIN THE OPPORTUNITIES STUDY AREA

WHEREAS, Article 5 of Chapter 3 of Division 1 of Title 7 (commencing with Section 65300) of the Government Code requires the City to prepare and adopt a comprehensive, long-term general plan for the physical development of the City; and

WHEREAS, on June 21, 1994, the City of Lake Forest adopted its General Plan, which has since been amended from time to time; and

WHEREAS, 956 acres of property within the City of Lake Forest, was located within the 65 db Community Noise Equivalent Level (CNEL) area as part of the former Airport Environs Land Use Plan for MCAS El Toro; and

WHEREAS, on July 2, 1999, MCAS El Toro was officially closed for operations; and

WHEREAS, on March 2, 2002, Measure W, the Orange County Central Park and Nature Preserve Initiation, was passed by voters to amend the County General Plan to create a park at the former MCAS El Toro site; and

WHEREAS, on November 19, 2002, the City Council adopted Resolution 2002-39, prohibiting private parties from initiating any General Plan Amendment applications for the 956-acre 65 db CNEL area until completion of a pre-application process, dubbed the "Opportunities Study"; and

WHEREAS, on June 23, 2003, the landowners of some vacant parcels signed Memoranda of Understanding with the City to begin the Opportunities Study to assess the implications of changing land use designations for participating vacant lands affected by the CNEL area; and

WHEREAS, on July 21, 2005, the County of Orange Airport Land Use Commission adopted Resolution 2005-1 extinguishing the Airport Environs Land Use Plan (AELUP) for the former MCAS EL Toro; and

WHEREAS, following extensive review and planning as part of the Opportunities Study, the City of Lake Forest has initiated a General Plan Amendment to change land use designations in portions of the area covered by the Opportunities Study (the "Subject Property"); and

WHEREAS, a Draft Program Environmental Impact Report for the General Plan Amendment and related zone changes for areas affected by the General Plan Amendment was circulated between February 2, 2006, and March 27, 2006, evaluating land use alternatives and potential impacts; and

WHEREAS, portions of the Draft Program Environmental Impact Report were recirculated between January 4, 2008, and February 18, 2008, which included an analysis of a hybrid alternative developed in July 2007; and

WHEREAS, on April 24, 2008, the Planning Commission held a duly-noticed public hearing and considered evidence prepared by staff and the City Attorney's office concerning the proposed project; and

WHEREAS, on May 23, 2008, the City gave public notice of the consideration of this ordinance by advertising in a newspaper of general circulation; and

WHEREAS, the City Council has held a duly-noticed public hearing and considered evidence prepared by staff and the City Attorney's office concerning the proposed project.

THE CITY COUNCIL OF THE CITY OF LAKE FOREST DOES ORDAIN AS FOLLOWS:

SECTION 1. GENERAL PLAN AMENDMENT: The General Plan Amendment consists of amendments to the Circulation, Land Use, and Recreation and Resources Elements, as shown in Exhibit "A," attached hereto and incorporated herein by reference.

SECTION 2. CEQA: The General Plan Amendment is in compliance with the requirements of the California Environmental Quality Act (Public Resources Code Section 21000 *et seq.*), in that a Draft Program Environmental Impact Report (State Clearinghouse Number 2004071039) was circulated between February 2, 2006 and March 27, 2006, and portions recirculated between January 4, 2008 and February 18, 2008, evaluating land use alternatives and potential impacts of the development permitted by this ordinance. At a duly noticed public hearing on April 24, 2008, the Planning Commission recommended that the City Council adopt and certify a Program Environmental Impact Report, Mitigation Monitoring Program, and a Statement of Overriding Considerations reflecting its independent judgment and analysis, once the Final Environmental Impact Report has completed the required ten-day review period.

SECTION 3. LOCATION OF DOCUMENTS: The Draft Program Environmental Impact Report, recirculated portions of the DPEIR, responses to comments, and the Final Environmental Impact Report are on file and available for public review at Lake Forest City Hall, 25550 Commercentre Drive, Lake Forest, California 92630. The Director of Development Services is the custodian of these documents.

SECTION 4. WILDLIFE RESOURCES: Pursuant to Title 14, California Code of Regulation Section 711.4(c), all project applicants and public agencies subject to the California Environmental Quality Act shall pay a filing fee for each proposed project, as specified in subdivision 711.4(d) for any adverse effect on wildlife resources or the habitat upon which wildlife depends unless a "no effect" finding is made by the California Department of Fish and Game.

SECTION 5. GENERAL PLAN CONSISTENCY: The City Council hereby finds that the General Plan Amendment is compatible with the objectives, policies, and general plan land use programs specified in the General Plan for the City of Lake Forest in that:

1. The City of Lake Forest has officially adopted a General Plan.

2. The land uses authorized by the General Plan Amendment, and the General Plan Amendment itself, are compatible with the objectives, policies, general land uses, and programs specified in the General Plan, for the following reasons:

a) The General Plan Amendment is internally consistent with itself, because the amendments to the Circulation, Land Use, and Recreation and Resources Elements are interrelated and are intended to work together, comprising a unified approach to allowing certain development to occur, with the amendments to the Circulation Element incorporating the Lake Forest Traffic Mitigation Program to mitigate the effects of development allowed by the amendments to the Land Use Element, and the amendments to the Recreation and Resources Element reflecting the park and recreation sites and facilities to be provided in connection with such development.

b) The General Plan Amendment complies with Policy 1.1 of the Housing Element to ensure the provision of a variety of housing opportunities in Lake Forest, because the General Plan Amendment allows for a mix of housing types, including detached single-family residences and multifamily residences, and requires the provision of significant amounts of affordable housing.

c) The General Plan Amendment complies with Policy 1.4 of the Housing Element to ensure that the design of new residential development is compatible with that of existing residences, because the development permitted by the General Plan Amendment will be subject to the City's typical design review procedures.

d) The General Plan Amendment complies with Policy 1.10 of the Housing Element to encourage residential development to incorporate a minimum of 15% affordable units, because the Development Agreements for the Subject Property will require the developers to prepare an Affordable Housing Implementation Plan (AHIP) to implement this policy or to pay in-lieu fees in furtherance of that Policy.

e) The General Plan Amendment complies with Policy 3.1 of the Housing Element to encourage the development of affordable

owner-occupied housing for first-time homebuyers, because the AHIP for the Subject Property will provide incentives for the developers to provide owner-occupied affordable housing.

f) The General Plan Amendment complies with Policies 1.1, 2.1, and 3.1 of the Public Facilities and Growth Management Element to work with providers of water, sewer, energy, communications services, and public safety services to meet community needs for facilities and services, because the Orange County Fire Authority, Orange County Sheriff's Department, and Irvine Ranch Water District have been made aware of the development allowed under General Plan Amendment 2008-02, including development of the Subject Property, and the developers will be required to comply with the City's development standards, which require close coordination with providers of utility services.

g) The General Plan Amendment complies with Policy 6.1 of the Public Facilities and Growth Management Element to work closely with the Saddleback Valley Unified School District to determine and meet community needs for public education, because the developers of the Subject Property has held extensive discussions with the Saddleback Valley Unified School District regarding addressing the impacts of new students who will reside on the Subject Property, and will enter into a Mitigation Agreement with the Saddleback Valley Unified School District.

h) The General Plan Amendment complies with Policy 1.1 of the Safety and Noise Element to reduce the risk of impacts from geologic and seismic hazards, because the development of the Subject Property will be required to comply with the latest building codes and statutes regarding seismic hazards, including but not limited to the Alquist-Priolo Special Studies Zones Act and the Seismic Hazards Mapping Act, and because subdivision of the Subject Property will be subject to the requirement in Section 7.08.150 of the Lake Forest Municipal Code that geological hazards be removed or controlled.

i) The General Plan Amendment complies with Policy 1.2 of the Safety and Noise Element to protect the community from flooding hazards, because subdivision of the Subject Property will be subject to the requirement in Section 7.08.150 of the Lake Forest Municipal Code that flood hazards be removed or controlled, and the comprehensive flood damage prevention and floodplain management requirements in Chapter 8.70 of the Lake Forest Municipal Code.

j) The General Plan Amendment complies with Policies 5.1 and 5.2 of the Safety and Noise Element to use noise/land use compatibility standards as a guide for future planning and development decisions and provide noise control measures in areas of new construction, because noise impacts from development of the Subject Property have been analyzed as part of the Environmental Impact Report for the Opportunities Study, will be further analyzed in any subsequent Environmental Impact Report for the Subject Property, and suitable mitigation measures have been and will be required and included in a Mitigation Monitoring Program applicable to development of the Subject Property.

3. The land uses allowed by the General Plan Amendment will not adversely affect the public health, safety, and welfare in that the General Plan Amendment does not create nonconformities between the land uses allowed on the Subject Property and land uses within other areas of the City.

SECTION 6. CITY COUNCIL ACTIONS: The City Council hereby takes the following actions:

1. The City Council hereby directs that, subject to compliance with the Mitigation Monitoring Program in the Final Environmental Impact Report, and upon satisfaction of the conditions precedent set forth in this Section 6, the Circulation, Land Use, and Recreation and Resources Elements of the Lake Forest General Plan be amended to reflect the changes set forth in Exhibit A, attached hereto and incorporated herein by reference, comprising

segments 2008-02A (Shea-Baker Ranch – Site 1), 2008-02B (Portola Center – Site 2), 2008-02C (IRWD – Site 3), 2008-02D (Whistler – Site 5), 2008-02E (Pacific Heritage – Site 6), and 2008-02F (General Changes) of the General Plan Amendment.

2. The amendments comprising segments 2008-02B, 2008-02C, 2008-02D, and 2008-02E of the General Plan Amendment shall take effect upon satisfaction of the following conditions: (i) 91 days following the approval by the City Council of Development Agreements governing the land affected by each such segment of the General Plan Amendment, provided that the Development Agreement for the land to which a particular segment of the General Plan Amendment pertains shall have been executed by the owner of the land within 90 days of the date of adoption of this ordinance, and (ii) written notification to the City by an authorized representative of the Saddleback Valley Unified School District that a School Facilities Funding and Mitigation Agreement acceptable to the District has been executed by the District and the owner for inclusion in the City Development Agreement; and further provided that each segment of the General Plan Amendment may take effect at different times, regardless of whether some or all of the remaining segments have taken effect. The amendments comprising Segment 2008-02F shall take effect concurrently with the effective date of the first of Segments 2008-02A-E to take effect.

3. The amendments comprising Segment 2008-02A of the General Plan Amendment shall take effect upon the satisfaction of the following conditions: (i) 91 days following the approval by the City Council of Development Agreements governing the land affected by Segment 2008-02A of the General Plan Amendment, provided that such Development Agreement includes the plans for Alton Parkway described in subsection (ii) below, and provided that such Development Agreement shall have been executed by the owner of such land within 90 days of the date of adoption of this ordinance; (ii) approval by the City Council of a Phasing and Financing Plan for the design, finance, and construction of Alton Parkway from Commercentre Drive to Towne Centre Drive in connection with the development permitted by Segment 2008-02A of the General Plan Amendment; and (iii) written notification to the City by an authorized representative of the Saddleback Valley Unified School District that a School Facilities Funding and Mitigation Agreement acceptable to the

District has been executed by the District and the owner for inclusion in the City Development Agreement.

SECTION 7. NO DENSITY BONUSES: Notwithstanding any provision of the General Plan to the contrary, this ordinance is adopted in recognition of the fact that the projects permitted to be developed by the General Plan Amendment does not qualify for statutory density bonuses pursuant to Government Code Section 65915. The City has agreed to allow, and the developer of the project has agreed to accept, certain incentives for the construction of affordable housing in lieu of the statutory bonuses for which the project does not qualify.

SECTION 8. SEVERABILITY: If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable. The City Council hereby declares that it would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof.

SECTION 9. PUBLICATION: The City Clerk shall certify to the adoption of this Ordinance and cause it, or a summary of it, to be published once within 15 days of adoption in a newspaper of general circulation printed and published within the City of Lake Forest, and shall post a certified copy of this Ordinance, including the vote for and against the same, in the Office of the City Clerk in accordance with Government Code § 36933.

PASSED, APPROVED, AND ADOPTED this 1st day of July 2008.

MARK TETTEMER
MAYOR

ATTEST:

SHERRY A.F. WENTZ, CMC
CITY CLERK

APPROVED AS TO FORM:

SCOTT C. SMITH
CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF LAKE FOREST)

I, Sherry A.F. Wentz, City Clerk of the City of Lake Forest, do hereby certify that the foregoing Ordinance No. 187 was duly introduced and placed upon its first reading at a regular meeting of the City Council on the 3rd day of June 2008, and that thereafter, said Ordinance was duly adopted and passed at a regular meeting of the City Council on the 1st day of July 2008, by the following roll-call vote, to wit:

AYES:	COUNCIL MEMBERS:	DIXON, HERZOG, MCCULLOUGH, RUDOLPH
NOES:	COUNCIL MEMBERS:	NONE
ABSENT:	COUNCIL MEMBERS:	NONE
ABSTAIN:	COUNCIL MEMBERS:	TETTEMER

SHERRY A.F. WENTZ, CMC
CITY CLERK

EXHIBIT A

GENERAL PLAN AMENDMENTS
GPA 2008-02 (A-F)

GPA 2008-02 amends certain text, tables, and figures in the Land Use, Circulation, and Recreation and Resources Elements. Redline-strikeout versions of the Elements are included as Attachments 1, 2, 3. GPA 2008-02 A, B, C, D, E contain Land Use, Circulation and Recreation and Resources Element changes for five individual properties. GPA 2008-02 F contains changes that apply generally.

GPA 2008-02A – SHEA-BAKER RANCH (SITE 1)

Amend Figure LU-1 to re-designate 386 acres from Business Park to Low Density Residential, Low-Medium Density Residential, Mixed Use and Open Space.

Site	Existing GP	Existing GP Acres	Proposed GP	Proposed GP Acres
Site 1 Shea-Baker Ranch*	BP	386	Open Space	17
			Low Density Residential	167
			Low-Medium Density Residential	151
			Mixed Use	51
* legal description attached in Exhibit 4				

Amendments to text and tables as follows:

Element	Section	Proposed Change
Land Use	Figure LU-2	Amend Figure LU-2 to remove Site 1 from Business Development Overlay.
Land Use	Table LU-3	Amend statistical table to reflect change from Business Park to Open Space, Low Density Residential, Low-Medium Density Residential, and Mixed Use
Recreation and Resources	Table RR-3	Revise Proposed Parks and Recreational Facilities list to add future facilities on Opportunities Study Site 1.
Recreation and Resources	Table RR-4	Revise Park Acreage Needs based on future Opportunities Study parks and estimated population.

GPA 2008-02B – PORTOLA CENTER (SITE 2)

Amend Figure LU-1 to re-designate 243 acres from Business Park, Commercial and Open Space to Low Density Residential, Medium Density Residential, Mixed Use, Public Facilities, and Open Space.

Site	Existing GP	Existing GP Acres	Proposed GP	Proposed GP Acres
Site 2 Portola Center*	BP	149	LDR	113
	C	50	MDR	24
	OS	44	MU	7
			CP/OS	5
			OS	94

Amendments to text and tables as follows:

Element	Section	Proposed Change
Land Use	Figure LU-2	Amend Figure LU-2 to remove Site 2 from Business Development Overlay.
Land Use	Table LU-3	Amend statistical table to reflect change from Business Park, Commercial and Open Space to Low Density Residential, Medium Density Residential, Mixed Use, Public Facilities, and Open Space.
Recreation and Resources	Table RR-3	Revise Proposed Parks and Recreational Facilities list to add future facilities on Opportunities Study Site 2.
Recreation and Resources	Table RR-4	Revise Park Acreage Needs based on future Opportunities Study parks and estimated population.

GPA 2008-02C – IRWD (SITE 3)

Amend Figure LU-1 to re-designate 82 acres from Light Industrial and Public Facility to Medium Density Residential.

Site	Existing GP	Existing GP Acres	Proposed GP	Proposed GP Acres
Site 3 IRWD*	PF	29	MDR	82
	LI	53		
*A portion of APNs 104-132-36 and 104-132-65 located at 20996 Marin, Lake Forest, California				

Amendments to text, tables and figures as follows:

Element	Section	Proposed Change
Land Use	Figure LU-2	Amend Figure LU-2 to remove Site 3 from Business Development Overlay.
Land Use	Table LU-3	Amend statistical table to reflect change from Public Facility and Light Industrial to Medium Density Residential.
Recreation and Resources	Table RR-3	Revise Proposed Parks and Recreational Facilities list to add future facilities on Opportunities Study Site 3.
Recreation and Resources	Table RR-4	Revise Park Acreage Needs based on future Opportunities Study parks and estimated population.
Recreation and Resources	Figure RR-3	Amend Figure RR-3 to remove public facility designation from the portion of Site 3 that will be re-designated to Medium Density Residential.

GPA 2008-02D – WHISLER (SITE 5)

Amend Figure LU-1 and Table LU-3 to re-designate 13 acres from Professional Office to Low Density Residential.

Site	Existing GP	Existing GP Acres	Proposed GP	Proposed GP Acres
Site 5 Whisler*	PO	13	LDR	13
* Southwest corner of Osterman Road and Regency Lane, APN 104-180-04				

Amendments to text and tables as follows:

Element	Section	Proposed Change
Land Use	Figure LU-2	Amend Figure LU-2 to remove Site 5 from Business Development Overlay.
Land Use	Table LU-3	Amend statistical table to reflect change from Professional Office to Low Density Residential.
Recreation and Resources	Table RR-4	Revise Park Acreage Needs based on future Opportunities Study parks and estimated population.

GPA 2008-02E – PACIFIC HERITAGE (SITE 6)

Amend Figure LU-2 and Table LU-3 to re-designate 18 acres from Open Space to Low Density Residential.

Site	Existing GP	Existing GP Acres	Proposed GP	Proposed GP Acres
Site 6 Pacific Heritage/ Peachwood	OS	18	LDR	18
* legal description attached in Exhibit 4				

Amendments to text and tables as follows:

Element	Section	Proposed Change
Land Use	Table LU-3	Amend statistical table to reflect change from Open Space to Low Density Residential.
Recreation and Resources	Table RR-4	Revise Park Acreage Needs based on future Opportunities Study parks and estimated population.

GPA 2008-02F – GENERAL CHANGES TO CIRCULATION, LAND USE, AND RECREATION AND RESOURCES ELEMENTS

Element	Section	Proposed Change
Land Use	Throughout	Minor text changes to eliminate outdated references.
Land Use	1.3 – Land Use Plan	Add information about Opportunities Study process.
Land Use	Table LU-2	Revise Mixed Use category and add Public Facilities Overlay (see text changes below).
Land Use	Figure LU-1	Revise land use designations for 5 participating properties.
Land Use	Figure LU-1	Show locations of new Public Facilities Overlay.
Land Use	Figure LU-2	Remove business development overlay from applicable Opportunities Study Participant properties.
Land Use	1.3.1 Land Use Designations	Amend Mixed Use description to allow for vertical mixed use.
Land Use	1.3.1 Land Use Designations	Add Public Facilities Overlay.
Land Use	Table LU-3	Amend statistical table.
Circulation	Throughout	Minor text changes to eliminate outdated references.
Circulation	1.1.3 Related Programs	Add section regarding Lake Forest Transportation Mitigation Program (LFTM).
Circulation	1.3.2 Local Transportation Routes	Revise roadway classifications, capacities, and performance criteria to reflect a more modern methodology for determining roadway function. Incorporate LFTM and requirement for Annual Transportation Report.
Circulation	Figure C-1	Update with revised terminology from section 1.3.2.
Circulation	Figure C-2	Update with revised terminology from section 1.3.2.
Circulation	Table C-4	Update bus service information.
Circulation	Figure C-3	Update bus service information.
Recreation and Resources	Throughout	Minor text changes to eliminate outdated references.
Recreation and Resources	Table RR-2	Update Existing Parks and Recreational Facilities list to reflect recently acquired IOD sites and updates to park names and amenities at other parks.
Recreation and Resources	Table RR-3	Revise Proposed Parks and Recreational Facilities list to reflect acquisition of IOD sites and add future facilities from Opportunities Study.
Recreation and Resources	Table RR-4	Revise Park Acreage Needs based on future Opportunities Study parks and estimated population.
Recreation and Resources	Figure RR-3	Update information for IRWD site as Opportunities Study participant.

ATTACHMENT 1 TO EXHIBIT A

Redline/Strikeout version of Land Use Element for GPA 2008-02

LAND USE ELEMENT

1.1 INTRODUCTION

The Land Use Element is a guide to land use planning in Lake Forest and provides a framework for the environmental and infrastructure issues examined in the other General Plan elements. The Land Use Element identifies how land will be used in the future—for housing, commercial, and business centers, public facilities, parks, open space, and transportation. The Plan for future land use reflects community goals to maintain a quality suburban environment for families, strengthen the community's distinctive image, diversify and expand the local economy, and preserve natural areas that make Lake Forest unique.

1.1.1 Purpose of the Land Use Element

The City of Lake Forest incorporated in 1991 to gain local political control and strengthen community identity and pride. One of the responsibilities of an incorporated city is controlling future growth and development. According to state law, cities must prepare and adopt a General Plan as a tool to manage growth and development. The Land Use Element is a mandatory element or chapter of the General Plan.

The purpose of the Land Use Element is to describe present and planned land use activity, and address the relationship between development and environmental quality, potential hazards, and social and economic objectives. As a guide for future growth and development, the element identifies the general distribution, location, mix and extent of desired land uses including residential, commercial, business and light industrial, public facilities and open space uses.

Through the use of text, maps, and diagrams, a clear and logical land use pattern is established including standards for future development. A particularly important feature of the element is the Land Use Policy Map. This map shows the location, density, and intensity of development for future desired land uses in ~~the~~ Lake Forest ~~Planning Area~~. Finally, the goals and policies in the element establish a constitutional framework for future land use planning and development decisions in Lake Forest.

The Land Use Element of the Lake Forest General Plan represents the City's desires for long-range changes and enhancements of land uses within the City. The Land Use Plan builds on the established land use pattern to provide integration between existing community qualities and the community's vision of the future. Achieving the vision will be accomplished through continued public involvement and diligence by City elected officials and staff.

1.1.2 Scope and Content of the Element

The Land Use Element is comprised of three sections: (1) Introduction; (2) Issues, Goals, and Policies; and (3) the Land Use Plan. In the Land Use Issues, Goals, and Policies section, major land use issues are identified and related goals and policies are established to address these issues. The goals, which are overall statements of the community's desires, are comprised of broad statements of purpose and direction. The policies serve as guides for reviewing development proposals, planning facilities to accommodate anticipated growth, and accomplishing community development strategies. To achieve the goals and policies, established in the Plan with standards for future community development. The Plan contains the Land Use Policy Map, which graphically identifies the planned land use designations within ~~the~~ Lake Forest ~~Planning Area~~.[1] The land use designations are described including the type and density of allowed uses, and a statistical summary of the future land use composition is provided. Areas of special interest, which involve more focused planning efforts, are also identified. Specific implementation programs for the element are located in the General Plan Implementation Program.

1.1.3 Related Plans and Programs

The scope and content of the Land Use Element are primarily governed by the *General Plan Law and Guidelines* and the *Planning Zoning and Development Laws* for the state (California Government Code Sections 65000–66025). A number of other plans and programs are additionally considered in the formulation, adoption and implementation of local land use policy.

Related plans and programs are both local and regional in nature. Regional planning agencies, such as the Southern California Association of Governments (SCAG), recognize that planning issues extend beyond the boundaries of individual cities. Efforts to address regional planning issues such as air quality, transportation, affordable housing, and habitat conservation have resulted in the adoption of regional plans. The form and distribution of development in ~~the~~ Lake Forest ~~Planning Area~~ are affected by regional plans. Relevant local and regional plans are discussed briefly and related to the Land Use Element in the following sections.

■ California Environmental Quality Act and Guidelines

The California Environmental Quality Act (CEQA) was adopted by the state legislature in response to a public mandate for thorough environmental analysis of projects impacting the environment. The provisions of the law and environmental review procedure are described in the CEQA Law and Guidelines as amended ~~in 1998~~. CEQA is the instrument for ensuring that environmental impacts of local development projects are appropriately assessed and mitigated.

[1] General Plan Amendment-01-01A, dated July 17, 2001

County of Orange Zoning Ordinance and City of Lake Forest Zoning Ordinance

Following incorporation, the City elected to use the County of Orange Zoning Ordinance as an interim means of regulating land use. The County Zoning Ordinance was supplemented directly by City-adopted ordinances, which tailored the County Zoning Ordinance to the City of Lake Forest. ~~The City will adopt its own Zoning Ordinance and related Zoning Map once the General Plan is adopted.~~ The Zoning Ordinance ~~will be~~ is the primary implementation tool for the Land Use Element. Together, the Zoning Ordinance and Zoning Map ~~will~~ identify specific types of land use, intensity of use, and development and performance standards applicable to specific areas and parcels of land within the City.

Planned Communities

Lake Forest has been primarily developed as a series of Planned Communities prior to incorporation. The Planned Communities comprising the incorporated City include Lake Forest, El Toro, Baker Ranch, Pacific Commercentre, Rancho de los Alisos, Rancho Serrano, Serrano Highlands, Foothill Ranch, and Portola Hills~~, and Foothill/Trabuco Specific Plan Area~~.[2] Pre-incorporation development agreements apply to a number of the Planned Communities in Lake Forest and identify permitted levels of development based on the provision of public facilities and infrastructure. The land use designations identified in the Land Use Element are consistent with the development densities identified in the development agreements.

SCAG Growth Management Plan

The SCAG Growth Management Plan recommends methods to redirect regional growth to minimize traffic congestion and better protect environmental quality. The goals of the Growth Management Plan include balance between jobs and housing. While SCAG has no authority to mandate implementation of its Growth Management Plan, principal goals have implications for the land use composition of ~~the~~ Lake Forest ~~Planning Area~~. The SCAG goals are reflected throughout all of the General Plan elements, including the Land Use Element.

South Coast Air Quality Management Plan

The South Coast Air Quality Management Plan (AQMP) mandates a variety of measures to improve air quality. To comply with the AQMP, the Land Use Element organizes land uses in relation to the circulation system, promotes commercial and industrial land uses with convenient access to transportation, and provides a balanced Land Use Plan that promotes a favorable relationship between jobs and housing in the region.

[2] General Plan Amendment 01-01A, dated July 17, 2001

Orange County Growth Management Plan

The purpose of the Orange County Growth Management Plan is to ensure that the transportation system and other public facilities are adequate to meet the current and projected needs of Orange County. The Plan establishes the following five major policies:

1. **Development Phasing**. Development will be phased according to Comprehensive Phasing Plans (CPPs) adopted by the County. Phasing is limited to roadway and public facility capacities.
2. **Balanced Community Development**. Development will be balanced to encourage employment of local residents, and both employment and employee housing in the County, as well as in individual Growth Management areas (GMAs).
3. **Traffic Level of Service**. Future development creates the need for improvements to major intersections significantly impacted by growth, and a developer fee program is included to pay for improving affected intersections on a pro-rata basis.
4. **Traffic Improvement Programs**. The Plan requires that all new development provide necessary transportation facilities and intersection improvements as a condition of development approval.
5. **Public Facility Plans**. The Plan requires comprehensive public facility plans for fire, sheriff/police, and library services. New development participates on a pro-rata basis.

Implementation of the Orange County Growth Management Plan involves the establishment of (1) Growth Management Areas (GMAs) to implement Comprehensive Phasing Plans; (2) Facility Implementation Plans to address the financing of public facilities for each GMA; (3) County-wide implementation and evaluation of compliance with development phasing and improvements; and (4) traffic improvement/public facility development agreements. Lake Forest is located in the Foothill GMA (GMA 9).[3]

Orange County Local Agency Formation Commission

The provisions of the Cortese-Knox Local Government Reorganization Act of 1985 will be applied by the Orange County Local Agency Formation Commission (LAFCO) decisions regarding any reorganizations of service districts for ~~the~~ Lake Forest ~~Planning Area~~.[4] Under this act, LAFCO is responsible for *(a)* encouraging orderly development; *(b)* ensuring that populations receive efficient and quality governmental services; and *(c)* guiding development away from open space and prime agricultural lands unless such action promotes planned, orderly, and efficient development.

[3] General Plan Amendment 00-01, dated May 2, 2000
[4] General Plan Amendment 01-01A, dated July 17, 2001

1.1.4 Relationship to Other General Plan Elements

According to state planning law, the Land Use Element must be consistent with the other General Plan Elements. Each element is independent and all the elements together comprise the General Plan. All elements of the General Plan are interrelated to a degree, and certain goals and policies of each element may also address issues that are the primary subjects of other elements. The integration of overlapping issues throughout the General Plan elements provides a strong basis for implementation of plans and programs, and achievement of community goals.

The Land Use Element relates very closely to all of the General Plan elements. The Land Use ~~Plan~~ Element establishes the planned land use pattern for ~~the~~ Lake Forest ~~Planning Area~~ based on the historic formation of the City and the community's vision of the future. Alternatively, the other General Plan elements ensure that infrastructure and public facilities are available to accommodate planned land uses, and that the unique environmental quality of Lake Forest is safeguarded and enhanced.

For example, the Housing Element of the General Plan provides the basis for establishing housing stock that meets the affordability requirements and other special needs of the community. Emphasis is given to the development of housing that is complementary to existing neighborhood character. The Circulation Element provides a Circulation Plan to accommodate ~~increased~~ traffic from planned development. The use of alternative transportation modes and reduction of automobile trips are addressed in the Circulation Element to meet the transportation demands from new development, and to mitigate the impact of development on regional air quality and traffic conditions. The Land Use Element helps to improve the jobs-to-housing balance by encouraging additional residential development in jobs-rich south Orange County. ~~in itself serves to reduce automobile trips by encouraging the development of office, commercial and light industrial uses, and consequently improving the jobs-to-housing balance.~~

A number of areas are designated for parks and open space on the Land Use Policy Map for recreational and aesthetic purposes. The Recreation and Resources Element provides policy and plans to maintain and enhance existing parks and recreational facilities and to develop new facilities to meet new demand from population growth. Recreation and Resources Element policy is also designed to protect natural and cultural resources. The Safety and Noise Element ensures that the planned land uses identified in the Land Use Element are compatible and will not result in public safety hazards or excessive noise.

As development continues in Lake Forest, utilities and public services must be available for new businesses and residents. The Public Facilities/Growth Management Element addresses the availability of utilities and services for planned development including water, sewer, natural gas, electricity, communications, fire protection, law enforcement, flood control, libraries, schools, and transportation facilities. The Public Facilities/Growth Management Element ensures that

adequate utilities and services are available for planned development. The growth management portion of the Public Facilities/Growth Management Element focuses on enhancing interjurisdictional cooperation, improving regional environmental conditions, and minimizing the environmental effects of continued regional development, including development in Lake Forest.

1.2 ISSUES, GOALS, AND POLICIES

Six major issues are addressed by the goals, policies and implementing actions of the Land Use Element. These major issues include (1) balancing the mixture of land uses within the City to ensure that revenue generation matches service provision responsibilities; (2) creating a greater distinctive and individual identity for Lake Forest; (3) ensuring that new development is compatible with natural and physical characteristics of the community; (4) using the development plans prepared for the Planned Communities of Lake Forest as a basis for planning future development; (5) enhancing fiscal stability and local employment opportunities by retaining, expanding and diversifying economic activities; and (6) revitalizing older areas within the community to maintain the quality of life. Each issue and the related goals, policies and implementing actions are identified and discussed in the following section.

1.2.1 Balance of Land Uses

A variety of land uses are located in Lake Forest including residential, commercial, industrial, historical, and community uses. This variety of land uses offers an important balance between the generation of public revenues and the provision of public facilities and services, and also minimizes the distances people have to travel to work, shop, and recreate.

GOAL 1.0 A balanced land use pattern that meets existing and future needs for residential, commercial, industrial, and community uses.

Policy 1.1 Achieve a land use composition in Lake Forest that promotes a balance between the generation of public revenues and the costs of providing public facilities and services.

Policy 1.2 Consider increases in development intensity up to the maximum identified in the Land Use Element where development projects provide exceptional design quality, important public amenities or public benefits, or other factors that promote important goals and policies of the General Plan.

Policy 1.3 As future conditions in surrounding areas change, the future use of land presently within the Business Development Overlay will be reviewed.[5]

[5] General Plan Amendment 00-01, dated May 2, 2000

1.2.2 Image and Identity

Lake Forest is establishing its image and identity as a distinctive, identifiable community among the communities comprising Orange County. The community possesses desirable physical qualities, including its lakes, urban forest, trees, major open space areas, accessible community facilities and well planned residential neighborhoods. A sense of arrival will be created by improving the appearance of major thoroughfares and entrances to the City.

Enhancing image and identity will create a greater sense of community and connection among the population of Lake Forest.

GOAL 2.0 A distinct image and identity for Lake Forest.

Policy 2.1 Enhance the physical attributes of Lake Forest to create an identifiable and distinct community within Orange County.

Policy 2.2 Promote high quality in the design of all public and private development projects.

Policy 2.3 Create greater City unity in the future by establishing a community center that draws the north and south portions of Lake Forest together.

1.2.3 Compatible and Complementary Development

Incompatibility can occur where the characteristics of specific land uses do not blend with the physical characteristics of available land. Locating different land uses in close proximity to one another can also result in incompatibilities associated with differences in the physical scale of development, noise levels, traffic levels, hours of operation, and other factors. Maintaining compatibility is important and reducing or avoiding incompatibilities in development is essential in improving the community's overall quality of life.

GOAL 3.0 New development that is compatible with the community.

Policy 3.1 Ensure that new development fits within the existing setting and is compatible with the physical characteristics of available land, surrounding land uses, and public infrastructure availability.

Policy 3.2 Preserve and enhance the quality of Lake Forest residential neighborhoods by avoiding or abating the intrusion of disruptive, non-conforming buildings and uses.

Policy 3.3 Ensure that the affected public agencies can provide necessary facilities and services to support the impact and intensity of development in Lake Forest and in areas adjacent to the City.

Policy 3.4 Blend residential and nonresidential development with landscaping and architectural design techniques to achieve visual compatibility.

Policy 3.5 Encourage the establishment of churches, synagogues, temples, and similar religious institutions in the community in accessible areas where compatibility with surrounding land uses can be achieved.

Policy 3.6 Work with lead agencies and adjacent jurisdictions to insure that correctional facilities are not located or expanded in a way that conflicts with neighborhood land uses and the quality of life in the City; clearly, such facilities should not be located within close proximity to residences.[6]

1.2.4 Development of Planned Communities

Much of the future development in Lake Forest will be based on several pre-incorporation Planned Communities: Lake Forest, El Toro, Baker Ranch, Pacific Commercentre, Rancho de los Alisos, Rancho Serrano, Serrano Highlands, Foothill Ranch, and Portola Hills~~, and a portion of the Foothill/Trabuco Specific Plan area~~.[7] A number of these Planned Communities are also the subject of existing pre-incorporation development agreements, which identify the levels of development allowed, based on the provision of important public facilities such as Foothill Circulation Phasing Plan, fire stations, sheriff stations, and libraries. ~~Development in accordance with these planned community development plans and agreements is expected for areas annexed to the City.~~[8]

GOAL 4.0 New development conforming to the established planned community development plans and agreements.

Policy 4.1 Ensure that all development proposals within the planned community areas conform to applicable development plans and agreements.

Policy 4.2 Ensure that all proposed amendments to approved planned community development plans and agreements will not create unacceptable impacts to surrounding existing and planned development, the natural characteristics of the sites, fiscal stability of the City, and the public facilities and services that support development.

1.2.5 Economic Diversity, Expansion, and Business Retention

Enhancement of City revenue is necessary to sustain the level of public services desired by the community. This can be accomplished through diversification of the community's economic base by retaining existing businesses, and by attracting additional retail and service commercial businesses, and employment generating businesses.

[6] General Plan Amendment 96-01, dated October 29, 1996
[7] General Plan Amendment 00-01A, dated July 17, 2001
[8] General Plan Amendment 00-01A, dated July 17, 2001

GOAL 5.0 Diversification and expansion of economic activities, and retention of existing businesses and revenues in support of public services.[9]

Policy 5.1 Improve the fiscal stability of Lake Forest through retention of existing businesses, by attracting business and industry that contributes to economic growth and employment opportunities.

Policy 5.2 Work closely with the business community in developing approaches to effective business retention, economic development, and expansion of economic activities.

Policy 5.3 Focus efforts at economic development and business retention on the commercial and industrial areas throughout the City, including the Foothill Transportation Corridor, the San Diego Freeway (I-5), and along major thoroughfares.

Policy 5.4 Pursue opportunities to promote economic development and business retention using various approaches available under state and federal law.

Policy 5.5 Streamline and refine development process procedures to insure responsiveness to the business community.

Policy 5.6 Review the zoning ordinance to insure that regulations are concise and appropriate.

Policy 5.7 Preserve the fiscal well-being of the community by ensuring that land use designation changes for land within the Business Development Overlay will not result in a loss of future net revenue for the City.[10]

1.2.6 Revitalization of Older Areas

The quality of life in the community can be substantially improved through ongoing revitalization and rehabilitation efforts aimed at improving older development in Lake Forest. These revitalization efforts will address the physical components of development including buildings, landscaping and public infrastructure.

GOAL 6.0 Revitalization of older residential, commercial, and industrial development.

Policy 6.1 Promote revitalization of identified residential neighborhoods in Lake Forest.

Policy 6.2 Promote rehabilitation of older commercial and industrial properties and buildings to enhance their quality and competitive advantage.

[9] General Plan Amendment 00-01, dated May 2, 2000
[10] General Plan Amendment 00-01, dated May 2, 2000

1.2.7 Related Goals and Policies

The goals and policies described in the Land Use Element are related to and support subjects included within other General Plan elements. In turn, many goals and policies from the other elements directly or indirectly support the goals and policies of the Land Use Element. These supporting goals and policies are identified in Table LU-1.[11]

Table LU-1 Land Use–Related Goals and Policies by Element

Land Use Issue Area	Related Goals and Policy by Element					
	Land Use	Housing	Circulation	Recreation and Resources	Safety and Noise	Public Facilities/Growth Management
Balance of Land Uses				1.1, 7.5		8.1
Image and Identity				2.4, 4.2		
Compatible and Complementary Development		1.3, 1.6	1.2, 2.1, 2.3	7.4, 7.6	1.1, 1.2, ~~2.1~~, 3.1, 5.1, 5.2, 6.1, 7.1	1.1, 2.1, 3.1, 4.1, 5.1, 6.1, 7.1, 7.2, 9.2
Development of Planned Communities			2.1, 2.3, 3.1, 5.1, 7.2	1.2, 2.1, 2.3 2.4, 7.1, 7.6	1.1, 1.2, 2.1, 2.4, 5.1, 5.2, 6.1, ~~6.2~~	1.1, 2.1, 3.1, 4.1, 5.1, 6.1
Economic Diversity, Expansion, and Business Retention				7.2, 7.5		8.1
Revitalization of Older Areas		2.1, 2.2				

1.3 LAND USE PLAN

Lake Forest is recognized as a place where natural amenities have been incorporated and integrated in land use planning decisions. The nature and character of existing development, the desire for greater economic development, planned infrastructure capacity, and concerns for environmental sensitivity all have an influence on the development of land use policy and planning for future land use.

The Land Use Plan describes the approach that will be used to build upon the community's history of sound planning through the use of planned communities. The Plan addresses the issues identified in the previous section of the Element. The goals and policies described in that section provide the basis for the Plan and are supported by approaches to maintain an advantageous balance among land uses, create a distinct community identity, maintain land use compatibility, complete approved plans, promote economic development, and revitalize older areas in the community.

[11] General Plan Amendment 96-01, dated October 29, 1996

General Plan Amendment 2008-02

The Opportunities Study was a three-phase study designed to look at the implications of re-designating vacant land within the City that was entitled for business park, commercial and industrial uses to allow for residential and mixed uses.

The Opportunities Study focused on approximately 950 acres of vacant land located in the City of Lake Forest, north and south of the Foothill Transportation Corridor and adjacent to the former Marine Corps Air Station (MCAS) El Toro. The study area was formerly encumbered by the 65 Community Noise Equivalent Level (CNEL) contours, which imposed land use restrictions due to the aircraft noise generated by airplanes taking off from the now defunct Marine base.

At the beginning of the Opportunities Study in the fall of 2002, there were thirteen vacant properties within the study area ranging in size from four acres to 380 acres; eleven properties south of the Foothill Transportation Corridor and two north of the Corridor. The majority of the properties are not contiguous.

In August of 2002, the City Council approved a phased approach to the Opportunities Study, which allowed the City to proceed in an incremental and cost-effective manner only after assessing the information generated in each phase, and deciding if subsequent phases of work should be undertaken. The City Council also adopted a set of objectives at the outset of the Opportunities Study to be used as criterion to determine if the Study should proceed to the next phase. The objectives established a clear direction for the Study and identified to the landowners the issues that are sensitive to the community. These objectives included:

- Reducing traffic and other environmental impacts that would occur with development of the currently allowed land uses.
- Mitigating all schools impacts.
- Ensuring any land use change does not negatively impact the City's General Fund.
- Integrating the north and south portions of the community.
- Sharing the benefits of changed land uses among the entire community through the addition of public amenities such as a sports park and community/civic center.
- Providing open space and trail linkages between new and existing development.
- Ensuring any land use changes are appropriately planned.

Phase 1 of the Opportunities Study provided a preliminary, macro-level analysis of the existing conditions and approved development, proposed land use re-designations, and potential impacts associated with industrial and commercial development versus the proposed residential and mixed-use land use changes. In addition, Phase 1 defined important communitywide issues and interests through meetings with affected landowners, various stakeholders, and Lake Forest residents and identified public benefits desired by the community. At the conclusion of Phase 1, a process was established for Phase 2 whereby property owners could submit conceptual plans to the City for analysis

to determine the general benefits and impacts that would result if land use changes were to occur.

During Phase 2 of the Opportunities Study, the City received conceptual plans from six landowners in the Study Area. The remaining owners of vacant land chose not to participate in the Opportunities Study. The plans received from the six participating landowners included residential and mixed uses. The land use changes proposed were evaluated at a broad scale, citywide level from the following perspectives:

- Master Planning: staff and the City's consultant reviewed the proposed residential densities, product type (i.e. single family or multi-family), compatibility of proposed land uses with neighboring uses, mix of land uses and the provision of parkland and open space.
- Fiscal: the fiscal consultant analyzed the proposed land use changes and proposed State legislation to determine the potential impact on the City's General Fund.
- Traffic: the Phase 2 traffic analysis estimated trip generation and forecast traffic volumes using average daily traffic (ADT). The analysis was used to compare future traffic volumes in the city to identify potential capacity deficiencies.
- Schools: staff coordinated with the school district to develop potential alternatives for mitigating the students generated by the proposed land use changes.
- Public Facilities: staff and the consultant conducted a needs assessment for a sports park and community/civic center and analyzed four potential sites to host the facilities. Conceptual designs of the facilities were also generated.

The plans were also compared against the industrial and commercial land uses allowed under the City's original General Plan and the City Council approved Opportunities Study objectives.

Through analyses conducted during Phase 2, and input received from the City Council and public, staff and the City's consultants developed a plan that integrates the vacant properties with each other, links the northern and southern areas of the community together and satisfies the objectives of the Opportunities Study. This plan is the basis for General Plan Amendment 2008-02.

Phase 3 of the Opportunities Study was initiated in June 2004 and comprised four principal tasks listed below.

- Develop a citywide traffic model and traffic mitigation plan.
- Select a site for an active sports complex, community center and city hall.
- Prepare and consider a General Plan Amendment (GPA) and Zone Change to re-designate land uses within the Study Area.
- Prepare a Program Level Environmental Impact Report (EIR) to assess the impacts and identify mitigation measures associated with the GPA and Zone Change.
- Select a preferred land use alternative.

Completion of these tasks and achieving community consensus over the future of the vacant land in the Opportunities Study have provided ~~to~~ the basis for the current General Plan.

1.3.1 Balance of Land Uses

The variety of land uses within Lake Forest affects an important balance between the generation of public revenues and the provision of public facilities and services. Achieving and maintaining a balance of land uses can ensure fiscal stability and also create a desirable community in which people can work, shop, reside, and recreate. ~~During the next 10 to 20 years, Lake Forest will experience increasing commercial, business park, and light industrial development as lands planned for such uses are developed. This change in the composition of land use in the community will create a more balanced land use condition in which residential development is complemented with additional nonresidential development.~~

S~~ince the City's incorporation, s~~ubstantial land in the central portion of the ~~planning area~~City ~~h~~was ~~been~~ planned for nonresidential use by the County in ~~reaction~~ response to the aircraft noise and accident potential that was created by the operation of the former Marine Corps Air Station (MCAS) El Toro. Nonresidential uses are less sensitive to noise and safety factors and were planned for this central area assuming that the aircraft noise and safety conditions would remain. However, the MCAS El Toro was closed in July 1999, ending all military aircraft operations, so that the adjacent properties are no longer impacted by aircraft noise or safety considerations. While the land within the central portion of the ~~planning area~~ City is no longer limited by these factors, this area wa~~is~~ located within the Business Development Overlay, and any proposed change in land use designation from nonresidential to residential land use is subject to the requirements of the Business Development Overlay, as defined later in this Land Use Plan.[12]

The Opportunities Study, which began in 2002, sought to define a balanced plan for use of the vacant lands within the area formerly restricted by the aircraft operations at MCAS El Toro. The result of the Opportunities Study is an integrated community, with a balance of land uses, all tied together by public facilities such as parks, open space, and trails. As a result, a number of properties formerly designated for nonresidential use have been removed from the business development overlay and resdignated for residential and mixed uses. During the next 10 to 20 years, Lake Forest is expected to experience the buildout of the Opportunities Study area as well as intensification of some developed areas[13].

[12] General Plan Amendment 00-01, dated May 2, 2000
[13] General Plan Amendment 2008-02, dated June 2008

Land Use Classification System

The Land Use Policy Map (Figure LU-1) and Business Development Overlay (Figure LU-2) illustrate the various types and distribution of land uses and overlay districts planned for the community.[14] The land use classification system is presented in Table LU-2 and includes ~~15~~ 14 land use designations. These land use designations identify the types and nature of development allowed in particular locations depicted on the Land Use Policy Map (Figure LU-1).

The residential category includes five designations that allow for a range of housing types and densities. The nonresidential grouping includes a variety of designations, such as commercial, professional office, mixed use, business park, and light industrial to promote a wide range of revenue and job generating businesses. Other designations in the nonresidential grouping include public facility, community park/open space, regional park/open space, and open space to provide for public uses and open space within the community. The nonresidential grouping also includes a transportation corridor designation to provide land area for circulation needs within the planning area.

Table LU-2 Land Use Classification System

Major Land Use Categories	*Maximum Dwelling Units per Acre or Maximum Floor Area Ratio (a)*	*Expected Dwelling Units per Acre or Effective Floor Area Ratio (b)*	*Land Use Designation and Summary Description (Summary Description Only—See Text on the Following Pages for Complete Description of Land Use Designations)*
Residential	0–2	1.0	VERY LOW DENSITY RESIDENTIAL—Detached single-family dwelling units. Allows up to two dwelling units per net acre with an average of 3.2 persons per dwelling unit.
	2–7	6.8	LOW DENSITY RESIDENTIAL—Detached single-family dwelling units and mobile homes. Allows up to seven dwelling units per net acre with an average of 3.2 persons per dwelling unit.
	7–15	10.9	LOW-MEDIUM DENSITY RESIDENTIAL—Detached and attached single-family dwelling units, mobile homes and multi-family dwelling units, including duplexes, townhomes, condominiums, apartments, and cooperatives. Allows up to 15 dwelling units per net acre with an average of 3.2 persons per dwelling unit.
	15–25	23.5	MEDIUM DENSITY RESIDENTIAL—Single-family dwelling units and multi-family dwellings including duplexes, townhomes, condominiums, apartments, and cooperatives. Allows up to 25 dwelling units per net acre with an average of 2.0 persons per dwelling unit.
	25–43	42.6	HIGH DENSITY RESIDENTIAL—Single-family dwelling units and multi-family dwellings, including duplexes, townhomes, condominiums, apartments, and cooperatives. Allows up to 43 dwelling units per net acre with an average of 2.0 persons per dwelling unit.

[14] General Plan Amendment 00-01, dated May 2, 2000

Table LU-2 Land Use Classification System

Major Land Use Categories	*Maximum Dwelling Units per Acre or Maximum Floor Area Ratio (a)*	*Expected Dwelling Units per Acre or Effective Floor Area Ratio (b)*	*Land Use Designation and Summary Description (Summary Description Only—See Text on the Following Pages for Complete Description of Land Use Designations)*
Nonresidential	1.0:1	0.4:1	COMMERCIAL—Includes retail, professional office, and service-oriented business activities serving a community-wide area and population.
	1.2:1	0.5:1	PROFESSIONAL OFFICE—Includes single tenant or multi-tenant offices including legal, medical, general financial, administrative, corporate, and general business offices as well as supportive commercial uses.
	~~25~~ 43 DU/AC and 1.2:1	~~15~~ ~~25~~35 DU/AC and 0.~~2~~5:1	MIXED-USE—Includes a mixture of commercial, office, and residential use in the same building on the same parcel of land, or within the same area. ~~Primary~~ Allowable uses are commercial retail and office; and low-medium, medium, and high density residential ~~is allowed when developed in conjunction with commercial and/or office development~~.
	1.0:1	0.35:1	BUSINESS PARK—Includes a mixture of all uses allowed under Commercial, Professional Office and Light Industrial land use designations.
	0.6:1	0.35:1	LIGHT INDUSTRIAL—Includes a mixture of light industrial uses, wholesale businesses, light manufacturing and processing, storage, distribution and sales, research and development, warehousing and storage, high technology production, retail sales and related uses.
	1.2:1	0.20:1	PUBLIC FACILITY—Includes public uses such as schools, government offices and facilities, public utilities, libraries, fire stations, sheriff substations and other public uses.
	0.4:1	0.1:1	COMMUNITY PARK/OPEN SPACE—Includes all public parkland, public open space, and associated public recreational activities for active and passive recreation.
	0.1:1	0.001:1	REGIONAL PARK/OPEN SPACE—Includes public recreational areas for active and passive recreation. Includes Limestone/Whiting Wilderness Park and other Orange County open space.
	0.4:1	0.05:1[3]	OPEN SPACE—Includes private open space and facilities for active and passive recreational activities such as lakes, club houses and athletic/sports facilities.
	0.2:1	0.01:1	TRANSPORTATION CORRIDOR—Includes major transportation roadway and railroad corridors.
	(c)[2]	(c)	MINERAL RESOURCE OVERLAY—Includes important mineral resource areas.
	(c)[2]	(c)	BUSINESS DEVELOPMENT OVERLAY—Includes land designated for Commercial, Professional Office, Business Park, and Light Industrial uses.
	(d)[1]	(d)[1]	PUBLIC FACILITIES OVERLAY - Includes land designated for Commercial, Business Park, and Residential uses.

Table LU-2 Land Use Classification System

Major Land Use Categories	*Maximum Dwelling Units per Acre or Maximum Floor Area Ratio (a)*	*Expected Dwelling Units per Acre or Effective Floor Area Ratio (b)*	*Land Use Designation and Summary Description (Summary Description Only—See Text on the Following Pages for Complete Description of Land Use Designations)*

(a) Maximum allowable level of development standard for individual parcels of land.

(b) Assumed overall expected level of development. The development that has occurred to date has not reached the maximum allowed level of density or intensity and future development is expected to be less than the maximum permitted. Therefore, as expected level of density is used when projecting total future dwelling units/population for residential development. Future square footage for nonresidential development uses floor area ratio as a measurement of development intensity.

(c) Maximum and effective levels of development are based on underlying land use.

(d) The Public Facilities Overlay is placed on properties with General Plan Land Use designations that would allow public facilities and parks. The intent of this overlay is to indicate potential sites for future public facilities, government buildings, and community parks.

1. General Plan Amendment 2008-02

~~[1] General Plan Amendment 96-01 — dated October 29, 1996.~~

~~[2] General Plan Amendment 00-01 — dated May 2, 2000.~~

~~[3] General Plan Amendment 01-01A — dated July 17, 2001.~~

Figure LU-1 Land Use Policy Map
(all figures located at end of document)

Figure LU-2 Business Development Overlay
(all figures located at end of document)

Land Use Density and Intensity

This Element uses certain terminology to describe the 15 land use designations. The term "density" is used for residential uses and refers to the population and development capacity of residential land. Density is described in terms of dwelling units per net acre of land (du/net acre). For example, 50 dwelling units occupying 10 net acres of land is 5.0 du/net acre.

Development "intensity," which applies to nonresidential uses, refers to the extent of development on a parcel of land or lot: the total building square footage, building height, the floor area ratio, and/or the percent of lot coverage. Intensity is often used to describe nonresidential development levels; but in a broader sense, intensity is used to express overall levels of both residential and nonresidential development types. In this Element, floor area ratio and building square footage are used as measures of nonresidential development intensity.

Floor Area Ratio (FAR) represents the ratio between the total gross floor area of all buildings on a lot and the total area of that lot. FAR is determined by dividing the gross floor area of all buildings on a lot by the land area of that lot. For example, a 20,000 square foot building on a 40,000 square foot lot yields a FAR of 0.50:1, as illustrated in Figure LU-3. The FAR controls the intensity of use on a lot. A 0.50:1 FAR allows a single-story building that covers most of the lot, a two story building with reduced lot coverage, or a three or more story building with substantially reduced coverage of the lot.

State General Plan law requires that the Land Use Element indicate the maximum densities and intensities permitted within the Land Use Plan. The land use designations shown on the Land Use Policy Map are described in detail in this Element. Table LU-2 lists each of the land use designations shown on the Land Use Policy Map and provides a corresponding indication of maximum density or intensity of development. Maximum allowable development on individual parcels of land is governed by these measures of density or intensity. The table also includes the effective overall level of development within each land use designation within the ~~planning area~~City. These effective levels of development represent an anticipated overall density and intensity of development for ~~the planning area~~Lake Forest and are, therefore, less than the absolute maximum allowed for an individual parcel of land. For various reasons, many parcels in the community have not been developed to their maximum density or intensity and, in the future, maximum development as described in this Element can be expected to occur only on a limited number of parcels.[15]

The overall future development in ~~the planning area~~ Lake Forest is anticipated to occur at the expected level of density or intensity indicated in Table LU-2. Development at an intensity or density between the expected and maximum levels can occur only where projects offer

[15] General Plan Amendment 00-01, dated May 2, 2000

exceptional design quality, important public amenities or benefits, or other factors that promote important goals and policies of the General Plan. For the residential land use designations, projects are expected to build to a density at least as high as the lowest density allowed by their respective designations.

Figure LU-3 Possible Building Configurations for 0.50:1 Floor Area Ratio
(all figures located at end of document)

Land Use Designations

All land in ~~the~~ Lake Forest ~~planning area~~ is assigned to one of the 15 land use designations described below:

Residential Designations

Very Low Density Residential. The Very Low Density Residential land use designation provides for the development of very low density single-family dwellings and accessory buildings. Uses such as second single-family structures, guest houses, churches, public or private schools, family day care homes, public facilities, private recreation facilities, and others that are determined to be compatible with and oriented toward serving the needs of very low density single-family neighborhoods may also be allowed.

The designation allows a maximum of two single-family dwelling units per net acre of land. Development under this land use designation should maintain a very low density character. The average population for this residential designation is approximately ~~3.2~~2.91[16] persons per dwelling unit, which represents a population density range for this land use designation of 1 to ~~7~~6 persons per acre. The maximum density of this land use category may be exceeded to complement General Plan Housing Element policy in accordance with the density bonus provisions of Section 65915 of the California Government Code, as amended in January 1, 2005 under SB 1818.

[16] Based on 2000 Census

Low Density Residential. The Low Density Residential land use designation provides for the development of low density single-family dwellings and accessory buildings. Uses such as second single-family structures, mobile homes, guest houses, churches, public or private schools, family day care homes, public facilities, private recreation facilities, and others that are determined to be compatible with and oriented toward serving the needs of low density single-family neighborhoods may also be allowed.

The designation allows a maximum of seven single-family dwelling units per net acre of land. Development under this land use designation should maintain a low density character. The average population for this residential designation is approximately ~~3.2~~2.91 persons per dwelling unit, which represents a population density range for this land use designation of 6 to 21~~3~~ persons per acre. The maximum density of this land use category may be exceeded to complement General Plan Housing Element policy in accordance with the density bonus provisions of Section 65915 of the California Government Code, as amended in January 1, 2005 under SB 1818.

Low Medium Density Residential. The Low Medium Density Residential land use designation provides for the development of a wide range of living accommodations, including single-family detached and attached dwelling units, mobile homes, duplexes, and multiple-family dwellings, such as townhomes, condominiums, apartments, and cooperatives. Uses such as churches, public or private schools, community care facilities, family day care homes, public facilities, private recreation facilities, and others that are determined to be compatible with and oriented toward serving the needs of low medium density neighborhoods may also be allowed.

The designation allows a maximum of 15 dwelling units per net acre of land. Development under this land use designation should maintain a low medium density character. The average population for this residential designation is approximately ~~3.2~~2.91 persons per dwelling unit, which represents a population density range for this land use designation of 21~~3~~ to 44~~8~~ persons per acre. The maximum density of this land use category may be exceeded to complement General Plan Housing Element policy in accordance with the density bonus provisions of Section 65915 of the California Government Code, as amended in January 1, 2005 under SB 1818.

Medium Density Residential. The Medium Density Residential land use designation provides for the development of a wide range of living accommodations, including single-family dwelling units, and multiple-family dwellings, such as townhomes, condominiums, apartments, and cooperatives. Uses such as churches, public or private schools, community care facilities, family day care homes, public facilities, private recreation facilities, and others that are determined to be compatible with and oriented toward serving the needs of medium density neighborhoods may also be allowed.

The designation allows a maximum of 25 dwelling units per net acre of land. Development under this land use designation should maintain a medium density character. The average population for this residential designation is approximately ~~2.0~~2.91 persons per dwelling unit, which represents a population density range for this land use designation of ~~30~~44 to ~~50~~73 persons per acre. The maximum density of this land use category may be exceeded to complement General Plan Housing Element policy in accordance with the density bonus provisions of Section 65915 of the California Government Code, as amended in January 1, 2005 under SB 1818.

High Density Residential. The High Density Residential land use designation provides for the development of a wide range of living accommodations, including single-family dwelling units and multiple-family dwellings, such as townhomes, condominiums, apartments, and cooperatives. Uses such as churches, public and private schools, community care facilities, family day care homes, public facilities, private recreation facilities, and others that are determined to be compatible with and oriented toward serving the needs of high density neighborhoods may also be allowed.

The designation allows a maximum of 43 dwelling units per net acre of land. Development under this land use designation should maintain a medium density character. The average population for this residential designation is approximately ~~2.0~~2.91 persons per dwelling unit, which represents a population density range for this land use designation of 73~~50~~ to ~~86~~125 persons per acre. The maximum density of this land use category may be exceeded to complement General Plan Housing Element policy in accordance with the density bonus provisions of Section 65915 of the California Government Code, as amended in January 1, 2005 under SB 1818.

Nonresidential Designations

Commercial. The Commercial land use designation provides for a variety of retail, professional office, and service oriented business activities, many of which are roadway oriented and serve a community wide area and population.

Other uses that are determined to be compatible with the primary uses may also be allowed.[17] Commercial land uses serve local, as well as broader market areas and generally include professional and business offices, retail and commercial services, and community facilities. Site development standards for this land use designation encourage large projects and provide for adequate setbacks, parking, landscaping, buffering from residential land use areas, and other features, which create well designed, efficient, and attractive projects. The effective intensity of development is a floor area ratio of 0.4:1 and the maximum intensity of development is a floor area ratio of 1.0:1.

[17] General Plan Amendment 94-01, dated July 11, 1995

Professional Office. The Professional Office designation provides for professional offices and other supporting uses. These uses include professional, legal, medical, general financial, administrative, corporate, and general business offices, as well as supportive commercial uses such as restaurants, medical services, community facilities, and similar uses, which together create concentrations of office employment or community activity. Also included are small convenience or service commercial activities intended to meet the needs of the on site employee population. Other uses that are determined to be compatible with the primary uses may also be allowed.[18] The effective intensity of development is a floor area ratio of 0.5:1 and the maximum intensity of development is a floor area ratio of 1.2:1.

Mixed Use. The Mixed Use designation provides opportunities for mixtures of commercial, office, and residential uses in the same building, on the same parcel of land, or within the same area. ~~The primary uses within this designation are commercial retail and office. ; residential is only allowed when developed in conjunction with commercial and/or office development.~~ Allowable uses include those identified in the Commercial ~~designation,~~ and ~~the~~ Professional Office designations ~~and, when developed in conjunction with commercial or office uses~~, and the Low Medium Density, ~~Residential and the~~ Medium Density, and High Density Residential designations. When mixtures of uses occur in the same building, retail uses or offices are usually located on the ground floor with residential uses above. The mixed uses are generally located in areas where multiple activities and pedestrian orientation are considered to be desirable objectives. The ~~effective~~ expected intensity of nonresidential development is a floor area ratio of 0.5:1 and the maximum intensity of development is a floor area ratio of 1.2:1. The ~~effective~~ expected density of ~~15~~ 35 dwelling units per net acre of land. A ~~(equivalent to an FAR of .35:1) and a~~ maximum density of ~~24~~35 dwelling units per net acre of land is allowed for residential projects. ~~when residential development is combined in the same building or on the same parcel as commercial or office uses.~~

Business Park. The Business Park designation provides opportunities for a mixture of all those uses allowed under the Commercial, Professional Office, and Light Industrial land use designations. The effective intensity of development is a floor area ratio of 0.35:1 and the maximum intensity of development is a floor area ratio of 1.0:1.

Light Industrial. The Light Industrial designation provides for a variety of light industrial uses that are non polluting and which can co exist with surrounding land uses and which do not in their maintenance, assembly, manufacturing or operations create smoke, gas, dust, sound, vibration, soot or glare to any degree which might be obnoxious or offensive to persons residing or conducting business in the City. Allowable uses include wholesale businesses, light manufacturing and processing, research and development uses, warehousing and storage, distribution and sales, high technology production, retail sales and related uses. Other uses that

[18] General Plan Amendment 94-01, dated July 11, 1995

are determined to be compatible with the primary uses may also be allowed.[19] The effective intensity of development is a floor area ratio of 0.35:1 and the maximum intensity of development is a floor area ratio of 0.6:1.

Public Facility. The Public Facility designation includes a wide range of public uses distributed throughout the community, such as schools, government offices and facilities, public utilities, libraries, fire stations, sheriff sub stations, cemeteries, hospitals, and other public uses. The effective intensity of development is a floor area ratio of 0.2:1 and the maximum intensity of development is a floor area ratio of 1.2:1.

Community Park/Open Space. The Community Park/Open Space designation provides for public recreational uses designed to meet the active and passive recreational needs of the community. This designation includes all public parkland, open space, and associated public recreational activities, such as indoor and outdoor sports/athletic facilities, museums, theaters, and similar uses. The effective intensity of development is a floor area ratio of 0.1:1 and the maximum intensity of development is a floor area ratio of 0.4:1.

Regional Park/Open Space. The Regional Park/Open Space designation provides for public recreational uses designed to meet the active and passive recreational needs of the community and other nearby areas in the region. This designation includes the Whiting Ranch Regional Wilderness~~,~~ Park and other County of Orange open space along portions of Serrano Creek and Aliso Creek. This designation applies to land that is generally maintained as natural open space with minimal improvements. The effective intensity of development is a floor area ratio of 0.001:1 and the maximum intensity of development is a floor area ratio of 0.1:1.

Open Space. The Open Space designation provides for private open space designed to meet the active and passive recreational needs of the community. This designation includes open space that is held under private ownership, and includes facilities for active and passive recreational activities. Open Space activities include indoor and outdoor sports/athletic facilities, lakes, club houses, meeting rooms, outdoor gathering areas, and similar uses, as well as ornamentally landscaped and natural landscaped open areas. The effective intensity of development is a floor area ratio of 1:0.5 and the maximum intensity of development is a floor area ratio of 0.4:1.[20]

Transportation Corridor. The Transportation Corridor designation applies to the land within the corridors of the San Diego Freeway (Interstate 5), the Foothill Transportation Corridor, and the Southern California Regional Rail Authority, and other arterial highways. Lands within these corridors are reserved for transportation purposes as the primary use. Secondary uses, such as open space linkages and landscaped areas, public and private parking areas, and other transportation related activities and facilities are also allowed. The effective intensity of

[19] General Plan Amendment 94-01, dated July 11, 1995
[20] General Plan Amendment 01-01A, dated July 17, 2001

development is a floor area ratio of .01:1 and the maximum intensity of development is a floor area ratio of .2:1.

Land Use Overlay

Mineral Resource Overlay (MRZ-2). The Mineral Resource Overlay designation applies to areas classified as an important Mineral Resource (MRZ-2) by the State Department of Conservation—Division of Mines and Geology. This overlay provides for the management and utilization of mineral resources on an interim basis. The underlying land use designation represents the future planned use of the land following reclamation from mining. There is no intensity of development for this overlay, other than the intensity of development for the underlying land use designation.[21]

Business Development Overlay (BDO). The Business Development Overlay designation applies to areas designated for Commercial, Professional Office, Business Park, and Light Industrial land uses as shown in Figure LU-2. The overlay provides for a balance of land uses required for the continued fiscal well-being of the community. Private property owners of land subject to the Business Development Overlay must prove that proposed land use designation changes will not result in a loss of future net revenue for the City. The underlying land use designation represents the future planned use of the land, and there is no intensity of development of this overlay, other than the intensity of development for the underlying land use designation.[22]

Public Facilities Overlay (PFO). The Public Facilities Overlay designation applies to areas designated for Commercial, Business Park, and Residential land uses as shown in Figure LU-1. The overlay includes properties which may be acquired by the City for public facilities. The underlying land use designation represents the planned uses of the land should public facilities not occur at these locations in whole or in part. The Public Facilities Overlay is placed on properties with General Plan Land Use designations that would allow public facilities and parks. The intent of this overlay is to indicate potential sites for future public facilities, government buildings, and community parks.

Development Capacity

The Land Use Plan for Lake Forest includes expected levels of residential and nonresidential development, where all land in the ~~planning area~~ City is developed according to the Plan. The expected levels of development establish a capacity for the Land Use Plan that is expressed as estimates of total dwelling units, total population, and total square footage of nonresidential development in the future.

[21] General Plan Amendment 96-01, dated October 29, 1996
[22] General Plan Amendment 00-01, dated May 2, 2000

Table LU-3 summarizes the development capacity of the Land Use Plan. This table provides a breakdown of land uses within ~~the~~ Lake Forest ~~planning area~~ for purposes of identifying the estimated development capacity of the Land Use Plan.

The degree to which the estimated capacity exceeds projected population is referred to as "overage." Some overage is desirable to make allowance for inevitable small pockets of undevelopable land, to allow for difficulty in recognizing development trends in completely vacant areas, to allow for unforeseen need for public utilities, and to recognize that some owners will maintain their land in an undeveloped state beyond the time span of the Plan. The Southern California Association of Governments (SCAG) has recommended that Plan capacity not exceed approximately 1.20 to 1.25 times the projected population. The measurement of capacity is accomplished by dividing the difference between maximum population capacity of the Plan by the projected population. For ~~the~~ Lake Forest ~~planning area~~, the ~~maximum~~ projected population ~~capacity of~~ per the Plan is approximately 82,280 ~~89,000~~ and the projected population ~~is~~ in 2020 per ~~SCAG's draft population projections released in October~~ OCP 2006 is approximately 79,863 ~~80,597~~ resulting in a capacity of 1.03.[23]

[23] General Plan Amendment ~~01-01A, dated July 17, 2001~~2008-02, dated June 2008

Table LU-3 Land Use Plan Development Capacity Summary

Land Use Designations	Total Acres[a]	Total Dwelling Units	Total Square Footage[a] (000s)	Average Persons per Dwelling Unit[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)	2,357	13,314		2.91	38,744
Low-Medium Density Residential (7–15 du/ac)	866	7,404		2.91	21,546
Medium Density Residential (15–25 du/ac)	367	5,760		2.91	16,762
High Density Residential (25–43 du/ac)	16	648		2.91	1,886
Subtotal	*3,604*	*27,126*			*78,937*
Nonresidential Designations					
Commercial	695		12,109		
Professional Office	32		696		
Mixed-Use	137	1,149	1,193	2.91	3,344
Business Park	278		4,238		
Light Industrial	807		12,303		
Subtotal	*1,949*		*30,539*		*3,344*
Public Facility	325		2,828		
Community Park/Open Space	202		879		
Regional Park/Open Space	2,030		88		
Open Space (with Lake)	1,081		2,354		
Transportation Corridor	513				
Local Roadways	1,140				
Mineral Resource Overlay	(c)		(c)		
Business Development Overlay[d]	(d)		(d)		
Public Facilities Overlay	*(e)*		*(e)*		
Subtotal	*5,293*		*6,169*		
Total	***10,846***	***28,275***	***36,708***		***82,280***

Source: GPA 2008-02 – PEIR Alternative 7~~1~~

a: Estimated square feet of development based on effective ~~intenst~~intensity of development for each land use type (see table LU-2)

b: Based on 2000 census estimates

c: ~~Approximatley~~Approximately 62 acres of land is desionated 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 1,700 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 is 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.

1.3.2 Image and Identity

Lake Forest has many desirable physical qualities, including its lakes, urban forest, trees, major open space areas, accessible community facilities and well planned residential neighborhoods. The image and identity of the community will continue to be enhanced in the future to create a greater sense of community and connection.

The image of Lake Forest ~~will be~~has been further enhanced through landscaping improvement and strengthening, particularly along public areas adjacent to major thoroughfares and at points where those thoroughfares enter the community.

Existing landscaping can be strengthened with additional planting to produce dramatic effects that create recognizable landmarks within the community. Other improvements to man-made structures, such as signs, benches, and street lighting can be made in concert with landscaping improvements to produce scenes along streets and other public areas within the community that are recognizable and create a "sense of place" for those who work or reside in Lake Forest.

The City includes a significant grove or forest of eucalyptus trees in the south central portion of the ~~planning area~~ City that is one of its strongest natural features. In the early 1900's, Dwight Whiting planted 400 acres of eucalyptus "forest" in an attempt to use the wood as a major source of lumber for various purposes. However, because eucalyptus wood cracks along its length, Whiting's economic experiment failed. His loss has become an important gain for the community of Lake Forest by providing uncut forest contributing to the City name.

Many other parts of the community also include smaller, but important groupings of these trees that have been used for agricultural purposes. The eucalyptus forest and other mature trees can be preserved to maintain an important natural asset of the community. The image and identity of Lake Forest will also be further enhanced by the establishment of a major civic or community center that will be recognized as the focal point for public and community activities. This central facility may include governmental services, such as City administrative and other government offices, as well as recreational and cultural activities that act as a magnet for large gatherings of people and celebrations of important community events.

1.3.3 Compatible and Complementary Development

Land use incompatibility can occur where differences exist among uses that are near one another. These incompatibilities may result from differences in the physical scale of development, noise levels, traffic levels, hours of operation and other factors. The overall quality of life in Lake Forest is dependant to a great extent upon the maintenance of compatibility among the different land uses comprising the community.

The City Zoning Ordinance is one of the primary regulatory documents that is used to ensure land use compatibility. The Ordinance contains standards for development, such as minimum lot sizes, building setback and maximum height limitations, parking and landscaping requirements, and others standards that are designed to promote compatibility. In addition to the Zoning Ordinance, the City Subdivision and Grading Ordinances are important regulatory tools to control the subdivision of land and alteration of land in preparation for development. These ordinances will be reviewed and updated periodically to maintain consistency with new state and local legislation, court decisions, and community values.

Land use compatibility is also addressed as part of the City site development permit and environmental review process. Proposed development projects are reviewed by the City to promote high quality in urban design and to minimize associated environmental impacts. Precise development project planning may also be reviewed by the City and other public agencies through a specific plan process allowed by state law to ensure compatibility and consistency with surrounding development in the community. Proposed development will also be reviewed for consistency with the noise, safety, and building height criteria.[24]

Systematic enforcement of City ordinances and monitoring of development within and around the ~~planning area~~City will be used to maintain the quality of life in the community. Development monitoring by the City can be used to ensure that affected public agencies are capable of providing necessary facilities and services in support of proposed development.

Landscaping is an important factor in achieving land use compatibility where commercial and industrial development is adjacent to residential development. The standards for landscaping in these areas ~~will be~~has been strengthened to achieve greater aesthetic and functional compatibility in these critical areas.

1.3.4 Development of Planned Communities

At incorporation, the planned ~~Future~~ development in Lake Forest ~~is~~ was primarily based upon pre incorporation planning for nine large scale Planned Communities (Figure LU 4). These Planned Communities include Lake Forest, El Toro, Baker Ranch, Pacific Commercentre, Rancho ~~a~~ de los Alisos, Rancho Serrano, Serrano Highlands, Foothill Ranch, and Portola Hills~~,~~ ~~and a portion of the Foothill/Trabuco Specific Plan area~~.[25] Several of these Planned Communities are also the subject of development agreements that identify the levels of development allowed and important public facilities that will accompany such development. Development in these areas will follow the individual Planned Community development plans and development agreements, as amended by the City Council.

[24] General Plan Amendment 01-01A, dated July 17, 2001
[25] General Plan Amendment 01-01A, dated July 17, 2001

Development proposals within these Planned Communities will be reviewed for consistency with approved development plans and agreements or any amended development plans and agreements. Any proposed amendments to the approved Planned Communities, or new planned communities, will also be reviewed to ensure that ~~such amendments~~ any land use changes support the fiscal stability of the City, provide necessary public facilities and services, and minimize environmental impacts.

1.3.5 Economic Diversity, Expansion, and Business Retention

The level of public services desired by the community will be sustained over time through continued enhancement of City revenue. The City will improve its fiscal stability through a general diversification of its economic base. This will be accomplished by promoting the continued development of the ~~central~~ portion of the ~~planning area~~ City that is identified on the Land Use Policy Map for nonresidential development ~~such as~~ and through the implementation of the Business Development Overlay.[26] Diversification will be based on retaining existing businesses, as well as attracting new retail, service commercial, and employment generating businesses to the community. Attracting and retaining businesses that contribute to economic stability represents an important effort by the City. ~~The City will utilize a Retention and Economic Development Committee (REDC) to promote economic development activities in Lake Forest. The REDC will conduct periodic meetings with the business community to ascertain the effectiveness of such efforts.~~

Incentives to attract businesses to the community, such as City fee reductions or deferrals, permit assistance, fast track permit processing, formal recognition of businesses contributing to the community may be used to achieve a partnership between the business community and the City. City staff assigned to work with the business community can act as an important liaison between local government and business. City development and provision of data on retail, commercial, industrial and office space can provide an important connection between City and business interests that will be beneficial in achieving economic stability. The City newsletter can serve as a means to communicate market information to local businesses. Training the City Council, Planning Commission and City staff regarding current business and market trends can help economic activity. Programs available under state and federal law can also be utilized by the City in its efforts improve economic and fiscal stability.

Figure LU-4 Planned Communities

(all figures located at end of document)

[26] General Plan Amendment 00-01, dated May 2, 2000

1.3.6 Revitalization of Older Areas

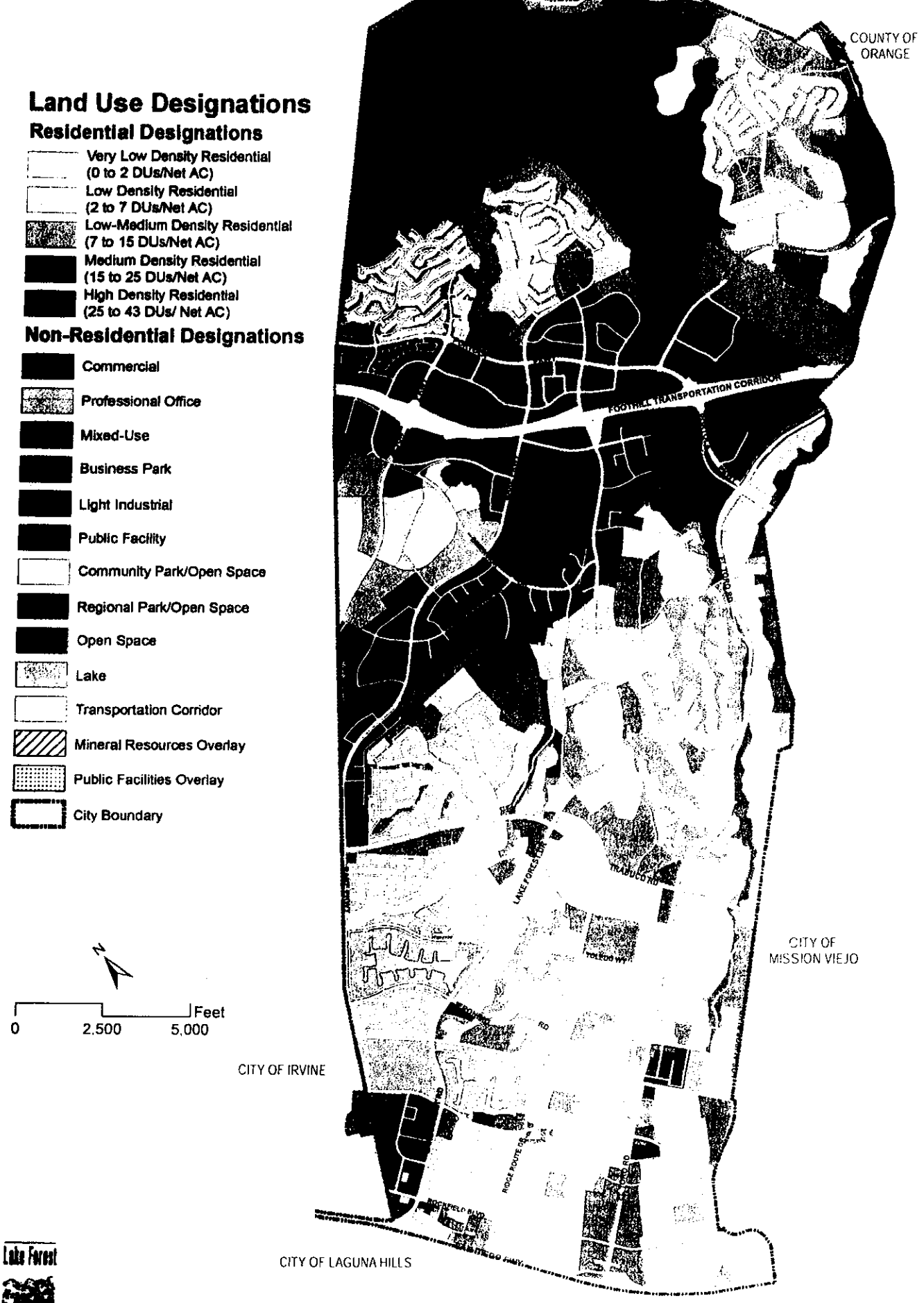
Revitalization and rehabilitation of older development in the community can substantially improve the overall quality of life in Lake Forest. Buildings, landscaping, and public facilities can be improved physically through rehabilitation efforts designed to breathe new life into areas that may otherwise decline over time.

Enforcement of City ordinances regulating building, zoning, health and safety, as well as community programs aimed at removal and prevention of graffiti will have very positive effects. The use of Community Development Block Grant Funds for commercial and residential rehabilitation also provides a sound approach for revitalization.

For larger distinct areas that would benefit from revitalization and focused study of improvement needs, state law provides a planning approach known as the Specific Plan that can be used to promote positive changes over time. The Specific Plan can be prepared for such Special Study Areas as a cooperative effort by the City and interested property owners to plan for improvements and changes within an area to achieve both economic and other land use planning objectives. Such areas do not have to be comprehensively identified in the General Plan, but one such area that is appropriate for a Specific Plan is the El Toro Planned Community area. In particular, the business area located on the southeast side of El Toro Road along both sides of the railroad tracks has developed over time with a variety of commercial and industrial uses that would benefit from more precise study and planning for the organization of uses and the infrastructure needed to serve those uses. Figure LU 5 depicts the El Toro Special Study Area.

Figure LU-5 El Toro Special Study Area

(all figures located at end of document)



Lake Forest General Plan

Figure LU-1
Land Use Policy Map

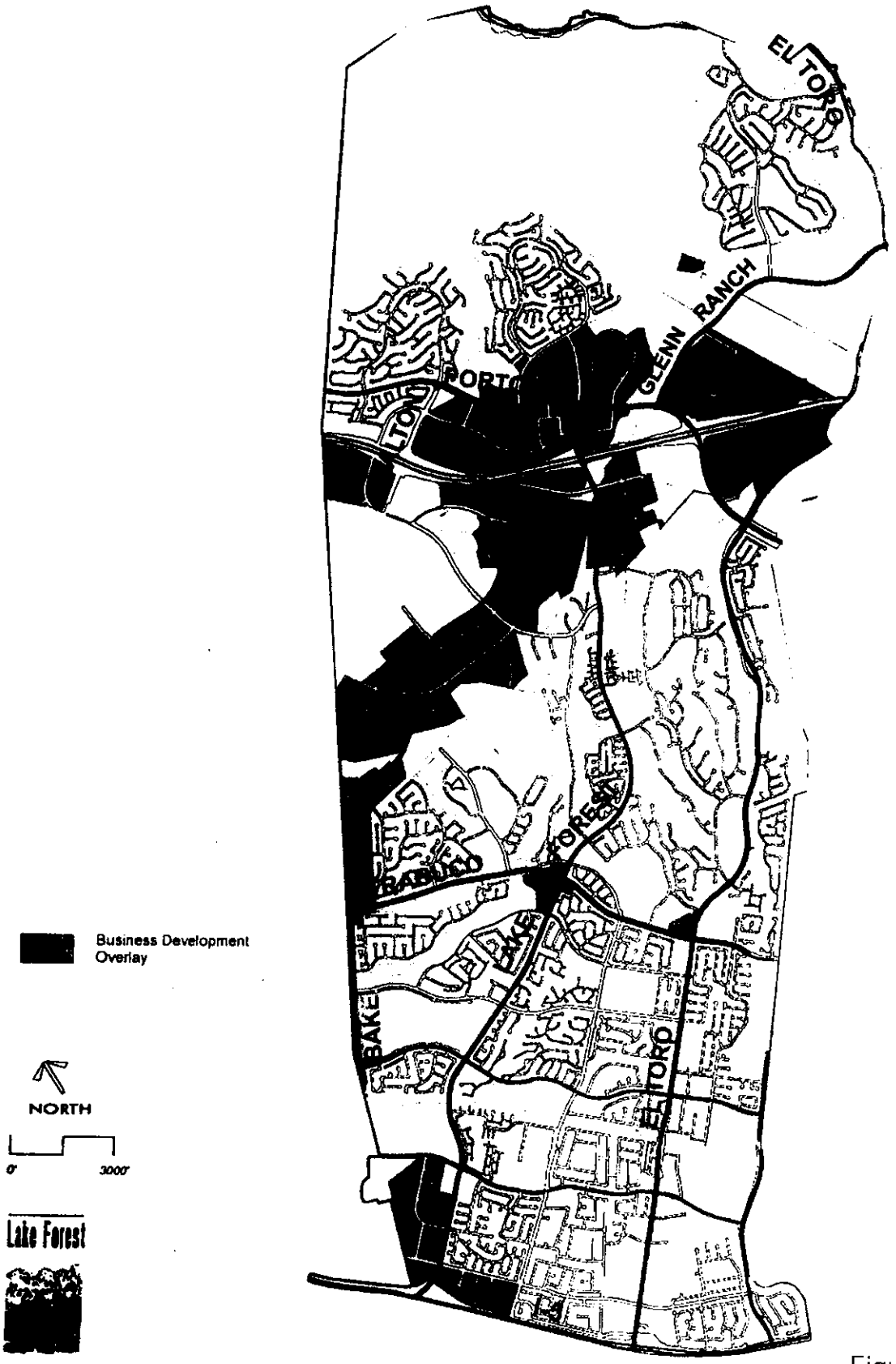
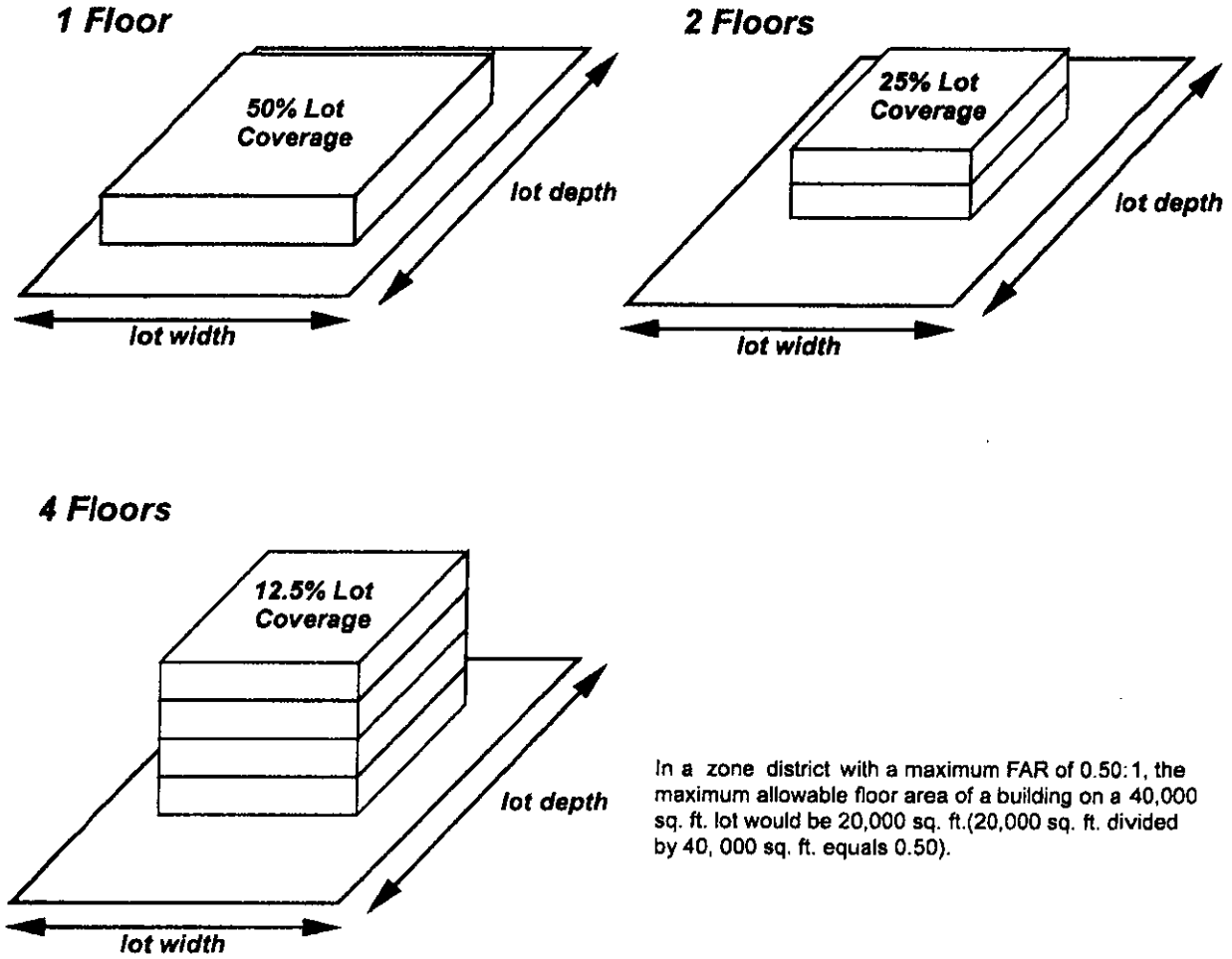


Figure LU-2
Business Development Overlay



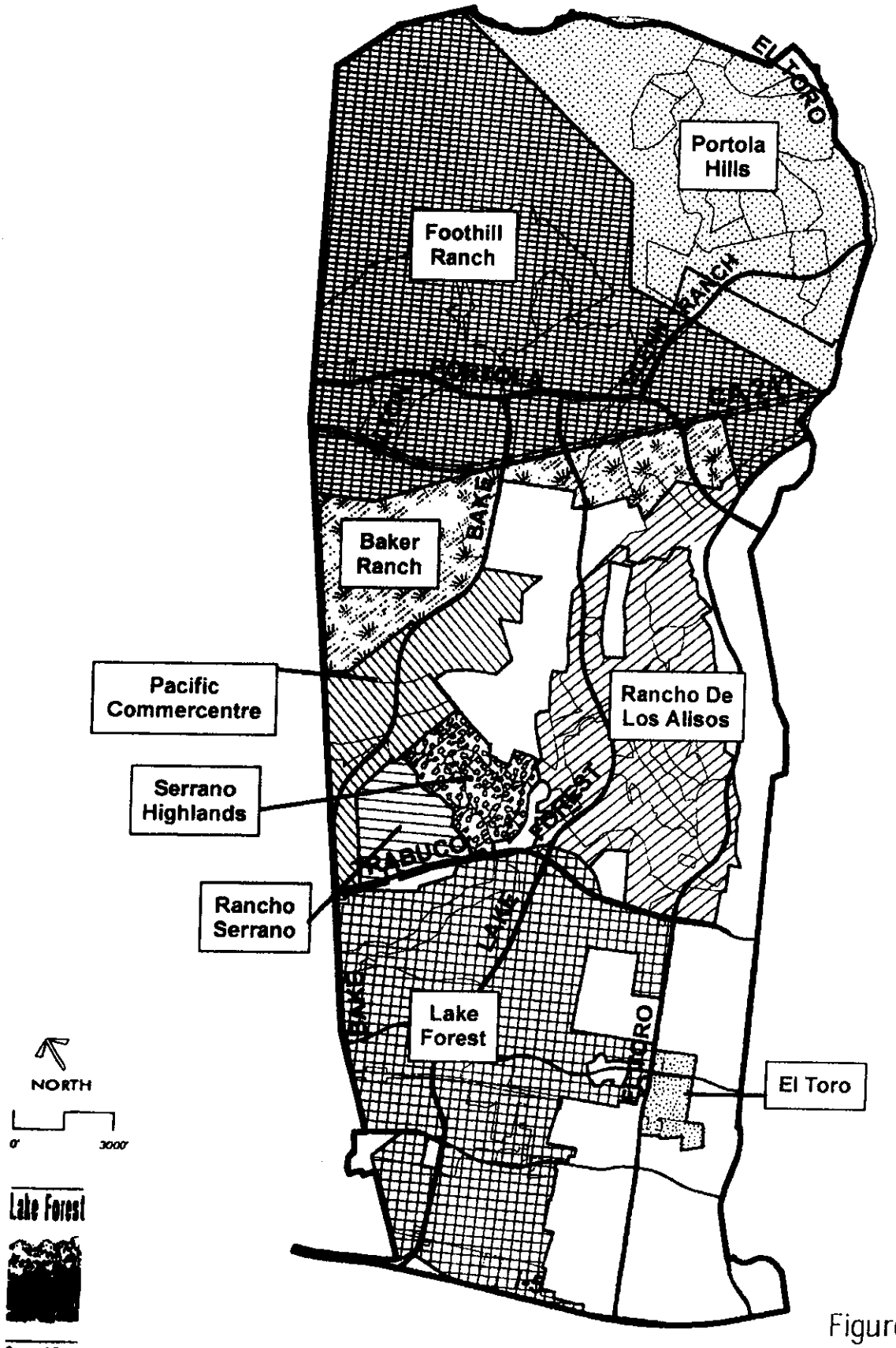
In a zone district with a maximum FAR of 0.50:1, the maximum allowable floor area of a building on a 40,000 sq. ft. lot would be 20,000 sq. ft.(20,000 sq. ft. divided by 40, 000 sq. ft. equals 0.50).

$$\text{Floor Area Ratio (FAR)} = \frac{\text{Gross Building Area (All Floors)}}{\text{Lot Area}}$$

Note:
Variations may occur if upper floors are stepped back from ground level lot coverage

Source: *City of Lake Forest*

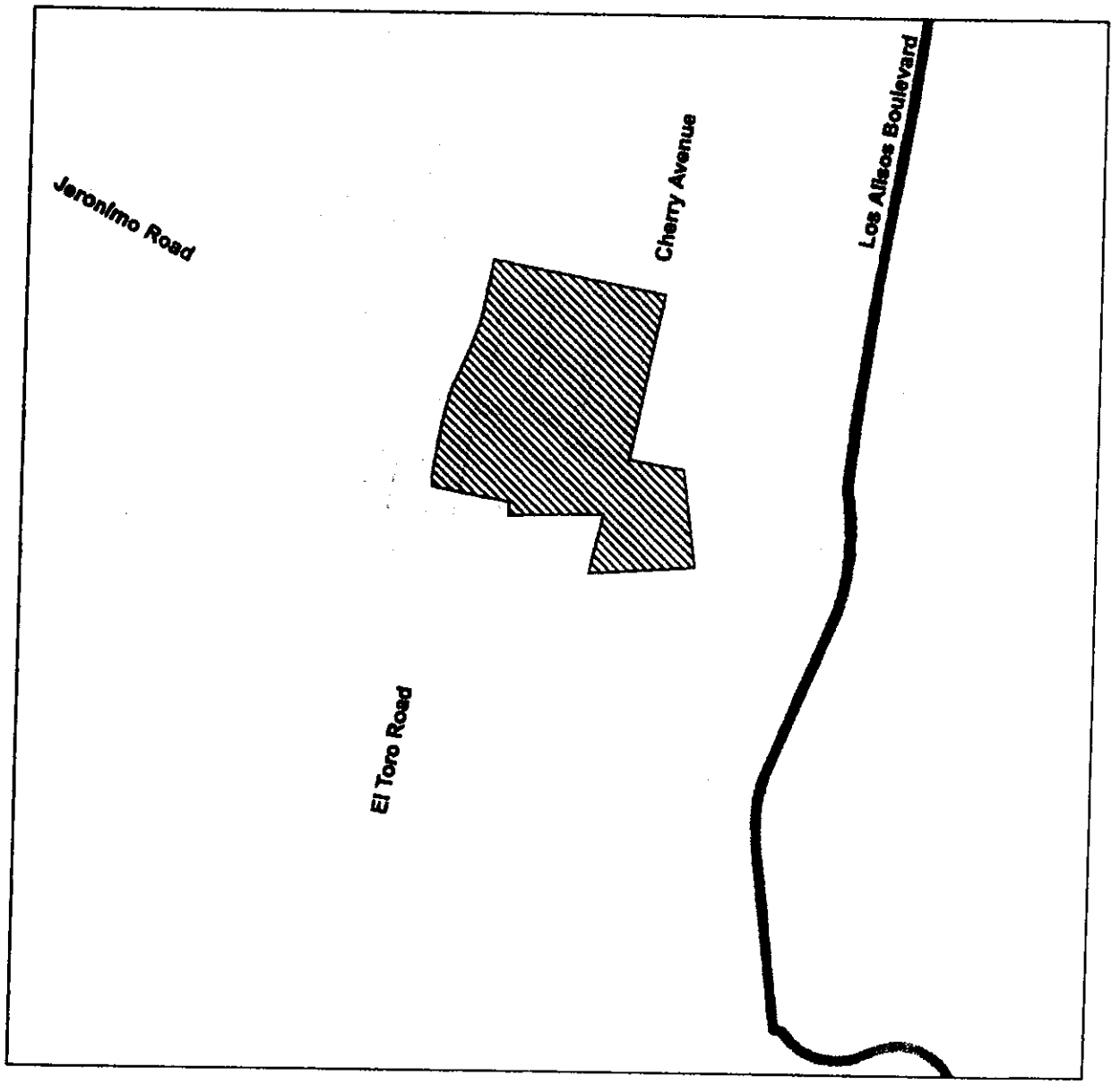
Figure LU-3
Possible Building Configurations for 0.50:1 Floor Area Ratio



Lake Forest General Plan

Source: Austin-Foust Associates

Figure LU-4
Planned Communities



City Boundary

El Toro Special Study Area

Source: *City of Lake Forest*

Figure LU-5
El Toro Special Study Area

ATTACHMENT 2 TO EXHIBIT A

Redline/Strikeout version of Circulation Element for GPA 2008-02

CIRCULATION ELEMENT

1.1 INTRODUCTION

~~The Planning Area~~Lake Forest is well served by a diverse circulation system. While the San Diego Freeway has served the area for many years, the Foothill Transportation Corridor is now in operation and ~~will~~ provides additional ~~freeway~~ highway access. A railroad extends through the ~~Planning Area~~City and ~~a~~ John Wayne/Orange County ~~commercial a~~Airport is located approximately ten miles to the west. Established transit service provides alternative transportation opportunities and many of the Planned Communities were developed with pedestrian, bicycle and equestrian trails.

The Circulation Element guides continued development of the circulation system to support planned growth. The anticipated development pattern, as identified in the Land Use Element, will increase the demand for local and regional roadways. This element establishes acceptable roadway service levels and identifies improvements required to maintain the service levels. The use of other transportation modes such as transit, walking, bicycling, and riding is promoted to reduce the demand for transportation system improvements and improve air quality.

1.1.1 Purpose of the Circulation Element

The purpose of the Circulation Element is to provide a safe, efficient, and adequate circulation system for the City. State planning laws requires:

> ...a circulation element consisting of the general location for proposed major thoroughfares, transportation routes, terminals, and other local public utilities and facilities, all correlated with the land use element plan.

To meet these objectives, the Circulation Element addresses the circulation improvements needed to provide adequate capacity for future land uses. The Element establishes a hierarchy of transportation routes with specific development standards described for each roadway category.

The state General Plan Guidelines (Section 65302) recommends that the circulation policies and plans should:

1. Coordinate the transportation and circulation system with planned land uses
2. Promote the efficient transport of goods and the safe and effective movement of all segments of the population
3. Make efficient use of existing transportation facilities
4. Protect environmental quality and promote the wise and equitable use of economic and natural resources

The guidelines indicate that the Circulation Element should address all facets of circulation including streets and highways, transportation corridors, public transit, railroads, bicycle and pedestrian facilities and commercial, general, and military airports. The Lake Forest Circulation

Element fulfills state requirements with a strategy to provide effective circulation facilities supporting desired community development. State law also requires the Circulation Element to address public utilities. The Lake Forest General Plan contains a Public Facilities/Growth Management Element that discusses the provision of utilities.

1.1.2 Scope and Content of the Element

This element contains goals and policies to improve overall circulation in ~~the Planning Area~~Lake Forest. For vehicle transportation, a hierarchical roadway network is established with designated roadway types and design standards. The roadway type is linked to anticipated traffic levels and acceptable levels of service are established to determine when capacity improvements are necessary. Because local circulation is linked with the regional system, the element particularly focuses on participation in regional programs to alleviate traffic congestion and construct capacity improvements. Alternative transportation modes are also emphasized in the element to reduce dependency on the automobile and thereby improve environmental quality.

The Circulation Element is comprised of three sections: (1) Introduction; (2) Issues, Goals, and Policies; and (3) the Circulation Plan. In the Issues, Goals, and Policies section, major issues pertaining to the transportation system are identified, and related goals and policies are established. The goals are overall statements of the City desires and are comprised of broad statements of purpose and direction. The policies serve as guides for planning circulation improvements to accommodate anticipated population growth, maintaining acceptable service levels while development occurs, promoting alternative transportation modes, and coordinating with local and regional jurisdictions to phase regional transportation facilities. The Circulation Plan explains how the goals and policies will be achieved and implemented. The Arterial Highway Plan and service levels are located in the Plan. Specific implementation programs are contained in the General Plan Implementation Program.

1.1.3 Related Plans and Programs

Several transportation plans prepared by the County focus on the regional transportation system. Strategies to handle anticipated traffic levels from future regional development are discussed. Other plans have also been prepared to locate future routes for mass transit including light rail and conventional buses. Plans and programs related to the Circulation Element include the following:

■ County of Orange Master Plan of Arterial Highways (MPAH)

The MPAH forms part of the Orange County General Plan and designates the arterial system in the circulation element of the General Plan. Defined according to specific arterial functional classifications, the MPAH serves to define the intended future road system for the County. Cities within the County are expected to achieve consistency with the MPAH in individual General Plan circulation elements. The Lake Forest Circulation Plan is consistent with the MPAH.

Foothill and Eastern Transportation Corridor ~~Plans~~

The Foothill Transportation Corridor (FTC) and the Eastern Transportation Corridor (ETC) are two of three major transportation corridors ~~planned~~ within ~~for~~ Orange County. The Corridors are operated as toll facilities until the construction costs are paid. The FTC serves Lake Forest and crosses the central portion of the ~~Planning Area~~City. The 30-mile FTC is located inland of, and parallel to the Santa Ana (I-5) Freeway. The FTC begins at the east leg of the Eastern Transportation Corridor approximately three miles northwest of Lake Forest, continues south past Lake Forest Drive, and El Toro Road/Portola Parkway, to Oso Parkway, and ~~Ortega Highway and will~~ is planned to connect to Interstate 5 south of San Clemente when completed. The east leg of the ETC extends from the San Diego Freeway at the current termination of the Laguna Freeway to an intersection with the west leg of the ETC in the City of Orange.

South Coast Air Quality Management District Air Quality Plan

South Coast Air Quality Management District (AQMD) is a regulatory body responsible for improving air quality in the South Coast Air Basin. ~~Of primary importance to transportation is Regulation 15, which requires~~ AQMD identifies Transportation Demand Management (TDM) strategies and programs ~~for companies with more than 100 employees. These TDM strategies and programs are~~ aimed at increasing the average number of persons per vehicle arriving during the morning peak period. The Circulation Element identifies TDM strategies and other AQMD circulation programs to be implemented in Lake Forest.

County of Orange Congestion Management Plan

With the passage of the gas tax increase (Proposition 111) in June 1990, it became a requirement that urbanized areas such as Orange County adopt a Congestion Management Program (CMP). The goals of the CMP are to reduce traffic congestion and to provide a mechanism for coordinating land use development and transportation improvement decisions. For the most part, the Orange County CMP is a composite of local agencies' submittals in which each local jurisdiction develops the required data in accordance with the guidelines established by the Orange County Transportation Authority (OCTA). The OCTA compiles the data and submits the results to the Southern California Association of Governments (SCAG) for a finding of regional consistency. Two Lake Forest arterials, El Toro Road and Trabuco Road west of El Toro Road, are components of the Congestion Management Plan system.

County of Orange Growth Management Plan (Measure M)

In November 1990 voters approved Measure M, the Revised Traffic Improvement and Growth Management Ordinance, which authorized the imposition of a one-half percent sales tax to fund needed transportation improvements. To be eligible to receive funds, local jurisdictions must satisfy a variety of requirements as set out in the Orange County Local Transportation Authority

(LTA) Ordinance No. 2. Included in these requirements ~~are~~ the need to adopt a traffic circulation plan consistent with the MPAH, adopt and adequately fund a local transportation fee program, satisfy maintenance requirements, adopt a Growth Management Element, and adopt a seven year capital improvement program that includes all transportation projects funded partially or fully by Measure M funds. The Lake Forest Public Facilities/Growth Management Element fulfills the Measure M requirements for the Growth Management Element while the Circulation Element provides roadway service and improvement standards.

The original Measure M was a 20 year program set to expire in 2011. In November 2006, Measure M renewal was approved by voters. The renewed Measure M is a 30 year program that will provide funding for transportation until 2041.

County of Orange Master Plan of Scenic Highways

The County General Plan includes a Scenic Highway Master Plan which designates certain highways as scenic routes. With this designation, specific guidelines are given for enhancing the scenic amenities of these facilities. Arterials subject to the plan in the ~~Planning Area~~City include Santiago Canyon Road and El Toro Road between Santa Margarita Parkway and Live Oak Canyon Road.

County of Orange Master Plan of Countywide Bikeways

Also part of the Countywide General Plan, the Master Plan of Countywide Bikeways designates various classes of bike routes throughout the County. One of the primary considerations is to provide continuity throughout the County and to provide a consistency between Countywide and local jurisdiction bikeway plans. The Circulation Element contains a bikeway plan that utilizes the County classification system and links to County routes.

~~Los Angeles/San Diego Corridor Commuter Rail Action Plan~~

~~This is one component of the overall rail plan for the Southern California area, and seeks to provide increased commuter train service along the Los Angeles/San Diego corridor with designated stops at various locations between the two cities. No stops have been identified in the Lake Forest Planning Area.~~

~~Countywide Rail Study (CRS)~~

~~The Orange County Transportation Authority is also evaluating the regional rail system through its Countywide Rail Study. This study is assessing congested traffic corridors and identifying rail and bus enhancements to the existing transportation system.~~

Metrolink

Metrolink is a commuter rail service operated by the Southern California Regional Rail Authority (SCRRA), a joint powers authority comprised of five county agencies. SCRRA currently operates round trips on the Orange County line, which utilizes the right-of-way that is owned by OCTA and traverses the City of Lake Forest. Multiple stops during the morning and evening commuting period are provided at stations located in Irvine, Laguna Niguel and San Juan Capistrano, the ~~two~~ three stations nearest Lake Forest.

This corridor is also referred to as the LOSSAN (Los Angeles to San Diego) Corridor. Other operators along this corridor include Amtrak, providing intercity passenger service from San Diego to Los Angeles and Santa Barbara; and the Atchison, Topeka and Santa Fe Railway Co. (Santa Fe), who, as the previous owner of the right-of-way, maintains a permanent use easement for the operation of freight service along this corridor.

The LOSSAN Corridor has been federally designated as a high speed rail corridor, and the California High Speed Rail Commission will consider the implementation of high speed rail services along this corridor.

Foothill Circulation Phasing Plan (FCPP)

The purpose of the Foothill Circulation Phasing Plan adopted by the County of Orange in 1987, is to ensure that new development in the Foothill Area is balanced with improvements to the regional road network. The FCPP provides a quantitative link between the phasing of future ~~residential~~ development and road improvements. The FCPP consists of a financing plan for a phased construction program, which is tied to an approved schedule of ~~residential~~ development. Lake Forest is located in the Foothill Area and is subject to the FCPP. The City collects FCPP fees at the time building permits are issued.

Lake Forest Transportation Mitigation Program(LFTM)

A citywide traffic model was developed as part of the Opportunities Study which allows for detailed review of citywide traffic impacts. Based on ~~the~~a citywide traffic model, the Lake Forest Traffic Mitigation Fee Program (LFTM) provides the Development Mitigation Program, Comprehensive Phasing Program, and Performance Monitoring Program described in the Public Facilities and Growth Management Element.

1.1.4 Relationship to Other General Plan Elements

According to state planning law, the Circulation Element must be independent but consistent with the other General Plan Elements. All elements of the General Plan are interrelated to a degree, and certain goals and policies of each element may also address issues that are the primary subjects of other elements. The integration of overlapping issues throughout the General Plan elements provides a strong basis for implementation of plans and programs, and achievement of community

goals. The Circulation Element relates most closely to the Land Use, Recreation and Resources, and Public Facilities/Growth Management Elements.

The Land Use and Circulation Elements are inextricably linked: The planned development identified in the Land Use Element is the basis for determining future road improvements. The circulation policies and plans ensure that existing transportation facilities will be improved and new facilities will be constructed to adequately serve traffic generated by planned development. An efficient circulation system is a critical factor for diversifying and expanding local economic activities. In addition, the Circulation Element promotes alternative transportation modes to minimize the regional impacts of planned local development.

The Circulation Element provides for a trail system that accommodates bicycles, pedestrians and equestrian riders. Trails for these uses will connect with recreational areas and support the City recreational goals identified in the Recreation and Resources Element. In addition to promoting bicycle and pedestrian transportation, the Circulation Element promotes the use of public transit. Alternative transportation modes will help achieve the air quality goals identified in the Recreation and Resource Element. The policies and plans in the Circulation Element also support the local and regional transportation goals established in the Public Facilities/ Growth Management Element.

1.2 ISSUES, GOALS, AND POLICIES

Six major issues are addressed by the goals, policies, and implementation actions of the Circulation Element. These major issues include (1) supporting the development of regional transportation facilities; (2) providing a suitable system of City roadways; (3) increasing the use of public transit and non vehicular modes of travel; (4) ensuring the existence of convenient and suitable parking for vehicles; (5) improving the efficiency of the transportation system and controlling demands on the system; and (6) identifying and utilizing sources of funding for transportation system improvements. Each issue and the related goals, policies and implementing actions are identified and discussed in the following section.

1.2.1 Intercity and Regional Transportation

Transportation in Lake Forest is directly related to an overall transportation network for the region. Planning for the needs of the community necessarily includes recognition of the related transportation needs and planning efforts of the surrounding county, region, and state. With that recognition is the need for the City to actively monitor transportation planning and development in the surrounding area.

GOAL 1.0 Support for the development of an efficient network of regional transportation facilities.

Policy 1.1 Support the completion of the Orange County Master Plan of Arterial Highways.

Policy 1.2 Work closely with adjacent jurisdictions and transportation agencies to ensure that development projects outside Lake Forest do not adversely impact the City or other providers of public facilities and services in ~~the~~ Lake Forest ~~planning area~~.

Policy 1.3 Monitor rail travel programs including the Urban Rail System and the Commuter Rail (Metrolink) System.

1.2.2 Local Transportation Routes

Safe and convenient access to activities in the community is provided by a well designed local roadway system. That system serves the community's primary need for mobility and includes a planned hierarchy of roadways to meet that need.

GOAL 2.0 A system of roadways in the community that meets local needs.

Policy 2.1 Provide and maintain a City circulation system that is in balance with planned land uses in Lake Forest and surrounding areas in the region.

Policy 2.2 Coordinate improvements to the City circulation system with other major transportation improvement programs, such as the Foothill Circulation Phasing Plan and improvement to the San Diego Freeway (I-5).

Policy 2.3 Improve the Lake Forest circulation system roadways in concert with land development to ensure adequate levels of service.

1.2.3 Transit, Bicycle, Pedestrian, and Equestrian Facilities

Public transportation offers an option to the traditional use of an automobile for traveling within and outside of the community. Non vehicular methods or modes of travel, such as bicycling or walking, can reduce demands on the roadway system where appropriate facilities exist to foster those modes. Together, public transportation and non vehicular modes of travel provide important alternatives to travel by automobile.

GOAL 3.0 Increased use of public transportation.

Policy 3.1 Promote the provision of public transit facilities within areas of major development.

Policy 3.2 Encourage the provision of additional regional public transportation services and support facilities, such as park and ride lots near the San Diego Freeway (I-5) and the Foothill Transportation Corridor.

Policy 3.3 Encourage the provision of special transit services in Lake Forest.

Policy 3.4 Promote access and public transit service between Lake Forest and regional-serving transportation centers.

GOAL 4.0 Promotion of non vehicular modes of travel.

Policy 4.1 Promote the provision of non vehicular circulation within Lake Forest.

Policy 4.2 Provide and maintain a non vehicular component of the Lake Forest overall circulation system that supports bicycles, equestrians, and pedestrians and is coordinated with those of other service districts in Lake Forest and with adjacent jurisdictions.

Policy 4.3 Improve pedestrian access from neighborhoods to commercial areas.

1.2.4 Parking

Convenient and well designed parking facilities are an important component of the City roadway system because they provide suitable vehicle storage areas at work, shopping, and recreation destinations. Proper parking area design can also allow for short distance travel of vehicles from one property to another without impacting the public street system.

GOAL 5.0 Convenient and suitable parking facilities for motorized and non motorized vehicles.

Policy 5.1 Require sufficient off street parking for all land uses and maximize the use of parking facilities in Lake Forest.

Policy 5.2 Eliminate the use of on street parking on identified arterial streets where maximum traffic flow is desired.

Policy 5.3 Promote the provision of access between the parking areas of adjacent properties along arterial roadways to improve overall traffic flow.

1.2.5 Transportation System and Demand Management

Transportation System Management (TSM) and Transportation Demand Management (TDM) methods are included in an overall strategy to improve transportation. These methods can improve system effectiveness and provide relief from increasing demands for more improvements to transportation facilities.

GOAL 6.0 Maximized transportation system efficiency.

Policy 6.1 Improve operational measures of the traffic system designed to maximize the efficiency of the system while minimizing delay and congestion.

Policy 6.2 Improve intersection capacity at key intersections to improve traffic flow.

Policy 6.3 Support the implementation of employer Transportation Demand Management (TDM) provisions ~~of the Southern California Air Quality Management District's Regulation 15~~ of the Air Quality Management Plan (AQMP) and the Congestion Management Program (CMP), and participate in regional efforts to implement TDM requirements.

1.2.6 Transportation Financing

Adequate funding must be available to finance needed improvements to the transportation system. Overall system improvements will rely upon several different sources of funding to meet the expected demands for expansion and enhancement of transportation facilities.

GOAL 7.0 Utilization of various financing methods to improve the overall transportation system.

Policy 7.1 Utilize available financing methods and sources of funding to make necessary improvements to the overall transportation system in Lake Forest.

Policy 7.2 Ensure that new development in Lake Forest associated with the Foothill Circulation Phasing Plan meets the commitments for improvements described by the Plan.

Policy 7.3 Maintain the transportation standards required to qualify for revenue from the Congestion Management Plan and the Revised Traffic Improvement and Growth Management Ordinance (Measure M).

1.2.7 Related Goals and Policies

The goals and policies described in the Circulation element are related to and support subjects included within other General Plan elements. In turn, many goals and policies from the other elements directly or indirectly support the goals and policies of the Circulation Element. These supporting goals and policies are identified in Table C-1.

Table C-1 Circulation Related Goals and Policies by Element

	Related Goals and Policies by Element					
Circulation Issue Area	*Land Use*	*Housing*	*Circulation*	*Recreation and Resources*	*Safety and Noise*	*Public Facilities/ Growth Management*
Intercity and Regional Transportation	3.3, 5.7	1.5		7.1, 7.2, 7.3, 7.6, 7.7	2.4~~2.5~~	7.1, 9.1, 9.2, 9.3
Local Transportation Routes	3.1, 3.3, 4.2	1.5		7.4, 7.6, 7.7	2.4~~2.5~~, 5.1, 5.2, 6.1	7.1
Transit, Bicycle, Pedestrian, and Equestrian Facilities		1.5		1.1, 1.3, 1.7, 7.3, 7.6, 7.7		7.1
Parking	3.1			7.3		
Transportation System and Demand Management	3.1, 4.2			7.1, 7.2, 7.3, 7.7		7.1
Transportation Financing	~~2.1~~4.3, 5.4					7.1

General Plan Amendment 96-01, dated October 29, 1996

1.3 CIRCULATION PLAN

The ~~Planning Area~~City of Lake Forest is supported by a diverse circulation system with vehicle, transit, pedestrian, bicycle and equestrian linkages. The local system connects with the larger regional system and operation of the two systems is interdependent. This section of the element establishes the Circulation Plan. The Plan summarizes the approach to ensure safe and convenient operation of the circulation system and identifies improvements required to accommodate traffic from planned development.

Vehicle transportation is presently the primary mode and an Arterial Highway Plan (Figure C-1) is established with hierarchical roadway designations, physical design standards for the roadway designations, and service standards. The Arterial Highway Plan includes regional arterials and anticipated regional traffic levels. The use of alternative transportation modes is promoted to reduce dependency on automobile transportation.

The Plan is based on the goals and policies identified in the previous section. The Circulation Element Implementation Program, which is part of the General Plan Implementation Program, is an extension of the Circulation Plan and contains specific programs to coordinate planned development with vehicular and non-vehicular circulation improvements.

1.3.1 Intercity and Regional Transportation

Lake Forest and the southern California region have experienced rapid urban growth in the last two decades. The success of existing and future development is in part dependent on the availability of an effective regional transportation system. The system must link localities with outside commerce centers and regional transportation hubs. In addition, the regional circulation system must meet the needs of local residents. Lake Forest is well connected with the regional system. The San Diego Freeway (Interstate 5) extends along the western portion of the ~~Planning Area~~City and provides connection with other regional freeways in Orange County, San Diego County, Los Angeles County, and beyond. The Orange County Transportation Authority (OCTA) railroad traverses the central part of the City and John Wayne/Orange County ~~a commercial a~~Airport is located approximately ten miles to the west.

~~Portions of t~~The Foothill Transportation Corridor (FTC) ~~recently opened and~~ provides additional ~~freeway~~ highway access. The FTC travels through the central portion of the ~~Planning Area~~City and provides ~~new~~ regional access for residents and businesses ~~in the central and eastern portions of the Planning Area~~. As a result, ~~of this new freeway, local transportation patterns will change as~~ some traffic using the San Diego Freeway ~~is~~has been redirected towards the FTC. In addition, direct access to the FTC ~~will~~ has generated new commercial and light industrial development ~~proposals~~ in the central portion of the ~~Planning Area~~City.

Many roadways in ~~the Planning Area~~Lake Forest serve regional transportation purposes and are part of the Orange County Master Plan of Arterial Highways (MPAH). Because development in

the ~~Planning Area~~City could affect operation of MPAH roadways, improvements will be required. The Foothill Circulation Phasing Plan is another plan that identifies transportation facilities for anticipated regional development.

Ensuring adequate circulation for residents and business will require coordination with regional and state transportation planning efforts. Roadways within the ~~Planning Area~~City will be improved in accordance with the MPAH and Foothill Circulation Phasing Plan. The Lake Forest Traffic Mitigation Program (LFTM) will provide a funding source for transportation improvements to support planned development. Completion of the FTC ~~and improvements to the San Diego Freeway~~ will be monitored to ensure adequate capacity and consistency with planned circulation improvements in the ~~Planning Area~~City. In addition, Measure M requirements will be implemented in the City to further control regional traffic. Application of Measure M requirements is specifically addressed in the Public Facilities/Growth Management Element.

1.3.2 Local Transportation Routes

The circulation goals and policies emphasize the need for a circulation system capable of serving both existing and future traffic. Essentially, this represents a requirement that land use and circulation must be in "balance." The Lake Forest Arterial Highway Plan delineates the roadway component of the Circulation Element. The plan is designed to accommodate anticipated traffic levels based on buildout of the City's Land Use Element.

ROADWAY CLASSIFICATIONS

Four roadway classifications are included in the Arterial Highway Plan, these being consistent with the Orange County Master Plan of Arterial Highways (MPAH). Figure C-1 Illustrates the roadway classifications on the Arterial Highway Plan.

Principal Arterials - Principal Arterials are eight-lane roadways with raised landscaped medians. Unsignalized minor street and driveway access may be allowed under certain circumstances, but signalized access is preferred, and left-turn restrictions are typically placed at unsignalized access locations. Curbside parking is prohibited. In some locations, full buildout to eight lanes may not occur, but augmented lanes at intersections (e.g. separate right-turn lanes) can result in comparable capacity.

Major Arterials - Major Arterials are six lane roadways with raised landscaped medians. Left-turn restrictions will generally be placed at minor unsignalized driveways, and as a primary traffic carrier, local access is confined to signalized intersections to the extent possible. Curbside parking is generally prohibited.

Primary Arterials - These are four-lane roadways with painted or raised medians. They are similar in function to Major Arterials, but have lower traffic carrying capacity needs. Parking is generally prohibited.

Secondary Arterials - Secondary Arterials are four-lane roadways without medians (undivided). Direct access from adjacent residential properties is possible and left-turning vehicles may block the center lane when making a turn. Commercial access is typically via signalized or unsignalized intersections with center turn lanes. While on-street parking can occur, it should be prohibited near intersections or where localized circumstances ~~that~~ warrant parking restrictions.

REPRESENTATIVE ROADWAY CAPACITIES

As will be seen from the later discussion on Principal Intersections, carrying capacity of the roadway system is determined by peak hour intersection performance. With respect to daily traffic on the different types of roadways, the following is a general guide to the average daily traffic (ADT) carrying capacity of the four roadway classifications:

CLASSIFICATION	ADT
Principal (8-lanes divided)	70,000
Major (6-lanes divided)	56,000
Primary (4-lane divided)	36,000
Secondary (4-lane undivided)	25,000

The actual carrying capacity will depend on a number of factors such as access control and intersection treatment, and these representative ADT values are intended only as general guidelines and not for use in evaluating level of service.

COMMERCIAL DESIGNATION

The commercial qualifier for certain roadways recognizes that the daily traffic patterns for commercial uses are different than for other land uses. Most commercial activity occurs after the morning peak hour and is somewhat continuous throughout the remainder of the day. The traffic impacts of commercial use are heavier during the non-peak hours compared to most other land uses. Hence the commercial designation is applied to roadways with significant amounts of commercial use, and such roadways will typically have a higher representative ADT than those listed above.

ROADWAY DIMENSIONS

The roadway classifications are defined according to schematic cross-sections and intersection treatments. Together, these provide the City with General Plan related mechanisms to require adequate right-of-way dedications when opportunities arise.

Cross-Sections

Figure C-2 shows schematic cross-sections of each classification of roadway. These sections represent the desirable standards, but variations in right-of--way width and specific roadway improvements will occur in certain cases due to physical constraints and/or right-of-way limitations. In some situations, additional right-of-way may be required for bikeways and trails. Also, the roadway classifications may deviate from the standards where local character dictates special treatment.

Intersection Dimensions

The cross-sections presented earlier identify midblock roadway dimensions. Right-of-way needs at intersections are typically greater than those at midblock. Table ~~1~~C-2 provides guidelines for determining the number of required lanes at intersection approaches for each roadway classification.

Table C-2

INTERSECTION LANE GUIDELINES

Roadway Classification	Number of Entering Lanes (Each Direction)			COMMENTS
	Through	Left Turn	Right Turn	
Principal Arterial	3	2[1]	1	Two right-turn lanes or a free right-turn may be required at specific locations
Major Arterial	3	2[1]	1	A free right-turn may be required at specific locations
Primary Arterial	2	1 or 2[2]	1	
Secondary Arterial	2	1	0[3]	

Notes:

(1) Only one left-turn lane is required if left-turn is into a two-lane roadway.
(2) The need for one or two left-turn lanes will depend on existing and future turn volumes.
(3) A separate right-turn lane may be required under special circumstances or where the roadway terminates.

Right turn lanes will typically require some additional right-of-way on one side (the entering side on the intersection). The additional right-of-way should be a minimum of six feet with 10 feet being preferable, and extend for at least 250 feet back from the intersection curb face.

PRINCIPAL INTERSECTIONS

The performance of the citywide arterial system is largely dependent on intersection capacity. This is recognized in the performance criteria discussed below, and reflects the reality of driver-perceived levels of service on the roadway system. Accordingly, the Circulation Element uses the concept of Principal Intersections to emphasize the importance of intersection performance.

Principal intersections are identified as locations that are critical to the function of the overall roadway network. Their locations are such that performance failure at one or more gives the appearance that the roadway system in the vicinity is failing. Such locations are regularly monitored and priority is given to them in implementing roadway improvements.

Within the set of Principal Intersections, selected locations are labeled "Critical Intersections". These are locations that are either deficient today or are estimated to be deficient in the future even with reasonable improvements. The intent is that they be subject to regular monitoring to identify any changes in conditions that could occur over time and/or potential improvements that might be identified to remedy the situation.

Both the Principal Intersections and the subset of Critical Intersections are defined in the accompanying administrative document entitled "Annual Transportation Report" (see later discussion), rather than specified in the Circulation Element. In this manner, intersections can be added or deleted from the list over time as circumstances warrant.

FIGURE C-1Arterial Highway Plan
(all figures located at end of document)

FIGURE C-2 Typical Cross Sections
(all figures located at end of document)

PERFORMANCE CRITERIA

Evaluating the ability of the circulation system to serve the traffic demand requires establishing suitable performance criteria. Performance criteria have a policy component that establishes a desired level of service (LOS) and a technical component that specifies how traffic forecast data can be used to measure the achievement of these criteria.

The performance criteria used for evaluating volumes and capacities on the City street system are based on peak hour intersection data, since as noted above intersection performance dictates the level of service experienced by drivers. The performance criteria are summarized in Table ~~2~~C-3, and include the thresholds used in evaluating project impacts.

These performance standards establish a basis from which to evaluate the need to improve roadway facilities (specifically intersection locations) in response to increased traffic, and also define project impact and mitigation criteria. Selected locations labeled "Critical Intersections" have difficulty meeting the performance standard even with improvements, and are subject to special monitoring as noted above. As conditions change or suitable improvements are identified for a given Critical Intersection, it would be deleted from the list.

Certain levels of analysis require that the I-5 and SR-241 freeway mainline segments serving the City and freeway ramps accessing the I-5 and SR-241 be examined. Such analysis would satisfy the Caltrans traffic impact study guidelines.

LAKE FOREST TRANSPORTATION MITIGATION PROGRAM

The Lake Forest Transportation Mitigation (LFTM) Program establishes long-range transportation improvements designed to maintain adequate levels of service on the City's arterial road system. It also provides cost estimates and fees for funding the improvements.

The LFTM Program is described in the Annual Transportation Report along with the following pertinent information pertaining to the arterial street system:

- Current list of Principal Intersections
- Existing ADT volumes and peak hour intersection volumes
- Current status of Critical Intersections

Current list of LFTM Program improvements
Costs and fees for LFTM Program improvements

The document is updated yearly and provides the basic administrative and technical resource for items referred to here in the Circulation Element.

Table C-3

CITY OF LAKE FOREST PERFORMANCE CRITERIA

Calculation Methodology

Level of service (LOS) to be based on peak hour intersection capacity utilization (ICU) values calculated using the following values:

Saturation Flow Rate: 1,700 vehicles/hour/lane
Clearance Interval: .05
Right-Turn-On-Red Utilization Factor*: .75
* "De-facto" right-turn lane is assumed in the ICU calculation if 19 feet from edge to outside of through-lane exists and parking is prohibited during peak periods.

Performance Standard

LOS "D" (peak hour ICU less than or equal to .90) for all intersections except Critical Intersections where LOS "E" (peak hour ICU less than or equal to 1.00) is acceptable with the requirement that regular monitoring take place.

Mitigation Requirement for Project Impacts

For ICU greater than the acceptable level of service, mitigation of the project contribution is required to bring intersection back to acceptable level of service or to no-project conditions if project contribution to the ICU is greater than .01.

~~Roadway Classifications~~

~~The arterial roadway system in Lake Forest is defined using a hierarchical classification system. The roadway categories are differentiated by size, function, and capacity. There are five basic categories in the hierarchy, ranging from an eight-lane divided roadway with the highest capacity, to a two-lane undivided roadway with the lowest capacity. The categories are summarized below:~~

~~***Eight-Lane Divided Roadway***. Typically constructed within a right-of-way width of 140 feet with a curb-to-curb pavement width of 120 feet with no on-street parking allowed. This type of roadway typically carries a heavy volume of traffic, a significant portion of which is regional in nature.~~

~~***Six-Lane Divided Roadway***. Typically constructed within a right-of-way width of 120 feet with a curb-to-curb pavement width of 102 feet with no on-street parking allowed. This type of roadway typically carries a significant volume of regional traffic.~~

~~***Four-Lane Divided Roadway***. Typically constructed within a right-of-way width of 100 feet with a curb-to-curb pavement width of 84 feet. Regional traffic will typically be less than for a six- or eight-lane roadway, but four-lane divided arterials form an important component of the regional transportation system.~~

~~***Four-Lane Undivided Roadway***. Typically constructed within a right-of-way width of 80 feet with a curb-to-curb pavement width of 64 feet. These roadways serve as collectors, distributing traffic between local streets, and four- to eight-lane divided arterials.~~

~~***Two-Lane Undivided Roadway***. A local roadway typically constructed within a right-of-way width of 60 feet with a curb-to-curb pavement width of 36 to 40 feet. This category of roadway is designed to provide access to individual parcels in the City. It is generally not included in the Circulation Element unless special circumstances require inclusion for system continuity.~~

~~Figure C-1 shows schematic cross sections of each category of arterial roadway. These sections represent desirable standards, but variation in right-of-way width and specific road improvements will occur in certain cases due to physical constraints and/or right-of-way limitations.~~

~~In particular, the median width in four-, six-, and eight-lane roadways will vary according to the area being served, right-of-way constraints, and turn lane requirements. Any of the arterial classifications may deviate from the standards where physical constraints exist or where preservation of community character dictates special treatment. Bikeways and sidewalks also affect the specific standards applied to various facilities. Another design consideration is the need to comply with MPAH capacity requirements. The over-riding circulation goal is that all roadways carry the designed volume of traffic at the desired level of service.~~

~~Performance Criteria~~

~~The circulation system must be evaluated to determine if the capacity can adequately handle anticipated traffic levels from planned development. Performance criteria are used to determine service by comparing capacity and projected traffic volumes. Performance criteria have a policy component establishing a desired level of service (LOS), and a technical component specifying how traffic data can be used to measure the achievement of the criteria.~~

~~The technical evaluation of the Lake Forest roadway system was conducted with volume-to-capacity (V/C) ratios. V/C ratios are calculated based on existing or future average daily traffic (ADT) volumes and daily capacity values for the various types of arterials. A level of service scale is used to evaluate roadway performance based on V/C ratios. The levels range from "A" to "F," with LOS A representing free flow conditions and LOS F representing severe traffic congestion. Descriptions of traffic flow for the different levels of service are provided in Table C-2.~~

~~Various LOS policy standards have been established for evaluating observed traffic conditions, future development plans, and circulation system modifications. At the regional planning level, the statewide Congestion Management Plan (CMP) specifies LOS E (V/C ratio less than or equal to 1.00) as the operating standard for roadways on the CMP highway system. Two Lake Forest arterials, El Toro Road and Trabuco Road west of El Toro Road, are included on the CMP highway network. At the county level, the Orange County Growth Management Program (GMP) has established LOS D (V/C ratio less than or equal to 0.90) as the lowest acceptable level of service.~~

~~For the Lake Forest General Plan, level of service is calculated from average daily traffic (ADT) volumes, consistent with long range planning of this type. This is in contrast to CMP and GMP analyses, which use short-range time frames and focus on peak hour volumes at intersections. The performance criteria for evaluating volumes and capacities of the Lake Forest roadway system are summarized in Table C-3. Three LOS levels are specified, one for two-lane and four-lane roadways (LOS C), a second for six-lane and eight lane roadways (LOS D), and a third for commercial roadways (LOS E).~~

~~The commercial qualifier recognizes that the peak hour-to-ADT relationships for commercial uses are different than for other land uses. Most commercial activity occurs after the morning peak hour and is somewhat continuous throughout the remainder of the day. The traffic impacts of commercial use are heavier during the non peak hours compared to most other land uses. The commercial designation is applied to corridors with significant amounts of commercial use and allows for a higher traffic volume.~~

~~Level of Service~~	~~Traffic Conditions~~	~~Value V/C~~
~~A~~	~~Primarily free flow operations at average travel speeds usually about 90 percent of free flow speed. Vehicles can maneuver unimpeded within the traffic stream. Delay at signalized intersections is minimal.~~	~~.00 - .60~~
~~B~~	~~Reasonably unimpeded operations at average travel speeds usually about 70 percent of free flow speed. Ability to maneuver is only slightly restricted and stopped delays are not bothersome. Drivers are not subjected to appreciable tension.~~	~~.61 - .70~~
~~C~~	~~Represents stable operations, however, ability to maneuver and change lanes in midblock locations may be more restricted. Longer queues and/or adverse signal coordination may contribute to lower average travel speeds of about 50 percent of free flow speed. Drivers will experience some appreciable tension.~~	~~.71 - .80~~
~~D~~	~~Borders on a range in which small increases in flow may cause substantial increases in approach delay, and hence, decreases in arterial speed. Causes range from adverse signal progression, inappropriate signal timing, high volumes, or any combination. For planning purposes, this Level of Service is the lowest that is considered acceptable. Average travel speeds are about 40 percent of free flow speed.~~	~~.81 - .90~~
~~E~~	~~Characterized by significant approach delays and average travel speeds of one third of free flow speed or lower, caused by adverse progression, high signal density, extensive queuing at critical intersections, inappropriate signal timing, or some combination.~~	~~.91 - 1.00~~

~~F~~	~~Characterized by arterial flow at extremely low speeds below one third to one quarter of free flow speed. Congestion is likely at critical signalized intersections, resulting in high approach delays. Adverse progression is frequently a contributor to this condition.~~	~~Above 1.00~~

~~SOURCE: Austin-Foust Associates~~

~~Table C-3 Circulation System Performance Criteria~~

~~Arterial Highway System Performance Standards~~

~~Level of Service C – Two-lane and four-lane roadways~~

~~Level of Service D – Six-lane and eight-lane roadways~~

~~Level of Service E – CMP highways and streets with commercial designations~~

~~Levels of service to be determined based on average daily traffic (ADT) volume-to-capacity (V/C) ratios. Level of service (LOS) ranges for ADT V/C ratios are as follows:~~

~~Level of Service ADT V/C Ratio~~

~~A .00 .60~~

~~B .61 .70~~

~~C .71 .80~~

~~D .81 .90~~

~~E .91 1.00~~

~~F Above 1.00~~

~~Table C-3 shows the ADT capacities to be used for calculating V/C ratios.~~

~~SOURCE: Austin-Foust Associates~~

~~Two level of service standards will be used to evaluate City roadways that are neither included on the CMP highway network nor designated as commercial corridors. The LOS D standard for six- to eight-lane divided roadways is consistent with the County GMP standard and applies to heavily traveled roadways with regional traffic. Regional roadways have a mix of daily traffic with a high proportion of vehicles passing through the City. For arterials primarily serving local traffic within the City, a LOS C performance standard is applied. The LOS C standard ensures that efforts are made to achieve traffic levels acceptable to the community.~~

~~The daily capacity values in Table C-4 are for calculating roadway V/C ratios. Due to the generalized nature of ADT capacities, the values are typically viewed as general rather than absolute guides for estimating levels of service and sizing the future roadway system. A more~~

~~detailed intersection evaluation (using peak hour data) will be carried out for individual projects, as mandated by the County GMP, and the City Public Facilities/Growth Management Element.~~

~~The operation of major roadways will be monitored. As the V/C ratio exceeds the LOS standards, roadway capacity will be expanded by restricting on-street parking, improving signal timing, widening intersections, and adding through and turn lanes. Where the City determines that proposed development projects will cause LOS standards to be exceeded, appropriate mitigation will be required to improve roadways to meet LOS standards.~~

~~Type of Arterial~~	~~ADT Capacity~~
~~8 Lane Divided Roadway~~	~~75,000~~
~~6 Lane Divided Roadway~~	~~56,300~~
~~4 Lane Divided Roadway~~	~~37,500~~
~~4 Lane Undivided Roadway~~	~~25,000~~
~~2 Lane Undivided Roadway~~	~~12,500~~

~~SOURCE: Austin-Foust Associates~~

~~Development proposals and amendments within Planned Communities will be reviewed for consistency with transportation infrastructure and fee requirements established in approved development plans and agreements.~~

~~Relationship to Land Use~~

~~Future traffic volumes and highway capacity needs are directly related to future land use. Table C-5 compares 1993 and planned development identified in the Land Use Element, and summarizes corresponding trip generation. Existing daily trip generation for the Planning Area combined is around 380,000 vehicle trips per day. Approximately 56 percent of existing trips is attributed to residential uses, with the remaining 44 percent generated by nonresidential uses. Buildout of the planned land uses will generate approximately 898,000 average daily trips, an increase of 136 percent.[1] The traffic increases are primarily due to future development in the northern portion of the Planning Area, with land in the City limits generating approximately 90 percent of the future traffic.[2]~~

~~The proposed Arterial Highway Plan presented in the next section is designed to accommodate the traffic from planned development.~~

~~Land Use Category~~	~~Units~~	~~1993~~		~~Buildout~~	
		~~Amount~~	~~ADT~~	~~Amount~~	~~ADT~~
~~Residential~~	~~DU~~	~~23,924~~	~~271,156~~	~~28,134~~	~~243,379~~

[1] General Plan Amendment 00-01A, Dated July 17, 2001
[2] General Plan Amendment 00-01, Dated May 2, 2000

~~Commercial/Office/Industrial~~	~~TSF~~	~~6,790~~	~~135,313~~	~~32,150~~	~~609,575~~
~~Other~~	~~Acre~~	~~2,322~~	~~33,227~~	~~2,586~~	~~41,452~~
~~*Total*~~			~~*379,696*~~		~~*894,406*~~

~~SOURCE: Austin-Foust Associates.~~

~~"Other" land use category refers to public facilities (schools, churches, etc.), community parks, and regional parks. Buildout residential units and ADT adjusted to reflect Annexation 01-01 (General Plan Amendment 01-01A).~~

~~DU = Dwelling Units~~

~~TSF = Thousand Square Feet~~

~~ADT = Average Daily Traffic~~

~~General Plan Circulation System~~

~~The circulation goals and policies emphasize the need for a circulation system capable of serving both existing and future traffic. Maintaining community values and aesthetic character must be balanced with expanding the circulation system. The location, design, and constituent modes of the circulation system have major impacts on air quality, noise, community appearance and other environmental resources. The Lake Forest Arterial Highway Plan delineates the planned circulation system.~~

~~The plan accommodates anticipated traffic levels and the hierarchical roadway classification system is implemented to avoid community impacts. Figure C-2 illustrates the plan including roadway segments with the commercial street designation.~~

~~Future arterials planned within the City limits are listed below:~~[3]

- ~~**Alton Parkway**—Construct as six-lane divided roadway from the City limits to the Foothill Transportation Corridor.~~[4]
- ~~**Rancho Parkway**—Construct as four-lane divided roadway from Dimension Drive to Bake Parkway and between Rancho Parkway and Portola Parkways.~~[5]
- ~~**Ridge Route Drive**—Construct four-lane divided arterial crossing of the San Diego Freeway.~~
- ~~**Dimension Drive**—Construct a four-land divided roadway between Alton and Bake Parkways.~~[6]

~~Improvements planned for existing roadways within the City limits are listed below:~~[7]

- ~~**El Toro Road**—Improve from six-lane divided to eight-lane divided roadway between the San Diego Freeway and Trabuco Road.~~
- ~~**El Toro Road**—Improve from two-lane undivided to six-lane divided roadway between Marguerite Parkway and Live Oak Canyon Road.~~

[3] General Plan Amendment 00-01A, Dated July 17, 2001
[4] General Plan Amendment 00-01A, Dated July 17, 2001
[5] General Plan Amendment 00-01A, Dated July 17, 2001
[6] General Plan Amendment 00-01A, Dated July 17, 2001
[7] General Plan Amendment 00-01A, Dated July 17, 2001

- ~~**Jeronimo Road** – Improve from four-lane undivided to four-lane divided roadway between Bake Parkway and Lake Forest Drive and from west of Ridge Route Drive to El Toro Road.~~
- ~~**Los Alisos Boulevard** – Improve from four-lane divided to six-lane divided roadway from the southern City limits to north of Rockfield Boulevard.~~
- ~~**Portola Parkway** – Improve from six-lane divided to eight-lane divided roadway between El Toro Road and the Foothill Transportation Corridor.~~
- ~~**Ridge Route Drive** – Improve railroad under-crossing from two-lanes to four-lanes.~~
- ~~**Ridge Route Drive** – Improve from four-lane undivided to four-lane divided roadway south of Toledo Way and south of Trabuco Road.~~
- ~~**Rockfield Boulevard** – Improve from four-lane undivided to four-lane divided roadway west of Los Alisos Boulevard.~~
- ~~**Santiago Canyon Road** – Improve from two-lane undivided to four-lane divided roadway west of Live Oak Canyon Road.~~

~~The roadway segments with the commercial street designation are listed below:~~

- ~~Bake Parkway – Between Portola Parkway and Rancho Parkway.~~
- ~~El Toro Road – Between the San Diego Freeway and Muirlands Boulevard.~~
- ~~Lake Forest Drive – Between the San Diego Freeway and Muirlands Boulevard.~~
- ~~Lake Forest Drive – Between Portola Parkway and Rancho Parkway.~~
- ~~Rancho Parkway – Between Bake Parkway and Portola Parkway.~~
- ~~Rockfield Boulevard – From the western City limit boundary to Ridge Route Drive.~~

~~Relationship with County MPAH~~

~~The Arterial Highway Plan is consistent with the County Master Plan of Arterial Highways. Specific issues related to MPAH consistency are described below:~~

- ~~**Bake Parkway and Lake Forest Drive** – These arterials are classified as four-lane divided roadways north of Trabuco Road on the MPAH. However, each is currently constructed with a six-lane section for 1,000 to 1,500 feet north of Trabuco Road, therefore these roadway segments north of Trabuco Road are designated as six-lane divided arterials on the Arterial Highway Plan. This designation represents a capacity enhancement to the MPAH.~~
- ~~**El Toro Road and Portola Parkway** – El Toro Road, between the Santa Ana Freeway and Trabuco Road and Portola Parkway between El Toro Road, and the Foothill Transportation Corridor are designated as six-lane divided roadways on the MPAH. However, the county is currently processing an amendment to the MPAH to add an eight-lane arterial classification to the County Transportation Element. Once that designation is in place, the County will begin processing City requests to reclassify roadways to the new eight-lane designation. The City of Lake Forest is preparing such a request for these two roadway segments.~~
- ~~**Ridge Route Drive** – Between Rockfield Boulevard and Trabuco Road, Ridge Route Drive is designated as a four-lane undivided arterial on the County MPAH. The divided roadway designation represents a capacity enhancement to the MPAH. Ridge Route Drive is given~~

~~the divided designation because most of the roadway is presently constructed as a four lane divided arterial.~~

Truck Routes

Lake Forest experiences moderate amounts of truck traffic generated by commercial and light industrial uses. Truck traffic ~~will~~ may increase in future years to support new businesses. Noise impacts and congestion can be caused by truck traffic in urban areas. To avoid such impacts, truck routes will be designated in the ~~Planning Area~~City through the process for the Foothill Growth Management Area.

To minimize noise impacts in residential areas, truck routes will be located along arterial roadways. In adopting a set of designated routes for truck traffic traveling through the City, steps will be taken to minimize the amount of truck traffic on arterials in residential areas that are sensitive to congestion and noise impacts.

1.3.3 Transit, Bicycle, Pedestrian, and Equestrian Facilities

One of the key components of the Circulation Plan is to promote the use of alternative transportation modes such as transit, bicycling, walking, and riding. Increasing the use of alternative transportation modes will produce a number of community benefits including reduced traffic, less need for costly roadway improvement projects and improved air quality. Facilities for bicycling, walking, and riding provide recreational opportunities as well.

Public bus service is provided by OCTA. An established network of bus routes provides access to employment centers, shopping and recreational areas within the City. As the eastern portion of the City developed and public transit services demand increased for the Foothill Ranch and Portola Hills communities, OCTA has established new bus routes to serve the areas north of Trabuco Road. Figure C-3 indicates the bus routes currently serving Lake Forest. A summary of approximate origin and destination is shown on Table C-~~6~~4. OCTA continually modifies the bus routes in order to meet the needs of the riders.

-Station Link is a fleet of special OCTA buses scheduled to meet Orange County Metrolink train commuters at their stations. Station Link buses are commuters' connections to major work, shopping, and transit connection to regional transportation centers, such as the Irvine Transportation Center.

Table C- OCTA Bus Service Through Lake Forest	
Line	***Origin/Destination***
Route 86	**Costa Mesa - Mission Viejo** via Alton Pkwy./Jeronimo Rd. ~~Mission Viejo to Irvine Civic Center via Jeronimo-Barranca-Alton~~
Route 89	Laguna Beach to Mission Viejo via Laguna Canyon Rd.-El Toro Rd.
Route 177	Laguna Hills to Foothill Ranch via Los Alisos-Murilands-Lake Forest Drive
Route 206	Santa to Lake Forest Express via 5 freeway~~Irvine to Portola Hills via Bake Parkway Portola-Glenn Ranch~~
Route 188	Laguna Hills to Irvine Spectrum via Rockfield-Ridge Route-Trabuco-Alton
Route ~~188~~480	Irvine Transportation Center to Lake Forest via Alton Pkwy/Bake Pkwy/Lake Forest Dr ~~Laguna Hills to Irvine Spectrum via Rockfield-Ridge Route-Trabuco-Alton~~
SOURCE:	~~General Plan Amendment 01-01A, dated July 17, 2001~~ GPA 2008-02

The City will advocate that the planned Urban Rail and Metrolink systems serve the transit needs of Lake Forest through continued coordination with OCTA and regional planning forums.

The planned bikeway system within the ~~Planning Area~~City is illustrated in Figure C-4. Table C-~~7~~ 5provides descriptions of the three bikeway classifications presently implemented in Orange County. As Figure C-4 indicates, the bikeway system is comprised of a network of Class II bike lanes along arterial roadways. Class I off-road bike trails are described in the Recreation and Resources Element.

The City will continue to enhance the bikeway system as roadway improvements occur. Bikeway system projects will focus primarily on the closing of gaps in the existing system (e.g., the railroad under-crossing at Ridge Route Drive and along Rockfield Boulevard), making City bikeways continuous with the regional bikeway system (e.g., bikeway connections on the planned extension of Alton Parkway south of the Foothill Transportation Corridor~~ and connection of Ridge Route Drive across the San Diego Freeway)~~, and eliminating on-street parking in marked bicycle lanes where accepted standards indicate that such parking is not advised.

Figure C-3 Existing OCTA Transit Routes
(all figures located at end of document)

Figure C-4 Planned Bikeways
(all figures located at end of document)

Enhanced local bicycle, pedestrian and riding linkage is planned. The goal is to link residential areas, schools, parks and commercial centers so that residents can travel within the community without driving. ~~The Ridge Route spine trail, which is specifically addressed in the Recreation and Resources Element, will provide important~~ New east-west trail access is desired and will be sought with new development.. New development projects will be required to include bicycle, pedestrian and riding trails and homeowners associations will be encouraged to construct linkage to adjacent areas where appropriate.

Table C- Bikeway Classification Descriptions
Class I Bike Path or Bike Trail
Provides a completely separated right-of-way designated for the exclusive use of bicycles and pedestrians; crossflows with motorized vehicles minimized.
Sizing: Minimum width for Class I (two-way) is eight feet. Desirable width is 10-12 feet. Minimum shoulder width of two feet each side. Minimum width for Class I (one-way) is five feet. Minimum shoulder width of two feet each side.
Class II Bike Lane
Provides a restricted right-of-way on a roadway's shoulder designated for the exclusive or semi-exclusive use of bicycles with through travel by motor vehicles or pedestrians prohibited; vehicle parking and crossflows by pedestrians and motorists permitted. Vehicle parking in a Class II bike lane is not desirable and should be discouraged. Additional lane width (12 feet minimum and 13 feet desirable) shall be required if on-street parking is permitted.
Sizing: Typical width of eight feet. A reduction in width to allow for restriping of an existing roadway or for added turning lanes may be permitted. In such cases, a five-foot width, or gutter width plus three feet, whichever is greater, is the minimum width.
Class III Bikeway
Provides for shared use of roadway facilities. These bikeways share the street with motor vehicles or share the sidewalk with pedestrians. In both of these conditions, bicycle use is a secondary function of the pavement.
SOURCES: Caltrans "Planning and Design Criteria for Bikeways in California" County of Orange adopted standard Plans for Bikeways

1.3.4 Parking

Adequate parking is an essential part of urban circulation systems. Vehicle storage areas are required at residential communities, public facilities, parks, commercial areas and employment centers. Without adequate parking, drivers are forced to park cars on-street and traffic flow can be consequently impeded.

In new development projects, sufficient off-street parking will be required and the parking ordinance will be periodically reviewed and amended to reflect current circulation needs. Shared parking access between parking areas of adjacent properties will be required along arterial roadways.

A provision for shared parking allowances ~~will be added to~~is included in the parking ordinance. When monitoring the performance of arterial roadways, the City will consider eliminating on-

street parking to increase traffic flow, particularly when such parking occurs within marked bicycle lanes, where accepted standards indicate that such parking is not advised.

1.3.5 Transportation System and Demand Management

The efficiency of the circulation system will be maximized with transportation system management (TSM) and transportation demand management (TDM) strategies. TSM involves physical improvements to the circulation infrastructure to expand capacity and increase traffic flow while TDM involves reducing the demand for vehicular transportation. In addition to enhancing the operation of the circulation system, TSM and TDM strategies provide relief from increasing demands for more improvements to transportation facilities.

Traffic signal coordination and intersection capacity improvements will be implemented as needed to maintain traffic flow.

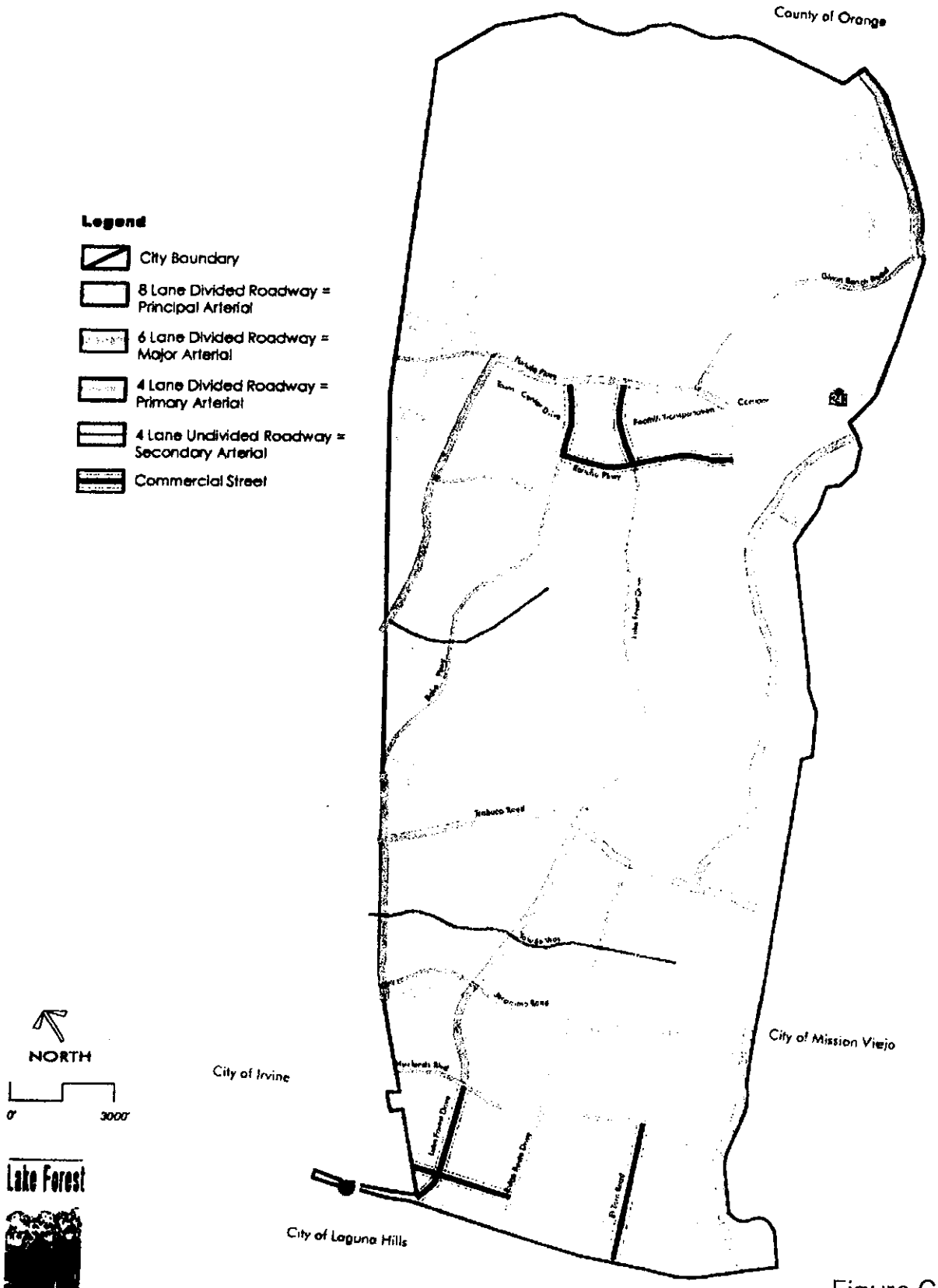
Traffic fees for traffic impacts of new development will be collected according to established local and regional fee programs. The City will support the implementation of the employer TDM provisions of the South Coast Air Quality Management District Air Quality Management Plan and participate in regional efforts to implement TDM requirements. Programs to increase transit ridership and use of non-vehicular transportation such as walking and bicycling will be actively pursued.

1.3.6 Transportation Financing

Implementing circulation improvements to accommodate planned growth will require financing. Funding for transportation improvements is available from several local, state, and federal sources. The City will identify available funding sources and establish a Development Mitigation Program (LFTM), and maintain the Comprehensive Phasing Program, Performance Monitoring Program, and Capital Improvement Program to guide construction and funding of transportation system improvements. More information about these programs is provided in the Public Facilities/Growth Management Element.

The standards and programs required to qualify for revenue from the Congestion Management Plan and Measure M will be applied in the ~~Planning Area~~City. Circulation improvements to accommodate new development projects will be constructed and/or funded by project proponents. Fees will be collected for traffic impacts of new development in accordance with established fee programs.

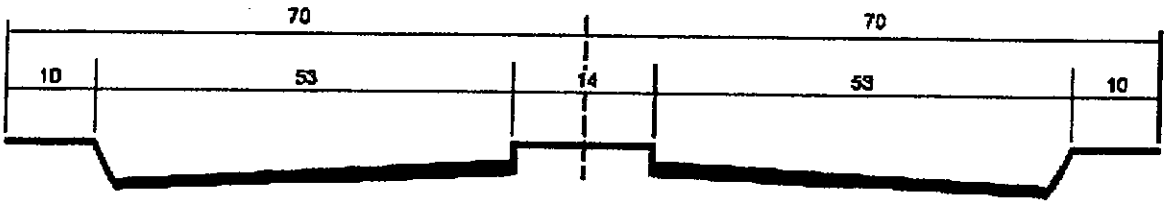
L:\Dev-Srvs\Opportunities Study\General Plan Amendment\Public Review Versions\Circulation Elt\Circulation Element Redline-FINAL.doc



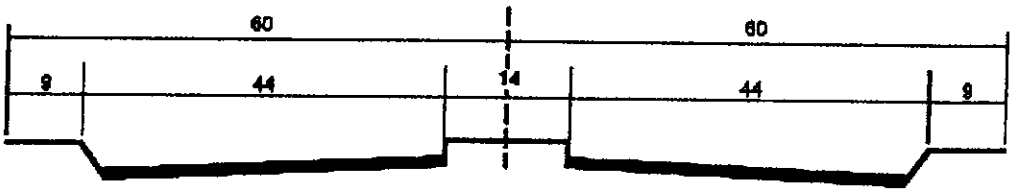
Lake Forest General Plan

Source: Austin-Foust Associates

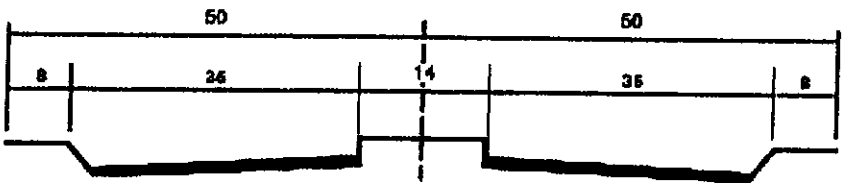
Figure C-1
Arterial Highway Plan



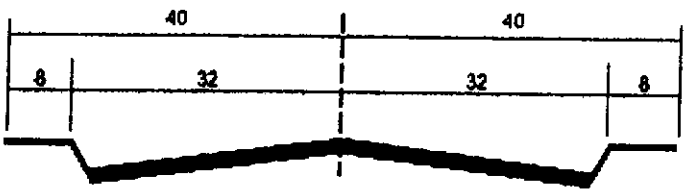
Eight-Lane Divided Roadway 140' R/W
Principal Arterial



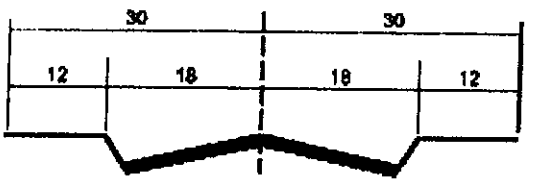
Six-Lane Divided Roadway 120' R/W
Major Arterial



Four-Lane Divided Roadway 100' R/W
Primary Arterial



Four-Lane Undivided Roadway 80' R/W
Secondary Arterial



Two-Lane Undivided Roadway 60' R/W

Lake Forest General Plan

Source: Austin-Foust Associates

Figure C-2
Typical Cross-Sections

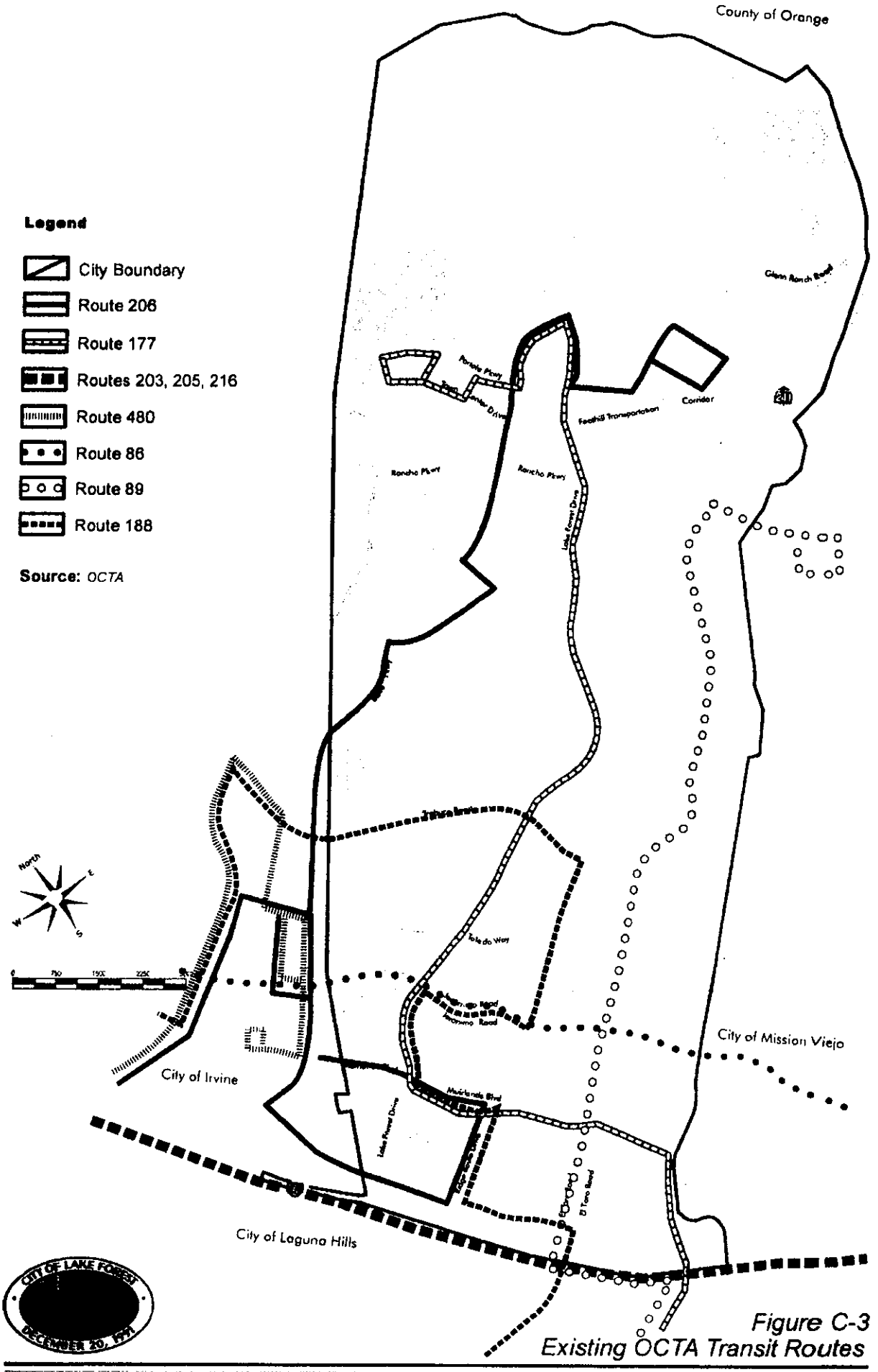
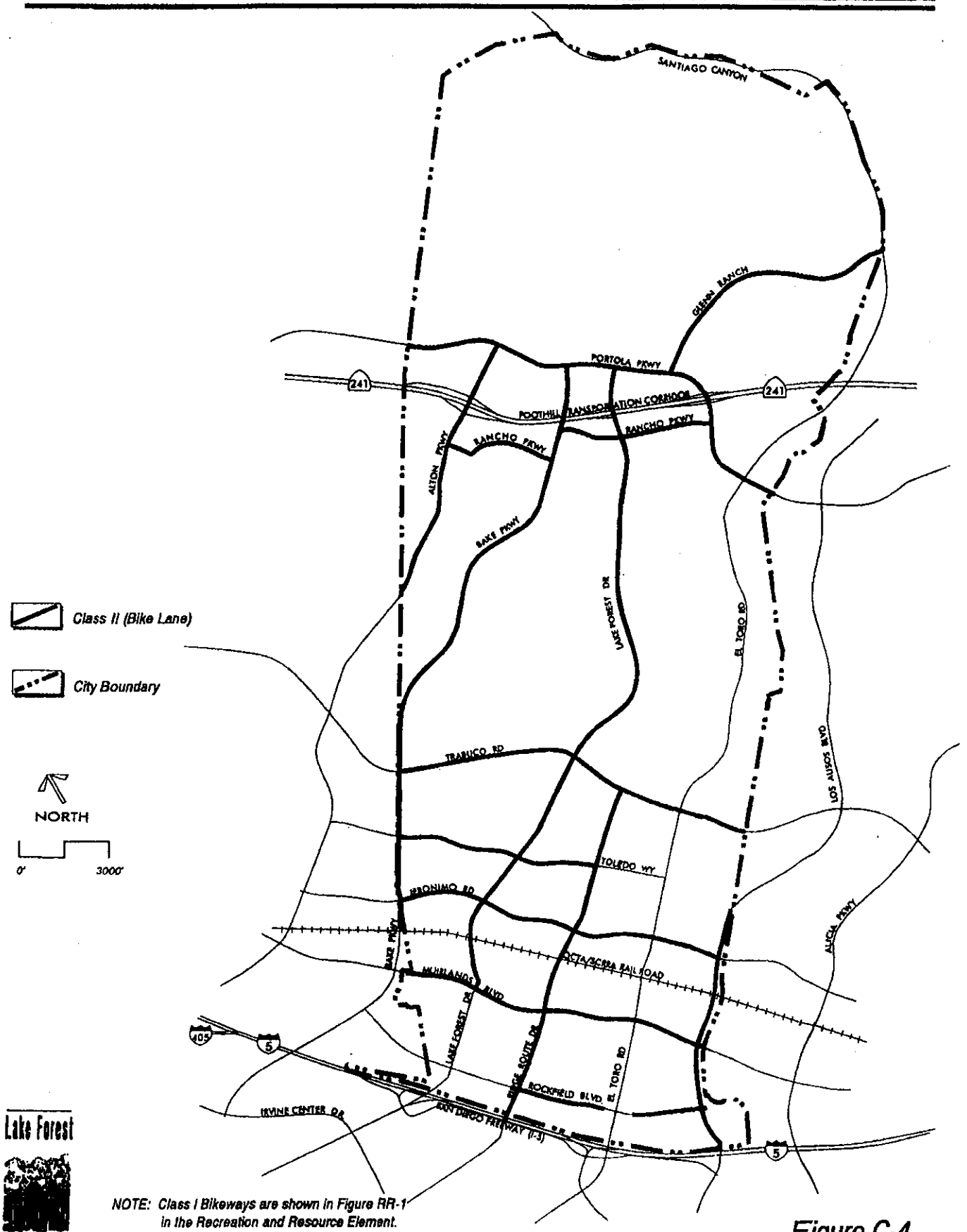


Figure C-3
Existing OCTA Transit Routes



Lake Forest

General Plan

NOTE: Class I Bikeways are shown in Figure RR-1 in the Recreation and Resource Element.

SOURCE: Austin-Foust Associates

Figure C-4
Planned Bikeways

ATTACHMENT 3 TO EXHIBIT A

Redline/Strikeout version of Recreation and Resources Element for GPA 2008-02

RECREATION AND RESOURCES ELEMENT

1.1 INTRODUCTION

Some of Lake Forest's most valuable assets are plentiful parks, recreational facilities, eucalyptus trees, created lakes, natural open space, and panoramic mountain views. The Recreation and Resources Element focuses on the protection and enhancement of open space and natural resources to ensure a high quality living environment in future years. Parks and facilities for recreational activities are particularly important because of the significant family population living in Lake Forest. Community involvement is a historic tradition. Continued cultivation of human resources in addition to environmental resources will foster community stability and vitality.

1.1.1 Purpose of the Recreation and Resources Element

The Lake Forest Recreation and Resources Element meets state requirements for the Conservation and Open Space Elements as defined in Sections 65302(d) and 65302(e) of the Government Code. According to these requirements, the Conservation Element must contain goals and policies to protect and maintain state natural resources such as water, soils, wildlife and minerals, and prevent wasteful resource exploitation, degradation and destruction. The Open Space Element must contain goals and policies to manage open space areas, including undeveloped lands and outdoor recreation areas. Specifically, the Open Space Element must address open space that is used for the preservation of natural resources, the managed production of resources, and open space maintained for public health and safety reasons. ~~The last category of open space is also addressed in the Lake Forest Safety and Noise Element.~~

The recreation component of the Recreation and Resources Element is not mandated by state planning law. The City elected to include the recreation component because of the importance of recreational facilities in the community, and the close relationship between parks and open space. The recreation component of the element includes policies to ensure adequate recreational facilities are available to meet the needs of the existing and future population, and a recreation plan that identifies existing and planned park and recreational facilities.

While air quality is not a state-mandated element, the South Coast Air Quality Management Plan (AQMP) requires air quality to be addressed in General Plans. Air quality is included as a sub-element of the Lake Forest Recreation and Resources Element to fulfill AQMP requirements. The purpose of the air quality sub-element is to reduce pollutant levels through stationary source, mobile source, transportation and land use control measures, and energy conservation measures.

1.1.2 Scope and Content of the Element

The Recreation and Resources Element expresses community goals to protect environmental resources and open space while providing opportunities for economic development and growth. Resource issues addressed in the element include parks and other open space, natural resources

and features, historic and Archaeological resources, and paleontologic resources. Lake Forest utilizes and affects environmental resources outside its boundaries. As a result, some regional resource issues are addressed in this element including regional air quality and regional landfill capacity. One of the most important resources in Lake Forest is human resources. The element specifically addresses continued development and enhancement of public involvement in civic activities.

The Recreation and Resources Element is comprised of three sections: (1) Introduction; (2) Issues, Goals, and Policies; and (3) the Recreation and Resources Plan. In the Issues, Goals, and Policies section, community recreation needs and resource management issues are identified, and corresponding goals and policies are established. The goals, which are overall statements of the City desires, are comprised of broad statements of purpose and direction. The policies serve as guides for planning recreational facilities, enhancing the natural amenities of Lake Forest, and minimizing the environmental effects of planned development. The Plan explains how the goals and policies will be achieved and implemented. Specific implementation programs are located in the General Plan Implementation Program.

1.1.3 Related Plans and Programs

There are a number of existing plans and programs that directly relate to the Recreation and Resources Element. These plans and programs are enacted through federal, state and local legislation, and administered by agencies or special districts. Federal laws pertaining to the protection of significant resources include the Endangered Species Act of 1973 (as amended in 1978), the Antiquities Act and the National Historic Preservation Act of 1966, and the National Environmental Policy Act. Other related plans and programs are described below.

The Quimby Act

The Quimby Act (State of California Planning and Zoning Law Section 66477) allows the legislative body of a city or county to require by ordinance the dedication of land, the payment of fees in lieu thereof, or a combination of both for park and recreational purposes as a condition to the approval for a final tract map or parcel map. In cases where such dedications or fees were not obtained for particular lots through a map, they may be imposed when building permits are issued. Among other requirements, the following conditions must be met:

- The ordinance includes definite standards for determining the proportion of a subdivision to be dedicated and the amount of any fee to be paid in lieu thereof
- The legislative body has adopted a General Plan containing a recreation element, and any proposed park or recreational facilities must be consistent with the principles and standards established in the element

American Disabilities Act (ADA)

The American Disabilities Act of 1991 was adopted to make public areas, including parks and play areas, accessible to all persons. Playground equipment, trails and facilities must be usable by adults and children with disabilities under ADA. Designing accessible recreational facilities and retrofitting existing facilities is addressed in the Recreation and Resources Element.

California Environmental Quality Act and Guidelines

The California Environmental Quality Act (CEQA) was adopted by the state legislature in response to a public mandate for thorough environmental analysis of projects impacting the environment. The provisions of the law and environmental review procedure are described in the CEQA Law and Guidelines as amended~~ in 1998~~. CEQA will continue to be instrumental in ensuring that the environmental impacts of local development projects are appropriately assessed and mitigated.

U.S. Fish and Wildlife and California Fish and Game Regulations

Both the U.S. Fish and Wildlife Service and California Department of Fish and Game have regulations ~~of codes~~ to protect wildlife resources. Special permits are required for the alteration of any lake or stream, dredging or other activities that may affect fish and game habitat. Both ~~departments~~ agencies also regulate impacts to sensitive plant and animal species. Future development in Lake Forest potentially affecting wildlife habitat will be subject to the regulations of both ~~departments~~agencies.

Integrated Waste Management Plan

The California Integrated Waste Management Act (Assembly Bill 939) changed the focus of solid waste management from landfill to diversion strategies such as source reduction, recycling and composting. The purpose of the diversion strategies is to reduce dependence on landfills for solid waste disposal. AB 939 ~~establishes~~established mandatory diversion goals of 25 percent by 1995 and 50 percent by 2000. The ~~County has prepared~~first reporting year for the ~~Integrated Waste Management Plan (IWMP)~~City of Lake Forest was 1997-98. That year, the City accomplished a diversion rate of 62% and ~~each city must prepare a Source Reduction Recycling Element (SRRE), which becomes~~has achieved a ~~component~~minimum of 62% in every reporting year since. The City has an adopted Source Reduction Recycling Element (SRRE) that is in compliance with the ~~IWMP~~ State requirements. *(Source: ciwmb website, www.ciwmb.ca.gov/LGCentral. Jurisdiction Diversion Rate Summary)*

Surface Mining and Reclamation Act (SMARA)

The California Surface and Mining Reclamation Act of 1975 requires local governments to address mineral recovery activities through the direct regulation of mining operations, and through planning policies balancing state mineral resources needs with environmental quality. SMARA requires cities and counties to adopt ordinances, conforming to state policy, for the review and

approval of reclamation plans and permits. The mining operation in Lake Forest is subject to SMARA.

National Pollutant Discharge Elimination System

Under the NPDES Stormwater Permit issued to the County of Orange and the City of Lake Forest as a co-permittee, all development and significant redevelopment must be implemented with run-off pollution control measures known as Best Management Practices (BMPs). Proposed development projects (public and private) within Lake Forest must incorporate structural and non-structural BMPs to preclude significant water quality impacts from non-point source pollutants. The County Drainage Area Master Plan ~~identifies~~and Local Implementation Plan identify acceptable BMPs and methods to incorporate BMPs into proposed projects.

South Coast Air Quality Management Plan

The South Coast Air Quality Management Plan (AQMP) mandates a variety of measures to reduce traffic congestion and improve air quality. These measures include the Regulation ~~XV~~XXII – On-Road Motor Vehicle Mitigation Options, which provides employers of 250 or more persons with a menu of options to reduce mobile sources emissions generated from employee commutes~~V Commuter Program, which requires employers of more than 100 persons to prepare trip reduction plans, and requires each jurisdiction to develop an Air Quality component within its General Plan~~. Air Quality is included as a sub-element of the Recreation and Resources Element of the Lake Forest General Plan to fulfill AQMP requirements.

County of Orange Master Plan of Local Parks

The County of Orange Master Plan of Local Parks provides goals, objectives, policies, and implementation programs for a comprehensive Countywide Park Plan. In conjunction with the County Local Park Code, the Plan provides an adequate supply of usable County parkland. The Master Plan provides a regional park planning context for the Lake Forest Recreation and Resources Element. In turn, the Lake Forest Recreation and Resources Element implements portions of the County Plan.

County of Orange Master Plan of Regional Riding and Hiking Trails

The County of Orange Master Plan of Regional Riding and Hiking Trails provides policies and programs to implement the future development and operation of the County-wide trails system. This County Plan includes an inventory of existing and proposed trails, and standards and criteria for new trails. ~~The~~ Lake Forest ~~Planning Area~~ is served by the County trails system.

County of Orange Recreation Element

The Recreation Element of the County of Orange General Plan provides an inventory of existing and proposed parks and open space, and includes the Local Parks and Trails Master Plans. Several

County parks are located in ~~the~~ Lake Forest ~~Planning Area~~ and are subject to the County Recreation Element.

County of Orange General Plan Resources Element

The Resources Element of the County of Orange General Plan includes an inventory of the County-wide resources such as agricultural, mineral, wildlife, energy, water, air, open space, and cultural-historic resources. The element also includes goals, policies, and programs for development, management, preservation, and conservation of the County resources. This element provides sources of regional information affecting Lake Forest

~~County of Orange~~ Central/Coastal ~~Sage Scrub~~Subregion Natural ~~Community~~Communities Conservation Program (NCCP)

~~The purpose of the County~~/Habitat Conservation Plan (HCP)~~Orange County Natural Communities Conservation Program; and Orange County Central Coastal Sage Scrub NCCP Subregional Plan~~

The purpose of the Central/Coastal Subregion~~Orange County~~ Natural Communities Conservation Program (NCCP) is to protect and perpetuate sensitive plant and animal species (particularly the California gnatcatcher, cactus wren, and orange-throated lizard) in the coastal sage scrub of Orange County. The NCCP Habitat Conservation Plan (HCP) establishes a regional habitat planning and management system while allowing growth and development. The Central/Coastal Subregion~~Orange County~~ NCCP, part of a comprehensive NCCP/HCP for the entire ~~southern~~Southern California region, is based on voluntary and collaborative participation among property owners, local governments, state and federal agencies, and environmental organizations. Lake Forest is ~~considering participation~~a participant in the NCCP~~, which will affect management of the coastal sage scrub habitat in the sphere of influence~~/HCP.

Planned Communities

Lake Forest has been primarily developed as a series of Planned Communities prior to incorporation. The Planned Communities comprising the incorporated City include Lake Forest, El Toro, Baker Ranch, Pacific Commercentre, Rancho de los Alisos, Rancho Serrano, Serrano Highlands, Foothill Ranch, and Portola Hills~~, and the Foothill/Trabuco Specific Plan area~~. Pursuant to CEQA, Environmental Impact Reports (EIRs) have been prepared for the Planned Communities. The EIRs contain analysis of the potential environmental impacts from development and contain requirements to avoid or reduce the environmental impacts. ~~Most of the~~If future development in Lake Forest ~~will be~~proceeds under one of these Planned Communities ~~and consequently~~it will be subject to the mitigation measures of the corresponding EIRs~~.~~. Future residential development which is not a part of one of the existing Planned Communities or which involves amendments to Planned Community documents will require additional environmental analysis to determine whether a new EIR is required.

1.1.4 Relationship to Other General Plan Elements

The Recreation and Resources Element must be consistent with the other General Plan elements and all elements of the General Plan are interrelated to a degree. Certain goals and policies of each element may also address issues that are the primary subjects of other elements. The integration of overlapping issues throughout the General Plan elements provides a strong basis for the implementation of plans and programs, and achievement of community goals. The Recreation and Resources Element relates most closely to the Land Use, Safety and Noise, Circulation, and Public Facilities/Growth Management Elements.

The Land Use Element provides a planned land use pattern with the following specific designations: Community Park/Open Space, Regional Park/Open Space, and Open Space. The park and open space designations are applied to public and private land that is intended for recreational uses. The designations are also applied to areas with high resource and aesthetic value for preservation purposes. In addition, policy established in the Land Use Element requires City decision makers to minimize the impact of new development on unique topographical, biological. and cultural resources.

Natural resource conditions are also considered in the Safety and Noise Element. ~~Policy~~Policies in the Safety and Noise Element minimizes potential hazards from geologic and floodway conditions. Emergency preparedness requires public education and involvement, which overlaps with the human resource goals identified in the Recreation and Resources Element.

Air quality, a major regional concern, is specifically addressed in the Recreation and Resources Element. Local efforts to improve air quality will involve improvements to the local street system to maintain efficient traffic flow, increased use of alternative transportation modes, the creation of new jobs in Lake Forest to improve the jobs-to-housing balance, and continued coordination with other jurisdictions to implement regional programs. Policies and plans in the Land Use, Circulation, and Public Facilities/Growth Management Elements support the achievement of these air quality strategies.

1.2 ISSUES, GOALS, AND POLICIES

The following six major issues are addressed by the goals, policies and implementation actions of the Recreation and Resources Element: (1) providing opportunities for recreation in Lake Forest; (2) ensuring the preservation and enhancement of the natural resources and features, such as water, lakes, the urban forest, energy, plant and animal habitats, minerals,[1] and soils; (3) ensuring the conservation of important historic, ~~Archaeological~~archaeological, and paleontologic resources; (4) utilizing the human resources, such as homeowner associations, community groups, and business groups within Lake Forest; (5) reducing the amounts of solid waste generated by the community through recycling and other methods; and (6) improving air quality. Each issue and the

[1] General Plan Amendment 96-01, dated October 29, 1996

related goals, policies and implementation actions are identified and discussed in the following section.

1.2.1 Parks and Open Space

Lake Forest has many public parks, lakes, urban forests, and a number of the major homeowner associations operate recreational facilities for use by those living within their areas. Physical fitness, athletics, and sports are important active recreational pursuits, while facilities for passive recreational activities are also necessary. Identifying ways to best utilize, improve, and broaden the overall recreational system in the community is an important effort.

GOAL 1.0 Ample recreational and cultural opportunities and facilities.

Policy 1.1 Promote the development and maintenance of a balanced system of public and private recreational lands, facilities, and programs to meet the needs of the Lake Forest population.

Policy 1.2 Maximize the utilization of existing parks, recreational facilities, and open space within Lake Forest.

Policy 1.3 Operate and maintain public park and recreational facilities in a manner that ensures safe and convenient access for all members of the community.

Policy 1.4 Require parkland improvements and facilities that are durable and economical to maintain.

Policy 1.5 Promote a high level of public outreach regarding park and recreation opportunities in Lake Forest.

Policy 1.6 Promote the future development of community centers as focal points for local activities.

Policy 1.7 Develop a network of multi-purpose trails to provide convenient, safe access to recreational, residential, and commercial areas.

Policy 1.8 Provide a positive environment to prevent anti-social forms of behavior (gangs, graffiti, juvenile delinquency).

Policy 1.9 Preserve all designated open space areas until sufficient parkland exists in the City to meet the established parkland standard to provide adequate recreational opportunities for the community except any land within the Regional Park/Open Space designation requiring reconfiguration to create a continuous open space link.[2]

1.2.2 Natural Resources and Features

Lake Forest contains many important natural resources and features, including its eucalyptus forest and other trees, lakes, creeks, canyons, hillsides, mineral resource areas, and other open

[2] General Plan Amendment 00-01, dated May 2, 2000

lands. These resources add to the value of property, provide visual changes in an urban environment that create interest, and offer important landmarks that communicate a sense of place and location within the community. These important resources can be preserved or enhanced to maintain the natural physical and visual quality of Lake Forest.

GOAL 2.0 Preservation and enhancement of important natural resources and features.

Policy 2.1 Conserve and protect important natural plant and animal communities, such as areas supporting rare and endangered species, riparian areas, wildlife movement corridors, wetlands, and significant tree stands through appropriate site planning and grading techniques, re-vegetation and soil management practices, and other resource management techniques.[3]

Policy 2.2 Coordinate water quality and supply programs with the responsible water agencies.

Policy 2.3 Encourage the expansion of reclaimed water production and use.

Policy 2.4 Conserve and protect important topographical features, watershed areas, and soils through appropriate site planning and grading techniques, re-vegetation and soil management practices, and other resource management techniques.

GOAL 3.0 Extraction of mineral resources and reclamation of mined land, while preserving the City's plans for future use as described in the Land Use Element.[4]

Policy 3.1 Provide for the conservation and development of significant identified mineral resource sites within Lake Forest.

Policy 3.2 Provide for the reclamation of mineral resource sites in concert with future use as described in the Land Use Element and required environmental mitigation.

Policy 3.3 Regulate mineral extraction activities to minimize hazards and conflicts with other land uses by the issuance of sand and gravel site permits.

Policy 3.4 Address and mitigate the significant environmental effects of surface mining operations.

Policy 3.5 Promote land use decisions that ensure, to the greatest extent possible, compatibility between mineral resource extraction and adjacent land uses.

[3] General Plan Amendment 00-01, dated May 2, 2000
[4] General Plan Amendment 96-01, dated October 29, 1996

1.2.3 Historic, Archaeological, and Paleontologic Resources

Lake Forest contains several important historic, ~~Archaeological~~archaeological, and paleontologic resources and potential resource areas that should be conserved to provide a link to the community's history and heritage.

Conservation of these resources and investigation of potential resource areas represents an important undertaking for connection with the community's past.

GOAL 4.0	Conservation of important historic, ~~Archaeological~~archaeological, and paleontologic resources.

Policy 4.1 Protect areas of important historic, ~~Archaeological~~archaeological, and paleontologic resources.

Policy 4.2 Identify, designate, and protect buildings or sites of historical significance.

1.2.4 Human Resources

Lake Forest has many homeowner associations, community groups, and business groups, which represent important resources for accomplishing long term community goals. These groups often include volunteer leaders and workers who have a distinct understanding of their neighborhoods and areas. These significant human resources may be used to establish and achieve community goals.

GOAL 5.0	Active citizen involvement to establish and achieve community goals.

Policy 5.1 Solicit citizen participation during the early stages of major public or private development projects and regulatory programs.

Policy 5.2 Utilize homeowner associations, community groups, and business groups as sources of individual volunteers for important appointed positions on City commissions, boards, and task forces.

Policy 5.3 Develop appropriate vehicles, such as newsletters, information brochures, cable television programming and announcements, and other methods, to communicate important information to the population of Lake Forest.

1.2.5 Solid Waste

To maintain the long term quality of life in Lake Forest, the community must manage the generation, use, and disposal of solid waste. Recycling, reuse and reduction of solid waste, including landscaping refuse, can dramatically reduce the amount of material that will otherwise use expensive land fill space.

GOAL 6.0 Reduction of the per capita volume of solid waste produced in the community.

Policy 6.1 Reduce the per capita production of solid waste in Lake Forest in concert with the County of Orange source reduction and recycling plans for reducing solid waste.

1.2.6 Air Quality

Air quality within the South Coast air basin does not presently meet state and federal standards. Cooperation among all agencies in the basin is necessary to achieve desired improvements to air quality. Lake Forest can participate and contribute its share in those efforts by proper planning for land use, transportation and energy use.

GOAL 7.0 Improvement of air quality.

Policy 7.1 Cooperate with the South Coast Air Quality Management District and Southern California Association of Governments in their efforts to implement the regional Air Quality Management Plan.

Policy 7.2 Cooperate and participate in regional air quality management planning, programs and enforcement measures.

Policy 7.3 Utilize transportation demand management to influence transportation choices related to mode and time of travel.

Policy 7.4 Implement Citywide traffic flow improvements.

Policy 7.5 Implement land use policy aimed at achieving a greater balance between jobs and housing in Lake Forest.

Policy 7.6 Integrate air quality planning with land use and transportation planning.

Policy 7.7 Promote energy conservation and recycling by the public and private sector in Lake Forest.

1.2.7 Related Goals and Policies

The goals and policies described in the Recreation and Resources Element are related to and support subjects included within other General Plan elements. In turn, many goals and policies from the other elements directly or indirectly support the goals and policies of the Recreation and Resources Element. These supporting goals and policies are identified in Table RR-1.

Table RR-1 Recreation and Resources Related Goals and Policies by Element

Recreation and Resource Issue Area	*Related Goals and Policies by Element*					
	Land Use	*Housing*	*Circulation*	*Recreation and Resources*	*Safety and Noise*	*Public Facilities/ Growth Management*
Parks and Open Spaces	1.1, 2.2, 3.3		4.2			
Natural Resources and Features	1.1, 2.2, 3.1, 4.2				1.1, 1.2	4.1
Historic, Archaeological, and Paleontological	1.1, 2.2, 3.1, 4.2					
Human Resources					4.2	
Solid Waste					2.3	
Air Quality		1.5	1.1–1.3, 2.1–2.3, 3.1–3.4, 4.1–4.3, 6.1–6.3			7.1, 8.1, 9.1, 9.2

1.2.8 Recreation and Resources Plan

The combination of unique environmental amenities, rich community heritage, and modern development give Lake Forest a positive, enduring identity. The Recreation and Resources Plan establishes an approach to build on these positive assets by conserving environmental quality and developing new recreational opportunities. The Plan addresses the specific recreation and resource issues identified in the previous section. The related goals and policies serve as the basis of the Plan and are supported by approaches to obtain and develop new parkland, and protect and enhance natural areas, water, air, mineral,[5] historic remains and present-day human resources. The Recreation and Resources Implementation Program, which is part of the General ~~Program~~Plan Implementation Plan, is an extension of this Plan and contains specific programs to achieve recreational and environmental goals.

1.2.9 Parks and Open Space

Parks and open space are an important community amenity. In addition to providing opportunities for recreation and leisure, parks and open space enhance aesthetics and community character. This section of the Recreation and Resources Plan describes the strategy to broaden recreational opportunities in the ~~Planning Area~~City. Strategies include developing new parks and a community center, and establishing better trail ~~linkage~~linkages between recreation areas. Maintenance of existing facilities is also emphasized.

[5] General Plan Amendment 96-01, dated October 29, 1996

Relation to Planned Land Use

Land for parks and recreational facilities is included in several Open Space designations in the Land Use Element. The Open Space designations encompass land presently used and planned for parks and recreational facilities. The Community Park/Open Space designation provides for public recreational uses designed to meet the active and passive recreational needs of the community. This designation includes all public parkland, open space, and associated public recreational activities, such as indoor and outdoor sport facilities, museums, theaters, and similar uses.

The Regional Park/Open Space designation provides for public recreational uses designed to meet the active and passive recreational needs of both the community and other nearby areas in the region. This designation includes the Limestone/Whiting Regional Wilderness Park and County open space along Serrano and Aliso Creeks. Land with the Regional Park designation is generally maintained as natural open space with minimal improvements.

The Open Space designation in the Land Use Element is applied to open space that is held under private ownership and includes facilities for active and passive recreational facilities. Uses include sport facilities, lakes, club houses, meeting rooms, outdoor gathering areas, and landscaped areas. The recreation component of this element primarily addresses public open space under the Community Park and Regional Park designations.

Recreation Plan

Lake Forest residents enjoy a variety of parks and trails with different amenities. Table RR-2 summarizes the existing City parks and recreational facilities and identifies the location, acreage, and facilities. Approximately ~~174~~200 acres of public parkland have been developed. In addition, the County operates several large regional parks within and around the ~~Planning Area~~City. Limestone/Whiting Wilderness Park encompasses 1,101 acres of natural land in the ~~Planning Area~~City.[6] Private parks are also distributed throughout the ~~Planning Area~~City in various Planned Communities.

Non-redline versions of the tables are located at end of the document.

Table RR-2 Existing City Parks and Recreational Facilities

Name	*Location*	*Acres*	*Facilities*
Alton Park	Alton Parkway between Bonita Vista and Mallorca	2	Tot lot, half-court basketball
Borrego Park	Bake Parkway near Burbank	11	Baseball field, basketball court, play area, restrooms
Borrego Wash	Borrego Wash at City Boundary	14.3~~.8~~	Class-I Bikeway, respite areas, passive open space.
Cavanaugh Mini Park	23782 Cavanaugh Rd.	0.2	Play apparatus and ½ court basketball

[6] General Plan Amendment 01-01A, dated July 17, 2001

Non-redline versions of the tables are located at end of the document.

Table RR-2 Existing City Parks and Recreational Facilities

Name	*Location*	*Acres*	*Facilities*
Cherry Park	22651 Cherry Ave.	4.5	Play apparatus, ½ court basketball, open play area, picnic shelter, individual & group picnic tables and barbecue grills
Concourse Park	Saddleback Ranch Road near Ranchwood Way	7.0	A basketball court, tot lots, picnic areas.
Darrin Park	22461 Cherry Ave.	3.1	Play apparatus, ½ court basketball, open play area, individual picnic tables and barbecue grills
~~Dimension Drive~~El Toro Park	~~Eastside of Dimension Drive adjacent to Serrano Creek~~23701 Los Alisos Blvd.	~~4.5~~10	~~Respite areas, passive open space.~~Volleyball courts, handball courts (outdoor), and lighted tennis courts
~~El Toro~~Heroes Park~~I~~	~~23701 Los Alisos Blvd.~~25420 Jeronimo Rd.	~~10~~ 12.4	~~Volleyball courts, handball courts (outdoor), and lighted tennis courts~~Lighted Little League fields, lighted soccer fields and restrooms
~~El Toro~~Ethnies Skate Park ~~II~~of Lake Forest	~~25420 Jeronimo Rd.~~Lake Forest Drive near Rancho Parkway	~~12.4~~ 3.0	~~Lighted Little League fields, lighted soccer fields and restrooms~~Skate area for all ages, restrooms, picnic tables.
Foothill Ranch Community Park	Pauling near Lake Forest Drive	15	Tennis courts, volleyball court, baseball field
~~Ethnies Skate Park of Lake Forest~~Heritage Hill Historical Park (County Facility)	~~Lake Forest Drive near Rancho Parkway~~25151 Serrano Road	4.1 [b]~~3.3.0~~	~~Skate area for all ages.~~Open space, historic buildings, educational programs, picnic tables, restrooms and maintenance structure
~~**Heritage Hill Historical Park (County Facility)**~~			~~**Open space, historic buildings, educational programs, picnic tables, restrooms and maintenance structure**~~
Lake Forest Park	24000 Serrano Rd.	2.3	Picnic tables, hiking trail and passive open space
Mountain View Park	4061 Dylan St.	5.3	Softball field, ½ court basketball, play apparatus, volleyball courts, handball courts, lighted tennis courts, open play area, picnic table and barbecue
Montbury Park	21962 Montbury Dr.	3.5	Passive open space

~~Normandale~~Nature Park	~~Regency Lane~~26251 Dimension Drive	~~10.7~~4.5	Walking trail, picnic tables, gazebo picnic area
Overlook Park	Viaggio Lane near Tessera Avenue	1.2	Tot lot, picnic area, gazebo
Peachwood Park	Peachwood near Palmwood	2.7	Open space, tot lot, picnic area
Pebble Creek Park	26441 Pebble Creek Rd.	1.9	Play apparatus and passive open space
Pittsford Park	21701 Pittsford Dr.	10	Play apparatus, picnic tables picnic shelter ~~and~~ tennis courts, restrooms
Rancho Serrano Park	20842 Paseo Sombra	5.1	Picnic tables and passive open space
Ranchwood Park	22500 Killy St.	1.9	½ court basketball, play apparatus, volleyball court, and open space
Regency Park	21478 Regency Lane/~~Osterman Road~~	8.5	~~Turfed play~~Large, flat turf area, soccer field overlay; City holding bond for future improvements
Rimgate Park	29772 Rimgate	5	½ court basketball courts, play apparatus, grass volleyball court, tennis court, picnic tables, picnic shelter, and passive open space
Serrano Park	Tamarisk at Peachwood	11.2	Baseball fields, soccer, open play, basketball court, picnic tables
Serrano Creek Park	25101 Serrano Rd.	44	~~Equestrian center, play~~Play apparatus, ~~and~~walking trail, picnic tables, restrooms
Sundowner Park	22041 Sundowner Lane	0.8	Play apparatus, picnic tables, passive open space
Village Pond Park	23102 Ridge Route Dr.	4.7	~~Play apparatus, picnic~~Picnic tables, pond and passive open space
Vintage Park	21000 Vintage St.	4.8	Basketball courts, play apparatus, parcourse, open play area, picnic tables and barbecues
~~Whispering Hills~~	~~Lake Forest~~	~~6.4~~	
Total Acres		~~173.9~~199.9	

~~**SOURCE: CITY OF LAKE FOREST**~~

~~General Plan Amendment 01-01A, dated July 17, 2001~~

(a) Final acreage calculation to be determined with Area Plan for adjacent development.

(b~~a~~)~~1~~: Acreage is not included in the total acreage calculation because it is a County facility.

SOURCE: City of Lake Forest

To build on the existing parks and trails system and provide new recreational opportunities, the Recreation Plan will be implemented. The Plan, which is illustrated in Figure RR-1, shows both existing and planned open space for parks. The approximate location, acreage, and features of planned parks are summarized in Table RR-3. Approximately ~~94~~119 acres of new parks and recreational facilities are planned. The configuration of the planned trails system is also identified in the plan and linkage between recreation areas and existing trails is emphasized.

Figure RR-1 – Recreation Plan

(all figures located at end of document)

To ensure sufficient recreational opportunities, the City has established a parkland standard of five acres per 1,000 residents. The standard is useful in determining existing parkland deficiencies and predicting the demand from future population growth. Table RR-4 summarizes the parkland requirements for the population from development of planned land uses (as established in the Land Use Element). Based on the parkland standard and existing and planned park facilities, there will be a shortfall of ~~145~~343 acres in the City.

The deficit in the City will be offset by the recreational opportunities offered by Limestone/Whiting Wilderness Park, other nearby regional parks, private parks, and schools in the Planned Communities.[7]

Due to the existing deficits in improved park and recreational opportunities within the City, all open space identified on the Land Use Policy Map (Figure LU-1) provides potential recreational opportunities which are necessary to meet the current recreational needs of the residents of the Planning Area.[8] As a result, property designated for open space uses will only be allowed to change to non-open space use if *(a)* the owners of the property are able to prove that sufficient improved park and recreational opportunities exist within the City to meet the current need for park and recreational opportunities or *(b)* land within the Regional Park/Open Space designation requires reconfiguration to create a continuous regional open space link, including either minor reductions or increases in acreage~~.~~[9] or (c) the project contributes parkland at more than the 5 acres per 1,000 population standard.[10]

Non-redline versions of the tables are located at end of the document.

Table RR-3 Proposed Parks and Recreational Facilities

Site	*Net New Acreage*	*Location*	*Proposed Features (examples only)*
~~ALTON PARK~~	~~2 ACRES~~	~~ALTON PARKWAY BETWEEN BONITA VISTA AND MALLORCA~~	~~A SMALL TOT LOT PLAY AREA AND HALF COURT BASKETBALL~~
~~BORREGO PARK~~	~~11 ACRES~~	~~BAKE PARKWAY NEAR BURBANK~~	~~BASEBALL FIELD, BASKETBALL COURT, PLAY AREA WITH RESTROOMS~~
Canada East	2 acres	Canada Road near Orchard Rim	
Canada West	4.1 acres	Canada Road near Skybird Lane	

[7] General Plan Amendment 01-01A, dated July 17, 2001
[8] General Plan Amendment 01-01A, dated July 17, 2001
[9] General Plan Amendment 01-01A, dated July 17, 2001
[10] General Plan Amendment 2008-02, dated June 2008

Community ~~Center~~Sports Park	35–45[a] acres	~~No specific site~~**TBD – within the opportunities study**~~**To be determined through Opportunities Study**~~	Multi-purpose facility, ~~open space,~~ lighted ball fields/ soccer fields, ~~tennis courts,~~ multi-purpose court, ~~skate board park,~~ group picnic area ~~and community center~~, restrooms, active play areas
Normandale Park	10.7	Regency Lane	Sports fields, play areas
~~**No specific site(s)To be determined through Opportunities Study**~~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 acres***	

SOURCE: City of Lake Forest

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.

c. In accordance with Opportunities Study Development Agreement.

~~(*)Foothill Ranch Community Park~~	~~15 acres~~	~~Pauling near Lake Forest Drive~~	~~Tennis courts, volleyball court, baseball field~~
~~Overlook Park~~	~~1.2 acres~~	~~Viaggio Lane near Tessera Ave.~~	~~A tot lot play area, picnic area, gazebo~~
~~Peachwood Park (IOD)~~	~~2.7 acres~~	~~Peachwood near Palmwood~~	~~Open space, tot lot, picnic area~~
~~Recreation Center~~	~~N/A~~	~~Southern section of City (no specific site)~~	~~Multi-purpose recreation center~~
~~Serrano Park (IOD)~~	~~11.2 acres~~	~~Tamarisk at Peachwood~~	~~Ball fields, soccer, open play, basketball court, picnic tables~~
~~TOTAL ACRES~~		~~94.2ACRES~~	

~~(*): An Irrevocable Offer of Dedication (IOD) means that the developer will hold title to the private parkland until and unless the City accepts the IOD and therefore accepts title to the park, along with its maintenance responsibility.~~

~~SOURCE: CITY OF LAKE FOREST~~

~~IOD = Irrevocable Offer of Dedication~~

TABLE RR-4 TO BE REVISED WITH APPROVED OPPORTUNITES STUDY LAND USES

Table RR- Park Acreage Needs

~~POPULATION[A]~~	~~PARK ACREAGE REQUIRED[B]~~	~~AVAILABLE ACREAGE FROM EXISTING AND PLANNED PARKLAND[C]~~	~~SURPLUS/(SHORTFALL) OF ACREAGE~~	
~~CITY~~	~~82,640~~	~~413~~	~~268~~	~~(145)~~

Population[a]	*Park Acreage Required[b]*	*Available Acreage from Existing and Planned Parkland[c]*	*Surplus/(Shortfall) of Acreage*
~~93,777~~93,651~~132,369~~	~~469~~468 acres~~662~~	308~~24~~ acres~~19~~	(160~~145~~ acres)

SOURCE:-_City of Lake Forest

[a] Projected population based on OCP 2006 projected 2020 population (79,863) plus assumed buildout of Opportunities Study at 4,738 homes. ~~based on California Department of Finance 2005 population estimate and assuming build out of the General Plan Land Use Map.for purposes of establishing parkland acreage needs~~

[b] 5 acres per 1,000 persons

[c] County and Regional Parks are not used to meet this standard.

The facilities comprising the Recreation Plan are described in the following sections, and standards and criteria for developing new park sites are established. Implementing the Recreation Plan is discussed after the description of facilities.

Mini-Parks

Mini-parks are small, passive, local parks, generally less than one acre in size. Most mini-parks are established in higher density areas as a substitute for backyards. Size and location are usually determined by the availability of vacant land. These parks serve various age groups depending on the characteristics of the neighborhood and typically feature play apparatus, a paved area for wheeled toys, benches, and landscape treatment. Additional facilities sometimes include children's play areas, quiet game areas, and some sports activities such as multi-purpose courts, if space allows. Some mini-parks are sometimes established to safeguard identified natural resources or serve as viewpoints and could include linear parks with trails and other recreational amenities. ~~Mini-parks are difficult and expensive to maintain and only offer recreational opportunities to a limited segment of the community. As a result, additional mini-parks are not planned in the Planning Area.~~ Mini-parks are often maintained by homeowners associations. The maintenance costs of proposed mini-parks require consideration prior to acceptance of dedication.

Neighborhood Parks

Many of the facilities located within neighborhood parks are associated with active recreation. Neighborhood parks should contain consolidated parcels with appropriate area devoted to active recreation such as ball fields, recreation centers, multi-purpose fields and open turf, game courts, tot lots, picnic facilities, and on-site parking and may include linear parks that incorporate trails and other recreational amenities. The standard minimum size for neighborhood parks is three acres.

Neighborhood parks should be located near the center of neighborhoods. Easy access should be provided to pedestrians, bicyclists, and maintenance and public safety vehicles. Neighborhood parks should not be separated from its user population by major highways, railroads, or other non-traversable obstacles. A neighborhood park should be situated adjacent to or near schools, greenbelts, open space linkages, or other community open space/recreational facilities to facilitate an integrated open space system. Although neighborhood parks are designed to attract from a smaller service radius, they will also be utilized by residents who may live outside of the immediate neighborhood. This may be particularly true where there are limited recreational facilities, such as in Lake Forest.

Community Parks

Community parks are intended to have a service radius of approximately two to three miles and offer both active and passive recreational pursuits. No specific shape is required and unique physical features such as a ridge line or canyon are typical natural amenities. Community parks should encompass a minimum of ten acres. Pedestrian and bicycle paths and natural open space should be offered by community parks.

Community parks contribute to the open space system by connecting to neighborhood parks through open space linkages. For maximum public access and use, such parks should be located at or near the intersection of an arterial near the center of their service area. Community parks should contain space for active recreational facilities such as game fields, game courts, ~~swimming pools,~~ and play areas as well as community centers, on-site parking, restrooms, and picnic areas. Due to the limited number of park sites that exist within the City, uses and facilities typically found in community parks may also be located in neighborhood parks.

While the City has adequate mini- and neighborhood parks, the distribution of community parks is inadequate to meet the needs of the population. Future park development efforts will consequently focus on community parks.

Special Use Facilities

Special Use Facilities are designed to meet the requirements of specific recreational, social, and cultural activities. Examples of special use facilities include community centers, libraries, and senior centers. The function of these facilities goes beyond the primary purpose of serving a single neighborhood.

Because the demographic makeup of the City will change over time, the City shall conduct continuous research and assessment to ensure that those facilities provided are adequate. The City shall also develop Special Use Facilities and programs that can be adapted to the changing recreational needs of the population. The number of Special Use Facilities shall adjust to accommodate the recreational demands of the community. Through the Special Use Facilities, in addition to recreational programs, the senior citizen program of comprehensive, coordinated programs will be maintained and strengthened to meet community needs.

A centralized community center is greatly desired by the community. In the early 1900s, a community center was constructed for the enjoyment of town residents and the farmers in the back country. The center served as the focus of all social activities including dances, weddings, club meetings, and holiday celebrations. With time, the building deteriorated and was removed for safety reasons in the 1980s. The City intends to construct a new community center in conjunction with a large park and sport facilities. The center will promote the historic tradition of community involvement and socializing. A network of smaller recreation centers may also be located in the ~~Planning Area~~City.

The City opened an interim Community Center in 2004 at the interim City Hall site. In addition, community rooms at the El Toro and Foothill Ranch libraries serve as gathering places for the community.

Regional Parks

The County of Orange owns and maintains many regional recreational parks. Local County parks include Limestone/Whiting Wilderness Park, Heritage Hill Historical Park, and O'Neill Regional Park. Cleveland National Forest, located east of the ~~Planning Area~~City, offers additional recreational opportunities. Policy for the development, maintenance, and improvement of these parks is provided by the Orange County Recreation Element, which includes a Master Plan for regional recreational facilities in the County.

School Playgrounds / Joint-Use Agreements

Public school playgrounds, under the jurisdiction of the Saddleback Valley Unified School District (SVUSD), are open to the public after school hours. Organized sports leagues such as those for baseball, soccer, and football utilize ball fields through a permit process with the (SVUSD). The City will use some school recreational facilities to meet the park goal of five acres per 1,000 population. Up to 50 percent of the school facilities can be used, provided the school facilities are open to the public.

Opportunities exist to maintain and enhance joint use agreements with the Saddleback Valley Unified School District. Whenever feasible, the City will enter into a joint use and maintenance programs.

Trails

The City's trail system includes pedestrian and bike trails within open space corridors and along regional trails. The County maintains a coordinated system of trails, including bikeways, equestrian trails and hiking trails within the ~~Planning Area~~City.

Bikeways comprise the most extensive part of the City's trail network. The biking network in Lake Forest connects with other trails and paths in adjacent communities and throughout Orange County. There are three categories of bikeways:

- **Class I**—a paved path that is separate from any motor vehicle travel lane
- **Class II**—a restricted lane within the right-of-way of a paved roadway for the exclusive or semi-exclusive use of bicycles
- **Class III**—a bikeway that shares the street with motor vehicles or the sidewalk with pedestrians

A number of policies included in the Recreation and Resources Element are concerned with the expansion of the Citywide system of hiking and biking trails. The planned trail system will serve recreational and commuting purposes. Specific development standards for the various types of trails are difficult to establish since trail width and gradient will depend on topography, surface features, and availability of an easement. One off-street bike trail is proposed for the City connecting Aliso Creek Trail with Serrano Creek in the northern portion of the City and Foothill Transportation Corridor. One riding and hiking trail is proposed following the Borrego Wash.[11] Bikeways located along the street system are addressed in the Circulation Element.

Proposed riding and hiking trail improvements include a connection between the Aliso Creek Trail and the Serrano Creek Trail. The County will provide has provided a continuous improved riding and hiking trail from the Serrano Creek Equestrian Center to Limestone/ Whiting Wilderness Park. Portions of Aliso Creek Riding and Hiking Trail also require realignment by the County for safe passage. Conditions of existing trails will be improved. New raised push buttons for signalized trail crossings should be provided at Trabuco Road and the Equestrian Center, and sections of the Serrano Creek trail that impede use should be improved by the County.

Private Facilities

In addition to parks and trails, Lake Forest has many private recreational facilities. While some private facilities (such as private parks, tennis courts, and swimming pools) are available only to local residents, others are available to the public for a fee such as Serrano Creek Equestrian Center and Lake Forest Golf and Practice Center. The City encourages the inclusion of such facilities in private development, especially those open to the public.

Facility Development

Several approaches will be employed to implement the Recreation Plan. The City will encourage and, where appropriate, require the inclusion of recreational facilities and trails within future development pursuant to the Quimby Act. Development proposals within Planned Communities will be reviewed for consistency with park requirements of established development agreements. Other alternative methods to develop parkland will be pursued including open space easements, leaseholds, land donations, community facility districts, and gift annuities. Funding for new parks will also be secured from the City General Fund.

[11] General Plan Amendment 01-01A, dated July 17, 2001

The City will also focus on maintaining existing parks and recreational facilities to maximize use and community benefit. These facilities will be used to create a positive environment in Lake Forest to reduce incidences of antisocial behavior. Facilities will be considered for retrofitting according to the Americans with Disabilities Act (ADA) to provide access for all Lake Forest residents. New facilities will be constructed according to ADA requirements.

1.2.10 Natural Resources and Features

■ Biological Resources

Much of the incorporated City is developed and most of the natural habitat remaining is located in the eastern portion of the City. Southern sycamore alder riparian woodland occurs along Serrano and Aliso Creeks. The eastern portion of the City contains large areas of natural habitat including southern sycamore alder riparian woodland and coastal sage scrub. Several sensitive species such as the California gnatcatcher have been observed in the City.[12]

The General Plan Land Use Element establishes an open space system for both recreational and preservation purposes. The open space designations are defined as follows:

- ***Community Park/Open Space.*** The Community Park/Open Space designation provides for public recreational uses designed to meet the active and passive recreational needs of the community. This designation includes all public parkland, open space, and associated public recreational activities, such as indoor and outdoor sports/athletic facilities, museums, theaters and similar uses.
- ***Regional Park/Open Space.*** The Regional Park/Open Space designation provides for public recreational uses designed to meet the active and passive recreational needs of the community and nearby areas in the region. This designation includes the Limestone/ Whiting Wilderness Park and other County of Orange open space along portions of Serrano Creek and Aliso Creek. This designation applies to land that is generally maintained as natural open space with minimal improvements.
- ***Open Space.*** The Open Space designation provides for private open space designed to meet the active and passive recreational needs of the community. This designation includes open space that is held under private ownership, and includes facilities for active and passive recreational activities. Open space activities include indoor and outdoor sports/athletic facilities, lakes, club houses, meeting rooms, outdoor gathering areas and similar uses, as well as ornamentally landscaped and natural landscaped open areas.

Figure RR-3 shows the extent of the open space system in the ~~Planning Area.~~ City. The riparian areas along the creeks are encompassed by the open space system and substantial acreage of undisturbed wildlife habitat in the eastern portion of the ~~Planning Area~~City is preserved. Limestone/Whiting Wilderness Park, which contains approximately 1,140 acres of continuous natural habitat, and other open space in the ~~Planning Area~~City total approximately 3,220 acres.[13]

[12] General Plan Amendment 01-01A, dated July 17, 2001
[13] General Plan Amendment 99-01, dated May 2, 2000

While some of the open space is dedicated for active recreational uses, much of the open space will be left in a natural state to support habitat for plant and animal species.

Development proposals will be reviewed for potential biological resource impacts according to CEQA and applicable state and federal wildlife regulation. Where significant impacts are identified, the City will require modifications to the project to avoid the impact, or require mitigation measures to reduce the impact. The focus of the impact assessment will include the following resources:

- Riparian and wetland habitat
- Coastal sage scrub habitat
- Rare and endangered plant and animal species
- Wildlife movement corridors
- Habitat fragmentation
- Significant tree stands

The City will also work to perpetuate the viability of regional biological systems. Continued participation in the Central/Coastal Subregion ~~Coastal Sage Scrub NCCP~~ Natural Communities Conservation Program with the County, local jurisdictions, state and federal agencies, environmental organizations and property owners is expected.

~~F~~Water Resources

Both local and regional water sources are important to the City. Five surface water streams traverse the ~~Planning Area~~City: Aliso Creek, Serrano Creek, Borrego Canyon Wash and two smaller un-named creeks.[14] The ~~Planning Area~~City is divided into three watersheds that contribute water, sediments and dissolved materials to the creeks. Figure RR-34 shows the relationship of the water courses and watershed boundaries.

Two general planning issues are associated with these hydrologic patterns: water quality and flooding. The City's water quality plan is identified below while flood prevention is addressed in the Safety and Noise Element.

Surface streams in urban areas are subject to pollutants and sediment carried in runoff. The pollutants in urban runoff include landscape pesticides and fertilizers, automobile products, and degreasers. Urban pollutants degrade water quality and impact wildlife and plants dependent on aquatic habitat. The City is a co-permittee with the County of Orange in the National Pollution System Discharge Elimination System (NPDES) program, which is designed to reduce pollutants in runoff. According to the NPDES permit, all new development projects and substantial rehabilitation projects will be required to incorporate Best Management Practices (BMPs) as

[14] General Plan Amendment 01-01A, dated July 17, 2001

identified in the County Drainage Area Master Plan (DAMP) and Local Implementation Program (LIP). Implementation of BMPs in Lake Forest will enhance water quality in the surface streams.

Urban activity in Lake Forest affects regional water resources as well as local sources. The water districts serving the ~~Planning Area~~ City purchase imported water for distribution. The supply of imported water is limited and conservation efforts are needed to ensure adequate emergency storage and future supply. Water conservation will be encouraged throughout the ~~Planning Area~~City in the following ways:

- Encouraging the local water districts serving the ~~Planning Area~~City to expand the production of reclaimed water and working with the districts to develop new uses for reclaimed water
- ~~Requiring~~Encouraging the use of drought resistant plant species in landscaping for private and public areas, including parks
- Coordinating with the local water districts and major users to establish water conservation education programs
- Requiring the incorporation of water conservation devices, including low-flush toilets, flow restriction devices, and water conserving appliances, in new development, public projects and rehabilitation projects

The City will continue to coordinate with the water districts responsible for monitoring water quality and constructing needed infrastructure improvements.

Topographic Features

~~The~~ Lake Forest ~~Planning Area~~ is a transition point between the coastal flood plain and the Santa Ana Mountains. The western portion of the ~~Planning Area~~City is nearly sea level while the northeastern portion becomes progressively higher and steeper, reaching elevations of up to 1,500 feet. Views of the rugged mountains are enjoyed from the western portion and views of the Saddleback Valley floor and the Pacific Ocean are available from the higher elevations in the eastern portion. Five surface streams cut the landscape and provide additional topographic relief.[15]

Preserving the unique topographic character of the ~~Planning Area~~City is important for visual quality and geologic stability. Development proposals will be assessed for potential impacts to important geologic features according to CEQA requirements. Where significant impacts are identified, mitigation measures will be required such as sensitive site planning and grading, re-vegetation and open space dedication.

Natural Resource Protection in Planned Communities

Lake Forest has been primarily developed as a series of Planned Communities prior to incorporation. The Planned Communities comprising the City include Lake Forest, El Toro, Baker Ranch, Pacific Commercentre, Rancho de los Alisos, Rancho Serrano, Serrano Highlands, Foothill

[15] General Plan Amendment 01-01A, dated July 17, 2001

Ranch, and Portola Hills~~, and Foothill/Trabuco Specific Plan area~~.[16] Pursuant to CEQA, EIRs have been prepared for the Planned Communities. The EIRs analyze potential environmental impacts from development and contain requirements to avoid or reduce those impacts.

The City will ensure that important natural resources within Planned Communities are protected as development proceeds. To this end, all development proposals within Planned Communities will

[16] General Plan Amendment 01-01A, dated July 17, 2001

Figure RR-2 Sensitive Biological Resources
(all figures located at end of document)

Figure RR-3 Open Space System
(all figures located at end of document)

Figure RR-4 Creeks and Watershed Boundaries
(all figures located at end of document)

be reviewed to (1) confirm that the proposals are consistent with the established development plans and agreements, and (2) confirm that all required mitigation measures from applicable environmental documents are properly implemented and monitored. Additionally, when amendments to development plans are proposed within Planned Communities, environmental impacts will be appropriately assessed according to CEQA requirements.

■ Mineral Resources[17]

The Mineral Resources Section of the Recreation and Resources Element is intended to provide appropriate policies for conserving and utilizing the City's mineral resources for current and future development, and to insure that adverse environmental effects on the environment and surrounding land uses resulting from surface mining operations are minimized.

One area in the City, approximately 62 acres in size is classified as an important Mineral Resource Zone (MRZ-2) for PCC-grade aggregate by the State Department of Conservation. This classification indicates that the area has significant mineral deposits or a high likelihood of their presence exists. PCC is an abbreviation for Portland cement concrete. PCC grade aggregate is used for a variety of construction uses. Figure RR-4~~5~~ shows the location of the MRZ-2 area, known as the El Toro Materials Company pit and Lot 22 of Tract 13336 within the Baker Ranch Planned Community.

Chapter 9.30 of the Lake Forest Municipal Code contains regulations that provide for surface mining, quarrying, and processing of mineral resources in a manner which is both environmentally sensitive and compatible with existing and future land uses. The regulations are intended to implement the State Surface Mining and Reclamation Act of 1975 (SMARA) and ensure that sites are excavated in a safe and reasonable manner with progressive reclamation to a natural appearing or otherwise useable condition compatible with adjacent areas.

Under the City's ordinance, every site zoned SG "Sand and Gravel Extraction" has a single comprehensive SG Site Permit which delineates all of the uses permitted on that particular site. An SG site permit consists of the plan of operations, the drainage and erosion control plan, the vehicular access plan, the reclamation plan, and financial assurances.

1.2.11 Historic, Archaeological, and Paleontologic Resources

■ Historic and Archaeological Resources

Lake Forest has a rich historic past. The area was originally inhabited by the ~~Acagchemem~~Acjachemem~~eagchemem~~ who subsisted simply on acorn products and hunted animals. Spanish explorers arrived during the 1500s and the ~~Acagchemem~~Acjachemem~~agchemem~~ were displaced by local mission operations. Lake Forest lands were later encompassed by José

[17] General Plan Amendment 96-01, dated October 29, 1996

Serrano's Rancho Cañada de Los Alisos. The rancho lifestyle was dominated by cattle grazing and traditional fiestas to break up days of hard labor.

The rancho system fell after the United States took control of California and Dwight Whiting purchased substantial land holdings that included Lake Forest. Whiting introduced dry farming, fruit farming, and later citrus production, and a small town called El Toro developed as a shipping, commerce, and social center. Eucalyptus groves, a prominent feature of the Lake Forest landscape, were planted by Whiting for construction wood. The town did not grow substantially until imported water was available to the area in the 1960s. During the 1970s a number of Planned Communities were developed under County jurisdiction with several created lakes. The City of Lake Forest incorporated in 1991.

Figure RR-5 MRZ-2—Mineral Resource Area
(all figures located at end of document)

Several historic structures from the rancho and agricultural eras have been preserved and are presently located in Heritage Hill Historical Park in Lake Forest. The Park includes the Serrano Adobe (circa 1863), El Toro Grammar School (1890), St. George's Episcopal Mission (1891), and the Bennet Ranch House (1908). Several other residential structures from the agricultural era exist outside of the Park but are not known to have any historical or architectural significance.

Historic structures will continue to be protected to give Lake Forest residents a sense of community heritage and historical values. To maximize the preservation of important historic remains, the City will assess development proposals for potential historic resource impacts according to CEQA requirements. If a significant historic resource occurs on the project site and the proposed development will impact the resource, the City will either require that the project be modified to avoid impacting the resource or require measures to reduce the significance of the impact.

Subsurface Archaeological evidence of the ~~Acagchemem~~Acjachemem~~agchemem~~ culture potentially occurred throughout the ~~Planning Area.~~City. Figure RR-5~~6~~ shows the original distribution of potential sensitive Archaeological resources. Much of the terrain has been modified by agricultural activities and development, which could have disturbed subsurface Archaeological

resources. Development proposals will be assessed for potential impacts to Archaeological resources according to the CEQA requirements. The City will require that significant impacts will either be avoided or mitigated which may involve Archaeological investigation and resource recovery.

Paleontologic Resources

Many of the geologic formations underlying Orange County contain important paleontologic resources, (fossil evidence of life from previous geologic periods). Paleontologic resources potentially occur throughout most of the ~~Planning Area~~City, (see Figure RR-6~~7~~). Surveys within the ~~Planning Area~~City have revealed crocodile, bony fish, and shark fossils. Most fossil discoveries have occurred at the El Toro materials sand and gravel operation. Grading has most likely disturbed some of the paleontologic resources that were once present.

Protection of remaining paleontologic resources within the ~~Planning Area~~City for scientific study is important. Development proposals will be assessed for potential impacts to significant paleontologic resources according to CEQA requirements. Surveys will be conducted for projects involving earth work to determine potential impacts and identify appropriate measures to avoid or reduce impacts.

Figure RR-6 Sensitive Archaeological Areas
(all figures located at end of document)

Figure RR-7 Sensitive Paleontologic Areas
(all figures located at end of document)

1.2.12 Human Resources

The history of the Lake Forest community is marked by active public involvement and concern for civic issues. The City considers human resources a valuable asset to be enhanced and continually cultivated. Making information accessible to all groups within the community will support public involvement and stimulate community interest. Various media approaches include newsletters, information brochures, cable television programming, radio and newspaper announcements, websites, and presentations to community groups. Citizen input will be actively solicited during the early stages of major public or private development projects and regulatory programs.

In addition, the potential of the Lake Forest volunteer sector will be increased. Homeowner associations, community groups, business groups, and interested individuals will be utilized as sources for appointees on City commissions, boards, and tasks forces.

1.2.13 Solid Waste

Solid waste management has become an important resource issue in recent years due to dwindling landfill space and advances in recycling technology. Many landfills in southern California are reaching capacity and siting new landfills is increasingly difficult due to environmental, economic, and political considerations. As required by the Integrated Waste Management Act (AB 939), the City has ~~drafted~~adopted a Source Reduction and Recycling Element (SRRE).

Adoption and implementation of the SRRE will reduce the amount of solid waste entering landfills. AB 939 calls for a 25 percent reduction in the solid waste stream by 1995 and a 50 percent reduction by 2000. These reductions ~~will be~~have been achieved through recycling and composting solid waste and reducing the total amount of waste produced. Implementation of the SRRE ~~will result~~results in other environmental benefits in addition to reducing landfill capacity impacts. For example, recycling reduces the amount of raw resources and energy used to construct new containers.

Anticipated regional growth will require the future expansion and construction of landfills even with full implementation of AB 939. The City will support regional efforts to study expansion of existing landfills and find sites for new landfills. The environmental and economic impacts of landfill recommendations will substantially ~~contain~~constrain the availability of waste disposal sites.

1.2.14 Air Quality

Lake Forest, with Orange County, Los Angeles County, and portions of San Bernardino County and Riverside County are within the South Coast Air Basin (SCAB). Due to bowl-shaped topography and level of urban development, SCAB experiences some of the poorest air quality in the country. Federal and state air quality standards are regularly exceeded. Because air quality has become a critical regional issue, the Southern California Association of Governments (SCAG)

requires local jurisdictions to address air quality in their General Plans. Air quality goals and policies are established earlier in this element and the City's plan to improve air quality conditions is discussed below. Specific action programs are located in the General Plan Implementation Plan.

Interjurisdictional Coordination

Air pollutants disregard jurisdictional boundaries and disperse broadly throughout the region. As a result, improving air quality requires regional management. SCAB air quality is under the authority of the South Coast Air Quality Management District (SCAQMD) and the Southern California Association of Governments (SCAG) also administers air quality programs. The success of SCAQMD and SCAG programs depends on coordinated participation among all affected jurisdictions including Lake Forest. The City will work towards improving regional air quality and fully participate in SCAQMD and SCAG programs. The City will coordinate with other local jurisdictions to make the transportation system more efficient and promote alternative transportation modes such as carpooling, bus transportation, commercial rail, and bicycling. In addition, the City will participate in future amendments and updates of the SCAQMD Air Quality Management Plan to ensure that new measures can be practically enforced in the Foothill subregion.

Trip Reduction

Intense automobile activity is one of the primary causes of regional air quality problems. Many of the SCAQMD and SCAG strategies to improve air quality require reducing automobile trips. One of the primary tools to reduce trips is the Transportation Demand Management (TDM) ordinance, which implements various provisions of the 1991 Air Quality Management Plan. The City ~~will adopt~~has adopted a TDM ordinance that includes various methods to reduce trips and influence travel modes such as the following:

- Trip reduction programs for the City as an employer
- Van pool programs for private employers
- Employee incentives for public transit use
- Formation of Transportation Management Associations
- Trip reduction programs for major commercial centers
- Alternative transportation modes for major events

Trip reduction can also be accomplished by improving the local balance between jobs and housing. Lake Forest is located in a region with more ~~residential development than~~ job-generating business, industrial and commercial development than residential development. As a result, ~~residents~~workers must commute from long distances ~~to~~including from other parts of the County, and even outside of the County, for employment. Besides contributing to substantial traffic, the long commutes often preclude use of alternative transportation modes.

To reduce commuting trips, the City will work to improve the balance between jobs and housing. In the Land Use Element, considerable undeveloped land ~~is~~ has been re-designated ~~for~~from commercial, light industrial and business centers~~. As these designations are developed, new local employment opportunities may be provided for residents.~~ to residential and mixed use (GPA 2008-02). Additional residential development will provide a variety of housing opportunities adjacent to the jobs-rich areas of Lake Forest and Irvine. Improving the balance of jobs and housing in ~~the~~ Lake Forest ~~Planning Area~~ will reduce long commutes, and may allow residents to use alternative transportation modes to travel to work, consequently improving regional air quality conditions.

Transportation System and Facility Improvements

Poor air quality conditions are exacerbated by traffic congestion. Cars generate excess emissions when not moving efficiently. The Air Quality Management Plan calls for increasing the efficiency of the transportation system to avoid congestion and reduce emission generation.

The Circulation and Public Facilities/Growth Management Elements contains policies and programs for system management and facility improvements. Transportation system management refers to maximizing the efficiency of the circulation system to minimize delays and congestion. Facility improvements refer to physical improvements to increase system capacity such as adding travel and turn lanes. Service standards and phasing plans are provided to ensure that the capacity of the circulation system can accommodate traffic from new development. Implementation of the Circulation and Public Facilities/Growth Management Elements will increase the efficiency of the City transportation system and consequently improve air quality.

Reduce Impact of New Development

Planned growth and development will contribute to pollutant levels, but the City will minimize air quality impacts of new development. Development proposals will be reviewed for potential air quality impacts according to CEQA and the South Coast Air Quality Management District CEQA Air Quality Handbook. Where potential significant air quality impacts are identified, land use and planning techniques will be required to reduce trips and promote alternative transportation modes. Techniques to reduce air quality impacts may include the following:

- Incorporation of a public transit stops
- Pedestrian and bicycle linkage to commercial centers, employment centers, schools and parks
- Preferential parking for car pools
- Traffic flow improvements
- Employer trip reduction programs

Construction activities can generate significant amounts of dust and particle matter. The City will reduce dust generation during construction by restricting outdoor storage of fine particulate matter,

requiring liners and covers for trucks transporting fine matter, and controlling vehicle operations in unpaved areas under City jurisdiction.

Energy Conservation

Energy conservation is another strategy for improving regional air quality. Pollutants are generated by the combustion of fossil fuels to produce electricity, and by the combustion of natural gas. Reducing energy usage decreases the amount of pollutants generated. Energy requirements can be diminished through innovative architectural design, building construction, structural orientation and landscaping.

The City will promote energy conservation by implementing state Title 24 energy performance requirements through City building codes. In addition, the relationship between project design and future energy requirements will be considered when reviewing proposals for new development. Promotion of utility company incentive programs to retrofit existing development with energy efficient lighting, air conditioning and heating systems can be beneficial. Energy will be conserved in public buildings through innovative designs for new buildings and retrofit programs for existing buildings.

L:\Dev-Srvs\Opportunities Study\General Plan Amendment\Public Review Versions\Recreation_Resources Elt\Recreation-Resources Element-FINAL.doc

Table RR-2 Existing City Parks and Recreational Facilities			
Name	***Location***	***Acres***	***Facilities***
Alton Park	Alton Parkway between Bonita Vista and Mallorca	2	Tot lot, half-court basketball
Borrego Park	Bake Parkway near Burbank	11	Baseball field, basketball court, play area, restrooms
Borrego Wash	Borrego Wash at City Boundary	14.3 [a]	Class-I Bikeway, respite areas, passive open space.
Cavanaugh Mini Park	23782 Cavanaugh Rd.	0.2	Play apparatus and ½ court basketball
Cherry Park	22651 Cherry Ave.	4.5	Play apparatus, ½ court basketball, open play area, picnic shelter, individual & group picnic tables and barbecue grills
Concourse Park	Saddleback Ranch Road near Ranchwood Way	7.0	A basketball court, tot lots, picnic areas.
Darrin Park	22461 Cherry Ave.	3.1	Play apparatus, ½ court basketball, open play area, individual picnic tables and barbecue grills
El Toro Park	23701 Los Alisos Blvd.	10	Volleyball courts, handball courts (outdoor), and lighted tennis courts
Heroes Park	25420 Jeronimo Rd.	12.4	Lighted Little League fields, lighted soccer fields and restrooms
Ethnies Skate Park of Lake Forest	Lake Forest Drive near Rancho Parkway	3.0	Skate area for all ages, restrooms, picnic tables.
Foothill Ranch Community Park	Pauling near Lake Forest Drive	15	Tennis courts, volleyball court, baseball field
Heritage Hill Historical Park (County Facility)	25151 Serrano Road	4.1 [b]	Open space, historic buildings, educational programs, picnic tables, restrooms and maintenance structure
Lake Forest Park	24000 Serrano Rd.	2.3	Picnic tables, hiking trail and passive open space
Mountain View Park	4061 Dylan St.	5.3	Softball field, ½ court basketball, play apparatus, volleyball courts, handball courts, lighted tennis courts, open play area, picnic table and barbecue
Montbury Park	21962 Montbury Dr.	3.5	Passive open space
Nature Park	26251 Dimension Drive	4.5	Walking trail, picnic tables, gazebo picnic area
Overlook Park	Viaggio Lane near Tessera Avenue	1.2	Tot lot, picnic area, gazebo
Peachwood Park	Peachwood near Palmwood	2.7	Open space, tot lot, picnic area
Pebble Creek Park	26441 Pebble Creek Rd.	1.9	Play apparatus and passive open space

Table RR-2 Existing City Parks and Recreational Facilities

Name	*Location*	*Acres*	*Facilities*
Pittsford Park	21701 Pittsford Dr.	10	Play apparatus, picnic tables picnic shelter tennis courts, restrooms
Rancho Serrano Park	20842 Paseo Sombra	5.1	Picnic tables and passive open space
Ranchwood Park	22500 Killy St.	1.9	½ court basketball, play apparatus, volleyball court, and open space
Regency Park	21478 Regency Lane	8.5	Large, flat turf area, soccer field overlay; City holding bond for future improvements
Rimgate Park	29772 Rimgate	5	½ court basketball courts, play apparatus, grass volleyball court, tennis court, picnic tables, picnic shelter, and passive open space
Serrano Park	Tamarisk at Peachwood	11.2	Baseball fields, soccer, open play, basketball court, picnic tables
Serrano Creek Park	25101 Serrano Rd.	44	Play apparatus, walking trail, picnic tables, restrooms
Sundowner Park	22041 Sundowner Lane	0.8	Play apparatus, picnic tables, passive open space
Village Pond Park	23102 Ridge Route Dr.	4.7	Picnic tables, pond and passive open space
Vintage Park	21000 Vintage St.	4.8	Basketball courts, play apparatus, parcourse, open play area, picnic tables and barbecues
Total Acres		***199.9***	

(a) Final acreage calculation to be determined with Area Plan for adjacent development.
b): Acreage is not included in the total acreage calculation because it is a County facility.

SOURCE: City of Lake Forest

Table RR-3 Proposed Parks and Recreational 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 acres***	

SOURCE: City of Lake Forest

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.

c. In accordance with Opportunities Study Development Agreement.

TABLE RR-4 TO BE REVISED WITH APPROVED OPPORTUNITIES STUDY LAND USES

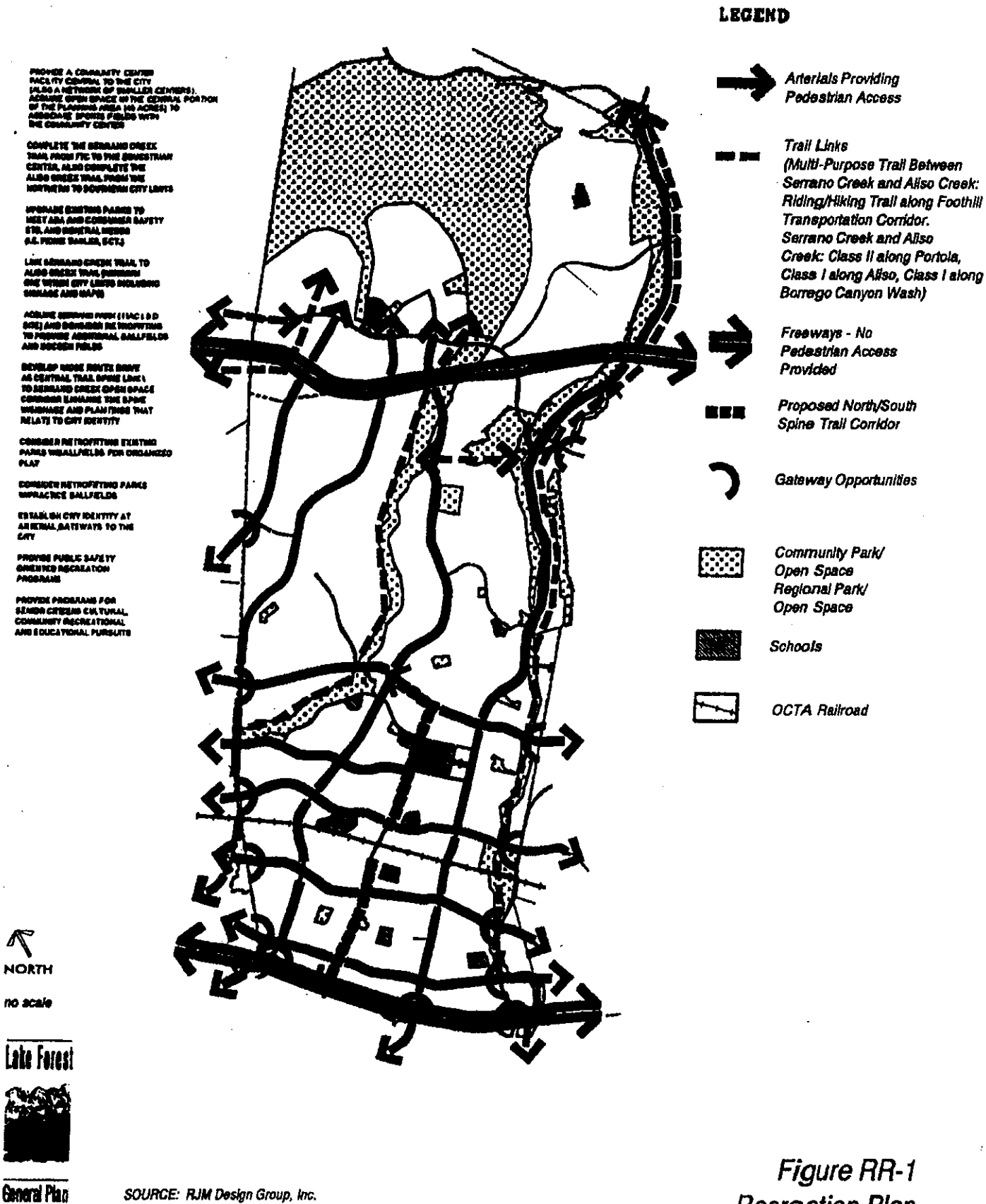
Table RR-4 Park Acreage Needs

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)

SOURCE: City of Lake Forest

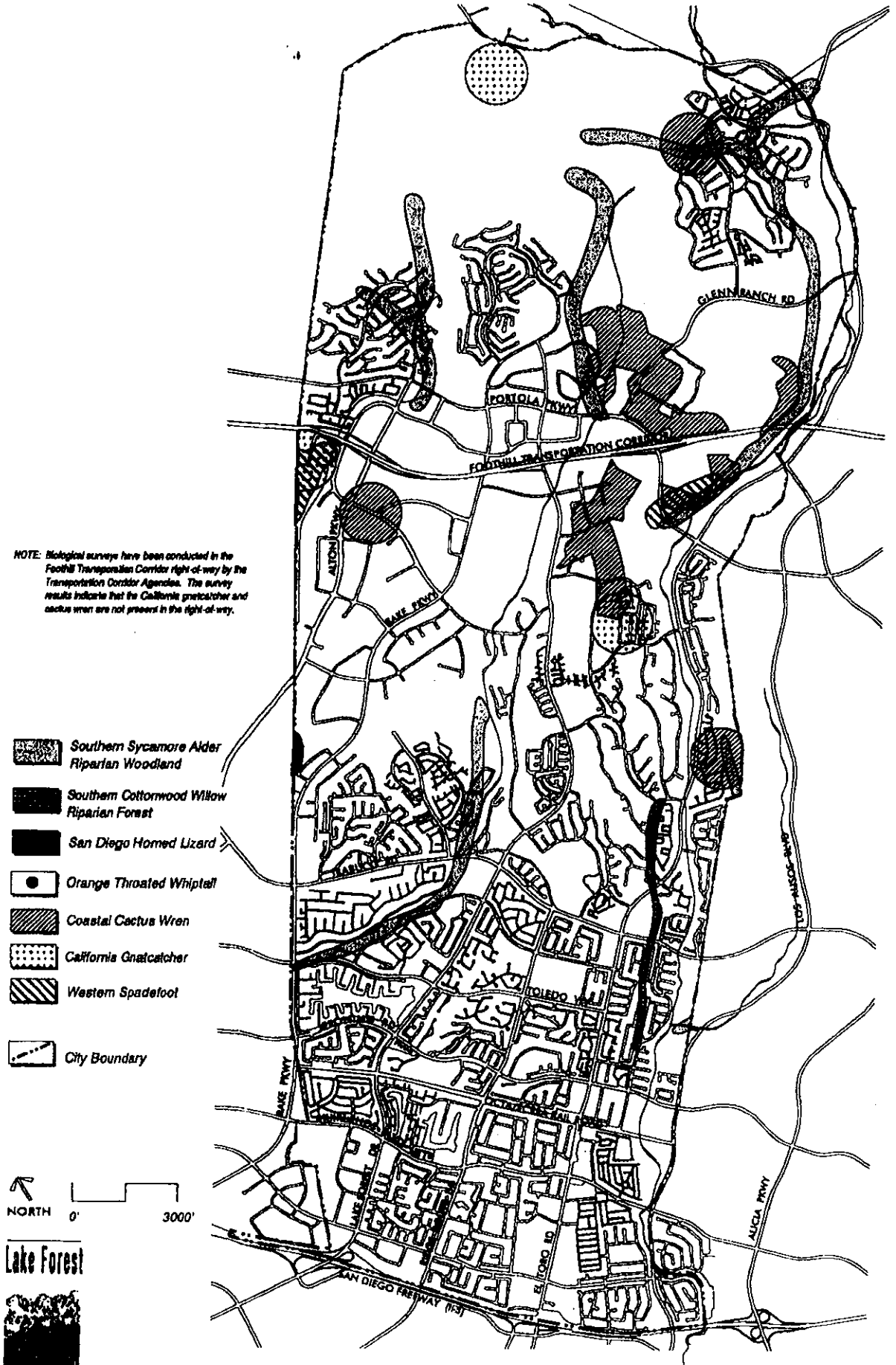
[a] Projected population based on OCP 2006 projected 2020 population (79,863) plus assumed buildout of Opportunities Study at 4,738 homes. [b] 5 acres per 1,000 persons

[c] County and Regional Parks are not used to meet this standard.



SOURCE: RJM Design Group, Inc.

Figure RR-1
Recreation Plan

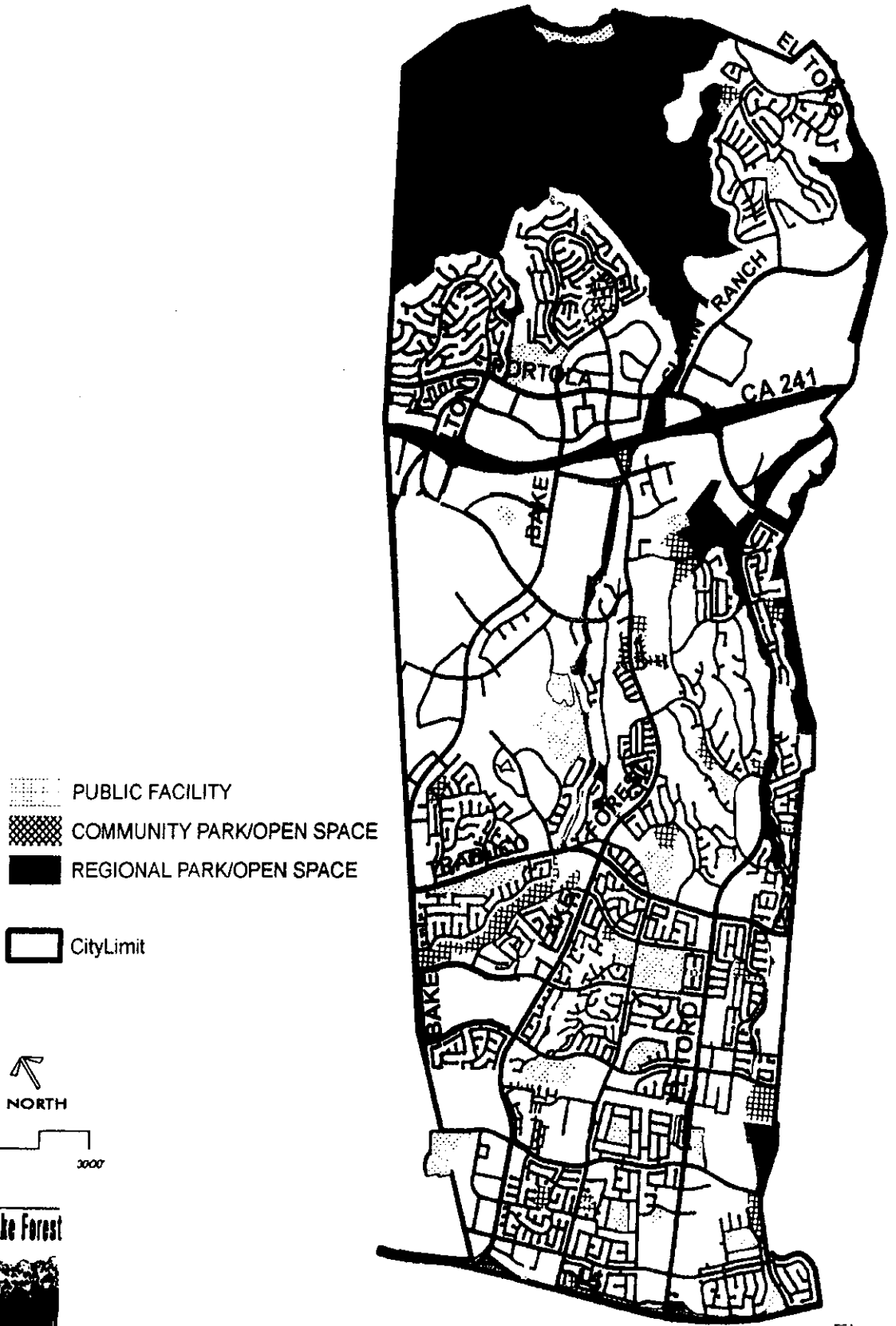


Lake Forest

General Plan

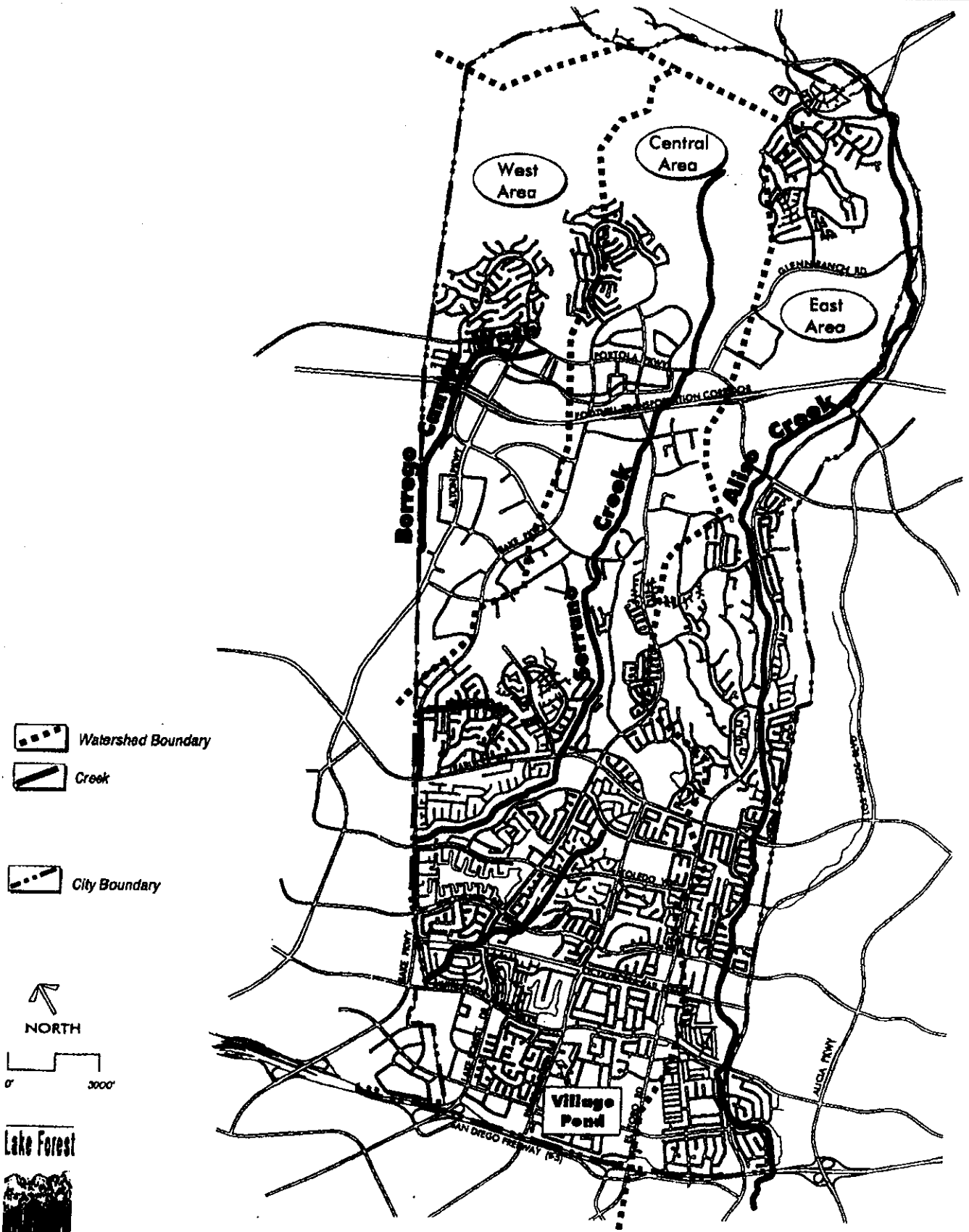
SOURCE: State of California, Department of Fish and Game, Natural Diversity Data Base - San Juan Capistrano, El Toro and Santiago Peak, February 1994.

Figure RR-2
Sensitive Biological Resources



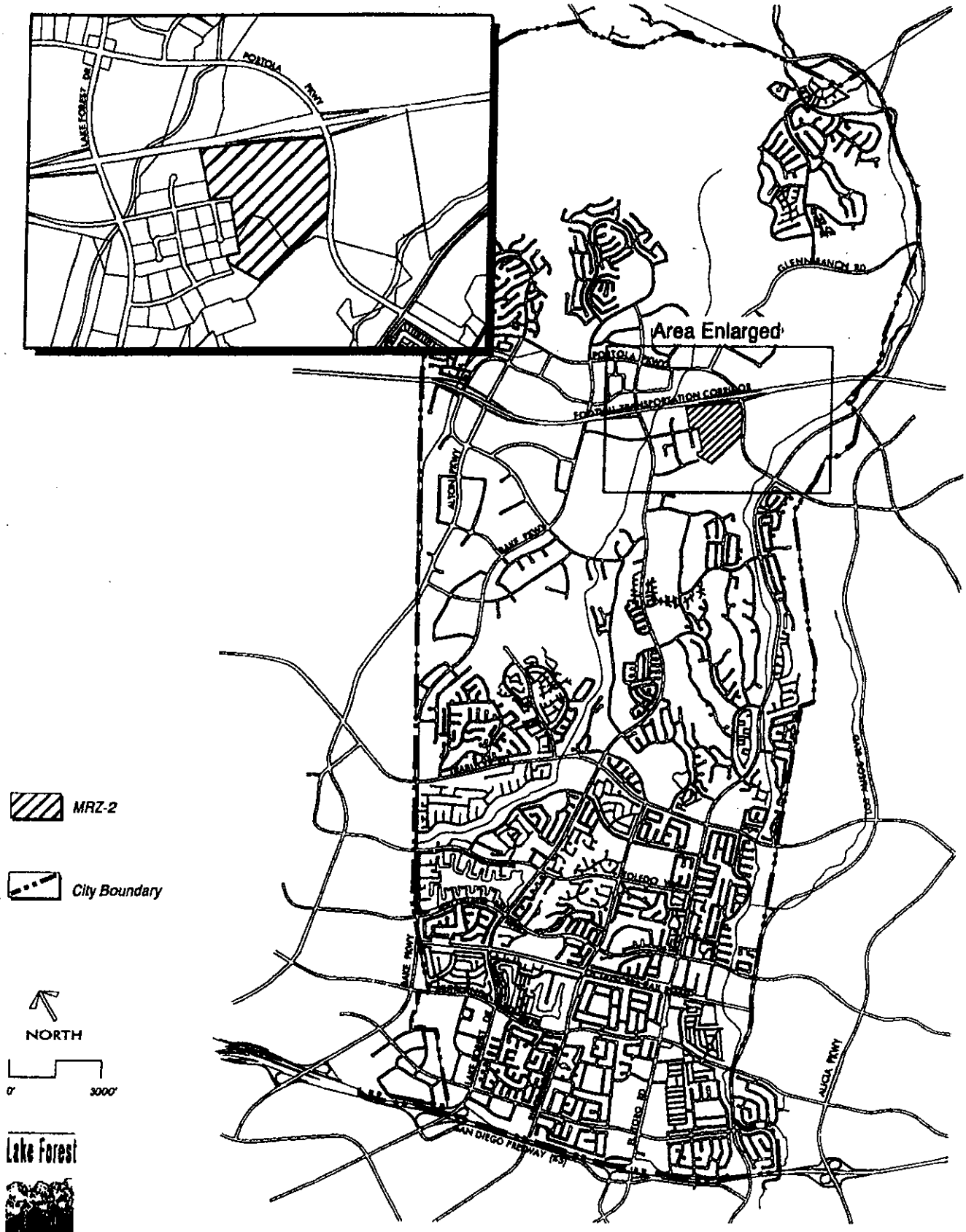
Source: Austin-Foust Associates

Figure RR-3
Open Space System



SOURCE: San Diego Creek Flood Control Master Plan, April 1989; Cotton/Beland/Associates, City of Lake Forest

Figure RR-4
Creeks and Watershed Boundaries



Lake Forest General Plan

SOURCE: State of California Department of Mines and Geology

Figure RR-5
MRZ-2 - Mineral Resource Area

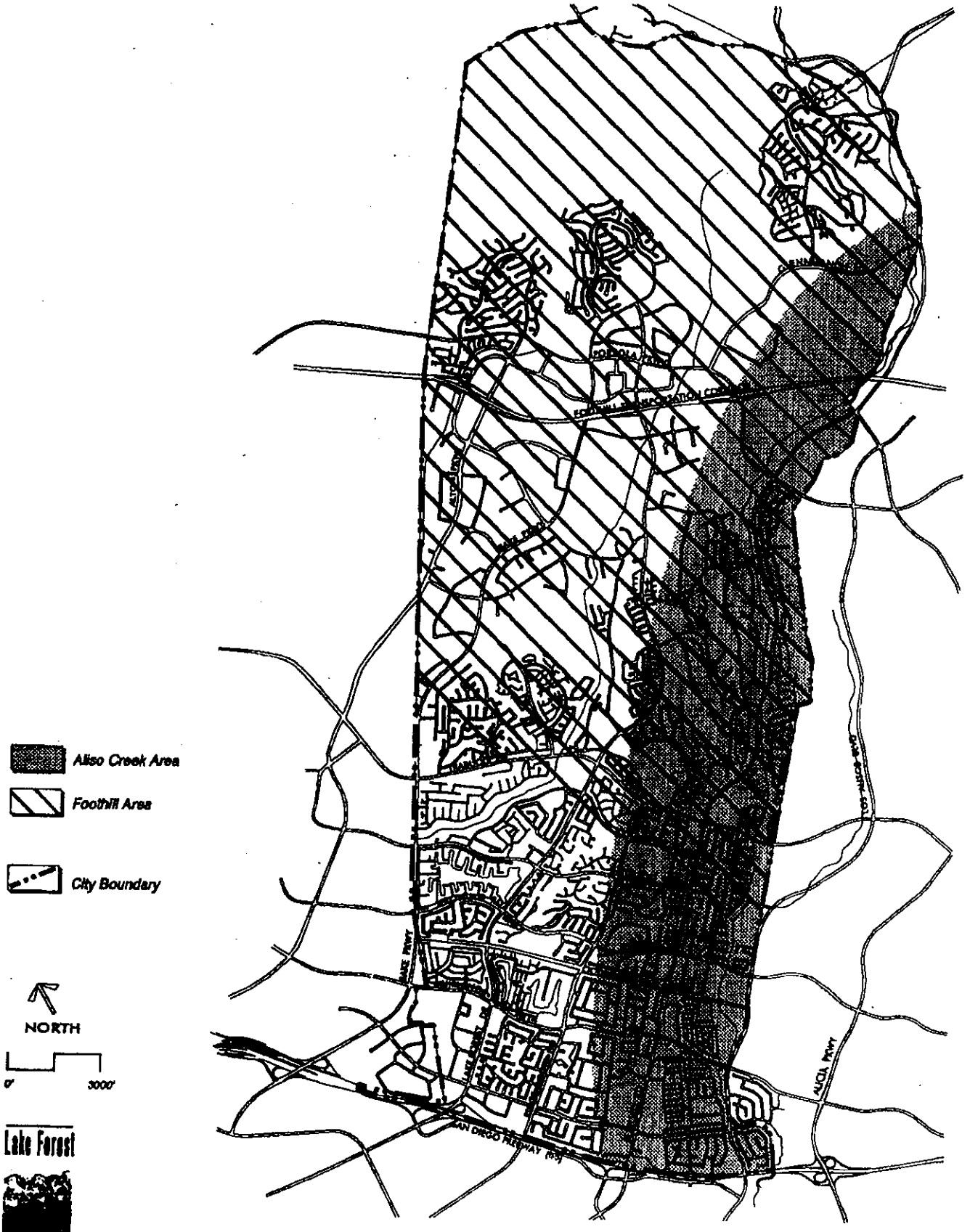
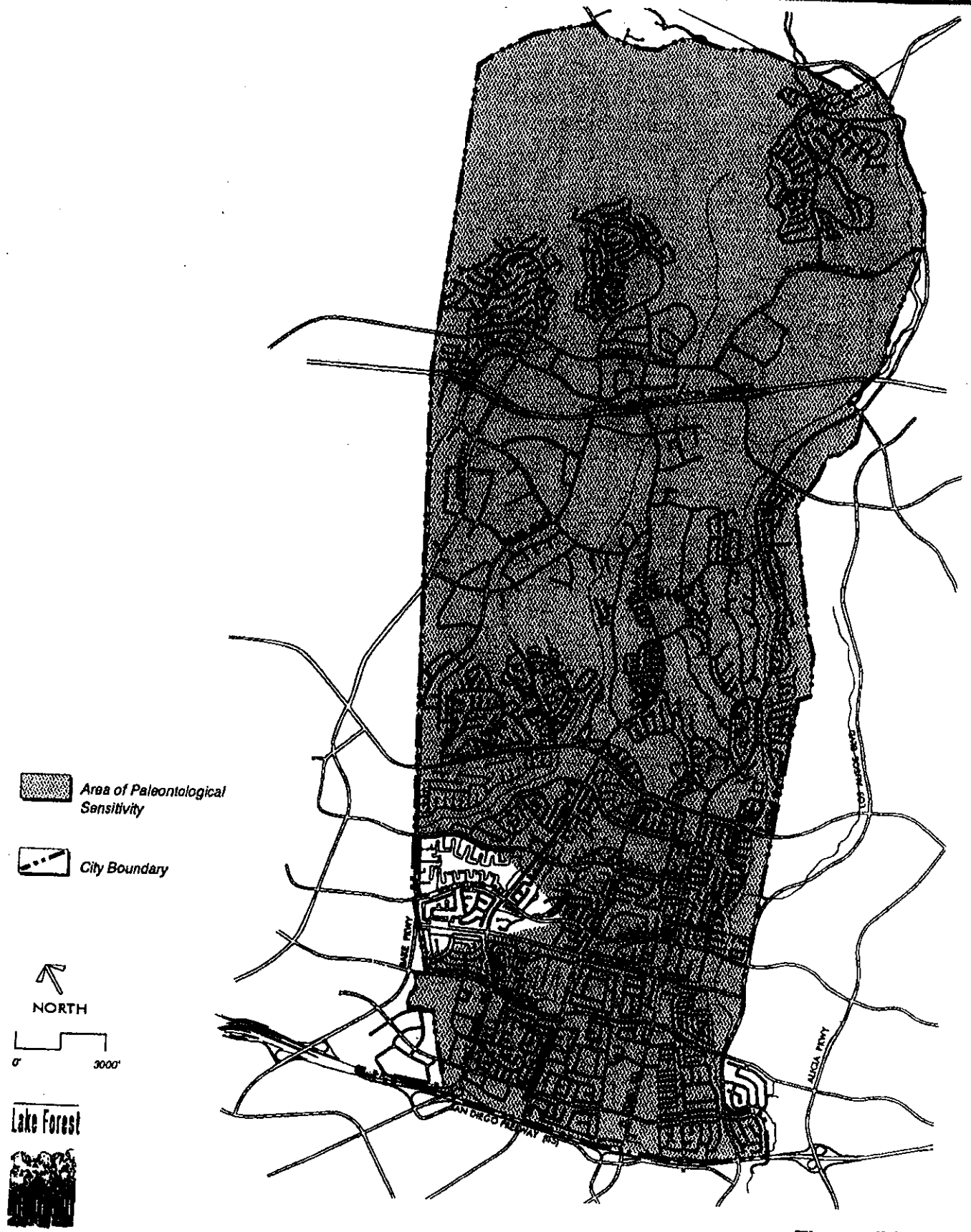


Figure RR-6
Sensitive Archaeologic Areas



SOURCE: Orange County EMA

Figure RR-7
Sensitive Paleontologic Areas

ATTACHMENT 4 TO EXHIBIT A

Legal Descriptions for Sites 1, 2 and 5

Site 1 – Shea-Baker

Legal Description

PARCEL 1 OF LOT LINE ADJUSTMENT NO. LL-2000-10 IN THE CITY OF LAKE FOREST. COUNTY OF ORANGE, STATE OF CALIFORNIA RECORDED OCTOBER 20, 2000, AS INSTRUMENT NO. 2000 565713, OF OFFICIAL RECORDS OF SAID COUNTY, PARCEL 2 OF LOT LINE ADJUSTMENT NO. LL-2002-02 RECORDED OCTOBER 30, 2002, AS INSTRUMENT NO. 20020948495, OF SAID OFFICIAL RECORDS, PARCELS 4 AND B OF PARCEL MAP NO. 97-173 AS SHOWN ON MAP FILED IN BOOK 301 PAGES 43, 44 AND 45, OF PARCEL MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, A PORTION OF PARCEL 1 OF PARCEL MAP NO. 94-139 AS SHOWN ON A MAP FILED IN BOOK 288, PAGES 19 AND 20 OF SAID PARCEL MAPS AND ALL OF TRACT NO. 16224 AS SHOWN ON A MAP FILED IN BOOK 824, PAGES 36 THROUGH 41, OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY AND LOT 8 OF TRACT NO. 14754 AS SHOWN ON A MAP FILED IN BOOK 713, PAGES 3 THROUGH 11, INCLUSIVE OF SAID MISCELLANEOUS MAPS.

Assessor's Parcel Numbers

610-411-04	610-432-02
610-412-02	610-432-03
610-421-06	610-432-04
610-422-01	610-432-05
610-431-01	610-432-06
610-431-02	610-432-07
610-431-03	610-432-08
610-431-04	610-432-09
610-431-05	610-432-10
610-431-06	610-432-11
610-431-07	610-432-12
610-431-08	610-432-13
610-431-09	612-132-01
610-432-01	612-134-05

Site 2 – Portola Center
Legal Description

The land is situated in the State of California, County of Orange and is described as follows:

PARCEL A:

PARCELS 9 TO 14 OF PARCEL MAP NO. 84-121, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP FILED IN BOOK 192, PAGES 5 TO 8 OF PARCEL MAPS, RECORDS OF SAID COUNTY.

EXCEPT THEREFROM:

TRACT NO. 13334 AS SHOWN ON MAP FILED IN BOOK 617, PAGES 42 TO 46; TRACT NO. 13335 AS SHOWN ON MAP FILED IN BOOK 617, PAGES 33 TO 41; THOSE PORTIONS OF SADDLEBACK RANCH AND GLENN RANCH ROAD OF TRACT 13524 AS SHOWN ON A MAP FILED IN BOOK 639, PAGES 11 TO 15; TRACT 13849 AS SHOWN ON A MAP FILED IN BOOK 639, PAGES 16 TO 22; ALL OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

PARCEL B:

LOTS 8, 9, 10, 11, 12 AND 13 OF TRACT NO. 13849, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP FILED IN BOOK 639, PAGES 16 TO 22 INCLUSIVE, OF MISCELLANEOUS MAPS, RECORDS OF SAID COUNTY.

EXCEPTING FROM SAID LOT 13 THAT PORTION DESCRIBED IN PARCEL NO. 101 OF THE DEED TO THE COUNTY OF ORANGE RECORDED APRIL 1, 1991 AS INSTRUMENT NO. 91-147126 OF OFFICIAL RECORDS, RECORDED DECEMBER 9, 1992 AS INSTRUMENT NO. 92-844000 OF OFFICIAL RECORDS.

EXCEPTING FROM SAID LOT 9 THAT PORTION DESCRIBED IN THE DEED TO THE IRVINE RANCH WATER DISTRICT RECORDED DECEMBER 9, 1992 AS INSTRUMENT NO. 92-844000 OF OFFICIAL RECORDS.

PARCEL C:

PARCEL 5 IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON EXHIBIT B ATTACHED TO THAT CERTAIN LOT LINE ADJUSTMENT NO. LL 91-022 RECORDED JUNE 12, 1991 AS INSTRUMENT NO. 91-298380 OF OFFICIAL RECORDS OF SAID COUNTY.

The Parcel No's for Portola Center are as follows:

606-161-19
606-321-01, 02, 03, 04, 05, 07, 08, 09
606-331-01, 02, 03
606-332-01
606-341-01, 03, 04, 05, 07
606-351-01

Site 5 – Pacific Heritage
Legal Description

OR-9763435
TITLE OFFICER - BALDING

DESCRIPTION

THE LAND REFERRED TO IN THIS REPORT IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF ORANGE, AND IS DESCRIBED AS FOLLOWS:

LOTS 5 AND 6 OF TRACT NO. 10931, AS SHOWN ON A MAP RECORDED IN BOOK 511, PAGES 1 TO 5 INCLUSIVE OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, AND AS CORRECTED BY THAT CERTAIN CERTIFICATE OF CORRECTION RECORDED SEPTEMBER 15, 1983 AS INSTRUMENT NO. 83-405744 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY.

EXCEPTING FROM LOT 6, ALL MINERAL RIGHTS NOT HERETOFORE OTHERWISE CONVEYED OR RESERVED BY GRANTOR, INCLUDING, WITHOUT LIMITATION, ALL OIL, GAS, HYDROCARBON AND SIMILAR RIGHTS, AND ALL WATER, WATER RIGHTS, GEOTHERMAL STEAM AND STEAM POWER, WITHIN OR UNDERLYING THE REAL PROPERTY HEREIN CONVEYED, TOGETHER WITH THE PERPETUAL RIGHT OF DEVELOPMENT THEREOF, PROVIDED, HOWEVER, THAT THE RIGHTS HEREIN RESERVED AND EXCEPTED DO NOT INCLUDE THE RIGHT TO ENTER UPON THE SURFACE AND THE TOP 500 FEET OF THE SUBSURFACE OF SAID LAND, AS RESERVED BY LAKE FOREST PROPERTIES, A JOINT VENTURE COMPOSED OF OCCIDENTAL LAND, INC., A CALIFORNIA CORPORATION, AND SIGNAL LANDMARK, INC., A CALIFORNIA CORPORATION, IN THE DEED RECORDED JULY 3, 1979 IN BOOK 13215, PAGES 646 AND 649 OF OFFICIAL RECORDS.

ALSO EXCEPTING FROM LOT 6 ALL MINERAL RIGHTS NOT HERETOFORE OTHERWISE CONVEYED OR RESERVED BY GRANTOR, INCLUDING, WITHOUT LIMITATION, ALL OIL, GAS, HYDROCARBON AND SIMILAR RIGHTS, AND ALL WATER, WATER RIGHTS, GEOTHERMAL STEAM AND STEAM POWER, WITHIN OR UNDERLYING THE REAL PROPERTY HEREIN CONVEYED, TOGETHER WITH THE PERPETUAL RIGHT OF DEVELOPMENT THEREOF, PROVIDED, HOWEVER, THAT THE RIGHTS HEREIN RESERVED AND EXCEPTED DO NOT INCLUDE THE RIGHT TO ENTER UPON THE SURFACE AND THE TOP 500 FEET OF THE SUBSURFACE OF THE REAL PROPERTY HEREIN CONVEYED, AS RESERVED BY LAKE FOREST PROPERTIES, A JOINT VENTURE COMPOSED OF OCCIDENTAL LAND, INC., A CALIFORNIA CORPORATION, AND SIGNAL LANDMARK, INC., A CALIFORNIA CORPORATION, RECORDED SEPTEMBER 28, 1978 IN BOOK 12860, PAGE 43 OF OFFICIAL RECORDS.

EXCEPTING FROM LOT 5 ALL MINERAL RIGHTS, INCLUDING WITHOUT LIMITATION ALL OIL, GAS, HYDROCARBON AND SIMILAR RIGHTS, AND ALL WATER, WATER RIGHTS, GEOTHERMAL STEAM AND STEAM POWER, WITHIN OR UNDERLYING SAID LAND, TOGETHER WITH THE PERPETUAL RIGHT OF DEVELOPMENT THEREOF; PROVIDED, HOWEVER, THAT THE RIGHTS HEREIN EXCEPTED DO NOT INCLUDE THE RIGHT TO ENTER UPON THE SURFACE AND THE TOP 500 FEET OF THE SUBSURFACE OF SAID LAND, AS RESERVED IN A DEED RECORDED NOVEMBER 1, 1979 IN BOOK 13379, PAGE 204 OF OFFICIAL RECORDS.

APNs 610-204-01, 610-204-05

EXHIBIT "C"
[reserved]

EXHIBIT "D"

CITY OF LAKE FOREST

LONG TERM FINANCING AND LAND SECURED DEBT POLICY

[to be attached]

CITY OF LAKE FOREST
LONG-TERM FINANCING POLICY

INTRODUCTION

The following policies and procedures are enacted in an effort to standardize the issuance and management of debt by the City of Lake Forest, the Lake Forest Redevelopment Agency, the Rancho Cañada Financing Authority, any other component units of the City (hereinafter referred to as "City"). The primary objective is to establish conditions for the use of debt, to minimize the City's debt service requirements and cost of issuance, to retain the highest practical credit rating, maintain full and complete financial disclosure and reporting and to maintain financial flexibility for the City. The policies apply to all debt issued by the City including capital leases, special tax and assessment debt and conduit debt.

PURPOSE

The purpose of this Policy is to establish guidelines and procedures for the issuance of bonds and the incurrence of debt by the City and on related issues. Typically, debt is incurred as a result of issuing bonds for public purposes. Generally, these bonds are tax-exempt, meaning that investors (purchasers of the bonds) do not have to pay federal or state income taxes on the interest they earn from the bonds. There are also debt obligations in forms other than bonds. Certificates of participation and secured loans are examples of other forms of debt obligations.

The policies set forth herein reflect the minimum standards under which the City will make use of long-term debt, including Community Facilities Districts and Assessment Districts, to finance public facilities and fund services permitted by the applicable laws of the State of California. The City may, in its discretion, require additional measures and procedures, enhanced security and higher standards in particular cases.

The City may, in its discretion and to the extent permitted by law, waive any of the policies set forth herein in particular cases. Exceptions to such policies will be considered that are consistent with current public financing practices when structuring bond refundings, when considering unique bond structures (e.g., escrowed bond proceeds or variable rate bonds) or when additional credit enhancements (e.g., bond insurance or credit supports) are present.

The goals and policies set forth herein may be amended at any time and from time to time by the City.

USE OF LONG-TERM FINANCING

The City will consider the use of debt financing only for its one-time capital improvement projects and only under the following circumstances:

1. When the project's useful life will exceed the term of the financing.

2. When the projected revenues or funding sources will be sufficient to service the long-term debt.

Debt financing will not be considered appropriate for any recurring purpose such as current operating and maintenance expenditures, however, the City may use assessments and other special taxes to pay costs of ongoing maintenance and special services. The issuance of short-term cash-flow instruments (tax anticipation notes, revenue anticipation notes, tax/revenue anticipation notes) are permitted only when available cash is or will be insufficient to meet working capital requirements. Such cash-flow instruments are not permitted for the purpose of arbitrage earnings.

The City will consider the following criteria to evaluate pay-as-you-go financing:

1. Current revenues and adequate fund balances are available so project phasing can be accomplished.

2. Additional debt service would adversely affect the marketability of existing debt.

3. Market conditions are unstable or present difficulties in marketing debt instruments.

The City will consider the following criteria to evaluate long-term financing:

1. Revenues available for debt service are deemed to be sufficient and reliable so that long-term financing can be marketed with investment grade credit ratings.

2. Market conditions present favorable interest rates and demand for City financing.

3. The project is mandated by state and/or federal requirements and current resources are insufficient or unavailable.

4. The project is immediately required to meet or relieve capacity needs and current resources are insufficient or unavailable.

5. The life of the project or asset to be financed is 10 years or longer.

DIRECT AND INDIRECT DEBT

Bonds may be classified as either direct or indirect obligations. For purposes of this Policy, a "direct" obligation exists when the City and the General Fund are directly liable for debt repayment. An "indirect" obligation exists when the City, or one of its subordinate entities, has issued the debt, but neither the City nor the General Fund revenues are directly liable for debt repayment. In other words,

the debt agreements are structured so that the bond obligation does not provide that the City will be liable for repayment of the debt, nor does the obligation include a pledge of the City's General Fund revenues to secure the debt. Indirect debt obligations are recorded within the City's financial statements, however, and the City may have complete administrative oversight responsibility for the debt.

Examples of typical indirect obligations include tax allocation bonds issued by the Lake Forest Redevelopment Agency (when only the tax increment revenue is pledged to repay the debt); lease-revenue bonds (when only the revenues received under the lease agreements are pledged to repay the debt, although the title to the leased property may be pledged to secure the debt), certificates of participation and revenue bonds (when secured entirely by revenues from enterprise fund operations). Note, however, that any of these types of obligations may be structured as direct debt, if the debt agreements include promises by the City to repay the debt, or pledges General Fund revenues.

SPECIAL ASSESSMENT AND COMMUNITY FACILITIES DISTRICT BONDS

Non-obligatory debt is debt in which the City has no obligation to repay, but issues the debt to facilitate a project that has public benefits. Some examples of this category of debt include special assessment districts, Community Facilities Districts ("CFDs"), business improvement districts and parking districts. For those bonds in this category that contain value-to-lien ratio, they should be equal to or greater than 4:1, unless additional security is provided as further described in this policy statement.

CONDUIT FINANCING

Another category of bonds or debt is commonly referred to as "conduit bonds." Conduit financing bonds are bonds issued by a public agency for a public purpose, often as tax-exempt bonds, but the proceeds are loaned to a third party "borrower" who is responsible for debt repayment. Conduit bonds typically are used for housing or industrial development, or to construct facilities or to provide capital to operate or manage programs of non-profit corporations. A public hearing pursuant to the Tax Equity and Fiscal Responsibility Act (TEFRA) usually is required when conduit bonds are issued. Some examples of this category of debt include industrial development bonds, mortgage revenue bonds and hospital revenue bonds.

REFUNDING

Refunding (also referred to as refinancing) of existing bonds can occur for a number of reasons, such as, to achieve savings on debt service costs, restructure outstanding debt, in conjunction with issuance of additional debt and/or to change burdensome bond covenants. The City shall evaluate each proposed refunding and determine if the refunding is in the best interest of the City. In the case of a refunding to achieve savings on debt service costs, the minimum savings shall be three percent (3%) on a present value basis. The City Council may approve a refunding of bonds for other reasons than debt service savings, such as changing out dated or burdensome bond covenants, and restructuring for the purpose of leveling debt service payments.

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:

I. 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.

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

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.

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.

(e) 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 "E"

COUNTY AND REGIONAL AGENCY FEES

CITY OF LAKE FOREST
REVISED ROAD FEE PROGRAMS SCHEDULES
EFFECTIVE JULY 1, 2008

(Revised 5/20/2008)

FCPP
(non)

FOOTHILL CIRCULATION PHASING PLAN FEE PROGRAM				
NON-PARTICIPATING FCPP LANDOWNERS				
LAND USE		ZONE 1	ZONE 2	ZONE 8
Single Family	per unit	$3,785.00	$5,198.00	$4,015.00
Multi-Family	per unit	$3,362.00	$4,157.00	$3,220.00
Non Residential	per sq. ft.	$3.780	$4.670	$3.627

FCPP

FOOTHILL CIRCULATION PHASING PLAN FEE PROGRAM				
PARTICIPATING FCPP LANDOWNERS				
LAND USE		ZONE 1	ZONE 2	ZONE 8
Single Family	per unit	$2,700.00	$3,340.00	$2,580.00
Multi-Family	per unit	$2,160.00	$2,670.00	$2,070.00
Non Residential	per sq. ft.	$2.43	$3.00	$2.33

FE

FOOTHILL EASTERN TRANSPORTATION CORRIDOR			
LAND USE		ZONE A	ZONE B
Single Family	per unit	$4,661.00	$3,318.00
Multi-Family	per unit	$2,722.00	$1,931.00
Non Residential	per sq. ft.	$6.48	$3.76

SCR

Pac. Comm. =.0325
Baker Ranch = .45
Spectrum Pt. = .0325

SANTIAGO CANYON ROAD FEE PROGRAM			
LAND USE		F.H. RANCH	L.F.
Single Family	per unit	$32.29	$662.00
Multi-Family	per unit	$27.44	$530.00
Non Residential	per sq. ft.	$0.031	$0.58

TET

EL TORO ROAD FEE PROGRAM		
LAND USE		
RESIDENTIAL - Low Density	per unit	$1,329.00
RESIDENTIAL - Medium Density	per unit	$1,112.00
RESIDENTIAL - High Density	per unit	$686.00
REGIONAL SHOP. CENTER	per acre	$34,269.00
NEIGHBORHOOD COMMERCIAL	per acre	$77,176.00
OFFICE COMMERCIAL	per acre	$19,210.00
INDUSTRIAL	per acre	$6,694.00

EXHIBIT "F"[1]
PUBLIC BENEFITS

In addition to complying with the Project conditions of approval which are designed to mitigate the significant environmental impacts of the Project, Owner has committed by this Agreement to contribute to the development of certain "Public Benefits."[2] The Public Benefits consist of contributions toward the "Public Facilities" (consisting of the City Facilities and the School Facilities) as described in this Exhibit "F" (collectively, "Owner's Facilities Obligations"). Any work on City Facilities shall be subject to prevailing wages. City shall have no obligation to construct the Public Facilities in any particular order or sequence, except as required by the EIR, and provided that City shall use LFTM Fees paid by Owner to construct the LFTM Improvements as they become necessary.

A. **City Facilities**. Owner shall make contributions towards the development of the City Facilities, as follows:

1. Sports Park, City Hall and Community Center Facilities Fees. Owner shall pay a fee in the amount of $27,365 (the "Sports Park, City Hall and Community Center Facilities Fee") or as adjusted per Section 9.5 of this Agreement for each Unit constructed as part of the Project, subject to adjustment and the fee credit described in subparagraph A.4 below. The Sports Park, City Hall and Community Center Facilities Fees shall be due concurrently with the issuance of the building permit for each Unit, unless a different schedule is mutually agreed upon by the City and Owner. Subject to the City's issuance of fee credits for land dedications under subparagraph A.2 below, the City may commit the remainder of the Sports Park, City Hall and Community Center Facilities Fee to construction of facilities on land dedicated by Owner or other OSA Landowners or on other land in the Public Facilities Area of Benefit.

2. Civic Center Land Dedication. As part of Owner's obligation under this paragraph, Owner shall, in accordance with the schedule set forth below, deliver to the City as a credit against Owner's Sports Park, City Hall and Community Center Facilities Fee, an Irrevocable Offer for Dedication ("IOD") of nine (9) useable Net Acres (as defined below) of land generally located and improved as described in Attachments 2 and 3 to this Exhibit "F" (the "Civic Center Site"). It is also understood that the Civic Center Site shall be delivered by Owner to the City uncertified as to compaction (City will recertify site after taking title.) If City provides Owner with an indemnification regarding the grading, Owner shall assign all rights and insurance contained within the grading and soils contractors' contract with Owner to the City, subject to City's approval of the language in the contracts regarding indemnification, warranty, and insurance. The Civic Center Site shall contain a nine (9) acre rough graded pad with a maximum

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[1] Capitalized terms used in this Exhibit F shall have the same meaning as those terms are given in the body of this Agreement.

[2] In the case of the LFTM Program discussed below, the Public Benefits include Project mitigation and additional and/or accelerated improvements beyond Project mitigation which have been blended into a single improvement program.

2% slope (the 2% maximum slope area criteria shall not apply to the slope internal to the pad and such slope shall not be included in the "net" pad area calculations), street access to the perimeter of the site, wet and dry utilities to the perimeter of the site (including an off-site sewer line, if necessary, to provide sewer service for all of the 9-acre Property at all pad elevations, and connection to Project area storm drainage system. The Property will be bounded by Indian Ocean Dr. on the northwest, the existing industrial uses on the north, and the regional trail on the east, as shown on the map on Attachment 2 to Exhibit "F". The building envelope of requisite street frontage, site depth, vertical elevation, and utility requirements will be as depicted on Attachment 3 to Exhibit "F". The exact boundary of the site will be determined by the grading plan and the City's site plan, and both parties acknowledge that the actual gross acreage offered for dedication to the City will exceed nine (9) acres, will run to certain property lines and right-of-way boundaries, and will include some slope banks adjacent to the Civic Center pad. Acreage calculated with the formula in this paragraph shall be referred to in this Agreement as "Net Acres". The location of the Civic Center Site and the improvements required under this Agreement may be modified with the mutual consent of Owner and City.

Within 30 days of the Effective Date, City shall provide Owner all draft biological and wetlands reports in City's possession. Owner shall submit a preliminary Civic Center Site property map ("Property Map") within 120 days of the Effective Date of this Agreement. The Property Map shall depict locations for onsite and offsite storm drain detention facilities to service the Civic Center Site, including a quantification of the total number of acres of each of the storm drain detention facilities. Upon receipt of the Property Map, City shall have 45 days to review and approve or disapprove the Property Map and select either the onsite or offsite site storm drain detention facilities depicted thereon. Owner and City shall use their best efforts to revise/re-submit and re-review the Property Map and to pursue in good faith agreement and City approval of the specific location and parameters of the Civic Center Site, consistent with the general parameters provided above within 30 days following Owner's revision and re-submittal of the Property Map. Upon approving the Property Map, City shall within 30 days provide Owner a proposed site plan and conceptual grading plans.

Owner shall receive credit against (i) its Sports Park, City Hall and Community Center Facilities Fee obligation under this paragraph in the amount of $1,450,000 per Net Acre for 1.5 Net Acres of this dedication, and (ii) the total acreage of the offsite storm drain detention facilities, should City elect to accept the offsite storm drain detention facilities depicted on the Property Map, in the amount of $1,450,000 per Net Acre, all subject to adjustment as described in subparagraph A.4 below.

Owner shall deliver City an IOD for the Civic Center Site (i) within 60 days of receipt of City's Notice of Intent to Accelerate Owner's Civic Center Site Obligations (defined below) or Notice of Intent to Exercise Self-help (defined below), or (ii) the submittal of the First Tentative Map Submittal Package, whichever occurs first. City shall have 5 years from the Effective Date to accept and execute the IOD; provided, however, City shall not accept the IOD prior to the later of (i) the Financing District

Determination Date or (ii) thirty (30) days following the second reading of the ordinance authorizing the levy of special taxes of the Financing District. The foregoing notwithstanding, Owner shall offer, and City be permitted to accept and execute the IOD no later than 6 months prior to the expiration of the 5 year period for acceptance and execution of the IOD. The IOD shall not be accepted if Owner has provided City a written notice of termination pursuant to Section 9.4.4 of this Agreement. Should Owner not provide written notice of termination pursuant to Section 9.4.4 of this Agreement, the City may accept the IOD pursuant to the terms of this paragraph.

Subject to the acceleration and self-help provisions below, Owner shall complete the following work on the Civic Center Site:

- all requisite grading including remedial work
- all requisite off-site detention basin construction, if City selects to utilize off-site detention
- jurisdictional wetlands and Coastal Sage Scrub habitat permitting and mitigation authorization, including the initial materials and planting, and to the extent available, Coastal Sage Scrub re-vegetation planting areas within the Project

City shall be responsible for the landscaping and maintenance of the slope banks within the Property, to include the gross property acreage as described on the Property Map. City shall also provide Owner:

- any off site sources of suitable fill material that City may have, subject to availability
- land off site for jurisdictional wetlands and Coastal Sage Scrub habitat mitigation for the Civic Center Site that cannot otherwise be provided on site, subject to availability
- funding for monitoring, and maintenance of mitigation areas impacted by the Civic Center Site as required by the regulatory agencies.

If, due to reasons other than the Owner's delay or Force Majeure, the City does not accept the IOD within the deadline described above, ownership of the Civic Center Site shall remain with the Owner and shall be developable consistent with the Development Plan. In such event, Owner shall pay the fees for Owner's Facilities Obligations and other fees and meet Neighborhood Park dedication and improvement requirements on the additional Units. Owner may fulfill up to one-half (1/2) acre of its added Neighborhood Park dedication on the additional Units by augmenting the Nature/Passive Park acreage dedication on terms described below.

City shall commence construction of the Civic Center within 24 months after the earlier of (i) issuance of building permits for 70% of the total overall units approved by the City as part of the First Tentative Map process for the five (5) OSA member projects, or (ii)) no later than 12 years from the Effective Date of the Development Agreement, and shall diligently continue construction until completed.

The Civic Center Site shall be used for Civic Center purposes, including those municipal services commonly provided by general law cities at city hall and civic center complexes, consistent with the requirements of City's Municipal Code. The following land uses shall not be included in plans for the Civic Center Site ("Restricted Uses"):

- Animal Shelter

- Dog Park

- Skate Park

- Roller Hockey Facility

- A maintenance yard whose primary purpose is maintenance and repair of vehicles and/or machinery. Day-to-day maintenance, upkeep and repair of City and Police vehicles and/or machinery shall be permitted.

- A fire station with the primary function of providing firefighting and paramedic services. Administrative offices of the Orange County Fire Authority or other fire department or fire authority shall be permitted.

- A permanent jail facility, excluding holding or similar cells as part of a sub-station of the Orange County Sheriff or other police department or law enforcement agency.

- A parking structure exceeding the greater of 3 stories or 36 feet in height.

- Storage or overnight parking of trash trucks.

- Third party retail uses requiring permits, but excluding vending machines.

- High Hazard Group H occupancy as defined and described in Section 307 of the 2007 California Building Code.

- Any use that violates the City's noise ordinance, contained in section 11.16 of the Lake Forest Municipal Code.

- Any use, purpose or activity not associated with those uses, purposes or activities normally associated with a civic center, including, but not limited to, city governance, community activities and gatherings, special community events, and related public uses and activities.

Development of the Civic Center shall be subject to review and permitting otherwise applicable to development under City's Municipal Code.

Owner shall have the right to review and comment on the City's site plan, architecture, and site circulation. Prior to any public hearing on the Civic Center project,

the City shall review Project plans with the Owner. The City acknowledges Owner's desire to create view opportunities for its development, consistent with the parameters depicted in Attachment 3 to this Exhibit "F".

Should the City attempt to sell, transfer or otherwise develop the Civic Center Site with Restricted Uses prior to the completion of the Civic Center, Owner shall have the right to repurchase the Civic Center Site at the original purchase price, less any unused credits or liens and encumbrances. Owner shall give written notice to City of its intent to repurchase the Civic Center Site, including an accounting of credits used, after which City shall have sixty (60) days to rescind its decision to sell, transfer or otherwise develop the Civic Center Site with restricted Uses. Upon repurchase of the Civic Center Site, Owner will thereafter pay Development Impact Fees and affordable housing in lieu fees for future building permits with no credits being granted. The repurchase price shall exclude any restructuring of the park credits, and shall only include the payment of fee amounts that have already been waived in securing a building permit prior to the repurchase. City shall receive payment for the waived fees already used by Owner at the time of closing on the repurchase. Escrow shall close on the repurchase of the Property within sixty (60) days after Owner gives notice to the City. City shall remove exceptions and encumbrances put on title unless otherwise approved by Owner.

3. Neighborhood Parks. In addition to Owner's dedication of land and/or payment of fees for the City Facilities described above, Owner shall dedicate to the City on a schedule determined in connection with the City's approval of Owner's First Tentative Map, neighborhood parkland at a rate of three net useable acres per 1,000 residents. Of this parkland, Owner shall dedicate to the City (i) 2.95 net useable acres of parkland located adjacent to Serrano Creek (the "Passive/Nature Park") generally located and improved as described in Attachment 1 to this Exhibit "F", and (ii) the remainder onsite. Parkland dedicated by Owner shall be improved by Owner subject to the Neighborhood Parks Improvement Criteria, described in Attachment 1 to this Exhibit "F."[3] Owner shall receive credit against the neighborhood parks requirement equal to 1.15 acres for each improved acre. All onsite neighborhood parks shall be planned and reviewed under the City's park planning process, and shall meet the criteria described below and in Attachment 1 to this Exhibit. The minimum size of neighborhood parks for which the City shall be required to provide credit shall be 0.5 acres.

Any land dedicated or otherwise conveyed to the City for the neighborhood parks shall: (i) be free and clear from all assessments, liens, and other monetary obligations or encumbrances, as shown by an American Land Title Association (ALTA) policy of title insurance; and (ii) be delivered in "superpad" condition (consisting of rough grading with drainage approved by the City Engineer, all necessary utility infrastructure stubbed to property boundaries.

[3] For purposes of this Agreement, one residential unit shall be assumed to generate 2.91 residents.

4. General Requirements for City Facilities.

a) Adjustments to Costs of City Facilities. The City shall, on July 1st of each year, commencing in 2009, apply an inflation escalator to: (i) the Sports Park, City Hall and Community Center Facilities Fee described in subparagraphs A.1 above, to the extent that they remain unpaid; and (ii) the amount of credit provided against Owner's Facilities Fee Obligation per qualifying acre of land dedicated by Owner, to the extent that the City has not accepted Owner's irrevocable offer of dedication, based upon the change in the Engineering News-Record (ENR) Building Cost Index for the Los Angeles area between the Effective Date and the date of the annual July 1 adjustment. In the event that the ENR Building Cost Index ceases to be published, the City shall select a successor third-party index which is designed to reflect generally-accepted changes in the cost of construction in Southern California.

b) Title and Condition of City Facilities Sites. Any land dedicated or otherwise conveyed to the City for the City Facilities or neighborhood parks shall: (i) be free and clear from all assessments, liens, and other monetary obligations or encumbrances, as shown by an American Land Title Association (ALTA) policy of title insurance; and (ii) be delivered in "superpad" condition (consisting of rough grading with drainage approved by the City Engineer, all necessary utility infrastructure stubbed to property boundaries, adjacent street improvements completed, and any required environmental remediation completed).

c) Concurrent Processing. Owner shall include the Civic Center Site in (i) its analysis and applications for the Project's project level CEQA analysis and (ii) surveys, analysis, submittals, and applications to all resource agencies and regulatory agencies for the Project, provided that City provides the necessary information to Owner in a timely manner. All project level CEQA approvals shall be completed for the Civic Center Site in conjunction with the CEQA approvals for the Owner's Project, provided that City provides the necessary information to Owner within the deadlines described in this Agreement. Owner and City agree to pursue City's review of Owner's project level entitlements, as incorporating the Civic Center, with an application made to City within nine (9) months of the Effective Date and to use their reasonable efforts to complete First Tentative Map entitlements within 18 months of the Effective Date and final "A" Map entitlements within 24 months of the Effective Date. All resource agency permits, if any, shall be prepared for the Property by the Owner in conjunction with those required for the Owner's Project. The City shall cooperate with such approvals. The costs of these applications shall be paid by Owner.

Should the City's plans not be available and ready to submit within the timeframes outlined above and prior to Owner's submittal of relevant applications for Subsequent Approvals to the City, Owner will remove any

reference to the Civic Center in its Project applications and proceed with its Project applications, excluding plans for the Civic Center Site.

d) Acceleration and Self-help Provisions. If Owner has not commenced construction of the Civic Center Site improvements within thirty (30) months of the Effective Date, City may submit to Owner a written request for Owner to determine whether the Civic Center Site improvements can be constructed onsite ("Onsite") or offsite ("Offsite"). Onsite shall mean that construction of the Civic Center Site improvements will not result in extensive improvements beyond the Civic Center Site on the remainder of the Property, excluding normal construction access to the Civic Center Site and development of shared and adjacent slopes. Offsite shall mean that construction of the Civic Center Site improvements will result in extensive improvements beyond the Civic Center Site on the remainder of the Property, excluding normal construction access to the Civic Center Site and development of shared and adjacent slopes. Owner shall respond in writing to City's request ("Owner's Response") within 15 days of the date of the request.

If Owner's Response concludes that construction of the Civic Center Site improvements are Offsite, Owner may elect to (i) perform Accelerated Owner Completion (as defined below) or (ii) permit City to perform Owner's obligations for grading, preparation, delivery, permitting, and insuring title to the Civic Center Site ("Owner's Civic Center Site Obligations") as a City public works project (as defined below). Owner shall inform City of its election in Owner's Response. Should Owner elect to permit City to perform Owner's Civic Center Site Obligations as a City public works project, Owner reserves the right to review plans for any Offsite improvements beyond the Civic Center Site on the remainder of the Property, and Owner agrees to cooperate in good faith in any such review.

If Owner's Response concludes that the Civic Center Site improvements are Onsite, City may elect to (i) require Owner to perform Accelerated Owner Completion (as defined below), or (ii) perform Owner's Civic Center Site Obligations as a City public works project (as defined below).

Before commencement of either Accelerated Owner Completion or City's performance of Owner's Civic Center Site Obligations as a City public works project, Owner shall deliver and City shall accept and execute the IOD. As outlined above in this Section A(4)(d), the parties shall pursue one of the following alternatives:

(i) Accelerated Owner Completion. As specified above in Section A(4)(D), City may demand acceleration of, or Owner may elect to accelerate, Owner's Civic Center Site Obligations. Owner shall commence Owner's Civic Center Site Obligations within 10 days of the later of (i) receipt of City's Civic Center Site final plans

and bid package, (ii) City's deposit into a City deposit account of the estimated funds necessary to advance Owner for payment of obligations during the accelerated completion of Owner's Civic Center Site Obligations, to be reimbursed to City as provided below in this Section A(4)(d), or (iii) 120 days from the date of Owner's Response (if Offsite) or upon 120 days notice to Owner from the City ("Notice of Intent to Accelerate Owner's Civic Center Site Obligations") (if Onsite).

City's deposit shall be calculated as follows. Owner shall obtain three (3) hard cost bids from reputable licensed contractors engaged in constructing similar improvements. Of the three (3) bids, City's deposit shall be the average of the two (2) bids that are closest in amount to each other, plus a ten percent (10%) contingency, plus ten percent (10%) for Owner's overhead/contract administration fee, plus amounts to provide ordinary bonding and sureties for City construction projects (the "Total City Deposit").

Owner shall be paid from the deposit account within thirty (30) days of City's receipt of an invoice from Owner which must be received by City on the first day of the calendar month, plus an overhead/contract administration fee of ten percent (10%) of those invoices. Owner agrees to reimburse the City for the full amount withdrawn from the Total City Deposit, according to the schedule set forth below. Funds remaining in the deposit shall be remitted to City one year following City's acceptance of the Civic Center Site improvements.

(ii) City public works project. City may pursue completion of the Civic Center pad as a City public works project, subject to City's normal regulations and processes for City construction projects. City shall commence work on the Civic Center Site as a City public works project upon 120 days notice to Owner from City ("Notice of Intent to Exercise Self-help"). Owner shall have the right to review and comment on the City's bid specifications and the City Engineer's estimate prior to the City's call for bids, and Owner may participate as a bidder in the bid process. City shall award the Civic Center Site contract to the lowest responsible bidder, pursuant to the City's public contract regulations. The bid award and final contract price may include up to a ten percent (10%) contingency. Owner agrees to reimburse the City for the Civic Center Site construction contract costs, including contingency amendments of up to ten percent (10%), if approved, and an overhead/contract administration fee to the City of ten percent (10%), according to the schedule set forth below.

Owner shall provide City all reasonable access to the Civic Center Site and the remainder the Property necessary to implement this self-help provision.

Owner shall reimburse the City for amounts deposited to fund the Accelerated Owner Completion of the Civic Center Site or the Owner's Civic Center Site Obligations incurred by the City in completing the Civic Center Site as a City public works project according to a schedule approved in connection with Owner's Area Plan (if previously submitted and approved with the First Tentative Map), and in any event, Owner shall reimburse City within six (6) months of Owner's receipt of grading permits for the remainder of the Property.

e) Maintenance of City Facilities. Owner shall provide the City with funds to pay for the Owner's proportionate share of the City's annual maintenance costs of the community center and sports park, with one of the following options: (i) Owner shall pay a fee in the amount of $760 for each residential unit concurrently with the issuance of the building permit for that residential unit; or (ii) Owner shall pay the costs through the formation of a Financing District for maintenance purposes. Owner shall select one of these options at the time of Owner's submission of its First Tentative Map for the Project. Notwithstanding Owner's selection of one of the preceding options, the City may, in lieu of either such option, add an improvement to the list of LFTM Improvements for Alton Parkway, notwithstanding Section A(5)(a) of this Exhibit F, provided the cost of such added improvement does not increase the LFTM Fee by more than $760 per residential unit. City shall also decide whether to include Alton Parkway in LFTM before First Tentative Map approval.

5. LFTM Improvements.

a) Payment of LFTM Fees. Owner agrees that it shall pay the LFTM fees applicable to the Property, as provided in the LFTM Ordinance. Payment may be made as provided in Section 9.4 of this Agreement. City shall not add new improvements to the list of LFTM Improvements, provided that City may substitute less expensive alternative improvements for LFTM Improvements. City shall use LFTM fees paid by Owner to construct the LFTM Improvements, subject to City's authority to substitute less expensive alternative improvements for LFTM Improvements. The City's failure to timely complete the acquisitions or improvements shall not be cause for the City to refuse to issue Subsequent Development Approvals for the Project.

b) Notice of LFTM Program to Developers and Purchasers of the Property. Owner shall include notice of the LFTM Program obligations pursuant to this Agreement in each instrument conveying any portion of the Property to a developer, merchant builder, or corporate or institutional purchaser of a portion of the Property.

c) Subsequent Improvements Required by CEQA. If, during subsequent environmental review of the Project or Project components, the City determines under subsections (a)(2) or (a)(3) of Section 15165 of the CEQA Guidelines that additional traffic mitigation not included in LFTM is required, the City shall either fund those improvements or adopt a statement of overriding considerations finding that the Project benefits offset and outweigh the unanticipated impacts.

d) Effect of Third-Party Funding for Traffic Improvements on LFTM Fee. The City shall make a reasonable effort to obtain third-party funding for LFTM Improvements, provided that the City shall not be obligated to seek such funding to the extent that obtaining funding for LFTM Improvements would reduce the funding available to the City for non-LFTM transportation improvements, and shall reduce the costs of the LFTM Improvements to reflect any funding received for LFTM Improvements from the State of California, County of Orange, North Irvine Transportation Mitigation Program (NITM), voter-approved transportation funding programs (not including assessment districts, Community Facilities Districts, or other financing vehicles established to provide funds for improvements and other obligations of the Opportunities Study landowners), or the Foothill Circulation Phasing Plan ("FCPP").

B. **School Facilities**. Owner shall comply with its obligations under the agreement between Owner and the Saddleback Valley Unified School District, attached as Attachment 4 to this Exhibit "F". Owner's failure to comply with such agreement shall constitute a Major Default for purposes of this Agreement.

ATTACHMENT 1 TO EXHIBIT "F"

Neighborhood Parks Improvement Criteria

Passive/Nature Park Criteria.

The Passive/Nature Park should be located near the Orange County Parks regional trail. Easy access should be provided to pedestrians, bicyclists, and maintenance and public safety vehicles. Neighborhood parks should not be separated from its user population by untraversable obstacles. Although neighborhood parks are designed to attract from a smaller service radius, they will also be utilized by residents who may live outside of the immediate neighborhood. Any work with the OC Parks easement area would require County design review/approval and permits.

The Passive/Nature Park must include:

Minimum Improvements:
- Construction water, WQMP, BMPs
- Temporary Utilities
- Site Grading, Rough
- Site Grading, Fine
- Site Drainage
- Utility Connections
- Walkways/paths, minimum 5' wide, decomposed granite
- Hardscape, Mow-strip, concrete
- Turf, sod
- Shrubs, minimum 5 gallon size
- Trees, minimum 15-gallon size
- Mulch/Soil Preparation

Automatic irrigation system with computer and communications
- Automatic security lighting system with communications

ADA universal signage
City standard park identification sign and park rules signs
ADA accessible path of travel
Concrete Pavement
- Under tables and seating

Tables, benches, trash cans, drinking fountains, and barbecues
- 1 group BBQ with 4 tables or 2 family BBQs with 2 tables per BBQ
- 1 drinking fountain

1 Shade Structure for group recreation purposes, minimum 50%
Hitching Posts
Watering Trough

For the Passive/Nature Park, the following criteria will apply to the area credited for parkland:

Must be open to all Lake Forest residents, not restricted to any private use.
No slopes greater than 6:1
No vertical elevation drop greater than 30 inches
Minimum core dimension of 200' x 200'

The Passive/Nature Park shall be completed on the schedule set forth in the Public Facilities Phasing and Financing Plan. Owner shall receive credit against the neighborhood parks dedication requirement equal to 1.15 acres for each acre of parkland so dedicated and improved in accordance with the specifications set forth in this Attachment 1. Owner may hire a consultant to assist with the design of the required neighborhood parks, but the City shall make the final determination concerning the design of the parks. All parks shall be planned and reviewed under the City's park planning process, and shall meet the criteria described below.

Easy access to the parks should be provided to pedestrians, bicyclists, and maintenance and public safety vehicles. Neighborhood parks should not be separated from its user population by major highway, railroads, or other untraversable obstacles. A neighborhood park is encouraged to be situated adjacent to greenbelts, open space linkages, or other community open space/recreational facilities to facilitate an integrated open space system. Although neighborhood parks are designed to attract from a smaller service radius, they will also be utilized by residents who may live outside of the immediate neighborhood. This may be particularly true where there are limited recreational facilities, such as in Lake Forest.

Active Park Criteria.

Many of the facilities located within neighborhood parks are associated with active recreation. Neighborhood parks should contain consolidated parcels with appropriate area devoted to active recreation such as ball fields, multi-purpose fields and open turf, game courts, tot lots and picnic facilities.

All such neighborhood parks shall be completed on the schedule set forth in the Public Facilities Phasing and Financing Plan. Owner shall receive credit against the neighborhood parks dedication requirement equal to 1.15 acres for each acre of parkland so dedicated and improved in accordance with the specifications set forth in this Attachment 1. Owner may hire a consultant to assist with the design of the required neighborhood parks, but the City shall make the final determination concerning the design of the parks. All onsite neighborhood parks shall be planned and reviewed under the City's park planning process, and shall meet the criteria described below.

Neighborhood parks should be located near the center of a neighborhood. Easy access should be provided to pedestrians, bicyclists, and maintenance and public safety

vehicles. Neighborhood parks should not be separated from its user population by major highway, railroads, or other untraversable obstacles. A neighborhood park is encouraged to be situated adjacent to or near schools, greenbelts, open space linkages, or other community open space/recreational facilities to facilitate an integrated open space system. Although neighborhood parks are designed to attract from a smaller service radius, they will also be utilized by residents who may live outside of the immediate neighborhood. This may be particularly true where there are limited recreational facilities, such as in Lake Forest.

All Neighborhood Parks must include:

Minimum Improvements:
Construction water, WQMP, BMPs
Temporary Utilities
Site Grading, Rough
Site Grading, Fine
Site Drainage
Utility Connections
Hardscape, Sidewalks, minimum 5' wide, concrete
Hardscape, Mow-strip, concrete
Turf, sod
Shrubs, minimum 5 gallon size
Trees, minimum 15-gallon size
Mulch/Soil Preparation
Automatic irrigation system with computer and communications
Automatic security lighting system with communications

ADA universal signage
City standard park identification sign and park rules signs
Parking area with van accessible ADA parking (for sites 3 acres or greater)
ADA accessible path of travel
Concrete Pavement
Under tables and seating
Athletic field and/or courts
1 Multi-Purpose Field (for sites 3 acres or greater)
1 Tennis Court, Volleyball Court or Basketball Court
Spectator seating
Tables, benches, trash cans, drinking fountains, and barbecues
1 group BBQ with 4 tables or 2 family BBQs with 2 tables per BBQ
1 drinking fountain per field, court and picnic area
1 Shade Structure for group recreation purposes, minimum 50% shade (for sites 3 acres or greater)

Play lots appropriate by age group

1 Tot Area
1 ages 6 to 12 Play area (for sites 3 acres or greater)
1 adjacent bench

For neighborhood park sites greater than 0.5 acres but less than three acres, the following criteria will apply to the area credited for parkland:

Must be open all Lake Forest residents, not restricted to any private use. (If restricted, credit reduced to 25%.)
No slopes greater than 6:1
No vertical elevation drop greater than 3 feet
Minimum of 1 hard court active recreation or passive-use hardscape user amenity

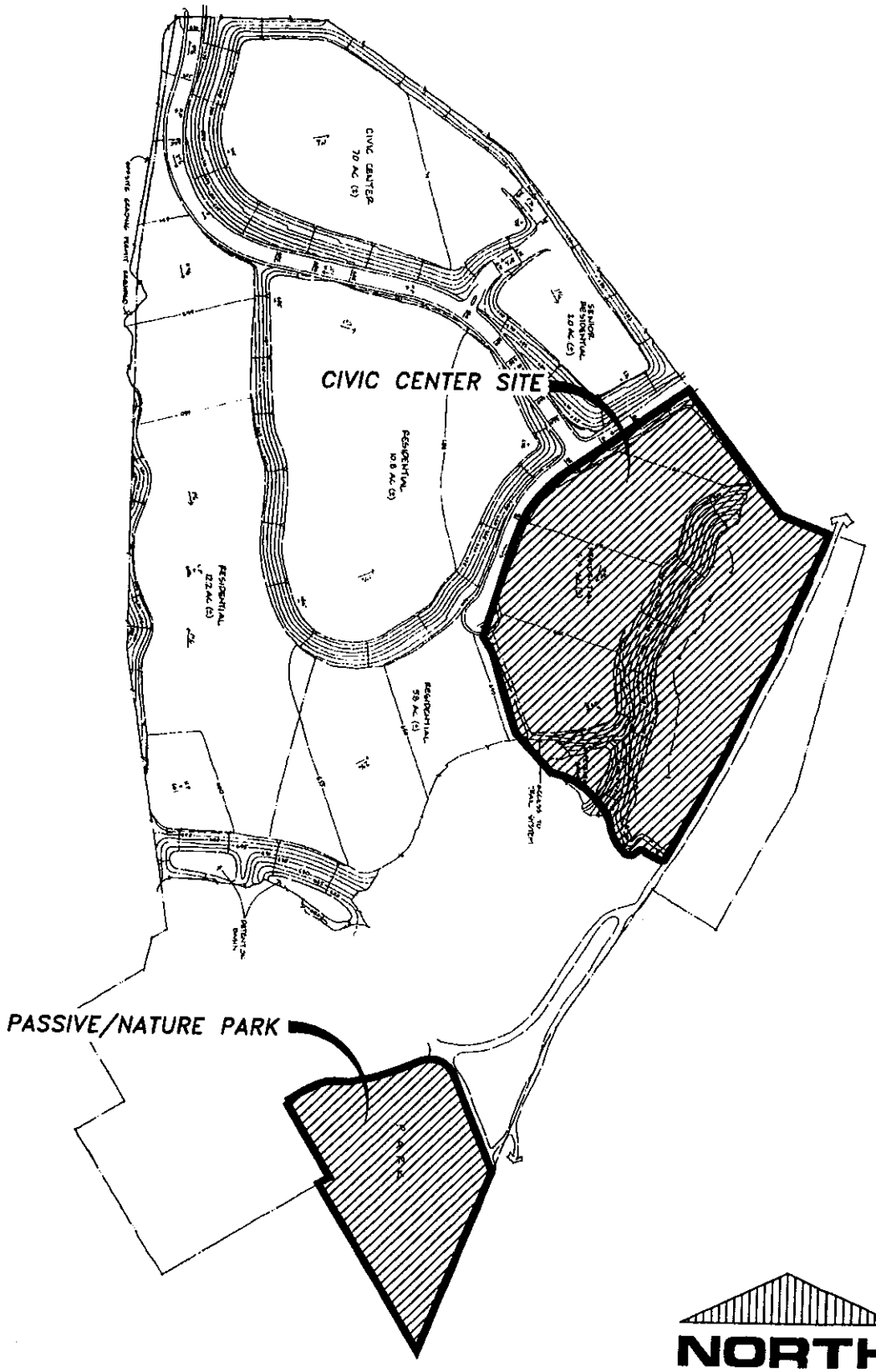
General Criteria.

No park areas less than 0.5 acres will be given neighborhood park credit. Proposed neighborhood parks ranging in size from 0.5 to 3 acres shall be reviewed and approved on a case-by-case basis by the Parks and Recreation Commission. Neighborhood park credit may be given based upon the precise design and amenities included, the relationship of the park to the surrounding residential development, other private recreation areas, open space and trail linkages. To the extent that a project includes park facilities that are not open to the public, but are open only to residents of the project, such facilities shall be given neighborhood park credit at the rate of 0.25 acres of credit per acre of park facilities, provided that such facilities otherwise meet the neighborhood parks improvement criteria set forth in this Agreement and in Section 7.38.050 of the Lake Forest Municipal Code.

ATTACHMENT 2 TO EXHIBIT "F"

VICINITY MAP OF CIVIC CENTER SITE

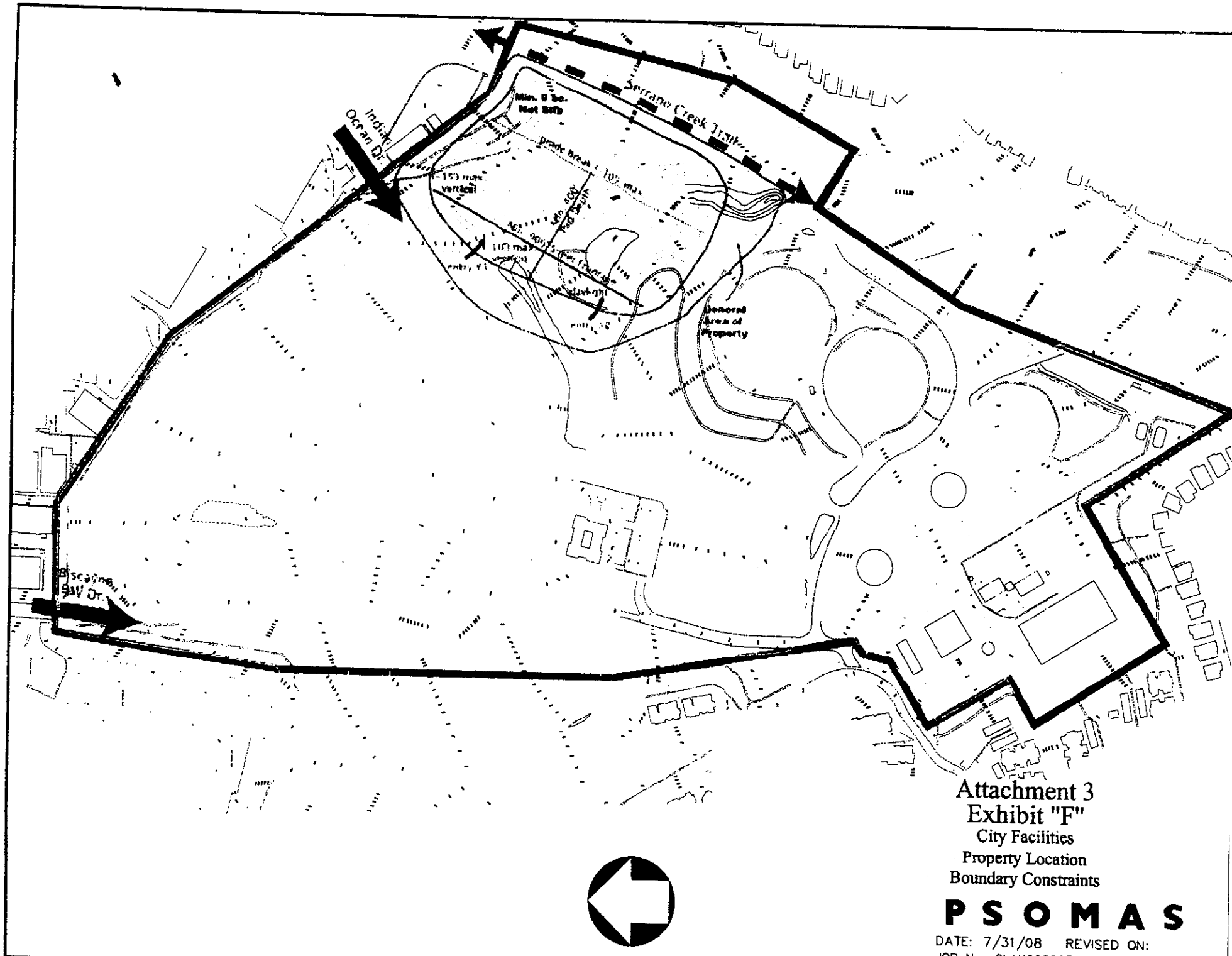
ATTACHMENT TO EXHIBIT 'F'
VICINITY MAP



N.T.S.

ATTACHMENT 3 TO EXHIBIT "F"

SITE CRITERIA FOR CIVIC CENTER SITE



Attachment 3
Exhibit "F"
City Facilities
Property Location
Boundary Constraints

PSOMAS

DATE: 7/31/08 REVISED ON:
JOB No: 2LAK020203

ATTACHMENT 4 TO EXHIBIT "F"

SCHOOL FACILITIES FUNDING AND MITIGATION AGREEMENT

CONFORMED COPY

Recorded in Official Records, Orange County
Tom Daly, Clerk-Recorder

NO FEE

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115 30 A12 18
0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00

Recording Requested by
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Saddleback Valley Unified School District
25631 Peter Hartman Way
Mission Viejo, CA 92691
Attn: Assistant Superintendent of Business Services

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Exempt from recording fee pursuant to Gov. Code § 6103.

SCHOOL FACILITIES FUNDING AND MITIGATION AGREEMENT BY AND BETWEEN SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT AND IRVINE RANCH WATER DISTRICT

THIS SCHOOL FACILITIES FUNDING AND MITIGATION AGREEMENT ("Mitigation Agreement") is made and entered into as of this 13 day of MAY, 2008 by and between SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT of Orange County, California ("District"), a school district organized and existing under the laws of the State of California ("State") and IRVINE RANCH WATER DISTRICT, a California water district ("Owner"). The District and Owner may hereinafter be referred to individually as "Party" and collectively as "Parties."

RECITALS

A. The District is responsible for providing classroom capacity for students in kindergarten through the twelfth grade ("K-12") who reside within the District.

B. The City of Lake Forest (the "City") is considering a general plan amendment (the "GPA") for approximately 838 acres of land located within both the City and the 65 dB CNEL Noise Contour boundaries impacted by the former USMC Air Station at El Toro, commonly referred to by the City as the Opportunities Study Area (the "OSA"). The City General Plan Amendment ("GPA"), if adopted by the City, will change the permitted uses for all properties within the GPA boundaries from predominantly commercial to predominantly residential.

C. Owner is the owner of the undeveloped property within the OSA which is described in Exhibit A and depicted on Exhibit B (the "Property"). If the GPA is approved, Owner intends to develop the Property with approximately 500 residential dwelling units (each a residential dwelling unit within the OSA, the "Unit"), as well as possible governmental and park uses, all as described in Exhibit C (the "Project").

D. The purpose of this Mitigation Agreement is to provide the District with funds to be used for improvements of school facilities. (collectively, the "School Facilities").

E. The funds for School Facilities represent a substantially greater investment by Owner in school facilities than is required by California law.

F. The District and Owner have agreed that given the uncertainties of the timing and amount of State funding for the School Facilities, it is in their mutual best interest to enter into this Mitigation Agreement to provide a local source of funding for the School Facilities in excess of the amount Owner would otherwise be required to provide in connection with the development of the Property.

G. The District acknowledges that it has an obligation to utilize its best efforts to pursue funding from the State for the School Facilities ("State Funding") to the extent herein provided.

H. Owner's performance of this Mitigation Agreement is intended to constitute complete mitigation of the impact of the development of the Property upon District in lieu of any fees which the District might impose in connection with such development pursuant to Education Code Section 17620 or Government Code Sections 65970, et seq. and 65995, et seq. or any other applicable law and in lieu of any other school facilities requirements which the District, the County of Orange, the City of Lake Forest or any other Public Agency might be authorized to impose pursuant to applicable existing or future law.

AGREEMENT

1. Incorporation of Recitals. All of the foregoing Recitals are correct and are incorporated in this Mitigation Agreement by reference.

2. Purposes of Mitigation Agreement. The purpose of this Mitigation Agreement is to augment funding for the School Facilities. By entering into this Mitigation Agreement and complying with its terms, Owner shall be deemed to have fulfilled and mitigated its entire obligation to assist in funding School Facilities to house K-12 students enrolled in District schools and residing within the boundaries of the Project (the "Project Students") to be generated by development within the boundaries of the Property. Project residential Units (as defined in this Mitigation Agreement), non residential property, or any other development undertaken within the boundaries of the Property, regardless of the size and type actually constructed, will be fully mitigated and not subject to any school fees or other financial obligation owing to the District, except as otherwise provided for in this Mitigation Agreement.

3. Formation of CFD. The Parties intend that a Community Facilities District ("CFD") will be formed by the City to finance the School Facilities and other public improvements to be provided in conjunction with development of the Project, the specific parameters of such CFD financing are anticipated to be set forth in a Development Agreement to be entered into between Owner and the City. Owner shall petition the City for the formation of the CFD in accordance with the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (Government Code Section 53311, et seq.) (the "Act") and this Mitigation Agreement. The Parties will cooperate to the maximum extent possible in the formation of the CFD.

4. Alternative to City Formation. If, for any reason, (i) the CFD is not formed by the City, (ii) a CFD formed by the City does not include all of the required funding for the School Facilities, or (iii) the City does not adopt a resolution of formation consistent with this Mitigation Agreement before the issuance of a building permit for the first Unit within the Project, then, at the option of the District, either:

(a) The District shall form a CFD sufficient to fully finance the financial obligations of the Owner set forth in Section 7 of the Mitigation Agreement; or

(b) This Mitigation Agreement shall terminate and the Project shall be subject to statutory school fees only.

Should the District elect to form a CFD pursuant to Section 4(a) above, such CFD shall be subject to the CFD parameters set forth in Exhibit D.

5. Joint Community Facilities Agreement. The District shall cooperate to enter into a Joint Community Facilities Agreement (the "JCFA") by and among City, District and Owner to authorize funding of the School Facilities through the City CFD. The JCFA shall be consistent with this Mitigation Agreement and District shall reasonably cooperate to allow the terms of the JCFA to comply with the CFD parameters agreed upon between Owner and the City or Owner and the District, as applicable. District shall cooperate to enter into the JCFA prior to formation of the City CFD.

6. Covenants. The District will issue within a 30-day period from a request by Owner (i) a certificate issued by the District pursuant to Education Code Section 17620(b) acknowledging the fact that the recipient thereof has complied with all requirements of the District for the payment of statutory school fees/alternative school facility fees/mitigation payments and (ii) a certificate issued by the District acknowledging that adequate provisions have been made for School Facilities (the "Certificate Of Compliance") which are sought by the Owner or its successors and assigns for any Unit, non residential property or any other development undertaken within the boundaries of the Property. Therefore, except as expressly provided with this Mitigation Agreement, and provided that Owner is not in breach of this Mitigation Agreement, the District covenants that, with respect to any present or future development within the boundaries of the Property, it will not under any circumstances or at any time:

(a) exercise any power or authority (whether under Section 17620 of the California Education Code or any other provision of law) to levy or impose a fee, charge, dedication, or other requirement for the purpose of providing, funding, or financing the School Facilities;

(b) require the City or any other governmental entity to exercise or cooperate in the exercise of, the power under Title 7, Division 1, Chapter 4.7 of the California Government Code (commencing with Section 65970) or any other provision of law, to require the dedication of land, the payment of fees in lieu of the dedication of land, or both for School Facilities.

(c) oppose any development within the boundaries of the Property on the basis of inadequate School Facilities;

(d) seek mitigation or conditions of approval of any type for any development within the boundaries of the Property, including, but not limited to, mitigation or conditions to require the payment of developer fees or other money, the dedication of land, or the application of an assessment or requirement of any nature against Owner or any portion of the Property, even if otherwise permitted by the present or future State law, rulings, regulations, or court decisions if any of the proceeds or such assessment or requirement will be used to finance or fund the School Facilities;

(e) issue bonds (excluding CFD bonds under the Act pursuant to this Mitigation Agreement), or incur any other form of indebtedness, payable from taxes or assessments of any kind (other than the District's portion of the existing property taxes) levied on the Property, the proceeds of which are to be used in whole or in part, directly or indirectly, for funding or financing the School Facilities until such time as the Units approved and to be constructed have been constructed and sold. The limitation contained in this clause (e) shall not be applicable to levying of: (1) *ad valorem* real property taxes, or (2) District wide local general obligation bonds taxes or taxes from a school facilities improvement district with respect to real property within the District's boundaries or taxes or assessments which are necessary for new school facilities or the rehabilitation or reconstruction of existing school facilities;

(f) levy special taxes, require prepayment of special taxes or seek payment of any type from the Property relating to the District's Community Facilities District No. 86-1.

7. Mitigation Amounts and Funding of School Facilities.

(a) Mitigation Amounts. Owner shall be responsible for payment to the District in the amount of $6,860 per Unit payable no later than the issuance of the building permit for such Unit.

(b) Source of Payment. The mitigation amounts shall be paid by Owner in cash or from CFD bond proceeds. If Owner paid the mitigation amount in cash and CFD bond proceeds are subsequently paid to District, Owner shall be reimbursed for such cash payments of mitigation amounts to the extent received by District from CFD bond proceeds. If CFD bond proceeds are available and are paid to the District as an advance payment for mitigation amounts not yet due, then such amounts shall serve as a corresponding credit toward future mitigation amounts required to be paid by the Owner based on the mitigation amount at the time of receipt of CFD funds by the District.

(c) Use of Mitigation Amounts. The District agrees that the mitigation amounts paid by Owner will be spent on School Facilities within the boundaries of the City.

8. State Funding.

(a) Pursuit of State Funds. The District shall use its best efforts to apply for and secure all reasonably available State and federal funding to provide additional funding for the

School Facilities. The District will continue to apply for State and federal funding until the District determines that receipt of such funding is no longer reasonably practicable for the School Facilities. In the event the District determines that a potential source of funding is not reasonably practicable to the District, the District shall explain such reasons to Owner. The District shall reasonably consider funding sources proposed by Owner, however, the District reserves the right to determine if such proposed funding source is reasonably practicable to the District.

(b) Use of State Funds. The District shall maintain a separate accounting of all State funds received with respect to the School Facilities, and shall provide an annual report to Owner of all State funds received and State funding used to fund the School Facilities until all the School Facilities are constructed.

9. Contingent Upon Approval of GPA. This Mitigation Agreement shall become effective only after the GPA and zone change have been approved by the City and all appeal periods have expired without challenge. Should all or any part of the GPA be invalidated by a court of law, Owner may, at its sole option, terminate this Mitigation Agreement at any time between (i) the date of the order or judgment which creates that invalidation (the "Judgment Date") and (ii) 180 days after the expiration of the time during which a party may appeal that judgment or order or the termination of all appeals from that judgment or order, whichever comes later.

10. Representations, Warranties and Covenants of the District. The District represents, warrants, and covenants with the Owner that:

(a) The District is a school district organized and operating pursuant to the Constitution and laws of the State and has all necessary power and authority to enter into and perform its duties under this Mitigation Agreement and, when executed and delivered by the Parties, this Mitigation Agreement will constitute the legal, valid, and binding obligation of the District enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, or other laws affecting enforcement of creditors' rights generally.

(b) The execution and delivery by the District of this Mitigation Agreement and compliance by the District with its provisions will not conflict with, or constitute a violation of or default under, the Constitution of the State or any existing law, charter, ordinance, regulation, decree, order or resolution applicable to the District, and will not conflict with or result in a violation or breach of, or constitute a default under, any contract, agreement, indenture, mortgage, lease or other instrument to which the District is subject or by which it is bound.

(c) To the best knowledge of the District there is no action, suit, or proceeding of any court or governmental agency or body pending or threatened against the District in any way contesting or affecting the validity of this Mitigation Agreement or contesting the powers of the District to enter into or perform its obligations under this Mitigation Agreement or in which a final adverse decision could materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Mitigation Agreement.

(d) The District is not in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default would materially adversely affect the District's ability to enter into or perform its obligations under this Mitigation Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the District's ability to enter into or perform its obligations under this Mitigation Agreement.

11. Representations, Warranties, Covenants of Owner. Owner represents, warrants, and covenants with the District that:

(a) Owner has all necessary corporate power and authority to enter into and perform its duties under this Mitigation Agreement and, when executed and delivered by the Parties, this Mitigation Agreement will constitute the legal, valid, and binding obligation of Owner, enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, or other laws affecting enforcement of creditors' rights generally.

(b) The execution and delivery by Owner of this Mitigation Agreement and compliance by Owner with its provisions will not conflict with, or constitute a violation of or default under, the Constitution or laws of the State of California, or any existing law, charter, ordinance, regulation, decree, order or resolution applicable to Owner, and will not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease, or other instrument to which Owner is subject or by which it is bound.

(c) Owner will provide written notice to merchant builders or other successors or assigns of Owner of the existence of this Mitigation Agreement and their obligation to be bound by its terms.

(d) Owner will not sue the District or willfully join in any lawsuit or actively participate in any lawsuit against the District regarding the validity of the CFD once it has been established, provided that it has been established in accordance with this Mitigation Agreement. This Mitigation Agreement shall not, however, prevent Owner from challenging in any manner (i) the levy of special taxes, if that levy is not in accordance with the Act or the applicable rate and method of apportionment of special taxes, or (ii) the application of proceeds of bonds, if such proceeds are not applied in accordance with this Mitigation Agreement.

(e) Owner will cooperate with the District in the District's applications for State funds relating to the School Facilities.

12. Assignability of Mitigation Agreement. All of the covenants, stipulations, promises, and agreements contained in this Mitigation Agreement by or on behalf of, or for the benefit of, either of the Parties shall bind or inure to the benefit of the successors and assigns of the respective Parties.

13. Binding on Successors; No Third Party Beneficiaries. This Mitigation Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto. This Mitigation Agreement is entered into solely for the benefit of the Parties and the successors, transferees and assigns of all Parties. Other than District and Owner and their successors, transferees and assigns, no third person shall be entitled, directly or indirectly, to base any claim or to have any right arising from, or related to, this Mitigation Agreement.

14. Binding on Entire Agreement. This Mitigation Agreement contains the entire agreement and understanding concerning the funding of school facilities to house students generated by the development of the Project and supersedes and replaces all prior negotiations and proposed agreements, written and oral, except as they are incorporated into this Mitigation Agreement. The Parties acknowledge that neither the other Party nor its agents nor attorneys have made any promise, representation or warranty whatsoever, express or implied, not contained herein to induce the execution of this Mitigation Agreement. Each Party further and acknowledges that this Mitigation Agreement not been executed in reliance upon any promise, representation or warranty not contained herein.

15. Amendments Must Be In Writing. This Mitigation Agreement may not be amended, except by a writing signed by all of the Parties. The Parties recognize that it may be necessary to make revisions to this Mitigation Agreement after execution by the Parties. Therefore, the District delegates to the Superintendent the authority to approve amendments to this Mitigation Agreement which do not substantially affect the terms of this Mitigation Agreement.

16. Disputes To Be Arbitrated. The Parties desire to resolve any disputes as to the meaning of any portion of this Mitigation Agreement or the rights or obligations of District or Owner under this Mitigation Agreement as quickly as possible. Therefore, any such disputes shall be resolved by binding arbitration conducted by a mutually agreed upon arbitrator. If District and Owner are unable to agree on the arbitrator within thirty (30) days of the receipt of a request for arbitration, they shall request that the presiding judge of the Orange County Superior Court designate one. District and Owner shall each pay one-half the cost of the arbitration and each shall be responsible for its own attorneys' fees and costs as to any such arbitration.

17. Recovery of Litigation Expenses, Including Attorneys' Fees. Except as provided in Section 16, if it becomes necessary to enforce any of the terms of this Mitigation Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and other costs of litigation in addition to any other relief to which it may be entitled.

18. Interpretation Guides. In interpreting this Mitigation Agreement, it shall be deemed that it was prepared by the Parties jointly and no ambiguity shall be resolved against either Party on the premise that it or its attorneys were responsible for drafting this Mitigation Agreement or any provision thereof. Headings used in this Mitigation Agreement are for convenience and ease of reference only and are not intended nor may be construed as a guide to interpret any provision of this Mitigation Agreement.

19. Due Authority of Signatories to Execute Agreement. Each individual signing this Mitigation Agreement warrants and represents that he or she has been authorized by appropriate action of the Party which he or she represents to enter into this Mitigation Agreement on behalf of the Party.

20. Due Notices. All notices, demands and between the Parties shall be given by personal delivery, registered or certified mail, postage prepaid, return receipt requested, Federal Express or other reliable private express delivery, or by facsimile transmission. Such notices, demands or communications shall be deemed received upon delivery if personally served or sent by facsimile or after three (3) business days if given by other approved means as specified above. Notices, demands and communications shall be sent:

To District:	SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT 25631 Peter Hartman Way Mission Viejo, CA 92691 Fax No.: (949) 454-1039 Attn: Assistant Superintendent of Business Services
With a copy to:	BOWIE, ARNESON, WILES & GIANNONE 4920 Campus Drive Newport Beach, CA 92660 Fax No.: (949) 851-2014 Attn: Wendy Wiles
To Owner:	IRVINE RANCH WATER DISTRICT 15600 Sand Canyon Ave. Irvine, CA 92618 Attn: General Manager Fax No.: (949) 453-1228
With a copy to:	LEWIS OPERATING CORP. 1156 N. Mountain Ave. Upland, CA 91786 Attn: John Young Fax No.: (909) 912-8179 AND HEWITT & O'NEIL LLP 19900 MacArthur Blvd, Suite 1050 Irvine, CA 92612 Attn: John P. Yeager, Esq. Fax No.: (949) 798-0511

21. Time. Time is of the essence of each and every terms, provision, and condition of this Mitigation Agreement.

22. SB 165 Disclosure. The Parties recognize that California SB 165, Chapter 535 of the Statutes of 2000, effective on January 1, 2001, provides disclosure and reporting requirements for any local bond measure that is subject to voter approval and which would provide for the sale of the Bonds by a local agency. Owner agrees to fully and completely cooperate with District and CFD in meeting the requirements of SB 165.

23. California Law Governs Mitigation Agreement. This Mitigation Agreement and all rights and obligations arising out of it shall be construed in accordance with the laws of the State of California.

24. Counterparts. This Mitigation Agreement may be signed in one or more counterparts which, taken together, shall constitute one original document.

25. Exhibits. All Exhibits attached hereto are incorporated into this Mitigation Agreement.

26. Recordation. Upon execution hereof, this Mitigation Agreement may be recorded by District.

[Remainder of page is blank.]

IN WITNESS WHEREOF, this Mitigation Agreement is agreed and entered into as of the date first written above.

SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

By: _____, Assistant Superintendent of Business Services

APPROVED AS TO FORM:

BOWIE, ARNESON, WILES & GIANNONE,
Legal Counsel to the SADDLEBACK VALLEY UNIFIED SCHOOL DISTRICT

By: Wendy Hewes

IRVINE RANCH WATER DISTRICT

By: _____
Paul D. Jones II, General Manager

[PLEASE HAVE ALL SIGNATURES NOTARIZED]

ACKNOWLEDGMENT

State of California
County of Orange)

On June 19, 2008 before me, Nancy Savedra, Notary Public
(insert name and title of the officer)

personally appeared Paul Jones II,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

NANCY SAVEDRA
Commission # 1792896
Notary Public - California
Orange County
My Comm. Expires Mar 28, 2012

Signature Nancy Savedra (Seal)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of ORANGE

On July 16, 2008 (Date) before me, CHRISTINE RAMEY Notary Public (Here Insert Name and Title of the Officer)

personally appeared STEPHEN L. MCMAHON (Name(s) of Signer(s))

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Commission # 1768946
Notary Public - California
Orange County
My Comm. Expires Apr 22, 2011

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Christine Ramey (Signature of Notary Public)

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: SCHOOL FACILITIES FUNDING AND MITIGATION AGREEMENT

Document Date: MAY 13, 2008 Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
- ☐ Individual
- ☐ Corporate Officer — Title(s): _____
- ☐ Partner — ☐ Limited ☐ General
- ☐ Attorney in Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer's Name: _____
- ☐ Individual
- ☐ Corporate Officer — Title(s): _____
- ☐ Partner — ☐ Limited ☐ General
- ☐ Attorney in Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Orange

On 7/9/08 (Date) before me, Laura J. Holliday, Notary Public (Here Insert Name and Title of the Officer),

personally appeared Wendy H. Wiles (Name(s) of Signer(s))

who proved to me on the basis of satisfactory evidence to be the person(~~s~~) whose name(~~s~~) is/~~are~~ subscribed to the within instrument and acknowledged to me that ~~he~~/she/~~they~~ executed the same in ~~his~~/her/~~their~~ authorized capacity(~~ies~~), and that by ~~his~~/her/~~their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

LAURA J. HOLLIDAY
Commission # 1621642
Notary Public - California
Orange County
My Comm. Expires Nov 14, 2009

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal Above

Signature Laura J. Holliday (Signature of Notary Public)

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: School Facilities Funding and Mitigation Agreement

Document Date: 5/13/08 Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
- ☐ Individual
- ☐ Corporate Officer — Title(s): _____
- ☐ Partner — ☐ Limited ☐ General
- ☐ Attorney in Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer's Name: _____
- ☐ Individual
- ☐ Corporate Officer — Title(s): _____
- ☐ Partner — ☐ Limited ☐ General
- ☐ Attorney in Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

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EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Parcels 1 & 2 of Parcel Map No. 89-218, recorded December 18, 1992 as Instrument No. 92-867744 in Book 274 Page 27.

EXHIBIT B

MAP OF PROPERTY

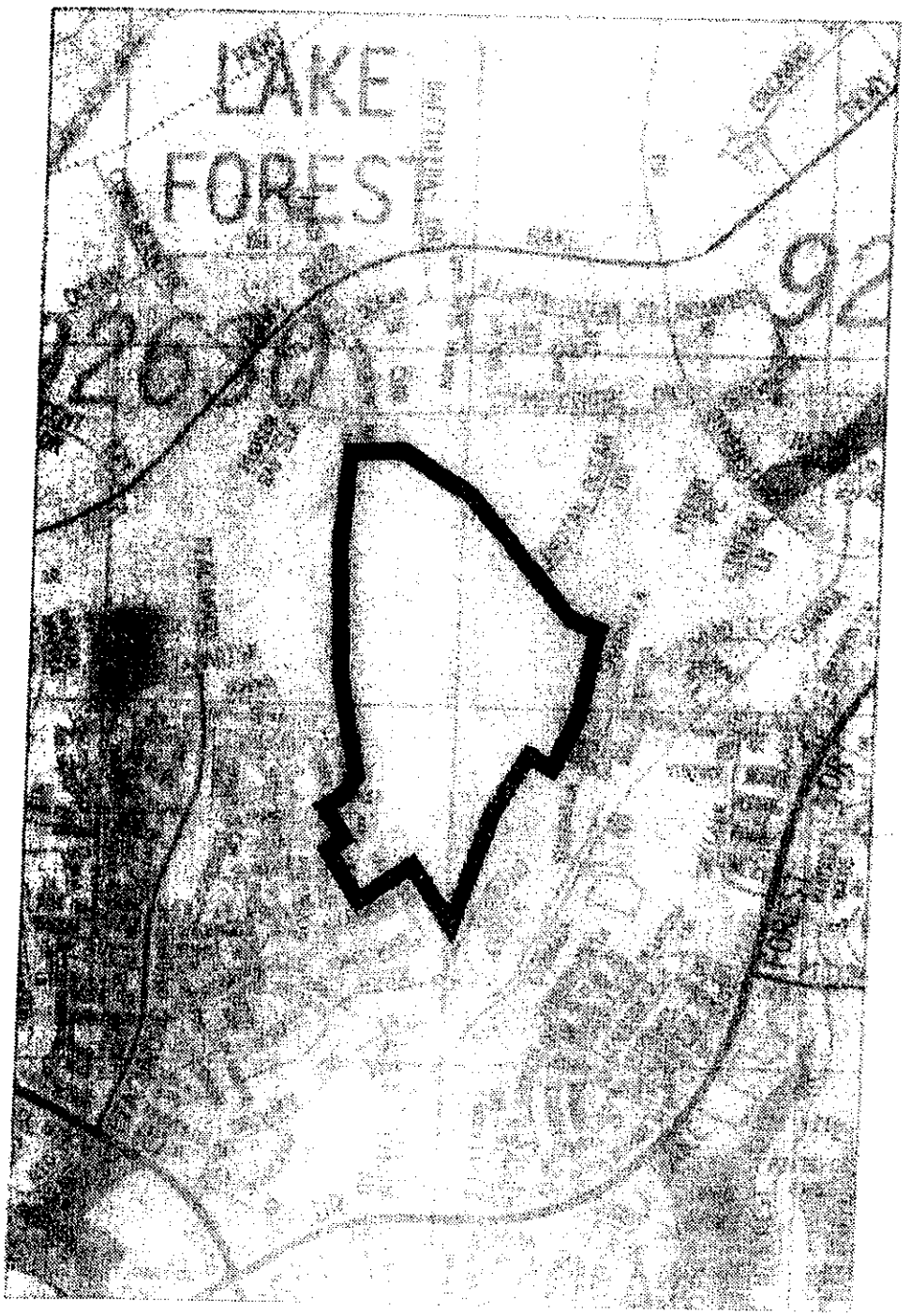

EXHIBIT C

PROJECT DESCRIPTION

The Project Description is set forth and defined in the Development Agreement between the City and Owner dated _____, 2008.

EXHIBIT D

CFD PARAMETERS

1) Community Facilities District ("CFD") shall encompass Owner's Property and may include multiple improvement areas corresponding to the development phases of the Owner's Project.

2) One or more series of bonds shall be issued by the CFD. A minimum of 3 to 1 value-to-lien ratio shall be required to issue bonds. If Project does not satisfy the minimum 3 to 1 value-to-lien requirement, then Owner may choose to request lead agency to:

   a) issue a subsequent series of bonds such that the current bond issue meets the value to lien requirement,

   b) post a letter of credit to cover the portion of the CFD bonds not supported by the value to lien requirement, or

   c) escrow a portion of the CFD bonds not supported by the value to lien requirement.

3) If the City is the CFD lead agency, the CFD shall fund certain City priority improvements including sports park land, sports park improvements and some LFTM improvements. District's School Facilities shall have subordinated priority to the City priority improvements. If Owner advances monies before CFD bond proceeds are paid to the District to fund school mitigation amounts, then Owner shall be reimbursed for such advances when CFD bond proceeds are paid to the District for funding of School Facilities.

4) Other CFD terms, special taxes and CFD bond sizing criteria shall consist of the following:

   a) The special taxes shall be levied in the following priority to satisfy the total annual "special tax requirement" of each CFD or improvement area:

      i) First, from "Developed Property" (i.e., parcels with building permits issued prior to May 1 of the preceding fiscal year);

      ii) Second, from "Approved Property" (i.e., parcels within a final map recorded prior to January 1 of the prior fiscal year); and

      iii) Third, from "Undeveloped Property" (i.e., all other taxable property).

   b) Developed Property special tax categories shall be based on house square footage, lot size, density ranges or other acceptable categorization elected by the Owner.

   c) CFD bonds shall have a minimum 30 year term.

   d). Special taxes may be levied for up to 40 years.

e) At the Owner's election, special tax amounts will escalate at a rate of 2% per year and debt service on associated CFD bonds will escalate accordingly.

f) Each bond issue shall include up to 24 months capitalized interest or, at the Owner's election, a lesser amount.

g) $25,000 per year priority administrative expense for each CFD with a maximum escalation of 2% per year.

h) Bonds to be sized based on maximum 110% debt service coverage ratio plus priority administrative expense.

i) Up to 2% total property tax rate, at the Owner's election.

j) Prior to a bond issue, special taxes shall be levied on Developed Property to directly fund the CFD eligible facilities, but not on Approved Property or Undeveloped Property.

k) After a bond issue, special taxes shall be levied on Developed Property in excess of that amount required to pay CFD administrative expenses and debt service on outstanding bonds and applied to directly fund additional costs of CFD eligible facilities.

EXHIBIT "G"
[reserved]

EXHIBIT "H"
[reserved]

EXHIBIT "I"

ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION OF DEVELOPMENT AGREEMENT BETWEEN CITY OF LAKE FOREST AND IRVINE RANCH WATER DISTRICT

THIS ASSIGNMENT AND ASSUMPTION OF DEVELOPMENT AGREEMENT BETWEEN CITY OF LAKE FOREST AND IRVINE RANCH WATER DISTRICT **("Assignment")** is made as of the ___ day of _____, 20__ (**"Effective Date"**), by and among Irvine Ranch Water District ("**IRWD**"), a California water district and _____ ("**Assignee**") with reference to the following facts:

RECITALS

A. IRWD has entered into that certain Development Agreement, dated _____, 2008 by and between the City of Lake Forest ("**City**"), on the one hand, and IRWD, on the other hand ("**Agreement**") for certain real property consisting of approximately 82 acres of land located in the City, more particularly described in Exhibit "A" ("**Property**").

B. IRWD desires to assign and delegate, and Assignee desires to accept and assume, all of IRWD's rights and obligations under the Agreement in accordance with the terms and conditions set forth herein.

C. City has approved the Assignment in accordance with the terms and conditions set forth herein and in the Agreement.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, IRWD and Assignee do hereby agree as follows:

1. Assignment and Assumption. Effective as of the Effective Date, IRWD hereby assigns, transfers, and conveys to Assignee all of IRWD's rights, interest, duties, liabilities, and obligations in, to, and under the Agreement, and Assignee hereby accepts and assumes all such rights, interests, duties, liabilities, and obligations under the Agreement from IRWD for [the Property or a portion of the Property] ("Assigned Property") [, except to the extent IRWD has retained a portion of the Property (the "Retained Property")].

2. City Consent to Assignment. Effective as of the Effective Date, City hereby consents to the Assignment and hereby fully releases and forever discharges

IRWD from any and all obligations to City under the Agreement for the Assigned Property, [except IRWD's obligations with respect to the Retained Property].

3. Entire Agreement. This Agreement represents the final and entire agreement between the parties in connection with the subject matter hereof, and may not be modified except by a written agreement signed by both IRWD and Assignee.

4. Governing Law. This Agreement has been prepared, negotiated, and executed in, and shall be construed in accordance with, the laws of the State of California, without regard to conflict of law rules.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

Owner:

Irvine Ranch Water District

By: _____

Name:
Its: General Manager

Assignee:

_____

_____

By: _____

Name:
Its:

City:

City of Lake Forest,
a California Municipal Corporation

By: _____

Name:
Its: