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February 8, 2012

Gary Emsiek, General Partner
Madison Investors LP
25108 Marguerite Parkway, suite A-132
Mission Viejo, CA 92691

Subject: Special-Interest Plant Survey Results for Serrano Highlands

Dear Mr. Emsiek:

This letter serves as a follow-up report to the Serrano Highlands Biological Resources Analysis prepared by LSA Associates, Inc. (LSA) and presented to Inland Empire Builders (IEB) in June 2005 and the Sensitive Plant Survey Results presented to IEB in July 2005 (attached). This report addresses the results of a focused survey for special-interest native plant species.

The "Serrano Highlands" property is located at the northern terminus of Peachwood Street in the City of Lake Forest, Orange County, California. The site is located within the jurisdiction of the Central/ Coastal Orange County Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/ HCP). Some portions of the property have utility easements in place; the easements are held by NCCP-participating landowners. The balance of the land is owned by a nonparticipating landowner. The proposed use of the property is residential development, and current adjacent uses include existing residential, agriculture, municipal water district, undeveloped open space, and an office campus. It is located in the *El Toro, California* quadrangle of the United States Geological Survey 7.5-minute series topographical map. The property is within Section 11 of Township 6 South and Range 8 West. The site is located within the planning boundaries of the Central/Coastal Orange County NCCP/HCP. The project area is 23.79 acres (ac). The proposed project includes the grading of 19.31 ac and fuel modification on an additional 4.48 ac. For the purposes of this analysis, a study area of 33.85 ac was surveyed.

A literature review and a records search were conducted to identify the existence or potential occurrence of special-interest biological resources (e.g., native plant species) in the vicinity of or within the study area. Federal and State lists of special-interest species were examined.

Several special-interest native plant species identified in the initial literature search were subsequently excluded from further consideration because the property either lacks suitable conditions to support these species or the site is located well beyond their normal range. Habitat for some of the plant species included in the database search results is present on site.

ASSESSMENT METHODS

Following the compilation of the aforementioned data, botanical and biological surveys were conducted by an LSA biologist on June 14, 2011. The time of the survey coincided with the greatest

likelihood of special-interest plants being observed, which was based on literature and reference populations. The entire site was surveyed on foot.

Based on the literature search and knowledge of local special-interest plants and their habitat, the target list of species was compiled. Special-interest species are broken down into those listed as endangered or threatened by the State and/or federal agencies and those not listed as such.

Listed Species

Listed plant species or species proposed for listing that were identified in the literature review as potentially occurring on site or in the study area included thread-leaved brodiaea (*Brodiaea filifolia*) and slender-horned spineflower (*Dodechema leptoceras*).

Nonlisted Species

The nonlisted special-interest plant species that have a moderate to high probability of occurring on site are Catalina mariposa lily (*Calochortus catalinae*), intermediate mariposa lily (*Calochortus weedii* var. *intermedius*), and many-stemmed dudleya (*Dudleya multicaulis*).

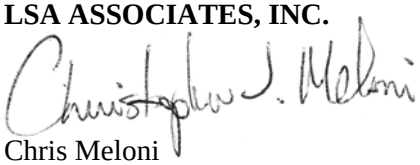
RESULTS

No federally listed, State listed, proposed endangered, threatened, or nonlisted special-interest plant species were observed on site during the spring survey, which was done at the appropriate time to detect the species that are likely to occur.

If you have any questions regarding this report or would like to discuss the project further, please contact me at (949) 553-0666.

Sincerely,

LSA ASSOCIATES, INC.



Chris Meloni
Senior Biologist

Attachment: Sensitive Plant Survey Results, July 2005