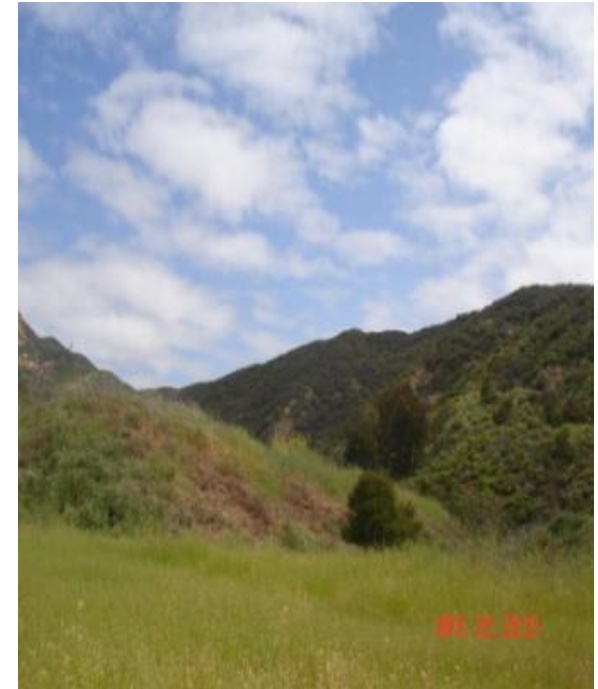


Measure M2 Freeway Environmental Mitigation Program Status Update

Measure M2 (M2)

Mitigation Program Overview

- M2-approved - November 2006
- Innovative Freeway Environmental Mitigation Program
- Mitigation Program part of 2007 Early Action Plan (EAP)
- Environmental Oversight Committee



Environmental Mitigation Program

- Approximately five percent of the M2 freeway program revenue
- Mitigation off-sets impacts for 13 M2 freeway projects
 - Through property acquisitions and habitat restoration
- Streamlined biological permitting process through partnerships with California Department of Transportation and state and federal wildlife agencies

Conservation Plan/ Environmental Document

- Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP)
 - Integrates acquired properties and restoration projects
 - Implementation agreement
- Environmental Impact Report/Environmental Impact Statement
 - Public participation opportunities
 - Solidifies decision on the project
- 30-month schedule
 - July 2010 - December 2012

Environmental Mitigation Program Funding

- 2007 EAP provided for \$55 million in funding

Allocation	First Round (in millions)	Second Round (in millions)
Acquisition	\$22	\$20
Restoration	\$5.5	\$5
Consultant Support	\$2.5	
Total	\$30	\$25

- November 2010: Board of Directors (Board) authorized combining two tranches for acquisitions (\$42 million)

Environmental Mitigation Program Funding

Environmental Mitigation Program – 30 years
(millions of nominal dollars)

2005 Estimate	2011 Forecast	Difference
\$486	\$307	\$179

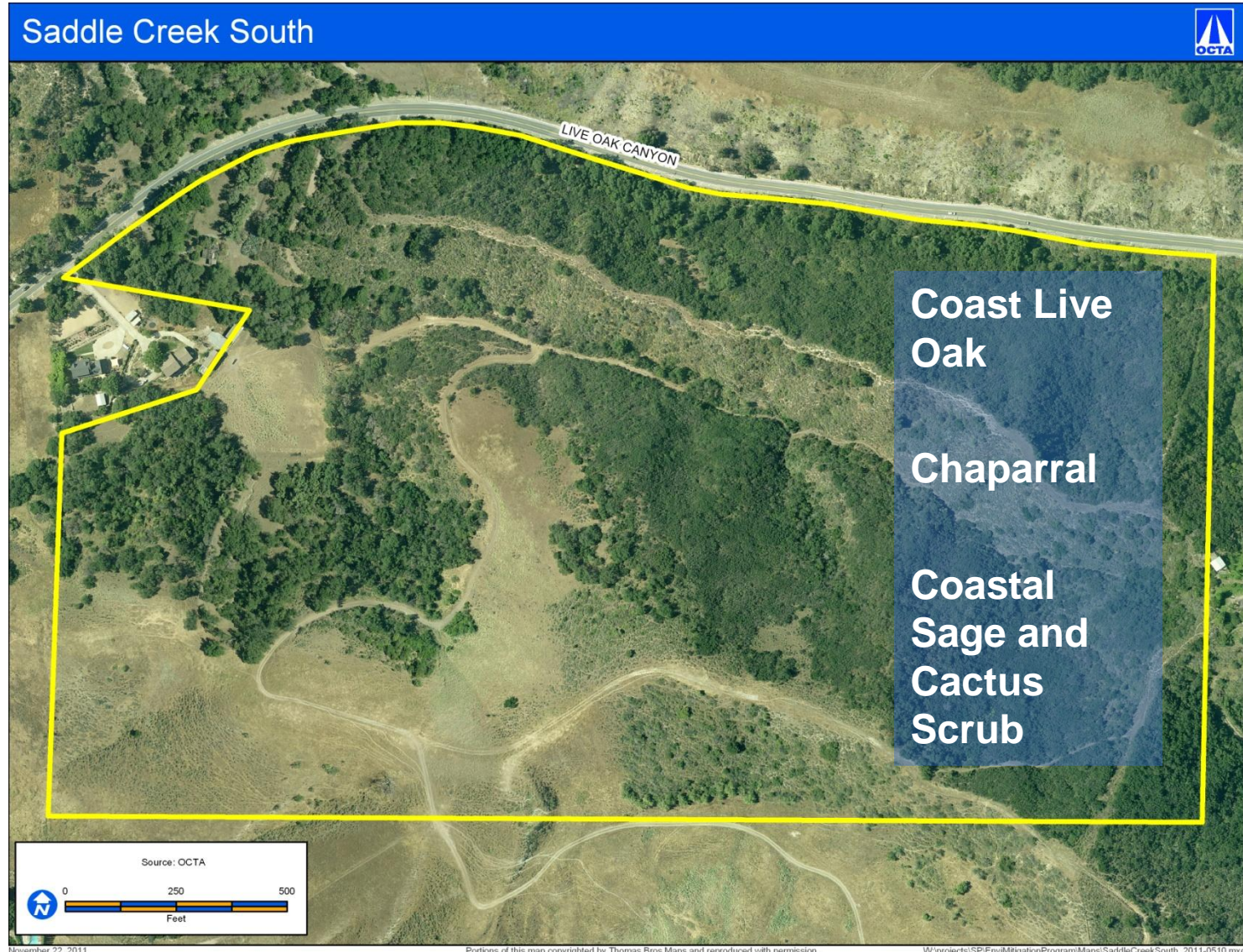
- Approximately 37 percent less than 2005 estimate
- Potential availability of additional \$18 million in net bond proceeds in FY 2014-15

Acquisition Properties Status

- Purchase up to \$42 million of acquisition properties
 - Includes management cost
 - Acquired five properties to date
 - Additional 12 Group 1 properties still under consideration
 - Identify interim and long-term land managers



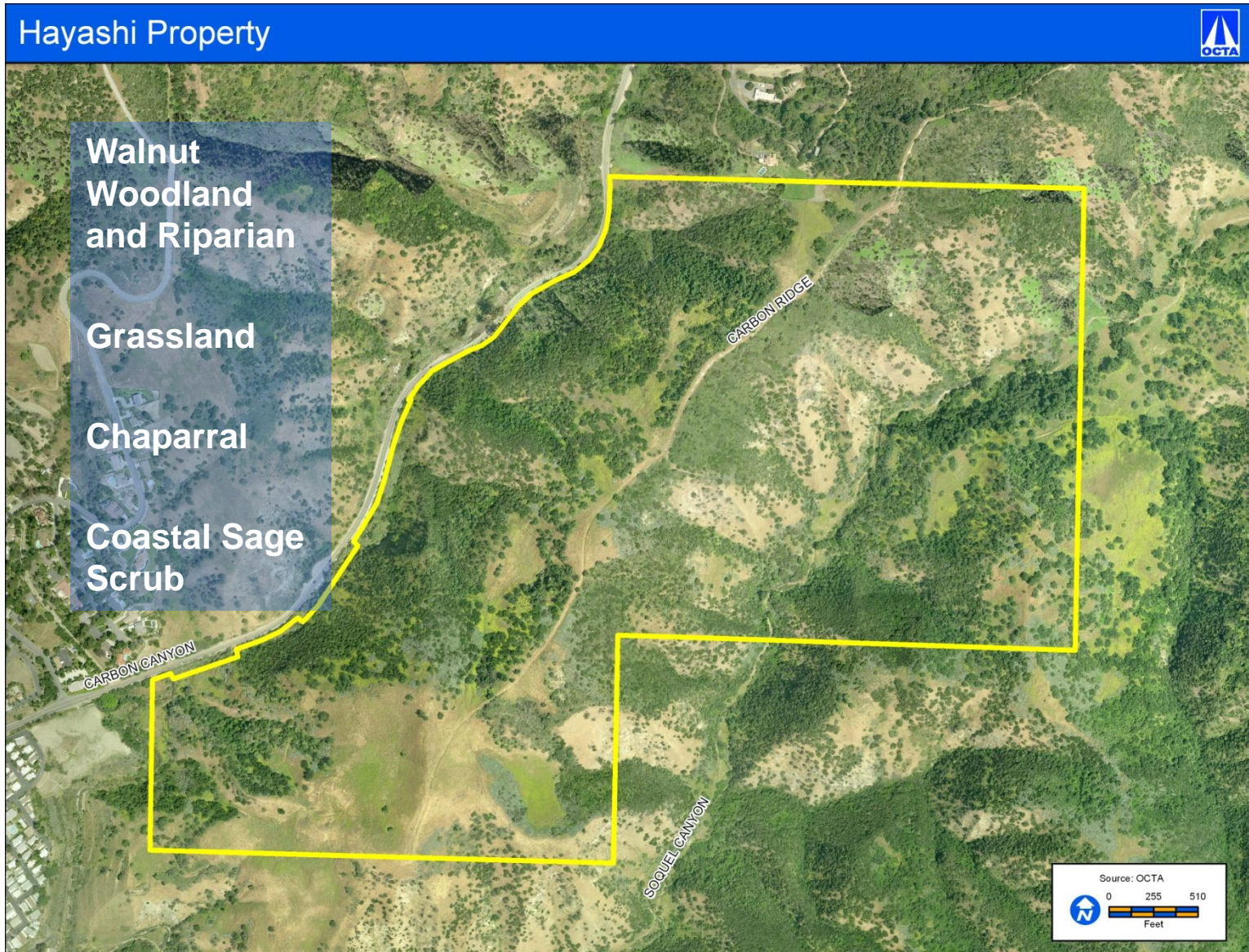
Saddle Creek South



Saddle Creek South



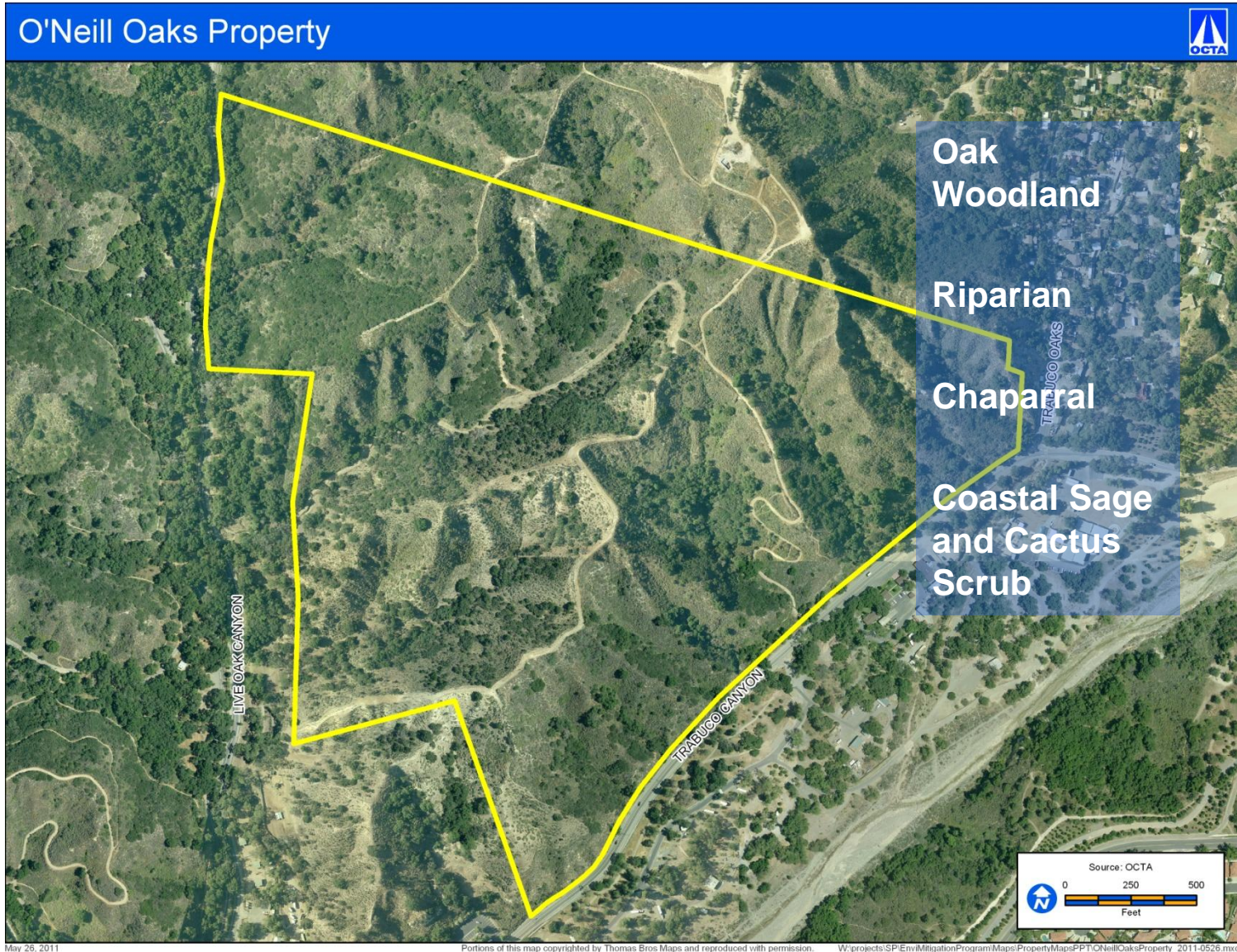
Hayashi Property



Hayashi Property



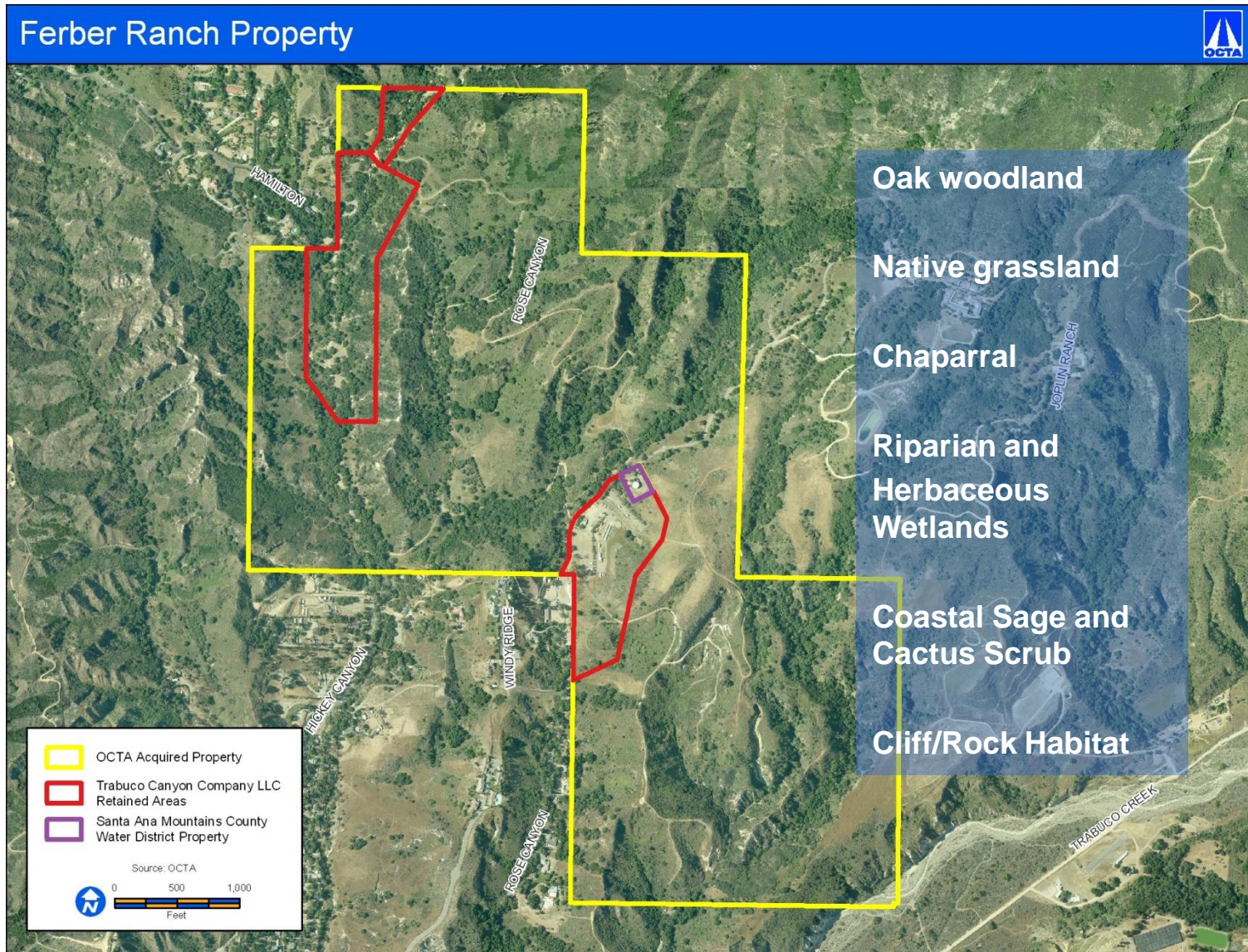
O'Neill Oaks Property



O'Neill Oaks Property



Ferber Ranch Property

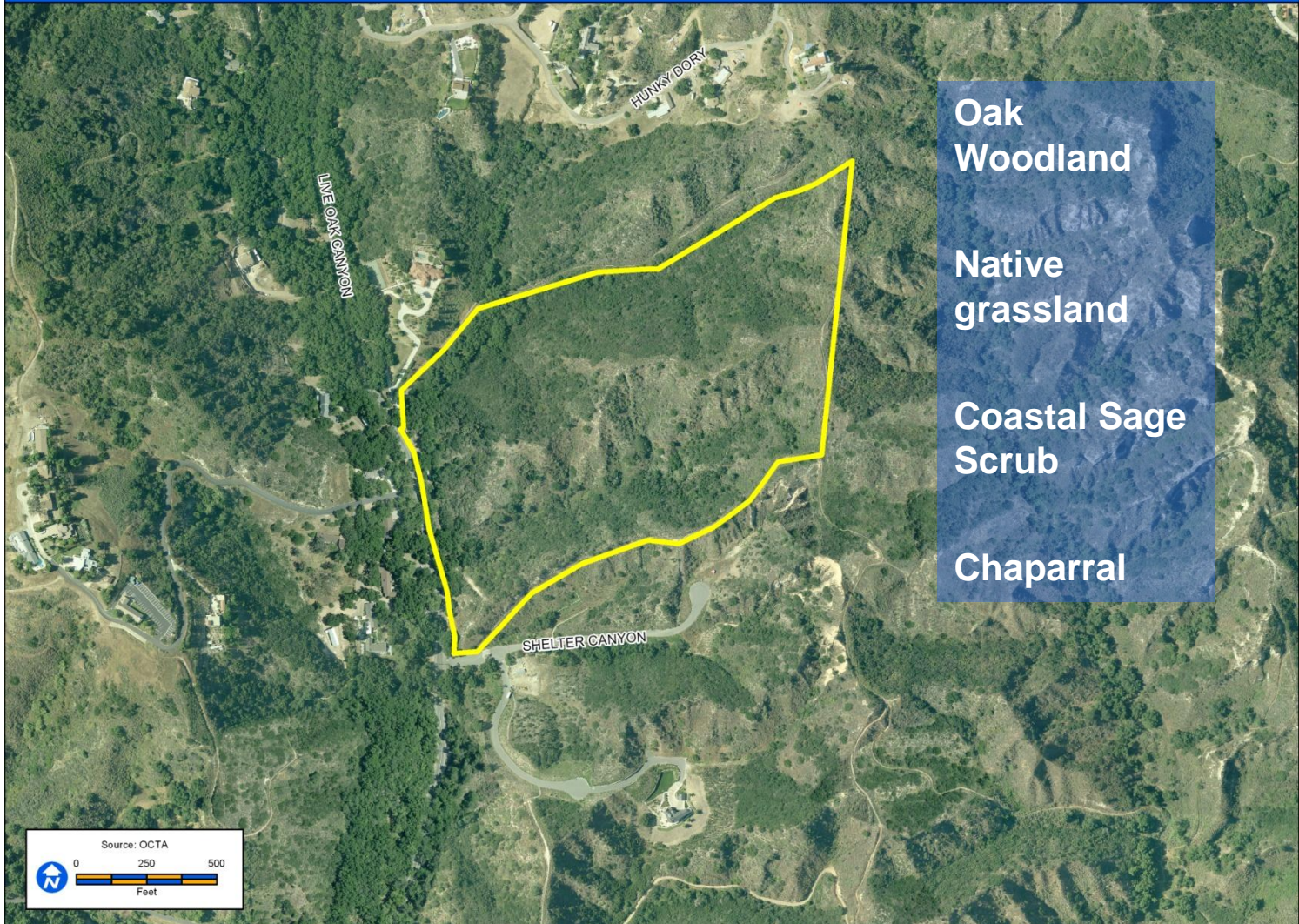


Ferber Ranch Property



Hafen Estates Property

Hafen Property



December 5, 2011

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Hafen Estates Property



Land Management

Interim

- Secure short-term agreements with land managers and provide limited funding
- Maintain status quo of biological resources
- Address enforcement issues

Long-Term

- Secure long-term agreements with land managers and fund endowment costs
- Maintain biological resources consistent with conservation plan
- Provide annual status reports to Wildlife Agencies

First Round Restoration Proposals

- 30 restoration proposals submitted
- Biological and non-biological criteria considered
- Five restoration projects have been granted funding:
 - City Parcel (San Juan Capistrano)
 - Irvine Ranch Conservancy (County)
 - Big Bend (Laguna Beach)
 - Fairview Park (Costa Mesa)
 - UCI Nature Preserve (Irvine)
- Removal of invasive plant species
- Restoration of native plant habitats



City Parcel



BEFORE



AFTER

Irvine Ranch Conservancy



BEFORE



AFTER

Second Round Restoration Proposals

- 20 restoration proposals submitted
- Biological and non-biological criteria considered
- \$5 million available for funding
- High-ranked first round proposals are eligible for second round funding
- Board approval for funding anticipated first quarter 2012



Next Steps

- Complete expenditure for acquisition of open space properties
- Seek funding for second round of restoration
- Complete draft NCCP/HCP and environmental documents
 - Outline management scheme
 - Determine long-term management cost for acquisition properties