

May 7, 2009

The Honorable Carolyn Cavecche
Members of the Orange City Council
300 East Chapman Avenue
Orange, CA. 92866

Dear Mayor Cavecche and Members of the Orange City Council:

As members of the Coalition Group representing the Santiago Creek Greenway Alliance, Orange Citizens for Parks and Schools as well as the Mabury Homeowners Association, we are pleased to announce the signing of the First Amendment to the Memorandum of Understanding (MOU) and Sequence of Events between our organizations and JMI Real Estate, developer of the proposed Ridgeline Equestrian Estates and Rio Santiago development projects.

Specifically, the MOU identifies the development parameters for Rio Santiago and the Sequence of Events for both the Ridgeline Equestrian Estates and Rio Santiago projects, and as such, the First Amendment to the MOU could serve as the foundation for project-specific Development Agreements between the developer and the City of Orange. The MOU also recognizes that all parties have entered into this First Amendment to the MOU in good faith to support a reasonable use of the developer's land holdings, to promote good planning, and to provide important public benefits to the community. In addition, we have entered into this agreement under the assumption that neither the City, the County, nor any other governmental agency will impose additional significant financial burdens on the development of one or both of these projects. However, all parties agree that if such burdens are imposed, we will meet in good faith to modify this First Amendment to the MOU in order to achieve a mutually acceptable modified agreement.

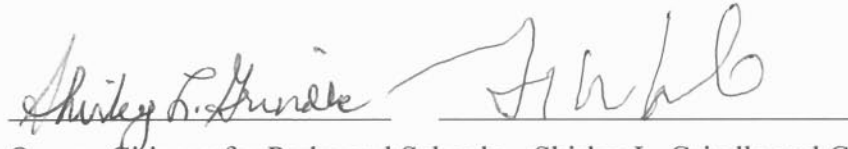
The process which led to the creation of this MOU encompassed significant community input, comment, discussion, and negotiations which resulted in key compromises and ultimately, an important level of consensus among the members of the Coalition Group. With that said, it should be noted that representatives of Orange Park Association (representing only those Orange Park Acre residents who are dues paying members of the Association) were initial members of the Coalition Group. These Association representatives were asked to resign from the Coalition when it was discovered that they were making inappropriate demands of JMI Real Estate and were doing so without the knowledge of the other Coalition Group members. As you know, the City of Orange also removed the Orange Park Association Board of Directors (which serves as the Orange Park Acres Advisory Committee to the City of Orange) from acting in its quasi-official status as advisor to the City of Orange on both the Ridgeline and Rio Santiago projects.

Nevertheless, we recognized the validity of several issues raised by the Orange Park Association and therefore support the preservation of the existing 7.6-acre arena site to further the equestrian lifestyle of Orange Park Acres. However, we do not support the processing of both projects under a single application, especially since they are neither contiguous nor are they under the same legal ownerships. Therefore, we believe that the development of the Ridgeline Equestrian Estate and Rio Santiago projects may occur in any order as long as the developer agrees to seek project approvals from the City of Orange that are consistent with this First Amendment to the MOU. In addition, offers of dedication and donation for each of the projects need to follow the issuance of the First Building Permits as identified in the Sequence of Events section of the MOU.

With that, we present to you the attached copy of the First Amendment to the Memorandum of Understanding (MOU) and Sequence of Events as signed by our organizations and JMI Real Estate. We believe that this document will serve as the foundation for project-related Development Agreements between JMI Real Estate and the City of Orange. We also hope that the process we have conducted serves as a new model for conducting community outreach, securing community input, and reaching community consensus to better assist our elected leaders in their important land use decision-making.

Sincerely,

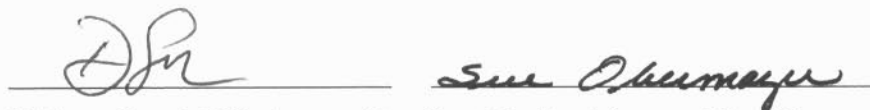
The Coalition Group Representing:



Orange Citizens for Parks and Schools – Shirley L. Grindle and Greg Holcomb



Santiago Creek Greenway Alliance – John Moore, Pres. and Kirk Winterroth



Mabury Ranch HO Assn. – Dan Swoish, President and Sue Obermayer, Chair
Environmental Committee

ENC. Exhibit A – Conceptual Land Use Plan for Rio Santiago