The Western Riverside County Regional Conservation Authority was established in 2004 as a joint powers authority to administer the 2003 Western Riverside County Multiple Species Habitat Conservation Plan. Currently, the Authority consists of eighteen (18) cities and the county.

MEETING

Monday, February 3, 2020
12:30 p.m.
John F. Tavaglione County Administrative Center Annex
Board Chambers, First Floor, 4080 Lemon Street, Riverside, CA 92501

OFFICERS

Jonathan Ingram, Chair  
City of Murrieta

Natasha Johnson, Vice-Chair  
City of Lake Elsinore

BOARD MEMBERS

Daniela Andrade  
City of Banning

David Starr Rabb  
City of Perris

Julio Martinez  
City of Beaumont

Andy Melendrez  
City of Riverside

Ed Clark  
City of Calimesa

Crystal Ruiz  
City of San Jacinto

Larry Greene  
City of Canyon Lake

Maryann Edwards  
City of Temecula

Jacque Casillas  
City of Corona

Joseph Morabito  
City of Wildomar

Jocelyn Yow  
City of Eastvale

Kevin Jeffries  
County of Riverside, District 1

Michael Perciful  
City of Hemet

Karen Spiegel  
County of Riverside, District 2

Lorena Barajas  
City of Jurupa Valley

Chuck Washington  
County of Riverside, District 3

Lesa Sobek  
City of Menifee

V. Manuel Perez  
County of Riverside, District 4

David Marquez  
City of Moreno Valley

Jeff Hewitt  
County of Riverside, District 5

Kevin Bash  
City of Norco

Honey Bernas, Interim Executive Director
MEETING AGENDA*

*Actions may be taken on any item listed on the agenda. Non-exempt materials related to an item on this agenda submitted to the RCA Board after distribution of the agenda packet are available for public inspection at the RCA Offices, 3403 Tenth Street, Suite 320, Riverside, California, during normal business hours. Such documents are also available on the Western Riverside County Regional Conservation Authority website at www.wrc-rca.org subject to staff’s ability to post the documents before the meeting. Alternative formats are available upon request by contacting the Clerk of the Board at (951) 955-9700. Notification of at least 72 hours prior to meeting time will assist staff in accommodating such requests.

Monday, February 3, 2020
12:30 p.m.
John F. Tavaglione County Administrative Center Annex
First Floor – Board Chambers
4080 Lemon Street
Riverside, CA 92501

In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if special assistance is needed to participate in a Board meeting, please contact the Clerk of the Board at (951) 955-9700. Notification of at least 48 hours prior to meeting time will assist staff in assuring that reasonable arrangements can be made to provide accessibility at the meeting.

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

4. PUBLIC COMMENT

At this time members of the public can address the RCA Board of Directors regarding any items within the subject matter jurisdiction of the Board that are not separately listed on this agenda. Members of the public will have an opportunity to speak on agendized items at the time the item is called for discussion. No action may be taken on items not listed on the agenda unless authorized by law. Each individual speaker is limited to speak three (3) continuous minutes or less. Any person wishing to address the Board on any matter, whether or not it appears on this agenda, is requested to complete a “Request to Speak” form from the Clerk of the Board. The completed form is to be submitted to the Clerk of the Board prior to an individual being heard. Whenever possible, lengthy testimony should be presented to the Board in writing and only pertinent points presented orally. Any written documents to be distributed or presented to the RCA Board of Directors shall be submitted to the Clerk of the Board.

5. BOARD MEMBER ANNOUNCEMENTS (This item provides the opportunity for the Board Members to report on attended meetings/conferences and any other items related to RCA activities.)
6. **ADDITIONS/REVISIONS** (The Board may add an item to the Agenda after making a finding that there is a need to take immediate action on the item and that the item came to the attention of the Board subsequent to the posting of the agenda. An action adding an item to the agenda requires 2/3 vote of the Board. If there are less than 2/3 of the Board Members present, adding an item requires a unanimous vote. Added items will be placed for discussion at the end of the agenda.)

7. **APPROVAL OF MINUTES — January 6, 2020**

8. **PRESENTATION BY MATT JENNINGS, ASSISTANT TREASURER-TAX COLLECTOR, TREASURER’S POOLED INVESTMENT FUND UPDATE**

9. **CONSENT CALENDAR** (All matters listed under the Consent Calendar will be approved in a single motion unless a Board Member requests separate action on specific Consent Calendar item. The item will be pulled from the Consent Calendar and placed for discussion.)

9.1 **WESTERN RIVERSIDE COUNTY MSHCP FEE COLLECTION REPORTS FOR NOVEMBER AND DECEMBER 2019**

   **Overview – STAFF REPORT**

   This item is for the RCA Board of Directors to receive and file the Western Riverside County MSHCP Fee Collection Reports for November and December 2019.

9.2 **RESOLUTION NO. 2020-001, RESOLUTION OF THE BOARD OF DIRECTORS OF THE WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY ADOPTING A STATEMENT OF INVESTMENT POLICY**

   **Overview – STAFF REPORT**

   This item is for the RCA Board of Directors to approve Resolution No. 2020-001, Resolution of the Board of Directors of the Western Riverside County Regional Conservation Authority Adopting a Statement of Investment Policy.

9.3 **FISCAL YEAR 2020 SECOND QUARTER CONSULTANT REPORTS**

   **Overview – STAFF REPORT**

   This item is for the RCA Board of Directors to receive and file the Fiscal Year 2020 Second Quarter Consultant Reports.
10. RATIFICATION OF THE CHAIRPERSON’S APPOINTMENT TO THE 2020 RCA EXECUTIVE COMMITTEE

*Overview – STAFF REPORT*

This item is for the RCA Board of Directors to ratify the Chairperson’s appointment to the 2020 RCA Executive Committee.

11. APPROVAL OF THE RIVERPARK MITIGATION BANK CONSERVATION EASEMENT AND ENDOWMENT MANAGEMENT AGREEMENT

*Overview – STAFF REPORT*

This item is for the RCA Board of Directors to:

1) Approve the Riverpark Mitigation Bank Conservation Easement;

2) Approve the Endowment Management Agreement; and

3) Authorize the RCA Interim Executive Director, pursuant to legal counsel review and approval, to execute said conservation easement and endowment management agreement on behalf of the RCA, and to authorize the RCA Interim Executive Director or her designee to sign any additional documents required to complete the conveyance to RCA.

12. DISCUSSION AND POSSIBLE DIRECTION CONCERNING THE CALIFORNIA POPPIES ON RCA RESERVE LAND IN THE WALKER CANYON AREA

13. EXECUTIVE DIRECTOR’S REPORT

13.1 Wildlife Refuge Update

14. LAND ACQUISITION UPDATE

15. FEATURED SPECIES OF THE MONTH

16. FUTURE AGENDA ITEMS: (Board Members are invited to suggest additional items to be brought forward for future discussion.)

17. CLOSED SESSION

17A. CONFERENCE WITH REAL PROPERTY NEGOTIATOR

*Pursuant to Government Code Section 54956.8*

*Agency Negotiator:* RCA – Executive Director or Designee

*Under Negotiation:* Price/Terms
<table>
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<th>Negotiating Party(ies)/Agent</th>
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<td>432-150-002, 432-150-003, and 432-150-004</td>
<td>Joanne Wallkamm Adams, Marty Wallkamm, Krisha Wallkamm, Norm Barnard</td>
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<tr>
<td>17A.2</td>
<td>321-190-009, 323-020-003, and 323-020-005</td>
<td>Anne Chun</td>
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17B. **PUBLIC EMPLOYEE APPOINTMENT**  
Pursuant to Government Code Section 54957  
**Title:** Executive Director

18. **ADJOURNMENT**

The next meeting of the Western Riverside County Regional Conservation Authority Board of Directors is scheduled for Monday, March 2, 2020, at 12:30 p.m., at the John F. Tavaglione County Administrative Center Annex, Board Chambers, 4080 Lemon Street, Riverside, California.
MEETING MINUTES

1. CALL TO ORDER

The meeting of the Western Riverside County Regional Conservation Authority was called to order by Chair Ingram at 12:35 p.m., Monday, January 6, 2020, in the Board Chambers of the John F. Tavaglione Administrative Center Annex, First Floor, 4080 Lemon Street, Riverside, California, 92501.

The Chairman welcomed back Board Member Larry Greene.

2. PLEDGE OF ALLEGIANCE

Board Member Greene led the RCA Board Members and meeting attendees in a flag salute.

3. ROLL CALL

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<thead>
<tr>
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<th>Board Member Name</th>
<th>Status</th>
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<tbody>
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<td>Daniela Andrade</td>
<td>Present</td>
</tr>
<tr>
<td>City of Beaumont</td>
<td>Julio Martinez</td>
<td>Absent</td>
</tr>
<tr>
<td>City of Calimesa</td>
<td>Ed Clark</td>
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</tr>
<tr>
<td>City of Canyon Lake</td>
<td>Larry Greene</td>
<td>Present</td>
</tr>
<tr>
<td>City of Corona</td>
<td>Jacque Casillas</td>
<td>Present</td>
</tr>
<tr>
<td>City of Eastvale</td>
<td>Jocelyn Yow</td>
<td>Present</td>
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<tr>
<td>City of Hemet</td>
<td>Michael Perciful</td>
<td>Present</td>
</tr>
<tr>
<td>City of Jurupa Valley</td>
<td>Anthony Kelly, Jr., Alternate</td>
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</tr>
<tr>
<td>City of Lake Elsinore</td>
<td>Natasha Johnson, Vice Chair</td>
<td>Present</td>
</tr>
<tr>
<td>City of Menifee</td>
<td>Lesa Sobek</td>
<td>Present</td>
</tr>
<tr>
<td>City of Moreno Valley</td>
<td>David Marquez</td>
<td>Absent</td>
</tr>
<tr>
<td>City of Murrieta</td>
<td>Jonathan Ingram, Chair</td>
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<td>City of Norco</td>
<td>Kevin Bash</td>
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<tr>
<td>City of Perris</td>
<td>David Starr Rabb</td>
<td>Present</td>
</tr>
<tr>
<td>City of Riverside</td>
<td>Andy Melendrez</td>
<td>Present</td>
</tr>
<tr>
<td>City of San Jacinto</td>
<td>Crystal Ruiz</td>
<td>Present</td>
</tr>
<tr>
<td>City of Temecula</td>
<td>James Stewart</td>
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<tr>
<td>City of Wildomar</td>
<td>Joseph Morabito</td>
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</tr>
<tr>
<td>County District 1</td>
<td>Kevin Jeffries</td>
<td>Present</td>
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<tr>
<td>County District 2</td>
<td>Karen Spiegel</td>
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<tr>
<td>County District 3</td>
<td>Chuck Washington</td>
<td>Present</td>
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<tr>
<td>County District 4</td>
<td>V. Manuel Perez</td>
<td>Absent</td>
</tr>
<tr>
<td>County District 5</td>
<td>Jeff Hewitt</td>
<td>Present</td>
</tr>
</tbody>
</table>

*Arrived after roll call was taken.
4. PUBLIC COMMENT

There were no public comments.

5. BOARD MEMBER ANNOUNCEMENTS (This item provides the opportunity for the Board Members to report on attended meetings/conferences and any other items related to RCA activities.)

There were no Board Member announcements.

6. ADDITIONS/REVISIONS (The Board may add an item to the Agenda after making a finding that there is a need to take immediate action on the item and that the item came to the attention of the Board subsequent to the posting of the agenda. An action adding an item to the agenda requires 2/3 vote of the Board. If there are less than 2/3 of the Board Members present, adding an item requires a unanimous vote. Added items will be placed for discussion at the end of the agenda.)

There were no additions or revisions.

7. APPROVAL OF MINUTES — December 2, 2019, meeting of the RCA Board of Directors.

RESULT: APPROVED AS RECOMMENDED [18 TO 0]
MOVER: Perris
SECONDER: Lake Elsinore
AYES: Banning, Calimesa, Canyon Lake, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Murrieta, Norco, Perris, Riverside, San Jacinto, Wildomar, District 1, District 2, District 5
ABSTAIN: District 3
ABSENT: Beaumont, Moreno Valley, Temecula, District 4

8. CLOSED SESSION

8.1 PUBLIC EMPLOYEE APPOINTMENT
Pursuant to Government Code Section 54957
Title: Executive Director

8.2 CONFERENCE WITH LABOR NEGOTIATOR
Pursuant to Government Code Section 54957.6
Agency Representative: Board Chairperson
Unrepresented Employee: Executive Director

After Closed Session, the meeting was reconvened. Steve DeBaun, General Counsel, announced the following:

Concerning Agenda Item No. 8.1, the Board of Directors appointed Honey Bernas as the new Interim Executive Director.
RESULT: APPROVED [17 TO 2]
MOVER: Banning
SECONDER: Menifee
AYES: Banning, Calimesa, Canyon Lake, Corona, Eastvale, Hemet, Jurupa Valley, Menifee, Murrieta, Norco, Perris, Riverside, San Jacinto, Wildomar, District 1, District 2, District 3
NAYS: Lake Elsinore, District 5
ABSENT: Beaumont, Moreno Valley, Temecula, District 4

17. ADJOURNMENT

There being no other items before the RCA Board, Chair Ingram adjourned the meeting at 1:39 p.m. The next meeting of the Western Riverside County Regional Conservation Authority Board of Directors is scheduled for Monday, February 3, 2020, at 12:30 p.m., at the John F. Tavaglione County Administrative Center Annex, Board Chambers, First Floor, 4080 Lemon Street, Riverside, California.

Prepared by:

April Boydd
Administrative Manager

Respectfully submitted:

Jennifer Fuller
Director of Administrative Services
AGENDA ITEM NO. 9.1

Staff Report

WESTERN RIVERSIDE COUNTY MSHCP FEE COLLECTION REPORTS FOR NOVEMBER AND DECEMBER 2019
Regional Conservation Authority

WESTERN RIVERSIDE COUNTY
MSHCP FEE COLLECTION REPORTS FOR
NOVEMBER AND DECEMBER 2019

STAFF CONTACT: Jennifer Fuller
Director of Administrative Services
(951) 955-9700

BACKGROUND:

The RCA Executive Committee directed staff to report on Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP) Local Development Mitigation Fee (LDMF) Collection and Civic/Infrastructure Contribution on a monthly basis.

Attached are the reports for November and December 2019. The reports were prepared on a cash basis and, therefore, reflects the cash received by RCA during that month.

EXECUTIVE COMMITTEE AND STAFF RECOMMENDATION:

That the RCA Board of Directors receive and file the Western Riverside County MSHCP Fee Collection Reports for November and December 2019.

ATTACHMENTS

1) Western Riverside County MSHCP LDMF Collection and Civic/Infrastructure Contribution Report for November 2019

2) Western Riverside County MSHCP LDMF Collection and Civic/Infrastructure Contribution Report for December 2019
AGENDA ITEM NO. 9.1

Attachment 1

WESTERN RIVERSIDE COUNTY MSHCP LDMF COLLECTION AND CIVIC/INFRASTRUCTURE CONTRIBUTION REPORT FOR NOVEMBER 2019
## Local Development Mitigation Fee Collections

<table>
<thead>
<tr>
<th>City/County</th>
<th>Month</th>
<th>Residential Permits</th>
<th>Commercial/Industrial Acres</th>
<th>Amount Remitted</th>
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<td>October</td>
<td>2</td>
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<td>$4,336</td>
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<tr>
<td>City of Corona</td>
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<td>28</td>
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<td>City of Norco</td>
<td>October - No Activity</td>
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<td>City of Perris</td>
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## Civic and Infrastructure Contributions

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**Total November 2019** $825,347
AGENDA ITEM NO. 9.1

Attachment 2

WESTERN RIVERSIDE COUNTY MSHCP LDMF COLLECTION AND CIVIC/INFRASTRUCTURE CONTRIBUTION REPORT FOR DECEMBER 2019
### WESTERN RIVERSIDE COUNTY MSHCP LDMF COLLECTION AND
CIVIC/INFRASTRUCTURE CONTRIBUTION REPORT FOR DECEMBER 2019
CASH BASIS

#### LOCAL DEVELOPMENT MITIGATION FEE COLLECTIONS

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<thead>
<tr>
<th>City/County</th>
<th>Month</th>
<th>Residential Permits</th>
<th>Commercial/Industrial Acres</th>
<th>Amount Remitted</th>
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<td>City of San Jacinto</td>
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<tr>
<td>County of Riverside</td>
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#### CIVIC AND INFRASTRUCTURE CONTRIBUTIONS

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</thead>
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</tbody>
</table>

**TOTAL DECEMBER 2019** **$1,437,833**

* Summerly Project - Development agreement dated 8/24/04. Settlement Agreement with RCA per MOA dated 11/6/17.
AGENDA ITEM NO. 9.2

Staff Report

RESOLUTION NO. 2020-001
RESOLUTION OF THE BOARD OF DIRECTORS OF THE WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY ADOPTING A STATEMENT OF INVESTMENT POLICY
RESOLUTION NO. 2020-001
RESOLUTION OF THE BOARD OF DIRECTORS OF THE WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY ADOPTING A STATEMENT OF INVESTMENT POLICY

STAFF CONTACT: Steve DeBaun, General Counsel
Best, Best & Krieger, LLP
(951) 686-1450

BACKGROUND:

Under California law, every public agency is required to adopt an investment policy which shall be updated periodically. The County Treasurer acts as the Treasurer for the RCA, and the County's investment schedule was incorporated into the RCA policy to help assure consistency between the agencies.

The County's Investment Oversight Committee reviewed and the County Board of Supervisors adopted a revised Treasurer's Statement of Investment Policy on June 11, 2019 and December 10, 2019. All changes are in compliance with California Government Code Sections 53601 & 53635, which govern the County Treasurer's investments of surplus monies.

The County made the following cumulative changes to its Statement of Investment Policy on June 11, 2019:

2. Page 8, add 'Academy Securities Inc.' to 'Other authorized firms'

The County also made the following cumulative changes to its Statement of Investment Policy on December 10, 2019:

1. Page 1, change date to ‘October 22, 2019’ from ‘October 30, 2018’
2. Page 1, change ‘County Ordinance No. 767.22’ to ‘County Ordinance No. 767.23’
3. Page 2, add ‘and/or Assistant Treasurer-Tax Collector’
4. Page 3, add 'The settlement date will be used as the date of purchase for measuring maturity limitations.'
5. Page 4, change ‘calendar’ to ‘fiscal’
6. Page 6, change date from ‘6/11/2019’ to ‘12/10/2019’
7. Page 8, add ‘Bank of New York’ to ‘Other authorized firms’
8. Page 9, change ‘annual’ to ‘monthly’
9. Page 9, add ‘, and transactional confirms’
10. Page 11, add ‘money market’
11. Page 12, omit ‘For the State of California Debt only, maximum of 2% greater than 13 month final maturity.’
12. Page 12, omit ‘Muni. For the State of California Debt only, maximum of 3% with no more than 2% greater than 1 year final maturity.’

Staff is requesting that the changes listed above be incorporated in the RCA’s policy. The full investment policy is attached to this staff report.

A representative from the Riverside County Treasurer and Tax-Collector’s office will give a brief presentation and be available to respond to questions at the February 3, 2020, Board meeting.

STAFF RECOMMENDATION:

That the RCA Board of Directors adopt Resolution No. 2020-001, Resolution of the Board of Directors of the Western Riverside County Regional Conservation Authority Adopting a Statement of Investment Policy.

ATTACHMENTS:

1) Resolution No. 2020-001, Resolution of the Board of Directors of the Western Riverside County Regional Conservation Authority Adopting a Statement of Investment Policy.

2) Statement of Investment Policy – Redlined Copy.
AGENDA ITEM NO. 9.2

Attachment 1

RESOLUTION NO. 2020-001
RESOLUTION NO. 2020-001

RESOLUTION OF THE BOARD OF DIRECTORS OF THE WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY
ADOPTING A STATEMENT OF INVESTMENT POLICY

WHEREAS, the California Legislature has provided standards for governing bodies authorized to make investment decisions for local agencies, which are set forth in Government Code sections 16429.1, 53600-53609 and 53630-53686 (the “Investment Act”); and

WHEREAS, Section 53684 of the Government Code permits the governing bodies of the local agencies to authorize the deposit of excess funds in the county treasury for the purposes of investment by the county treasurer pursuant to Section 53601 and 53635; and

WHEREAS, Section 53646 of the Government Code allows local agencies to annually approve a Statement of Investment Policy which has been prepared by the chief fiscal officer of such local agency; and

WHEREAS, the Board of Directors of the Western Riverside County Regional Conservation Authority has been presented with a Statement of Investment Policy, attached hereto as Exhibit A and incorporated by reference, which is designed to conform with the requirements of the Investment Act; and

WHEREAS, the Board of Directors, with the aid of its staff, has reviewed the Statement of Investment Policy and wishes to approve the same;

WHEREAS, this Resolution updates the Western Riverside County Regional Conservation Authority’s Investment Policy, attached hereto as Exhibit A and incorporated by reference, to conform with California statutes governing cities, which will rescind, supersede and replace Resolution No. 2019-001.

NOW, THEREFORE, the Board of Directors hereby adopt the Western Riverside County Regional Conservation Authority Investment Policy, a copy of which is on file at the offices of the Authority and is available for inspection by the public.

PASSED AND ADOPTED at the regular meeting of the Board of Directors of the Western Riverside County Regional Conservation Authority held this 3rd day of February, 2020.

By: _____________________________
Jonathan Ingram, Chairman

ATTEST:

By: _____________________________
April Boydd, Clerk of the Board
Western Riverside County Regional Conservation Authority
WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY
INVESTMENT POLICY

INTRODUCTION

The Western Riverside County Regional Conservation Authority, is a Joint Powers Authority ("RCA") comprised of the County of Riverside and the Cities of Banning, Beaumont, Calimesa, Canyon Lake, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Norco, Perris, Riverside, San Jacinto, Temecula, and Wildomar. The RCA is responsible for the implementation and management of the Western Riverside County Multiple Species Habitat Conservation Plan ("MSHCP"). The RCA is governed by a Board of Directors (the "Board"), comprised of the five members of the Riverside County Board of Supervisors and an elected official from each member city.

The Board has adopted this Investment Policy (the "Policy") in order to establish the investment scope, objectives, delegation of authority, standards of prudence, reporting requirements, internal controls, eligible investments and transactions, diversification requirements, risk tolerance, and safekeeping and custodial procedures for the investment of the funds of the RCA. All RCA funds will be invested in accordance with the Policy and with applicable sections of the California Government Code.

This Policy was endorsed and adopted by the Board of Directors of the Western Riverside County Regional Conservation Authority on January 6, 2020.

RIVERSIDE COUNTY TREASURER

Pursuant to California Government Code Section 53684, the Board authorizes the deposit of excess funds of the RCA in the Riverside County treasury for the purpose of investment by the County Treasurer as outlined in this Policy.

SCOPE & OBJECTIVES

The RCA's primary investment objectives, in priority order, shall be:

1. Safety. Safety of principal is the foremost objective of the investment program. Investments of the RCA shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.

2. Liquidity. The investment portfolio of the RCA will remain sufficiently liquid to enable the RCA to meet its cash flow requirements.

3. Return on Investment. The investment portfolio of the RCA shall be designed with the objective of maximizing return on its investments, but only after ensuring safety and liquidity.
DELEGATION OF AUTHORITY

The management responsibility for the RCA's investment program is delegated annually by the Board to the Treasurer pursuant to California Government Code Section 53607. As designated by the Board of Directors, the Riverside County Treasurer serves as the Treasurer. The Treasurer may delegate the authority to conduct investment transactions and to manage the operation of the investment portfolio to other specifically authorized staff members. Authority may be delegated to other staff members provided the Treasurer exercises prudence in a selection of these staff members and imposes suitable safeguards to prevent abuse in the exercise of discretion. The Treasurer shall remain responsible for any investment decisions made by these staff members. The Treasurer shall maintain a list of every staff member who was delegated such authority, and his or her responsibilities with respect to investment decisions. No person may engage in an investment transaction except as expressly provided under the terms of this Policy.

The Treasurer, on behalf of the RCA, may engage the support services of outside investment advisors in regard to its investment program, so long as it can be clearly demonstrated that these services produce a net financial advantage or necessary financial protection of the RCA's financial resources.

PRUDENCE

The standard of prudence to be used for managing the RCA's investments shall be California Government Code Section 53600.3, the prudent investor standard which states:

“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.”

The RCA’s overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The RCA recognizes that no investment is totally riskless and that the investment activities of the RCA are a matter of public record. Accordingly, the RCA recognizes that occasional measured losses are inevitable in a diversified portfolio and shall be considered within the context of the overall portfolio’s return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of the RCA.

The Treasurer and authorized investment personnel acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided that the deviations from expectations are reported in a timely fashion to the RCA and appropriate action is taken to control adverse developments.
ETHICS AND CONFLICTS OF INTEREST

Elected officials and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or could impair or create the appearance of an impairment of their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Treasurer any financial interests they have in financial institutions that conduct business with the RCA and they shall subordinate their personal investment transactions to those of the RCA. In addition, the Treasurer shall file a Statement of Economic Interests each year pursuant to California Government Code Section 87203.

Any firm proposing to provide any type of investment service to RCA shall acknowledge their familiarity with the provisions of the Political Reform Act, (Government Code Section 81000 et seq., and 2 Cal. Code of Regs. 18110 et seq., hereinafter “PRA”) and the provisions limiting contractual conflicts of interest under Government Code Section 1090 et seq. Any firm proposing to provide any type of investment service to RCA shall also acknowledge their familiarity with and agree to abide by any Federal or State law, regulation, rule or policy pertaining to or limiting campaign contributions by such firms, their employees, spouses and agents.

All persons, firms, dealers, brokers and advisors providing investment service or bond issue assistance shall disclose to the RCA all fee sharing, fee-splitting and commission arrangements with other entities or persons prior to RCA agreeing to buy an investment, or issuing bonds.

AUTHORIZED INVESTMENTS

1. Riverside County Treasurer’s Pooled Investment Fund (“RCTPIF”). The RCA may invest in the Riverside County Pooled Investment Fund.

2. State of California Local Agency Investment Fund (“LAIF”). The RCA may invest in LAIF.

3. Eligible Investments for Bond Proceeds.

Bond proceeds shall be invested in securities permitted by the applicable bond documents. If the bond documents are silent as to permitted investments, bond proceeds will be invested in securities permitted by this Policy.

With respect to maximum maturities, the Policy authorizes investing bond reserve fund proceeds beyond the five years if prudent in the opinion of the Treasurer.

4. Specific Investments Outside RCTPIF and LAIF.

Specific investments shall be governed by the Treasurer’s Pooled Investment Fund Statement of Investment Policy, as may be amended from time to time. A copy of the current policy is attached as Exhibit “1.”

REPORTING

The Treasurer shall provide to the Board and the Executive Director a portfolio report, on a monthly basis in accordance with the requirement of the Government Code.
At least annually, if any investments outside the RCTPIF exist, the Treasurer shall present to the Board a review of the investment portfolio’s adherence to appropriate risk levels and a comparison between the total portfolio return and the established investment goals, objectives and benchmarks.

POLICY REVIEW

This Investment Policy shall be presented annually to the Board for review pursuant to Section 53646(a)(2) of the Government Code. This Policy may be amended by the Board at a public meeting as conditions warrant.
EXHIBIT 1

TREASURER’S POOLED INVESTMENT FUND STATEMENT OF INVESTMENT POLICY [ATTACHED]
INTRODUCTION
The Treasurer’s Statement of Investment Policy is presented annually to the County Investment Oversight Committee for review and to the Board of Supervisors for approval, pursuant to the requirements of Sections 53646(a) and 27133 of the California Government Code (Code Section). This policy will become effective immediately upon approval by the Board of Supervisors.

SCOPE
The Treasurer’s Statement of Investment Policy is limited in scope to only those county, school, special districts and other fund assets actually deposited and residing in the County Treasury. It does not apply to bond funds or other assets belonging to the County of Riverside, or any affiliated public agency the assets of which reside outside of the County Treasury.

FIDUCIARY RESPONSIBILITY
Code Section 27000.3 declares each treasurer, or governing body authorized to make investment decisions on behalf of local agencies, to be a trustee and therefore a fiduciary subject to the prudent investor standard. This standard, as stated in Code Section 27000.3 requires that “When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the county treasurer or the board of supervisors, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the county and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and the other depositors.”

PORTFOLIO OBJECTIVES
The first and primary objective of the Treasurer’s investment of public funds is to safeguard investment principal; second, to maintain sufficient liquidity within the portfolio to meet daily cash flow requirements; and third, to achieve a reasonable rate of return or yield on the portfolio consistent with these objectives. The portfolio shall be actively managed in a manner that is responsive to the public trust and consistent with State law.

AUTHORITY
Statutory authority for the Treasurer’s investment and safekeeping functions are found in Code Sections 53601 and 53635 et. seq. The Treasurer’s authority to make investments is to be renewed annually, pursuant to state law. It was last renewed by the Board of Supervisors on October 22, 2019 by County Ordinance No.767.23. Code Section 53607 effectively requires the legislative body to delegate investment authority of the County on an annual basis.

AUTHORIZED INVESTMENTS
Investments shall be restricted to those authorized in Code Sections 53601 and 53635 as amended
and as further restricted by this policy statement. All investments shall be governed by the restrictions shown in Schedule I which defines the type of investments authorized, maturity limitations, portfolio diversification, credit quality standards (two of the three nationally recognized ratings shall be used for corporate and municipal securities), and purchase restrictions that apply.

**STAFF AUTHORIZED TO MAKE INVESTMENTS**
Only the Treasurer-Tax Collector, Jon Christensen, Chief Investment Manager, Giovane Pizano, Deputy Investment Manager, Steve Faeth, and Assistant Investment Manager, Isela Licea, are authorized to make investments and to order the receipt and delivery of investment securities among custodial security clearance accounts.

**AUTHORIZED BROKER/DEALERS**
Securities transactions are limited solely to those noted on Schedule II of this policy.

**DAILY ACCOUNTABILITY AND CONTROL**
Except for emergencies or previous authorization by the Treasurer-Tax Collector, all investment transactions are to be conducted at the Treasurer-Tax Collector’s office (if open and available to conduct business), documented, and reviewed by the Treasurer-Tax Collector, and/or Assistant Treasurer-Tax Collector. All investment transactions will be entered daily into the Treasurer’s internal financial accounting system with copies to be filed on a timely basis. Portfolio income shall be reconciled daily against cash receipts and quarterly, prior to the distribution of earnings among those entities sharing in pooled fund investment income.

**SECURITY CUSTODY & DELIVERIES**
All securities, except for money market funds registered in the County’s name and securities issued by the County or other local agencies shall be deposited for safekeeping with banks contracted to provide the County Treasurer with custodial security clearance services. These third party trust department arrangements provide the County with a perfected interest in, and ownership and control over, the securities held by the custodian on the County’s behalf and are intended to protect the County from the bank’s own creditors in the event of a bank default and filing for bankruptcy. Securities are **NOT** to be held in investment firm/broker dealer accounts. All security transactions are to be conducted on a “delivery versus payment basis.” Confirmation receipts on all investments are to be reviewed immediately for conformity with County transaction documentation. Securities issued by local agencies purchased directly shall be held in the Treasurer’s vault. The security holdings shall be reconciled with the custodian holding records daily. The Treasurer’s Fiscal Compliance unit will audit purchases daily for compliance, and audit holding records monthly.

**COMPETITIVE PRICING**
Investment transactions are to be made at current market value and competitively priced whenever possible. Competitive pricing does not necessarily require submission of bids, but does require adequate comparative analysis. The current technology utilized by the Treasury provides this information.
MATURITY LIMITATIONS
No investment shall exceed a final maturity date of five years from the date of purchase unless it is authorized by the Board of Supervisors pursuant to Code Section 53601. The settlement date will be used as the date of purchase for measuring maturity limitations.

LIQUIDITY
The portfolio shall maintain a weighted average days to maturity (WAM) of less than 541 days or 1.5 years. To provide sufficient liquidity to meet daily expenditure requirements, the portfolio shall maintain at least 40% of its total value in securities having maturities 1 year or less.

SECURITIES LENDING
The Treasurer may engage in securities lending activity limited to 20% of the portfolio’s book value on the date of transaction. Instruments involved in a securities lending program are restricted to those securities pursuant to Code Section 53601 and by the Treasurer’s Statement of Investment Policy.

REVERSE REPURCHASE AGREEMENTS
The Treasury shall not engage in any form of leverage for the purpose of enhancing portfolio yield. There shall be no entry into reverse repurchase agreements except for temporary and unanticipated cash flow requirements that would cause the Treasurer to sell securities at a principal loss. Any reverse repurchase agreements are restricted pursuant to Code Section 53601 and by the Treasurer’s Statement of Investment Policy.

MITIGATING MARKET & CREDIT RISKS
Safety of principal is the primary objective of the portfolio. Each investment transaction shall seek to minimize the County’s exposure to market and credit risks by giving careful and ongoing attention to the: (1) credit quality standards issued by the nationally recognized rating agencies on the credit worthiness of each issuer of the security, (2) limiting the concentration of investment in any single firm as noted in Schedule I, (3) by limiting the duration of investment to the time frames noted in Schedule I, and (4) by maintaining the diversification and liquidity standards expressed within this policy.

TRADING & EARLY SALE OF SECURITIES
All securities are to be purchased with the intent of holding them until maturity. However, in an effort to minimize market and credit risks, securities may be sold prior to maturity either at a profit or loss when economic circumstances, trend in short-term interest rates, or a deterioration in credit-worthiness of the issuer warrants a sale of the securities to either enhance overall portfolio yield or to minimize further erosion and loss of investment principal. Such sales should take into account the short and long term impacts on the portfolio. However, the sale of a security at a loss can only be made after first securing the approval of the Treasurer-Tax Collector.

PURCHASE OF WHEN ISSUED SECURITIES
When issued (W.I.) purchases of securities and their subsequent sale prior to cash settlement are authorized as long as sufficient cash is available to consummate their acceptance into the Treasurer’s portfolio on the settlement date.
PORTFOLIO REPORTS/AUDITING
Portfolio reports required by Code Sections 53607 and 27133(e) shall be filed monthly with the Board of Supervisors, Investment Oversight Committee, Superintendent of Schools, Executive Officer, County Auditor Controller and interested parties. Consistent with Board Policy B-21 (County Investment Policy Statement), § III A, an outside compliance audit will be conducted annually. Outside audits will be conducted at least biennially by an independent auditing firm selected by the Board of Supervisors, per Board Minute Order No. 3.48. Reports are posted monthly on the Treasurer’s website:
http://www.countytreasurer.org/Treasurer/TreasurersPooledInvestmentFund/MonthlyReports.aspx

SPECIFIC INVESTMENTS
Specific investments for individual funds may be made in accordance with the Treasurer’s Statement of Investment Policy, upon written request and approval of the responsible agency’s governing board, and, approval of the Treasurer-Tax Collector. Investments outside of the policy may be made on behalf of such funds with approval of the governing Board and approval of the Treasurer-Tax Collector. All specific investments shall be memorialized by a Memorandum of Understanding. With the purchase of specific investments, the fund will be allocated the earnings and/or loss associated with those investments. The Treasurer-Tax Collector reserves the right to allocate a pro-rata charge for administrative costs to such funds.

PERFORMANCE EVALUATION
Portfolio performance is monitored daily and evaluated monthly in comparison to the movement of the Treasurer’s Institutional Money Market Index (TIMMI), or other suitable index. Over time, the portfolio rate of return should perform in relationship to such an index. Regular meetings are to be conducted with the investment staff to review the portfolio’s performance, in keeping with this policy, and, current market conditions.

INVESTMENT OVERSIGHT COMMITTEE
In accordance with Code Section 27130 et seq. of the Code, the Board of Supervisors has established an Investment Oversight Committee. The role of the Committee is advisory in nature. It has no input on day to day operations of the Treasury.

QUARTERLY DISTRIBUTION OF INVESTMENT EARNINGS
Portfolio income, including gains and losses (if any), will be distributed quarterly in compliance with Sections 53684 and 53844 of the Code which give the Treasurer broad authority to apportion earnings and losses among those participants sharing in pooled investment income, and, except for specific investments in which the interest income is to be credited directly to the fund from which the investment was made, all investment income is to be distributed pro-rata based upon each participant’s average daily cash balance for the fiscal quarter. Any subsequent adjustments of reported earnings by the Auditor-Controller will be first reviewed and approved by the Treasurer to assure compliance with Code Sections 53684 and 53844.

QUARTERLY APPORTIONMENT OF ADMINISTRATIVE COSTS
Prior to the quarterly apportionment of pooled fund investment income, the County Treasurer is permitted, pursuant to Code Section 27013, to deduct from investment income before the distribution thereof, the actual cost of the investment, audit, deposit, handling and distribution of such income. Accordingly, in keeping with Code Sections 27013, 27133(f), and 27135, the Treasury shall deduct from pooled fund investment earnings the actual cost incurred for: banking services, custodial safekeeping charges, the pro-rata annual cost of the salaries including fringe
benefits for the personnel in the Treasurer-Tax Collector’s office engaged in the administration, investment, auditing, cashiering, accounting, reporting, remittance processing and depositing of public funds for investment, together with the related computer and office expenses associated with the performance of these functions. Prior to gaining reimbursement for these costs, the Treasurer-Tax Collector shall annually prepare a proposed budget revenue estimate per Code Section 27013.

TREASURY OPERATIONS
Treasury operations are to be conducted in the most efficient manner to reduce costs and assure the full investment of funds. The Treasurer will maintain a policy regarding outgoing wires and other electronic transfers. Requests for outgoing transfers which do not arrive on a timely basis may be delayed. The County Treasurer may institute a fee schedule to more equitably allocate costs that would otherwise be spread to all depositors.

POLICY CRITERIA FOR AGENCIES SEEKING VOLUNTARY ENTRY
Should any agency solicit entry, the agency shall comply with the requirements of Section 53684 of the Code and adopt a resolution by the legislative or governing body of the local agency authorizing the deposit of excess funds into the County treasury for the purpose of investment by the County Treasurer. The resolution shall specify the amount of monies to be invested, the person authorized by the agency to coordinate the transaction, the anticipated time frame for deposits, the agency’s willingness to be bound to the statutory 30-day written notice requirement for withdrawals, and acknowledging the Treasurer’s ability to deduct pro-rata administrative charges permitted by Code Section 27013. Any solicitation for entry into the TPIF must have the County Treasurer’s consent before the receipt of funds is authorized. The depositing entity will enter into a depository agreement with the Treasurer.

POLICY CRITERIA FOR VOLUNTARY PARTICIPANT WITHDRAWALS
With the Treasury being required to maintain a 40% liquidity position at all times during the calendar year, it is anticipated that sufficient funds will be on hand to immediately meet on demand all participant withdrawals for the full dollar amounts requested without having to make any allowance or pro-rata adjustment based on the current market value of the portfolio. In addition, any withdrawal by a local agency for the purpose of investing or depositing those funds outside the Pool shall have the prior written approval of the County Treasurer.

The Treasurer’s approval of the withdrawal request shall be based on the availability of funds; the circumstances prompting the request; the dollar volume of similar requests; the prevailing condition of the financial markets, and, an assessment of the effect of the proposed withdrawal on the stability and predictability of the investments in the county treasury.

POLICY ON RECEIPT OF HONORARIA, GIFTS AND GRATUITIES
Neither the Treasurer-Tax Collector nor any member of his staff, shall accept any gift, gratuity or honoraria from financial advisors, brokers, dealers, bankers or other persons or firms conducting business with the County Treasurer which exceeds the limits established by the Fair Political Practices Commission (FPPC) and relevant portions of Code Section 27133. IOC members shall be subject to the limits included in the Board of Supervisors Policy B-21.

ETHICS & CONFLICTS OF INTEREST
Officers and staff members involved in the investment process shall refrain from any personal
business activity that compromises the security and integrity of the County’s investment program or impairs their ability to make impartial and prudent investment decisions. In addition, the County Treasurer-Tax Collector, Assistant Treasurer-Tax Collector, Investment Manager, and Assistant Investment Manager are required to file annually the applicable financial disclosure statements as mandated by the FPPC and County policy.

INVESTMENTS MADE FROM DEBT ISSUANCE PROCEEDS
The proceeds of a borrowing may be specifically invested per Schedule I of this policy (with the exception of Collateralized Time Deposits and Local Agency Obligations) as well as competitively bid investments (see County of Riverside Office Of The Treasurer-Tax Collector Policy Governing Competitively Bid Investments, dated March 3, 2011).

No pooled fund investments made from the proceeds of a borrowing, the monies of which are deposited in the County Treasury, shall be invested for a period of time exceeding the maturity date of the borrowing. Nor shall any monies deposited with a bank trustee or fiscal agent for the ultimate purpose of retiring the borrowing be invested beyond the maturity date of the borrowing.

POLICY ADOPTION & AMENDMENTS
This policy statement will become effective following adoption by the Board of Supervisors, and, will remain in force until subsequently amended in writing by the Treasurer-Tax Collector and approved by the Board.

__________________________________________  12/10/2019
Jon Christensen
County of Riverside
Treasurer-Tax Collector
<table>
<thead>
<tr>
<th>Authorized Investments</th>
<th>Diversification (1)</th>
<th>Purchase Restrictions</th>
<th>Maturity</th>
<th>Credit Quality (S&amp;P/Moody’s/Fitch)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury notes, bills, bonds or other certificates of indebtedness</td>
<td>100%</td>
<td>N/A</td>
<td>Maximum 5 years</td>
<td>N/A</td>
</tr>
<tr>
<td>Notes, participations, or obligations issued by the agencies of the federal government</td>
<td>100%</td>
<td>N/A</td>
<td>Maximum 5 years</td>
<td>N/A</td>
</tr>
<tr>
<td>Bonds, notes, warrants or certificates of indebtedness issued by the state of CA, or local agencies, or, the County of Riverside. Registered treasury notes or bonds of any of the other 49 United States per Government Code Section 53601 (d)</td>
<td>15% maximum</td>
<td>See Schedule VI</td>
<td>Maximum 4 years</td>
<td>Long term “AA-, Aa3, AA-“ or better</td>
</tr>
<tr>
<td>Notes, participations or obligations issued or fully guaranteed as to principal and interest by the International Bank for Reconstruction and Development, and the International Finance Corporation</td>
<td>20%</td>
<td>Max 10% per issuer</td>
<td>Maximum 4 years</td>
<td>Long term “AA, Aa, AA“ or better</td>
</tr>
<tr>
<td>Local Agency Investment Fund (LAIF)</td>
<td>$50 million</td>
<td>Maximum $50 million per LAIF</td>
<td>Daily Liquidity</td>
<td>N/A</td>
</tr>
<tr>
<td>Commercial Paper (CP)</td>
<td>40% maximum</td>
<td>See Schedule VI</td>
<td>Maximum 270 days</td>
<td>Short term “A-1,P-1,F-1” or better</td>
</tr>
<tr>
<td>Local Agency Obligations (LAO)</td>
<td>2.5% maximum</td>
<td>Board of Supervisors approval required. Issued by pool depositors only</td>
<td>Maximum 3 years</td>
<td>Non-rated, if in the opinion of the Treasurer, considered to be of investment grade or better</td>
</tr>
<tr>
<td>CalTRUST Short Term Fund (CLTR)</td>
<td>1% maximum</td>
<td>Board of Supervisors approval required</td>
<td>Daily liquidity</td>
<td>NR / Portfolio managed pursuant to California Government Code § 53601 &amp; 53635</td>
</tr>
<tr>
<td>Negotiable CD’s (NCD’S) issued by national or state chartered banks or a licensed branch of a foreign bank</td>
<td>25% maximum</td>
<td>See Schedule VI</td>
<td>Maximum 1 year</td>
<td>Short term “A-1,P-1,F-1” or better</td>
</tr>
<tr>
<td>Collateralized Time Deposits (TCD)</td>
<td>2% maximum</td>
<td>See Schedule IV</td>
<td>Maximum 1 year</td>
<td>N/A</td>
</tr>
<tr>
<td>Repurchase Agreements (REPO) with 102% collateral restricted to U. S. Treasuries, agencies, agency mortgages, CP, BA’s</td>
<td>40% max, 25% in term repo over 7 days. No more than 20% w/one dealer in term repo</td>
<td>Repurchase agreements to be on file</td>
<td>Maximum 45 days</td>
<td>Short Term “A-1, P-1, F-1” or better If “A-2, P-2, F2” then overnight only</td>
</tr>
<tr>
<td>Reverse Repurchase Agreements on U. S. Treasury &amp; federal agency securities in portfolio</td>
<td>10% maximum</td>
<td>For temporary cash Flow needs only.</td>
<td>Max 60 days with prior approval of Board of Supervisors</td>
<td>N/A</td>
</tr>
<tr>
<td>Medium Term Notes (MTNO) or Corporate Notes</td>
<td>20% maximum</td>
<td>See Schedule VI</td>
<td>Maximum 3 years</td>
<td>“AA, Aa2, AA” minimum if under 1 year</td>
</tr>
<tr>
<td>Interest bearing Checking Account</td>
<td>20%</td>
<td>N/A</td>
<td>Daily Liquidity</td>
<td>Fully collateralized</td>
</tr>
<tr>
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<td>Daily liquidity</td>
<td>Long Term “AAA” (2 of 3 nationally recognized rating services)</td>
</tr>
</tbody>
</table>

(1) Whichever is greater.
AUTHORIZED BROKER/DEALERS
SCHEDULE II

The Treasurer is authorized to conduct investment security transactions with the broker/dealers which are designated by the Federal Reserve Bank as primary government dealers. Security transactions with firms, other than those appearing on this list, are prohibited.

1. Other authorized firms:
   Union Bank
   Piper Jaffray & Co.
   SunTrust Bank
   FTN Financial
   InCapital
   Raymond James & Associates, Inc.
   Williams Capital Group
   Academy Securities Inc.
   Bank of New York

2. Direct purchases from major commercial paper issuers, money market mutual funds, banker’s acceptance issuers, negotiable CD issuers, or savings and loan are authorized.

3. Incidental purchases of less than $10 million may be made with other firms if in the opinion of the Treasurer, such transactions are deemed advantageous.

To ensure compliance with the County Treasurer’s investment guidelines, each newly authorized primary government dealer and other authorized firms (as listed above in section 1, 2 and 3) will be supplied a complete copy of this Investment Policy document approved by the Board of Supervisors.
POLICY CRITERIA FOR SELECTION OF BROKER/DEALERS
SCHEDULE III

1. The County Treasurer has elected to limit security transactions as mentioned in Schedule II. Accordingly, the financial institution must confirm that they are a member of the Financial Industry Regulatory Authority (FINRA), registered with the Securities & Exchange Commission (SEC), and possess all other required licenses. The Treasurer is prohibited from the selection of any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the local treasurer, any member of the governing board of the local agency, or any candidate for those offices.

2. The County Treasurer’s intent is to enter into long-term relationships. Therefore, the integrity of the firm and the personnel assigned to our account is of primary importance.

3. The firm must specify the types of securities it specializes in and will be made available for our account.

4. It is important that the firm provide related services that will enhance the account relationship which could include:
   (a) An active secondary market for its securities.
   (b) Internal credit research analysis on commercial paper, banker’s acceptances and other securities it offers for sale.
   (c) Be willing to trade securities for our portfolio.
   (d) Be capable of providing market analysis, economic projections, and newsletters.
   (e) Provide market education on new investment products, security spread relationships, graphs, etc.

5. The firm must be willing to provide us monthly financial statements, and transactional confirms.

6. The County Treasurer is prohibited from the establishment of a broker/dealer account for the purpose of holding the County’s securities. All securities must be subject to delivery at the County’s custodial bank.

7. Without exception, all transactions are to be conducted on a delivery versus payment (DVP) basis.

8. The broker/dealer must have been in operation for more than 5 years, and, if requested, the firm must be willing to provide us a list of local government clients or other reference, particularly those client relationships established within the State of California.
POLICY CRITERIA FOR COLLATERALIZED TIME DEPOSITS
SCHEDULE IV

Before the Treasury can place a time deposit with a local bank or savings and loan, the following criteria must be met:

1. The bank must provide us with an executed copy of the "Contract for Deposit of Moneys."

2. The interest rate on the Time Certificate of Deposit must be competitive with rates offered by other banks and savings and loans residing in Riverside County, as well as exceed that of U.S. Treasury Securities.

3. Investments less than the FDIC insurance limit will be sufficient without requiring any collateral to be pledged with the Federal Reserve to secure the public fund deposit.

4. Investments exceeding the FDIC insurance limit shall be fully collateralized by U.S. Treasury and Federal Agency securities having maturities five years or less. The County Treasury must receive written confirmation that these securities have been pledged in repayment of the time deposit. The securities pledged as collateral must have a current market value greater than the dollar amount of the deposit in keeping with the ratio requirements specified in Code Section 53652. Additionally, a statement of the collateral shall be provided on a monthly basis. A collateral waiver for the portion insured by the FDIC will be granted.

5. The County Treasurer must be given a current audited financial statement for the financial year just ended as well as the most recent quarterly statement of financial condition. The financial reports must both include a statement of financial condition as well as an income statement depicting current and prior year operations.

6. The County Treasurer will not place a public fund deposit for more than 10% of the present paid-in capital and surplus of the bank.

7. The County Treasurer must receive a certificate of deposit which specifically expresses the terms governing the transaction, deposit amount, issue date, maturity date, name of depositor, interest rate, interest payment terms (monthly, quarterly, etc).

8. All time certificates must have a maturity date not exceeding one year from the date of the deposit, with interest payments based upon the stated interest rate.

9. The County Treasurer must receive a letter from an officer of the bank at the time the initial deposit is made, that there is no known pending financial disclosure or public announcement of an adverse financial event involving the bank or savings and loan, nor is there any knowledge that a conflict of interest situation exists between any County official and an officer or employee of the bank.

10. Time deposits will only be made with banks and savings and loans having branch office locations within Riverside County.
POLICY CRITERIA FOR ENTERING INTO A MONEY MARKET FUND
SCHEDULE V

Shares of beneficial interest issued by diversified management companies, also known as money market mutual funds, invest in the securities and obligations authorized by Code Sections 53601.7(10). Approved mutual funds will be registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et. seq.) and shall meet the following criteria:

1. The fund must have a “AAA” ratings from two of the nationally recognized rating services: Moody’s, Fitch, Standard & Poor’s.

2. The fund’s prospectus cannot allow hedging strategies, options or futures.

3. The fund must provide a current prospectus before participation in the fund and provide copies of their portfolio reports and shall provide at least at month-end, a complete listing of securities within the fund’s portfolio.
**Corporate Criteria.** Money market securities will be first restricted by short-term ratings and then further restricted by long term credit ratings. The long term credit ratings, including the outlook of the parent company will be used. Money market securities consist of negotiable certificates of deposit (NCDs), bankers acceptances, and commercial paper. Medium term securities will be restricted by the long term ratings of the legal issuer. Concentration limit restrictions will make no distinction between medium term notes and money market securities.

No short term negative credit watch or long-term negative outlook by 2 of 3 nationally recognized rating services except for entities participating in government guaranteed programs. Credit Category 1 and Category 2 with negative credit watch or long-term negative outlook, by more than one nationally recognized rating service is permitted as Category 3 and Category 4 respectively.

**Municipal Criteria.** Minimum of A or A2 or A, underlying credit rating for selecting insured municipal securities and a maximum of 5% exposure to any one insurer (direct purchases and indirect commitments).

**Liquidity Provider Restrictions.** Maximum of 5% exposure to any one institution (direct purchases and indirect commitments).

<table>
<thead>
<tr>
<th>Category</th>
<th>Short-Term Ratings</th>
<th>Long-Term Ratings</th>
<th>Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A-1+/P-1/F-1+</td>
<td>AAA/Aaa/AAA</td>
<td><strong>Corp.</strong> Maximum of 5% per issuer with no more than 2% greater than 1 year final maturity and no more than 1% greater than 2 year final maturity. <strong>Muni.</strong> Maximum of 5% per issuer with no more than 2% greater than 13 month final maturity.</td>
</tr>
<tr>
<td></td>
<td>(SP-1+/MIG1/F-1+)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>A-1+/P-1/F-1+</td>
<td>AA+/Aa1/AA+,</td>
<td><strong>Corp.</strong> Maximum of 4% per issuer with no more than 1% greater than 1 year final maturity. No more than 13 month final maturity. <strong>Muni.</strong> Maximum of 5% per issuer with no more than 1% greater than 13 month final maturity. For the State of California debt only maximum of 2% greater than 13 month final maturity.</td>
</tr>
<tr>
<td></td>
<td>(SP-1+/MIG1/F-1)</td>
<td>AA/Aa2/AA</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>A-1+/P-1/F-1+</td>
<td>AA-/Aa3/AA-</td>
<td><strong>Corp.</strong> Maximum of 3% per issuer with no more than 1.5% greater than 90 days. No more than 270 days final maturity. <strong>Muni.</strong> Maximum of 5% per issuer. No more than 13 month final maturity.</td>
</tr>
<tr>
<td></td>
<td>(SP-1+/MIG1/F-1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>A-1/P-1/F-1</td>
<td>A2/A or better.</td>
<td><strong>Corp.</strong> No Asset Backed programs. Maximum of 2% per issuer with no more than 1% greater than 7 days. No more than 45 days maximum maturity.</td>
</tr>
<tr>
<td></td>
<td>(SP-1/MIG1/F-1)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Rating Agency Comparison Table

<table>
<thead>
<tr>
<th></th>
<th>Short-Term Scale</th>
<th>Long-Term Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P</td>
<td>A-1+, A-1</td>
<td>AAA, AA+, AA, AA-, A+, A</td>
</tr>
<tr>
<td>Moody’s</td>
<td>P-1</td>
<td>Aaa, Aa1, Aa2, Aa3, A1, A2</td>
</tr>
<tr>
<td>Fitch</td>
<td>F-1+, F-1</td>
<td>AAA, AA+, AA, AA-, A+, A</td>
</tr>
</tbody>
</table>
AGENDA ITEM NO. 9.2

Attachment 2

STATEMENT OF INVESTMENT POLICY

Redlined
INTRODUCTION
The Treasurer’s Statement of Investment Policy is presented annually to the County Investment Oversight Committee for review and to the Board of Supervisors for approval, pursuant to the requirements of Sections 53646(a) and 27133 of the California Government Code (Code Section). This policy will become effective immediately upon approval by the Board of Supervisors.

SCOPE
The Treasurer’s Statement of Investment Policy is limited in scope to only those county, school, special districts and other fund assets actually deposited and residing in the County Treasury. It does not apply to bond funds or other assets belonging to the County of Riverside, or any affiliated public agency the assets of which reside outside of the County Treasury.

FIDUCIARY RESPONSIBILITY
Code Section 27000.3 declares each treasurer, or governing body authorized to make investment decisions on behalf of local agencies, to be a trustee and therefore a fiduciary subject to the prudent investor standard. This standard, as stated in Code Section 27000.3 requires that “When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the county treasurer or the board of supervisors, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the county and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and the other depositors.”

PORTFOLIO OBJECTIVES
The first and primary objective of the Treasurer’s investment of public funds is to safeguard investment principal; second, to maintain sufficient liquidity within the portfolio to meet daily cash flow requirements; and third, to achieve a reasonable rate of return or yield on the portfolio consistent with these objectives. The portfolio shall be actively managed in a manner that is responsive to the public trust and consistent with State law.

AUTHORITY
Statutory authority for the Treasurer’s investment and safekeeping functions are found in Code Sections 53601 and 53635 et. seq. The Treasurer’s authority to make investments is to be renewed annually, pursuant to state law. It was last renewed by the Board of Supervisors on October 3022, 2018-2019 by County Ordinance. No.767.23 No.767.22. Code Section 53607 effectively requires the legislative body to delegate investment authority of the County on an annual basis.

AUTHORIZED INVESTMENTS
Investments shall be restricted to those authorized in Code Sections 53601 and 53635 as amended
and as further restricted by this policy statement. All investments shall be governed by the restrictions shown in Schedule I which defines the type of investments authorized, maturity limitations, portfolio diversification, credit quality standards (two of the three nationally recognized ratings shall be used for corporate and municipal securities), and purchase restrictions that apply.

**STAFF AUTHORIZED TO MAKE INVESTMENTS**
Only the Treasurer-Tax Collector, Jon Christensen, Chief Investment Manager, Giovane Pizano, Deputy Investment Manager, Steve Faeth, and Assistant Investment Manager, Isela Licea, are authorized to make investments and to order the receipt and delivery of investment securities among custodial security clearance accounts.

**AUTHORIZED BROKER/DEALERS**
Securities transactions are limited solely to those noted on Schedule II of this policy.

**DAILY ACCOUNTABILITY AND CONTROL**
Except for emergencies or previous authorization by the Treasurer-Tax Collector, all investment transactions are to be conducted at the Treasurer-Tax Collector’s office (if open and available to conduct business), documented, and reviewed by the Treasurer-Tax Collector, and/or Assistant Treasurer-Tax Collector. All investment transactions will be entered daily into the Treasurer’s internal financial accounting system with copies to be filed on a timely basis. Portfolio income shall be reconciled daily against cash receipts and quarterly, prior to the distribution of earnings among those entities sharing in pooled fund investment income.

**SECURITY CUSTODY & DELIVERIES**
All securities, except for money market funds registered in the County’s name and securities issued by the County or other local agencies shall be deposited for safekeeping with banks contracted to provide the County Treasurer with custodial security clearance services. These third party trust department arrangements provide the County with a perfected interest in, and ownership and control over, the securities held by the custodian on the County’s behalf and are intended to protect the County from the bank’s own creditors in the event of a bank default and filing for bankruptcy. Securities are **NOT** to be held in investment firm/broker dealer accounts. All security transactions are to be conducted on a “delivery versus payment basis.” Confirmation receipts on all investments are to be reviewed immediately for conformity with County transaction documentation. Securities issued by local agencies purchased directly shall be held in the Treasurer’s vault. The security holdings shall be reconciled with the custodian holding records daily. The Treasurer’s Fiscal Compliance unit will audit purchases daily for compliance, and audit holding records monthly.

**COMPETITIVE PRICING**
Investment transactions are to be made at current market value and competitively priced whenever possible. Competitive pricing does not necessarily require submission of bids, but does require adequate comparative analysis. The current technology utilized by the Treasury provides this information.
**MATURITY LIMITATIONS**
No investment shall exceed a final maturity date of five years from the date of purchase unless it is authorized by the Board of Supervisors pursuant to Code Section 53601. The settlement date will be used as the date of purchase for measuring maturity limitations.

**LIQUIDITY**
The portfolio shall maintain a weighted average days to maturity (WAM) of less than 541 days or 1.5 years. To provide sufficient liquidity to meet daily expenditure requirements, the portfolio shall maintain at least 40% of its total value in securities having maturities 1 year or less.

**SECURITIES LENDING**
The Treasurer may engage in securities lending activity limited to 20% of the portfolio’s book value on the date of transaction. Instruments involved in a securities lending program are restricted to those securities pursuant to Code Section 53601 and by the Treasurer’s Statement of Investment Policy.

**REVERSE REPURCHASE AGREEMENTS**
The Treasury shall not engage in any form of leverage for the purpose of enhancing portfolio yield. There shall be no entry into reverse repurchase agreements except for temporary and unanticipated cash flow requirements that would cause the Treasurer to sell securities at a principal loss. Any reverse repurchase agreements are restricted pursuant to Code Section 53601 and by the Treasurer’s Statement of Investment Policy.

**MITIGATING MARKET & CREDIT RISKS**
Safety of principal is the primary objective of the portfolio. Each investment transaction shall seek to minimize the County’s exposure to market and credit risks by giving careful and ongoing attention to the: (1) credit quality standards issued by the nationally recognized rating agencies on the credit worthiness of each issuer of the security, (2) limiting the concentration of investment in any single firm as noted in Schedule I, (3) by limiting the duration of investment to the time frames noted in Schedule I, and (4) by maintaining the diversification and liquidity standards expressed within this policy.

**TRADING & EARLY SALE OF SECURITIES**
All securities are to be purchased with the intent of holding them until maturity. However, in an effort to minimize market and credit risks, securities may be sold prior to maturity either at a profit or loss when economic circumstances, trend in short-term interest rates, or a deterioration in credit-worthiness of the issuer warrants a sale of the securities to either enhance overall portfolio yield or to minimize further erosion and loss of investment principal. Such sales should take into account the short and long term impacts on the portfolio. However, the sale of a security at a loss can only be made after first securing the approval of the Treasurer-Tax Collector.

**PURCHASE OF WHEN ISSUED SECURITIES**
When issued (W.I.) purchases of securities and their subsequent sale prior to cash settlement are authorized as long as sufficient cash is available to consummate their acceptance into the Treasurer’s portfolio on the settlement date.
PORTFOLIO REPORTS/AUDITING
Portfolio reports required by Code Sections 53607 and 27133(e) shall be filed monthly with the Board of Supervisors, Investment Oversight Committee, Superintendent of Schools, Executive Officer, County Auditor Controller and interested parties. Consistent with Board Policy B-21 (County Investment Policy Statement), § III A, an outside compliance audit will be conducted annually. Outside audits will be conducted at least biennially by an independent auditing firm selected by the Board of Supervisors, per Board Minute Order No. 3.48. Reports are posted monthly on the Treasurer’s website:
http://www.countytreasurer.org/Treasurer/TreasurersPooledInvestmentFund/MonthlyReports.aspx

SPECIFIC INVESTMENTS
Specific investments for individual funds may be made in accordance with the Treasurer’s Statement of Investment Policy, upon written request and approval of the responsible agency’s governing board, and, approval of the Treasurer-Tax Collector. Investments outside of the policy may be made on behalf of such funds with approval of the governing Board and approval of the Treasurer-Tax Collector. All specific investments shall be memorialized by a Memorandum of Understanding. With the purchase of specific investments, the fund will be allocated the earnings and/or loss associated with those investments. The Treasurer-Tax Collector reserves the right to allocate a pro-rata charge for administrative costs to such funds.

PERFORMANCE EVALUATION
Portfolio performance is monitored daily and evaluated monthly in comparison to the movement of the Treasurer’s Institutional Money Market Index (TIMMI), or other suitable index. Over time, the portfolio rate of return should perform in relationship to such an index. Regular meetings are to be conducted with the investment staff to review the portfolio’s performance, in keeping with this policy, and, current market conditions.

INVESTMENT OVERSIGHT COMMITTEE
In accordance with Code Section 27130 et seq. of the Code, the Board of Supervisors has established an Investment Oversight Committee. The role of the Committee is advisory in nature. It has no input on day to day operations of the Treasury.

QUARTERLY DISTRIBUTION OF INVESTMENT EARNINGS
Portfolio income, including gains and losses (if any), will be distributed quarterly in compliance with Sections 53684 and 53844 of the Code which give the Treasurer broad authority to apportion earnings and losses among those participants sharing in pooled investment income, and, except for specific investments in which the interest income is to be credited directly to the fund from which the investment was made, all investment income is to be distributed pro-rata based upon each participant’s average daily cash balance for the calendar-fiscal quarter. Any subsequent adjustments of reported earnings by the Auditor-Controller will be first reviewed and approved by the Treasurer to assure compliance with Code Sections 53684 and 53844.

QUARTERLY APPORTIONMENT OF ADMINISTRATIVE COSTS
Prior to the quarterly apportionment of pooled fund investment income, the County Treasurer is permitted, pursuant to Code Section 27013, to deduct from investment income before the distribution thereof, the actual cost of the investment, audit, deposit, handling and distribution of such income. Accordingly, in keeping with Code Sections 27013, 27133(f), and 27135, the Treasury shall deduct from pooled fund investment earnings the actual cost incurred for: banking services, custodial safekeeping charges, the pro-rata annual cost of the salaries including fringe benefits for the personnel in the Treasurer-Tax Collector’s office engaged in the administration,
investment, auditing, cashiering, accounting, reporting, remittance processing and depositing of public funds for investment, together with the related computer and office expenses associated with the performance of these functions. Costs are apportioned based upon average daily ending balances. Prior to gaining reimbursement for these costs, the Treasurer-Tax Collector shall annually prepare a proposed budget revenue estimate per Code Section 27013.

**TREASURY OPERATIONS**

Treasury operations are to be conducted in the most efficient manner to reduce costs and assure the full investment of funds. The Treasurer will maintain a policy regarding outgoing wires and other electronic transfers. Requests for outgoing transfers which do not arrive on a timely basis may be delayed. The County Treasurer may institute a fee schedule to more equitably allocate costs that would otherwise be spread to all depositors.

**POLICY CRITERIA FOR AGENCIES SEEKING VOLUNTARY ENTRY**

Should any agency solicit entry, the agency shall comply with the requirements of Section 53684 of the Code and adopt a resolution by the legislative or governing body of the local agency authorizing the deposit of excess funds into the County treasury for the purpose of investment by the County Treasurer. The resolution shall specify the amount of monies to be invested, the person authorized by the agency to coordinate the transaction, the anticipated time frame for deposits, the agency’s willingness to be bound to the statutory 30-day written notice requirement for withdrawals, and acknowledging the Treasurer’s ability to deduct pro-rata administrative charges permitted by Code Section 27013. Any solicitation for entry into the TPIF must have the County Treasurer’s consent before the receipt of funds is authorized. The depositing entity will enter into a depository agreement with the Treasurer.

**POLICY CRITERIA FOR VOLUNTARY PARTICIPANT WITHDRAWALS**

With the Treasury being required to maintain a 40% liquidity position at all times during the calendar year, it is anticipated that sufficient funds will be on hand to immediately meet on demand all participant withdrawals for the full dollar amounts requested without having to make any allowance or pro-rata adjustment based on the current market value of the portfolio. In addition, any withdrawal by a local agency for the purpose of investing or depositing those funds outside the Pool shall have the prior written approval of the County Treasurer.

The Treasurer’s approval of the withdrawal request shall be based on the availability of funds; the circumstances prompting the request; the dollar volume of similar requests; the prevailing condition of the financial markets, and, an assessment of the effect of the proposed withdrawal on the stability and predictability of the investments in the county treasury.

**POLICY ON RECEIPT OF HONORARIA, GIFTS AND GRATUITIES**

Neither the Treasurer-Tax Collector nor any member of his staff, shall accept any gift, gratuity or honoraria from financial advisors, brokers, dealers, bankers or other persons or firms conducting business with the County Treasurer which exceeds the limits established by the Fair Political Practices Commission (FPPC) and relevant portions of Code Section 27133. IOC members shall be subject to the limits included in the Board of Supervisors Policy B-21.

**ETHICS & CONFLICTS OF INTEREST**

Officers and staff members involved in the investment process shall refrain from any personal business activity that compromises the security and integrity of the County’s investment program
or impairs their ability to make impartial and prudent investment decisions. In addition, the County Treasurer-Tax Collector, Assistant Treasurer-Tax Collector, Investment Manager, and Assistant Investment Manager are required to file annually the applicable financial disclosure statements as mandated by the FPPC and County policy.

INVESTMENTS MADE FROM DEBT ISSUANCE PROCEEDS
The proceeds of a borrowing may be specifically invested per Schedule I of this policy (with the exception of Collateralized Time Deposits and Local Agency Obligations) as well as competitively bid investments (see County of Riverside Office Of The Treasurer-Tax Collector Policy Governing Competitively Bid Investments, dated March 3, 2011).

No pooled fund investments made from the proceeds of a borrowing, the monies of which are deposited in the County Treasury, shall be invested for a period of time exceeding the maturity date of the borrowing. Nor shall any monies deposited with a bank trustee or fiscal agent for the ultimate purpose of retiring the borrowing be invested beyond the maturity date of the borrowing.

POLICY ADOPTION & AMENDMENTS
This policy statement will become effective following adoption by the Board of Supervisors, and, will remain in force until subsequently amended in writing by the Treasurer-Tax Collector and approved by the Board.

Jon Christensen
County of Riverside
Treasurer-Tax Collector
<table>
<thead>
<tr>
<th>AUTHORIZED INVESTMENTS</th>
<th>DIVERSIFICATION (1)</th>
<th>PURCHASE RESTRICTIONS</th>
<th>MATURITY</th>
<th>CREDIT QUALITY (S&amp;P/MOODY’S/FITCH)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury notes, bills, bonds or other certificates of indebtedness</td>
<td>100%</td>
<td>N/A</td>
<td>Maximum 5 years</td>
<td>N/A</td>
</tr>
<tr>
<td>Notes, participations, or obligations issued by the agencies of the federal government</td>
<td>100%</td>
<td>N/A</td>
<td>Maximum 5 years</td>
<td>N/A</td>
</tr>
<tr>
<td>Bonds, notes, warrants or certificates of indebtedness issued by the state of CA, or local agencies, or, the County of Riverside. Registered treasury notes or bonds of any of the other 49 United States per Government Code Section 53601 (d)</td>
<td>15% maximum</td>
<td>See Schedule VI</td>
<td>Maximum 4 years</td>
<td>Long term “AA-, Aa3, AA-” or better</td>
</tr>
<tr>
<td>Notes, participations or obligations issued or fully guaranteed as to principal and interest by the International Bank for Reconstruction and Development, and the International Finance Corporation</td>
<td>20%</td>
<td>Max 10% per issuer</td>
<td>Maximum 4 years</td>
<td>Long term “AA, Aa, AA” or better</td>
</tr>
<tr>
<td>Local Agency Investment Fund (LAIF)</td>
<td>$50 million</td>
<td>Maximum $50 million per LAIF</td>
<td>Daily Liquidity</td>
<td>N/A</td>
</tr>
<tr>
<td>Commercial Paper (CP)</td>
<td>40% maximum</td>
<td>See Schedule VI</td>
<td>Maximum 270 days</td>
<td>Short term “A-1,P-1,F-1” or better</td>
</tr>
<tr>
<td>Local Agency Obligations (LAO)</td>
<td>2.5% maximum</td>
<td>Board of Supervisors approval required. Issued by pool depositors only</td>
<td>Maximum 3 years</td>
<td>Non-rated, if in the opinion of the Treasurer, considered to be of investment grade or better</td>
</tr>
<tr>
<td>CalTRUST Short Term Fund (CLTR)</td>
<td>1% maximum</td>
<td>Board of Supervisors approval required</td>
<td>Daily liquidity</td>
<td>NR / Portfolio managed pursuant to California Government Code § 53601 &amp; 53635</td>
</tr>
<tr>
<td>Negotiable CD’s (NCD’S) issued by national or state chartered banks or a licensed branch of a foreign bank</td>
<td>25% maximum</td>
<td>See Schedule VI</td>
<td>Maximum 1 year</td>
<td>Short term “A-1,P-1,F-1” or better</td>
</tr>
<tr>
<td>Collateralized Time Deposits (TCD)</td>
<td>2% maximum</td>
<td>See Schedule IV</td>
<td>Maximum 1 year</td>
<td>N/A</td>
</tr>
<tr>
<td>Repurchase Agreements (REPO) with 102% collateral restricted to U. S. Treasuries, agencies, agency mortgages, CP, BA’s</td>
<td>40% max, 25% in term repo over 7 days. No more than 20% w/one dealer in term repo</td>
<td>Repurchase agreements to be on file</td>
<td>Maximum 45 days</td>
<td>Short Term “A-1, P-1, F-1” or better if “A-2, P-2, F2” then overnight only</td>
</tr>
<tr>
<td>Reverse Repurchase Agreements on U. S. Treasury &amp; federal agency securities in portfolio</td>
<td>10% maximum</td>
<td>For temporary cash Flow needs only.</td>
<td>Max 60 days with prior approval of Board of Supervisors</td>
<td>N/A</td>
</tr>
<tr>
<td>Medium Term Notes (MTNO) or Corporate Notes</td>
<td>20% maximum</td>
<td>See Schedule VI</td>
<td>Maximum 3 years</td>
<td>“AA, Aa2, AA” minimum if under 1 year</td>
</tr>
<tr>
<td>Interest bearing Checking Account</td>
<td>20%</td>
<td>N/A</td>
<td>Daily Liquidity</td>
<td>Fully collateralized</td>
</tr>
<tr>
<td>Money Market Mutual Funds (MMF) that invest in eligible securities meeting requirements of California Government Code</td>
<td>20% maximum</td>
<td>See Schedule V</td>
<td>Daily liquidity</td>
<td>Long Term “AAA” (2 of 3 nationally recognized rating services)</td>
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AUTHORIZED BROKER/DEALERS
SCHEDULE II

The Treasurer is authorized to conduct investment security transactions with the broker/dealers which are designated by the Federal Reserve Bank as primary government dealers. Security transactions with firms, other than those appearing on this list, are prohibited.

1. Other authorized firms:

   Union Bank
   Piper Jaffray & Co.
   SunTrust Bank
   FTN Financial
   InCapital
   Raymond James & Associates, Inc.
   Williams Capital Group
   Academy Securities Inc.
   Bank of New York

2. Direct purchases from major commercial paper issuers, money market mutual funds, banker’s acceptance issuers, negotiable CD issuers, or savings and loan are authorized.

3. Incidental purchases of less than $10 million may be made with other firms if in the opinion of the Treasurer, such transactions are deemed advantageous.

To ensure compliance with the County Treasurer’s investment guidelines, each newly authorized primary government dealer and other authorized firms (as listed above in section 1, 2 and 3) will be supplied a complete copy of this Investment Policy document approved by the Board of Supervisors.
POLICY CRITERIA FOR SELECTION OF BROKER/DEALERS
SCHEDULE III

1. The County Treasurer has elected to limit security transactions as mentioned in Schedule II. Accordingly, the financial institution must confirm that they are a member of the Financial Industry Regulatory Authority (FINRA), registered with the Securities & Exchange Commission (SEC), and possess all other required licenses. The Treasurer is prohibited from the selection of any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the local treasurer, any member of the governing board of the local agency, or any candidate for those offices.

2. The County Treasurer’s intent is to enter into long-term relationships. Therefore, the integrity of the firm and the personnel assigned to our account is of primary importance.

3. The firm must specify the types of securities it specializes in and will be made available for our account.

4. It is important that the firm provide related services that will enhance the account relationship which could include:
   (a) An active secondary market for its securities.
   (b) Internal credit research analysis on commercial paper, banker’s acceptances and other securities it offers for sale.
   (c) Be willing to trade securities for our portfolio.
   (d) Be capable of providing market analysis, economic projections, and newsletters.
   (e) Provide market education on new investment products, security spread relationships, graphs, etc.

5. The firm must be willing to provide us annual monthly financial statements, and transactional confirms.

6. The County Treasurer is prohibited from the establishment of a broker/dealer account for the purpose of holding the County’s securities. All securities must be subject to delivery at the County’s custodial bank.

7. Without exception, all transactions are to be conducted on a delivery versus payment (DVP) basis.

8. The broker/dealer must have been in operation for more than 5 years, and, if requested, the firm must be willing to provide us a list of local government clients or other reference, particularly those client relationships established within the State of California.
POLICY CRITERIA FOR COLLATERALIZED TIME DEPOSITS
SCHEDULE IV

Before the Treasury can place a time deposit with a local bank or savings and loan, the following criteria must be met:

1. The bank must provide us with an executed copy of the "Contract for Deposit of Moneys."

2. The interest rate on the Time Certificate of Deposit must be competitive with rates offered by other banks and savings and loans residing in Riverside County, as well as exceed that of U.S. Treasury Securities.

3. Investments less than the FDIC insurance limit will be sufficient without requiring any collateral to be pledged with the Federal Reserve to secure the public fund deposit.

4. Investments exceeding the FDIC insurance limit shall be fully collateralized by U.S. Treasury and Federal Agency securities having maturities five years or less. The County Treasurer must receive written confirmation that these securities have been pledged in repayment of the time deposit. The securities pledged as collateral must have a current market value greater than the dollar amount of the deposit in keeping with the ratio requirements specified in Code Section 53652. Additionally, a statement of the collateral shall be provided on a monthly basis. A collateral waiver for the portion insured by the FDIC will be granted.

5. The County Treasurer must be given a current audited financial statement for the financial year just ended as well as the most recent quarterly statement of financial condition. The financial reports must both include a statement of financial condition as well as an income statement depicting current and prior year operations.

6. The County Treasurer will not place a public fund deposit for more than 10% of the present paid-in capital and surplus of the bank.

7. The County Treasurer must receive a certificate of deposit which specifically expresses the terms governing the transaction, deposit amount, issue date, maturity date, name of depositor, interest rate, interest payment terms (monthly, quarterly, etc).

8. All time certificates must have a maturity date not exceeding one year from the date of the deposit, with interest payments based upon the stated interest rate.

9. The County Treasurer must receive a letter from an officer of the bank at the time the initial deposit is made, that there is no known pending financial disclosure or public announcement of an adverse financial event involving the bank or savings and loan, nor is there any knowledge that a conflict of interest situation exists between any County official and an officer or employee of the bank.

10. Time deposits will only be made with banks and savings and loans having branch office locations within Riverside County.
POLICY CRITERIA FOR ENTERING INTO A MONEY MARKET FUND
SCHEDULE V

Shares of beneficial interest issued by diversified management companies, also known as money market mutual funds, invest in the securities and obligations authorized by Code Sections 53601.7(10). Approved mutual funds will be registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et. seq.) and shall meet the following criteria:

1. The fund must have a “AAA” ratings from two of the nationally recognized rating services: Moody’s, Fitch, Standard & Poor’s.

2. The fund’s prospectus cannot allow hedging strategies, options or futures.

3. The fund must provide a current prospectus before participation in the fund and provide copies of their portfolio reports and shall provide at least at month-end, a complete listing of securities within the fund’s portfolio.
**POLICY CRITERIA**
**CORPORATE AND MUNICIPAL SECURITIES**
**SCHEDULE VI**

**Corporate Criteria.** Money market securities will be first restricted by short-term ratings and then further restricted by long-term credit ratings. The long-term credit ratings, including the outlook of the parent company will be used. Money market securities consist of negotiable certificates of deposit (NCDs), bankers acceptances, and commercial paper. Medium term securities will be restricted by the long-term ratings of the legal issuer. Concentration limit restrictions will make no distinction between medium term notes and money market securities.

No short term negative credit watch or long-term negative outlook by 2 of 3 nationally recognized rating services except for entities participating in government guaranteed programs. Credit Category 1 and Category 2 with negative credit watch or long-term negative outlook, by more than one nationally recognized rating service is permitted as Category 3 and Category 4 respectively.

**Municipal Criteria.** Minimum of A or A2 or A, underlying credit rating for selecting insured municipal securities and a maximum of 5% exposure to any one insurer (direct purchases and indirect commitments).

**Liquidity Provider Restrictions.** Maximum of 5% exposure to any one institution (direct purchases and indirect commitments).

<table>
<thead>
<tr>
<th>Category</th>
<th>Short-Term Ratings</th>
<th>Long-Term Ratings</th>
<th>Restrictions</th>
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<tr>
<td>1</td>
<td>A-1+/P-1/F-1+</td>
<td>AAA/Aaa/AAA</td>
<td><strong>Corp.</strong> Maximum of 5% per issuer with no more than 2% greater than 1 year final maturity and no more than 1% greater than 2 year final maturity. <strong>Muni.</strong> Maximum of 5% per issuer with no more than 2% greater than 13 month final maturity.</td>
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<td>(SP-1+/MIG1/F-1+)</td>
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<td>2</td>
<td>A-1+/P-1/F-1+</td>
<td>AA+/Aa1/AA+, AA/Aa2/AA</td>
<td><strong>Corp.</strong> Maximum of 4% per issuer with no more than 1% greater than 1 year final maturity. No more than 13 month final maturity. <strong>Muni.</strong> Maximum of 5% per issuer with no more than 1% greater than 13 month final maturity. For the State of California debt only maximum of 2% greater than 13 month final maturity.</td>
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<tr>
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<tr>
<td>3</td>
<td>A-1+/P-1/F-1+</td>
<td>AA-/Aa3/AA-</td>
<td><strong>Corp.</strong> Maximum of 3% per issuer with no more than 1.5% greater than 90 days. No more than 270 days final maturity. <strong>Muni.</strong> Maximum of 5% per issuer. No more than 13 month final maturity. For the State of California Debt only, maximum of 2% greater than 13 month final maturity.</td>
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<tr>
<td></td>
<td>(SP-1+/MIG1/F-1)</td>
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<tr>
<td>4</td>
<td>A-1/P-1/F-1</td>
<td>A/A2/A or better.</td>
<td><strong>Corp.</strong> No Asset Backed programs. Maximum of 2% per issuer with no more than 1% greater than 7 days. No more than 45 days maximum maturity. <strong>Muni.</strong> For the State of California Debt only, maximum of 3% with no more than 2% greater than 1 year final maturity.</td>
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<td>Rating Agency Comparison Table</td>
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<td><strong>Short-Term Scale</strong></td>
<td><strong>Long-Term Scale</strong></td>
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<tr>
<td>S&amp;P</td>
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<td>S&amp;P</td>
<td>AAA, AA+, AA, AA-, A+, A</td>
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<td>AAA, AA+, AA, AA-, A+, A</td>
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AGENDA ITEM NO. 9.3

STAFF REPORT

FISCAL YEAR 2020
SECOND QUARTER
CONSULTANT REPORTS
Attached are the Fiscal Year 2020 Second Quarter Consultant Reports for Dudek, Kadesh & Associates, Riverside County Regional Park and Open-Space District, Santa Ana Watershed Association, and Douglas P. Wheeler – Hogan Lovells, US LLP.

STAFF RECOMMENDATION:

That the RCA Board of Directors receive and file the Fiscal Year 2020 Second Quarter Consultant Reports.

ATTACHMENTS:

Fiscal Year 2020 Second Quarter Consultant Reports

Attachment 1 – Dudek
Attachment 2 – Kadesh & Associates
Attachment 3 – Riverside County Regional Park and Open-Space District
Attachment 4 – Santa Ana Watershed Association
Attachment 5 – Douglas P. Wheeler, Hogan Lovells, US LLP
AGENDA ITEM NO. 9.3

Attachment 1

DUDEK
Report Covers Period: 10/01/19 to 12/31/19

Services Provided During Current Work Period:

Joint Project Reviews

As part of our ongoing duties related to MSHCP implementation for the RCA, Dudek continued to provide review of biological reports, analysis and submittals related to Joint Project Reviews (JPRs) by Permittees. Dudek reviewed, provided comments, and completed multiple JPRs for Permittees during this reporting period.

Permittee Trainings and Support

Dudek assists the RCA in providing training and support to Permittees on MSHCP implementation. These training sessions are provided once a year or upon request, and include an overview of the MSHCP, RCA responsibilities, Permittee Responsibilities, rough step, JPR process, required surveys and mitigation, CEQA documents, changes to the MSHCP, reserve lands, and the Wildlife Agencies’ role. Discussion of circumstances unique to each Permittee is also provided in the training. Most recently, the MSHCP implementation training for biological consultants was held on December 4, 2019 outside of their busiest time of year (i.e., outside of the biological survey season). Previous to this, training specifically designed for Permittees was held on April 15, 2019. Additional training, focusing only on Reserve Assembly analysis, was held on August 19, 2019 to facilitate more efficient reviews.

Monthly meetings with the Riverside County Environmental Programs Department (EPD) are ongoing. These meetings are a forum to discuss upcoming or ongoing County HANS/JPRs, conservation criteria, and other Permittee requirements to facilitate MSHCP consistency. RCA and EPD meetings this quarter were held on October 2, November 6, and December 4, 2019.

Additional separate meetings or conference calls were held with RCA, Dudek, Wildlife Agencies, Permittees and/or applicants and their consultants, including but not limited to: 1) Southern California Gas Company on October 2 regarding a proposed “pipeline hydrotest” project, 2) City of Temecula on October 7 regarding a proposed public project pre-JPR submittal for PW1811 traffic signal and access road, 3) Riverside County Transportation Commission on November 5 and November 26 regarding Mid County Parkway, 4) Southern California Edison and City of Riverside on November 22 regarding the Riverside Transmission Reliability Project, and 5) Southern California Gas Company on November 22 regarding their proposed Line 2001 project (under Santa Ana River).

Dudek also has multiple conference calls each month with applicants/biologists on other projects regarding MSHCP implementation and compliance questions. Dudek fields questions on an
ongoing basis related to new projects, ongoing projects, and/or past projects, both inside and out of the Criteria area. Dudek also provides assistance regarding how the MSHCP review process works in coordination with the California Environmental Quality Act (CEQA) process.

Dudek also prepared templates for, and provides as-needed updates to, the MSHCP Consistency Analysis report and the Determination of Biologically Equivalent or Superior Preservation report now posted on RCA’s website. The purpose of these templates is to provide guidance for Permittees and applicant biologists with the expectation that information needed to demonstrate MSHCP consistency will be not be missed and thus, RCA comments on JPR supporting documentation may be reduced.

Wildlife Agency Coordination and Meetings
Dudek attended three monthly meetings with USFWS and CDFW staff hosted by the RCA. Duties included coordinating with attendees and review of materials ahead of the meeting. Meetings with the Wildlife Agencies this quarter were held on October 17, November 21, and December 19, 2019.

Pre-Application Meetings
Dudek also attended three Pre-Application Meetings with the U.S. Army Corps of Engineers, Regional Water Quality Control Board, CDFW, and USFWS staff. Projects represented by Permittees and/or the project representatives are presented for consideration. The various regulatory agencies and RCA discuss, review, and seek solutions to issues related to permitting and MSHCP compliance. The review and analysis presented in these meetings is often subject to MSHCP Consistency review which is part of Dudek’s role with the RCA. Meetings with the regulated waters Permitting Agencies this quarter were held on October 8, November 13, and December 11, 2019.

In addition, in this reporting period, Dudek provided documentation and support to CDFW and USFWS related to ongoing projects and questions on MSHCP implementation.

Participating Special Entities
Dudek staff provided support and coordination related to pending and existing Participating Special Entities (PSEs). Dudek remains involved in all processing of Southern California Edison (SCE) PSE application reviews, including follow-up on conditions required of the West of Devers System Upgrade Project (WODUP), including conditions to finalize riparian/riverine mitigation, and replacement of Additional Reserve Lands (ARL) and Public/Quasi-Public (PQP) lands. Coordination between Dudek and SCE is ongoing to help with their questions regarding mitigation implementation during construction. Dudek has also been working with SCE on two separate PSEs for the two phases of the Valley-Ivyglen 115kV Project. Phase 1 was found consistent with the MSHCP with a Certificate of Inclusion (COI) issued December 2014. However, due to design changes, another review is ongoing, and the PSE Findings will need to be amended. In addition, the Phase 2 PSE application and supporting documents have been submitted and are under review. Dudek and SCE have coordinated extensively prior to the formal Phase 2 submittal to ensure that the MSHCP PSE policies and requirements are being appropriately addressed.

Lockheed Martin Corporation (LMC) originally submitted two PSE applications on December 13, 2016, one for remediation at Site 1 Potrero Canyon and the other for remediation at Site 2 Laborde Canyon. Multiple rounds of review/revisions were necessary to demonstrate MSHCP consistency, but both PSE processes are now complete. The COI for Site 2 Laborde Canyon was issued May
2018, and Site 1 Potrero Canyon COI was issued in July 2018. Both remediation sites have started construction, but it has since been determined that some of the remediation activities will need to occur outside of the previously approved footprints, and revised documentation requesting an amended COI for each project was submitted December 5, 2019. Coordination is ongoing regarding information still needed to complete the applications and conduct the reviews.

Criteria Refinements
Dudek staff provided support and coordination related to pending and existing Criteria Refinements (CR).

RCA and Management Support
Dudek staff provided various forms of analysis and provided staff support by attending meetings, conference calls and conducting research via email related to ongoing and past projects. During this reporting period, Dudek was involved in discussions on various projects, particularly those with substantial issues. Dudek works closely with Tricia Campbell, Director of Reserve Management and Monitoring, and other RCA staff to assist with past and ongoing JPRs, PSEs, and CRs, report templates, Permittee coordination and training, and consistency with MSHCP implementation procedures, including Reserve Assembly (Cell/Cell Group/Subunit) analysis standards.
AGENDA ITEM NO. 9.3

Attachment 2

Kadesh & Associates
CONSULTANT REPORT  
KADESH & ASSOCIATES  
FISCAL YEAR 2020 SECOND QUARTER REPORT

Report Covers Period: 10/01/19 through 12/31/19

Services Provided During Current Work Period:
1- Budget and Appropriations for FY20;
2- Build up to National HCP Coalition annual conference;
3- Participation in National HCP Coalition annual conference;
4- Follow up to National HCP Coalition annual conference;
5- Led monthly coalition government affairs conference calls; and
6- Pursuit of Refuge legislation.

October:
October featured a two-week recess at the beginning of the month.

Budget and Appropriations:
Bicameral spending talks for FY20 started slowly, but Senators attempted to move closer to a deal by passing their own batch of small appropriations bills. Senate Appropriations Chairman Richard Shelby (R-Ala.) said he wished to start talks in earnest with House Appropriations Chairwoman Nita Lowey (D-N.Y.) on top-line allocations for all 12 spending bills shortly after the Senate passed its four-bill package of smaller, noncontroversial bills (H.R. 3055). Lowey worried that Senate Republicans were slow to discuss a bicameral set of allocations, even as the Nov. 21 deadline to fund the government approached. Shelby focused on getting the Senate to pass its first appropriations package for fiscal 2020, covering Agriculture-FDA, Commerce-Justice-Science, Interior-Environment and Transportation-HUD spending. The committee advanced all four bills by a 31-0 vote. The Senate voted on October 22 to limit debate on the motion to proceed to the spending package by a 92-2 vote, with Sens. Marsha Blackburn (R-Tenn.) and Rand Paul (R-Ky.) opposing.

Any Senate legislation was headed nowhere in the House, at least not until the two chambers agreed to an allocation agreement for all the spending bills. Lowey said she doesn't expect to take up the spending package or work toward a conference package negotiated by House and Senate lawmakers until there was an agreement on the spending bill levels, called 302(b) numbers.

FY19 ended on September 30. The federal deficit was $984 billion, the highest figure since fiscal 2012, according to a Congressional Budget Office. The deficit was 4.7% of GDP, compared to 3.9% in fiscal 2018.
November:
November featured a recess during the first and last week of the month leaving only two weeks in session for the Congress. The Senate EPW Committee released draft plans for a surface transportation bill. The Continuing Resolution (CR) was extended from November 21 to December 20. President Donald Trump signed the month-long stopgap bill on November 21, funding the government at fiscal 2019 levels through Dec. 20, the second time negotiators punted on a full spending agreement this fiscal year. The most difficult appropriations bill to complete was the measure covering the Department of Homeland Security. Lawmakers described Trump’s border wall funding request in the homeland bill as the main sticking point in discussions.

Budget and Appropriations:
Agreement on top-line spending levels – 302(b) – reduced the risk of a federal government shutdown as top appropriators agreed to allocations for all 12 appropriations bills with both sides aiming to complete all 12 bills by December 20. Top congressional negotiators agreed to a set of spending levels for legislation to fund the government in fiscal 2020, a move that reduced the chance of a shutdown in late December.

The annual appropriations agreement will not alter the budget caps deal (Public Law 116-37) reached over the summer, which set top-line defense and nondefense spending levels. Democrats had pushed for an increase to those spending levels, but the Trump administration didn’t support the proposal. The CR also provided a 3.1% pay increase for the military, prevented an automatic rescission of highway funding, and allowed the Census Bureau to spend money at a higher rate to prepare for the 2020 Census.

The CR contained a number of program extensions that ran through December 20:

- National Flood Insurance Program;
- Export-Import Bank;
- Temporary Assistance for Needy Families Program;
- U.S. Commission on International Religious Freedom;
- Education Department’s National Advisory Committee on Institutional Quality and Integrity;
- EB-5 regional investor visas, the E-Verify program, and other immigration authorities; and
- An extension of FISA section 215 authorities (through March 15, 2020).

December:
December featured the ultimate successful passage of all FY20 appropriations bills and avoided a government shutdown. Following House action, the Senate passed the national security appropriations minibus containing the FY20 Defense, Homeland Security, CJS, and Financial Services appropriations bills, by a vote of 81 to 11 on December 19 as well as the domestic package by a vote of 71-23. That package contained: LHHS, THUD, Ag, Legislative Branch, Energy & Water, Interior, MilCon, and State/Foreign Operations. The President signed both packages into law on December 20.

Budget and Appropriations Highlights (Sources BGOV, E&E and House Approps):
The Interior-EPA bill provides $13.86 billion for fiscal 2020, which is more than $500 million over current spending. The increases target popular programs such as EPA Great Lakes, Chesapeake Bay and Long Island Sound conservation grants, as well as more funding for its polyfluoroalkyl substances (PFAS) and Superfund cleanup work. Interior saw boosts for the National Park Service and the highest funding for the Land and Water Conservation Fund in more than 15 years.
Final FY20 appropriations, to be found on Page 386, Line 14 of:

COOPERATIVE ENDANGERED SPECIES CONSERVATION FUND
(INCLUDING RESCISSION OF FUNDS)
For expenses necessary to carry out section 6 of the Endangered Species Act of 1973 (16 U.S.C. 1535), $54,502,000, to remain available until expended, of which $23,702,000 is to be derived from the Cooperative Endangered Species Conservation Fund; and of which $30,800,000 is to be derived from the Land and Water Conservation Fund. Of the unobligated balances made available from the Cooperative Endangered Species Conservation Fund, $18,771,000 is permanently rescinded from projects or from other grant programs with an unobligated carry over balance: Provided, that no amounts may be rescinded from amounts that were designated by the Congress as an emergency requirement pursuant to the Concurrent Resolution on the Budget or the Balanced Budget and Emergency Deficit Control Act of 1985.

Appropriations Joint Explanatory Statement, to be found at Page 17 of:

COOPERATIVE ENDANGERED SPECIES CONSERVATION FUND
(INCLUDING RESCISSION OF FUNDS)
The bill provides $54,502,000 to carry out section 6 of the Endangered Species Act of 1973, of which $23,702,000 is to be derived from the Cooperative Endangered Species Conservation Fund and $30,800,000 is to be derived from the Land and Water Conservation Fund. The detailed allocation of funding by activity is included in the table at the end of this explanatory statement.* The agreement includes $13,000,000 for traditional conservation grants and $8,000,000 for habitat conservation plan (HCP) assistance grants. The agreement includes a rescission of $18,771,000 to be derived from unobligated balances of appropriations not including HCP land acquisition. The Service shall follow the direction contained in Senate Report 116-123 regarding unobligated balances, particularly with respect to briefing the Committees.

*Chart mentioned may be found at Page 75-76 of:

Net Result for Sec. 6 funding is an increase of $1.1m in FY20 over FY19 funding levels.

Refuge:
Negotiations with House and Senate committee staffs and inclusion of outside interest groups progressed successfully. Action in the House is expected in early 2020.

Border Wall:
A fight over funding for a U.S.-Mexico border wall that sparked a more than month-long government shutdown earlier this year and hamstrung budget talks for months was resolved with both sides claiming a win. Republicans and the White House said they prevailed by getting $1.4 billion for border wall funding and no restrictions on moving more dollars for the wall from military construction accounts. But Democrats, who for months claimed they would provide no wall funding, said the bill
provides far less than the $8.6 billion proposed by the White House and noted they won’t replenish military accounts that Trump takes money from for the barrier.

**Riders:**
Lawmakers retained most environmental riders from previous spending bills, a priority for Senate Republicans that House Democrats fought. They include:

- Preserving restrictions on listing the sage grouse as an endangered species.
- Prohibiting new greenhouse gas emission restrictions for livestock.
- Allowing federal agencies to count biomass as carbon neutral.
- Blocking any federal regulation of lead ammunition and tackle.

Democrats failed to block a proposed rollback of mercury emissions standards by the Trump administration or win a ban on drilling in the Arctic National Wildlife Refuge. They did, however, achieve more modest victories with provisions seeking additional disclosures on offshore drilling safety waivers and banning expanding exemptions of the Clean Water Act for agriculture. An effort by Democrats to force the United States to rejoin the Paris climate accord was stripped. Also, a perennial GOP rider in recent years blocking dollars for the United Nations' Green Climate Fund was not attached.

**Hearing of Note:**
The House Energy and Commerce Committee’s Subcommittee on Environment and Climate Change held a hearing on Thursday, December 5 entitled “Building a 100 Percent Clean Economy: Solutions for Economy-Wide Deep Decarbonization.” This is the seventh hearing in the Committee’s climate change series aimed at developing comprehensive legislation to achieve a 100 percent clean economy by 2050.

**Federal Pay:**
Federal employees will receive a 3.1% pay raise, the largest in a decade, that was praised by public employee unions. Congress continued its decadelong ban on increasing pay for lawmakers.

**Questions and Comments** -
It is the pleasure of Kadesh & Associates to serve the RCA. Please direct questions to Dave Ramey at 202-549-1519 or dave@kadeshdc.com.
AGENDA ITEM NO. 9.3

Attachment 3

RIVERSIDE COUNTY REGIONAL PARKS AND OPEN-SPACE DISTRICT
CONSULTANT REPORT
RIVERSIDE COUNTY PARKS AND OPEN-SPACE DISTRICT
MSHCP LAND MANAGEMENT UNIT
FISCAL YEAR 2020 SECOND QUARTER REPORT

Report Covers Period: 10/01/2019 – 12/31/2019

External Services Provided During Current Work Period:

86 Work Release Program (WRP) hours were utilized during the Second Quarter of FY2020

22.5 Intern Program hours were utilized during the Second Quarter of FY2020

General Administration

Natural Resource Manager (NRM) Jonathan Reinig attended a meeting with the Natural Resource Manager of the Madrona Marsh Preserve Melissa Loeb and Michael Bargeron of the Southern California Turtle and Tortoise Society to discuss a potential partnership in southwestern pond turtle captive breeding/head start program. The Madrone Marsh had been awarded a grant for the construction of a small pond with the hopes of breeding the animals for release to bolster the imperiled turtle’s populations.

A meeting was attended by NRM Reinig and Ranger Johnny Garcia with Soboba Tribal Environmental Manager Steven Estrada to discuss key locations for the Tribe to install access controls to help exclude off-highway vehicles (OHVs) from the San Jacinto River wash parcels. Steven planned on bringing the request to the attention of tribal leaders.

Staff met with Riverside County Parks Open Space Unit’s NRM Robert Williams to discuss Vegetation Management Plans and other groundwork necessary to establish prescribed burns on RCA owned lands.

A meeting was attended with RCA Ecological Resource Specialist Elizabeth Dionne and representatives from the Riverside County Transportation Commission (RCTC) at the Cachia and Lancina properties. The purpose of the visit was to assess the possible effects of extensive weed abatement along Calle Collado, which was requested by a neighboring private property owner.

A meeting was attended with RCA Ecological Resource Specialist Elizabeth Dionne and representatives from RCTC at the Winchester 700 Reed Valley property. RCTC’s opinion was sought on long term solutions to the road washout at Cahuilla creek, used for patrol.

NRM Reinig and Ranger Robert Fountain met with Center for Natural Lands Management (CNLM) Regional Preserve Manger Kim Klementowski and CNLM Ranger Jared Fontaine to discuss their
trail closure plans at the CNLM Lincoln Ranch Preserve. Particularly, CNLM was interested in how their closures would affect the unofficial trail systems at the neighboring RAFCO and Calvary Capel RCA properties. NRM Reinig, Natural Resource Specialist (NRS) Ana Sawyer, and Ranger Fountain latter participated in “Learning Lunches” for the AmeriCorps crew, CNLM was using on the project.

NRM Reinig attended a San Bernardino Kangaroo Rat working group meeting at California Department of Fish and Wildlife’s (CDFW) Ontario office. Current status, threats, and conservation goals of the species were discussed.

NRM Reinig attended a Quino checkerspot butterfly teleconference with the RCA, ecologists from the University of California Riverside (UCR), entomologists, and representatives from state and federal wildlife agencies. The purpose of the teleconference was to brainstorm ideas for a Local Assistants Grant application to address issues facing the endangered butterfly.

NRS Sawyer attended a Brand’s phacelia working group. Current population trends and the results of a recent active management experiment on the species were discussed.

NRM Reinig attended a pre-working group teleconference regarding I-10 wildlife linkages with members of the RCA, Nature Conservancy, CALTRANS and Coachella Valley HCP. Discussions during the teleconference focused on fine tuning an agenda for an upcoming working group on the topic.

As part of the regular review, NRS Joseph Sherrock toured the White Rocks property with Brian Beck of the RCA and staff of the State Wildlife Conservation Board (WCB).

Following a CCI Fire Prevention Grants workshop hosted by CAL FIRE, NRS Sherrock completed and submitted an application for the grant. The grant application asked for a small skid steer tractor that would enable the MSHCP Land Management Unit to conduct more efficient and effective weed abatement activities.

Staff completed a shapefile showing all weed abatement activities for 2019 and submitted the document to the RCA.

The RCA gate shapefile was updated and submitted to the RCA.

NRS Sawyer worked on an invasive plant management plan for Hemet vernal playa properties.

A year-to-date summary of work completed at the Nuevo Donation burrowing owl translocation site was written and submitted to the RCA.

NRM Reinig worked on expanding the MSHCP Land Management Unit’s Collector for ArcGIS map. An improved invasive plant feature layer (for mapping invasive plants) and the updated gate shapefile were added to the map.

NRS staff worked on a sensitive species-based heavy equipment exclusion zones shapefile to advise wildfire containment efforts.

Ranger Supervisor Ruben Rodriguez completed a large sign order. In addition to the standard signage already in use on RCA properties, two new RCA signs were also ordered.
Staff inventoried, researched, and sought a quote for a large herbicide purchase.

NRM Reinig created a budget request for the purpose of utilizing RCA donor endowments.

NRM Reinig manned a booth at the Green Riverside Summit with Honey Bernas, Tricia Campbell, and John Field of the RCA.

NRS Sherrock and NRS Sawyer manned a booth at the Thompson Middle School annual Eco Fair.

NRS Sawyer attended the California Invasive Plant Council Symposium and the Southern California Botanists Symposium.

Staff attended the 2nd annual Santa Ana River Symposium.

NRS Sawyer and NRS Sherrock attended an invasive Tamarisk Beetle workshop.

The monthly RCA Management and Monitoring Coordination Meeting and the monthly Parks Managers Meeting were regularly attended by NRM Reinig.

The monthly Western Riverside County Managers and Monitoring Meeting was regularly attended by NRM Reinig and/or NRS Sherrock and NRS Sawyer.

All staff regularly attended the monthly MSHCP Land Management Staff Meetings.

All staff attended a Natural Resource Management meeting with Dustin McLain.

NRM Reinig attended the annual Parks Managers Retreat.

Most staff attended the Riverside County Parks holiday party.

All staff attended the Natural Resource Management Division’s holiday party.

**Patrol/Enforcement**

**Badlands Habitat Management Unit (HMU)**

In response to seasonal upticks in OHV activity, patrols of the CALMAT property increased to nearly weekly checks. During the course of the second quarter Ranger staff repaired approximately seven breaks in property fence lines, and made contact with and escorted approximately 10 groups of OHV riders out of the area.

Wolfskill/Driscoll was patrolled several times. One cut fence and one cut opened gate were located and repaired.

**Cactus Valley HMU**

While on patrol, an OHV damaged fence adjacent to the Tax Sale 2012 property gate was located and repaired.
The barricaded mine at the Oconnor property was found broken into. Repairs to the barricade were planned.

Additional properties patrolled in the Cactus Valley HMU with no issues to report included; Bautista, Kirchner, and SSR Inv Co.

**Gavilan HMU**

At the Hariton property, Ranger Richard Chagolla made contact with a neighboring private property owner who had installed a lock on the property’s gate. The private property owner was illegally using a road that bisected the Hariton property to access other private parcels. The private property owner was notified to cease and desist from the activity. In addition, the lower gate on the property was found cut open. The lower gate was re-secured.

At the Ordonez property, contact was made with two OHV riders just east the property. They were informed of the property’s boundaries and notified motor vehicles were not allowed on RCA Conserved Lands. During a separate patrol, staff located a stolen motorcycle on the west side of the property. The motorcycle was reported and removed.

The North Peak #4 property was patrolled several times. A cable reinforced fence line was found cut open on one occasion and was repaired. Contact was made with two target shooters in the area. They were notified of Co. Ord. 514 and left the area. A loose horse was also located in the area and was reported to the Department of Animal Services.

Ranger staff conducted regular patrols of the El Toro Cut Off properties (Adams, Andrade, and North Peak). A cut fence was found at the Adams property and a stolen Chevy pickup was discovered inside. The vehicle was recovered by J&M Towing after inspection by Riverside County Sheriff’s (RSO) investigator. The cut fence was repaired and additional T posts were placed to strengthen existing boundary barricades. Illegal dumping continues along El Toro Cut Off Road along the property boundaries and in adjacent drainage areas.

A stolen and striped Razor OHV was found at the Casa Modelo property. It was recovered by J&M Towing after inspection by an RSO investigator.

Contact was made with on OHV rider at the RCTC Abusamra property. The rider was informed of property boundaries and escorted off the property.

Additional properties patrolled in the Gavilan HMU with no issues to report included Bolton, Circle K Donation, Paul, and Toscana Donation Phase 1, 2 and 3.

**Menifee HMU**

The Evandel-Wilson and Evandel-Bergstein properties were patrolled multiple times each month. On three occasions the private property gate at Keller Street was found cut open. The private gate blocks vehicle access to the properties and with permission from the private property caretaker, the gate was re-secured each time. Contact was made with five separate vehicular trespassers beyond the gate, all of whom were escorted from the property.
Utilizing the Unit’s e-bike, Ranger Fountain patrolled the official trail systems at the Winchester 700 Murrieta property on a nearly weekly basis. Contacts were made with three hikers who were on a closed trail, one pedestrian with a dog off leash, and approximately 11 mountain bikers on open trails. Contact was also attempted with two dirt bike riders who fled the area. In the first half of the second quarter, closed trail signage, fencing, and debris were inspected and closed trails remained undisturbed. However, the second half of the quarter saw an uptick in closed trail usage. In response, three closed trail fence go-arounds were blocked with additional fencing, one was blocked with a closed trail sign, and one area was blocked with 50 feet of new fencing where a closed trail sign was being ignored. Large rocks and woody debris, which had been found removed from two closed trails, were put back in place. Finally, a cut in the boundary fence was located and repaired and a freshly built dirt bike jump was dismantled.

The previous owner of the Fleming French Valley property was contacted by NRS Sherrock and was preemptively asked to cease the dry farming activities that had occurred on the property prior to its acquisition by the RCA. The northern boundary of the property was signed to further dissuade future farming on the property.

The Clinton Keith overcrossing was patrolled and checked for vegetation condition. Horse tracks were observed on the overcrossing (equestrian use was also documented by MSHCP Biological Monitoring Program camera traps). New RCA No Trespassing Signs were scheduled to be installed at the overcrossing.

While on patrol of the Anheuser Busch property, the Edison gate entrance at Baxter Road was found cut open. The gate was relocked.

The McElhinney-Stimmel property was patrolled twice. Faded boundary signs were replaced and a small pile of trash was removed from the property boundary on Golden J Lane.

The Nelson property was patrolled for OHV activity on three occasions. A broken fence line was located and repaired.

Repairs were made to the Emerald Aliso gate, which was found off its hinges.


**River HMU**

The Teledyne property was patrolled twice. One gate lock was found vandalized and was replaced.

**Sage HMU**

The Bush property was patrolled twice monthly. The property was without incident until the end of the quarter when a four-wheel OHV entered the property through an unfenced rocky area. Contact was attempted with a neighboring private property resident who was suspected of the incursion, but without success.
Fencing adjacent to the gate at the Cordova property was found cut open. An inspection of the property and its structures found no damage or stolen items. In response to the recent increase in vehicular trespassing on the property, ranger staff reinforced with cable, approximately 500 feet of fencing on either side of the gate.

Ranger Garcia located a small abandoned marijuana grow site at the Jennings property. The site was cleared of light debris.

Debris from a neighboring marijuana grow site was found along the fence line within JPR Inc. 6. It was relocated to the property it arose from. A cut along an old fence was found on the western boundary of the property that is regularly used by horseback riders. An inspection found that this is the primary route which equestrians pass through the property. The cut was left un-mended pending an evaluation of the trail for equestrian use.

While on patrol, the roadside spring at the Anza Knolls property was found partially cleared of vegetation and signs of minor excavation. To halt further destructive activity, the spring was fenced with wildlife friendly fencing and no trespassing signs were installed.

Rangers Garcia and Fountain patrolled the Flood Control -Temecula Creek Conservation Easement on a monthly basis for homeless encampments. One unoccupied camp was located on the property boundary and was posted to vacate.

The Glenn Oaks properties (Bell, Weigel, and Tax Sale 2013 Detail 10) were patrolled on two occasions. OHV tracks crossing two of the properties’ horse step-overs along Via de Oro were noted. The recently installed horse step-over on Calle Canora had evidence of equestrian use and no signs of OHV activity (see Sage HMU under Maintenance/Fencing below for more detail).

A patrol of the Bergman property was attempted. However, three large boulders on Dry Ranch Road blocked access to the property’s gate. Ranger staff made contact with a neighboring private property owner who admitted to blocking the road to prevent loitering. The contact was amicable and the neighbor agreed to move the boulders, if need be.

Additional properties patrolled in the Sage HMU with no issues to report included Agua Tibia, Mulder, Gabrych, Odegaard, SSR Inv Co, Terra Investment, United Five Star, Winchester 700 Reed Valley, and Winchester 700 Tule Peak.

**San Jacinto HMU**

The EMWD parcels and Conservation Easement of the San Jacinto River were patrolled on a weekly basis. The area continued to be an area of high OHV activities and attempted homeless encampments. Two new small homeless camps were located and posted to vacate. Ranger staff later returned to remove two truckloads of refuse left behind at the camps and trim the pepper trees they were located under. Contact was made with three individuals leaving the property on small dirt bikes. Information was taken from the individuals and a warning was issued to the riders. Contact was also attempted with three additional groups of dirt bikers but was unsuccessful when the riders fled the scene. Contact was made with a group of seven individuals on the property, driving small gas powered RC cars. They were notified they could not operate on RCA Conserved Lands. Four cuts in the properties’ fence-lines were located and repaired and one fence was extended to block an OHV go-around.
The KB Homes SJ River Donation property was patrolled. The property’s new gate was secure but off-roaders had knocked down the adjacent fencing. The gate go-around was reinforced with additional T posts.

Additional properties patrolled in the San Jacinto HMU with no issues to report included Carlsbad, Higgins, KB Home Coastal Donation, McAllister Donation, Meadows at Lone Cone, Nuevo Donation, Perris Donation, Sey Corporation, and Soboba Donation.

**Santa Ana Mountains HMU**

During the three-week project, staff conducted daily checks on Elsinore Valley Municipal Water District (EVMWD) road grading work at the La Laguna property. The road accessed an EVMWD water tank within the property and was washed out during winter storms following the Holy Fire. EVMWD workers stayed within the footprint of the existing roadway except for a staging area at the entrance to the property; and in general abided by their Right of Entry with the RCA. However, the newly graded road washed out again with the first winter rains of the second quarter.

Ranger Fountain patrolled the extensive trails of the Temecula escarpment on e-bike (the Hong, Tax Sale 2017 D1, Temecula Escarpment Donation, and Fischer properties, and adjoining private parcels). Contact was made with approximately 15 mountain bikers, all of whom urged for the trails to remain open. The riders were notified that the area was under review and any new trails were strictly prohibited. Many homemade trail signs were also noted throughout the escarpment’s unofficial trail network.

The Kamyar property was patrolled for homeless encampments. One abandoned homeless camp was located. The old camp was cleared of five large trash bags and some miscellaneous furniture. No new camps were observed. Boundary fencing blocking the property’s old house pad was found ran over. Repairs were made to the fence.

Additional properties patrolled in the Santa Ana Mountain HMU with no issues to report included Beresford, Bishop, Fethke, Harrison, Rancho Escarpment, and Shamblen.

**San Timoteo HMU**

At the Oak Valley Partners property, staff opened and closed gates for Frontier Communication’s contractors and checked on their work as they placed underground fiber optic cables along Woodhouse Road. The terms of Frontier’s Right of Entry with the RCA were met, and construction impacts were limited to the existing road footprint. The property was also patrolled regularly. Contact was made with one group of OHV riders just north of the property. Property boundaries and rules were conveyed to the riders.

On two separate occasions, while on patrol at the Palmyrita Donation, Ranger Chagolla made contact with homeless individuals setting up encampments. The individuals were informed that camping was not allowed on RCA Conserved Lands. The individuals picked up their belongings and left the property.

The Kramer property was regularly patrolled. Areas to the east of the property where noted as being a popular deer hunting area. Contact was made with two hunters near the property who had a legally harvested deer in their possession. After affirming the hunters had taken the animal off
property, they were notified of the properties’ boundaries and its prohibition on hunting. An OHV damaged fence and a cut open private gate were also located and re-secured.

Ranger Chagolla patrolled the Cuccia/Vogel property. It was discovered that a neighboring private property owner had been storing farm equipment and supplies in two separate canyon bottoms on the property. Contact was made with the property owner who agreed to have the material removed. By the end of the second quarter, one of the two areas had been completely cleared of the material.

A gate at the Live Oak Canyon-RLC property was found cut open and was re-secured.

Additional properties patrolled in the San Timoteo HMU with no issues to report included GSKM LTD, Inland premier, Lin, and RLC/ El Casco.

**Maintenance/ Fencing**

**General**

Parks Maintenance Worker (PMW) Jeff Burke replaced engine oil, battery, fuel filter, and front differential oil on the Unit’s John Deere tractor.

PMW Stanley Miller purchased supplies for and forged 80 rebar trail guides.

A punctured gas tank was replaced on vehicle 17-570

PMW Alfredo Salazar cleaned out a rat nest from the Unit’s dump truck and replaced two rodent damaged hoses.

PMW Salazar painted the kitchen and installed three ceiling fans at the Goodhart residence.

**Gavilan HMU**

Maintenance staff installed 450 feet of new fencing along the southern section of Walker Canyon Road at the Reynolds property. Three heavy-duty interior OHV barricades where also installed at the property. All three of the new barricades, as well as one of the property’s gates were found cut open the following week. Staff repaired the OHV barricades and gate.

Staff repaired 70 feet of roadside fencing at the Ordonez property that had been knocked down in a vehicle accident. Staff also painted over graffiti at the old cistern site on the property.

Three unlocked homeowners association gates at the Toscana Donation were locked close with combination locks and signed with boundary signs.

**Menifee HMU**

A large crew of staff spent three days clearing wire fencing, wooden plant stakes, irrigation tubing, and an approximately one-half ton of trash from the recently cleared marijuana grow sites on the Sheffield property. In total, three F550 dump truck loads of material were removed from the two one acre plots and disposed of at a County landfill. One hundred feet of new fencing and no
trespassing signs where placed at the northern boundary of the properties to discourage future access to the sites. Although most of the shrubs in cleared areas were found quickly growing back from their root crowns, NRS Sherrock returned to the site to collect and disperse native seeds across the disturbed areas.

Staff installed 600 feet of new roadside fencing at the Gentry property. A horse step-over was installed along the fence line at the main trail entrance. All spur trails heading off of the main trail on the property (which had been illegally created) were closed using a combination of rebar and cable trail guides, carsonite signposts, and/or woody debris.

PMW Salazar worked to get the Scheer property’s native plant nursery operational. A water line was plumbed to the nursery from the property’s existing water tank, a sink and French drain were installed, driplines were replaced, and two dump truck loads of refuse were cleared from the property’s shop and yard and taken to a County landfill. The property’s chain gate was replaced with a solid metal frame gate, which was constructed by staff.

Sage HMU

In response to complaints from a local equestrian group, a new horse step-over was installed at the Tax Sale 2013 property trail leading in from Camino Lorado Drive. The trail had been blocked the previous quarter with a fence segment in order to dissuade OHV access.

At the western boundary of the Odegarrd property, staff installed 320 feet of new fencing. In the same area, an existing fence segment blocking a dirt road was replaced with a heavy-duty guardrail barrier.

Rangers Fountain and Garcia repaired OHV cut fencing at the northwest corner of the Mulder property and reinforced the problem area fencing with 450 feet of cable. One truckload of dumped furniture was also removed from the property.

At the Winchester 700 Reed Valley property, staff reinforced 100 feet of fencing with cable to discourage future cutting (OHV fence vandalism).

Staff repaired 50 feet of roadside fencing at the Bush property along Hwy 79 that had been knocked down in a vehicle accident.

San Jacinto HMU

A vehicle go-around was blocked with 40 feet of additional fencing at the Riverpark property.

Santa Ana Mountains HMU

Staff installed a new cable gate at the Hemmer property.

Staff installed three vehicle barricades at access points on the Shamblen property.

Weed Abatement

A second round of tractor mowing was completed by maintenance staff at the Riverside Clark and RLC/El Casco properties.
String trimmer weed abatement was completed at the Lancina and Cachia properties. Desiccated annuals were targeted between shrubs along Calle Collado, which bisects the two properties.

**Habitat/Species Management**

**Badlands HMU**

The Wolfskill Driscoll property’s wildlife water guzzler was cleaned and filled. Staff maintained a game camera on the guzzler. The camera captured photos of bobcat, coyote, mule deer, striped skunk, California quail, and California thrasher utilizing the guzzler. Incidental records of covered species captured on the camera were submitted to the MSHCP Biological Monitoring Program.

**Gavilan HMU**

Roadside and hillside nonnative castor beans were treated with herbicide at the Bolton property by PMW Miller.

The Reynolds property’s wildlife guzzler was cleaned and filled.

**Menifee HMU**

The improved ephemeral pools of the Benton 36 and Shiang properties were checked. The Shiang pool filled with the first winter rains. The Benton pool filled with approximately six inches of water during the same time. A subsequent visit late in the second quarter revealed small fairy shrimp and spadefoot eggs in the Shiang pool and small fairy shrimp in the Benton pool.

**River HMU**

NRM Reinig utilized three WRP workers on two separate occasions to remove seed heads from a targeted nonnative weed at the Delhi sands flower loving fly occupied Teledyne property. Two large trash bags worth of golden crownbeard seed heads were removed from the upper dunes. An additional day was spent at the property dispersing native seeds which had been collected during the previous two quarters by intern Lauren Jonker. In total, 44 species of plants historically native to the habitat (but currently absent) were raked in, at strategic locations across the property. Finally, staff opened and closed gates at Teledyne in response to the Hill fire in the Jurupa Hills. The fire did not affect RCA properties.

NRS Sherrock and NRS Sawyer spent one day participating in Santa Ana Watershed Project Authority’s annual Riverwalk to survey habitat and current Santa Ana River conditions.

NRS Sawyer spent one day participating in nonnative species removal and Santa Ana sucker salvage efforts during the RIX facility’s scheduled out flow shut-off.

**Sage HMU:**

NRS Sawyer checked the water guzzler wildlife camera at the Winchester 700 Reed Valley property. The camera captured California ground squirrel, bobcat, mountain lion, coyote, mule deer, spotted skunk, woodrat, California quail, common raven, coopers hawk, and barn owl.
utilizing the guzzler. Incidental records of covered species captured on the camera were submitted to the MSHCP Biological Monitoring Program.

In anticipation of future removals, nonnative tamarisk was mapped at the Geller #2 property.

Intern Lauren Jonker collected native seeds at the Cordova property to be used in restoration efforts at the Teledyne property.

**San Jacinto HMU:**

Staff coordinated with the necessary entities to have the Nuevo Donation burrowing owl translocation site seeded with a native seed mixture. In preparation for the seeding effort, the field was disked by a Lewis Development Company contractor. Immediately prior to seeding the field with native seeds, the MSHCP Land Management staff constructed a heavy drag and spent three days with a tractor dragging the site in order to kill nonnative seedlings and reducing competition with the native seeds scheduled to be placed at the site. The effort was successful at killing most of the nonnative weed seedlings. Nakae and Associates then spent four days with a large soil imprinter, planting 1,700 pounds of native seed across the entire site. Two burrowing owls continued to use the site for the duration of the seeding effort.

Staff continued upkeep of the improved San Bernardino kangaroo rat habitat at the EMWD San Jacinto River Conservation Easement Treatment Area “B”. One F550 dump truck load (totaling 0.80 tons) of yerba santa bush was removed from the site. Nonnative stinknet was pulled, bagged, and removed from site. The area was then string trimmed to thin annual growth of nonnative mustards.

NRS Sawyer met with Chris McDonald from UCR Cooperative Extension at the Carlsbad property to strategize management of invasive stinknet and rare plant species onsite. The property’s stinknet population was also mapped.

Quarterly photo points were visited at the Wilhelm Ranch and Warren Road Partners properties.

MSJC intern Lauren Jonker collected native seeds at the Soboba Donation property for restoration efforts at the Teledyne property.

**Santa Ana Mountains HMU:**

At the La Laguna property, NRS Sherrock and NRS Sawyer hand pulled approximately 1,000 nonnative tamarisk tree seedlings in the dry creek bed which had proliferated after the Holy fire in Fall 2018. The property’s quarterly photo points were also visited.

NRS Sherrock and NRS Sawyer utilized four WRP workers to pull tamarisk seedlings in the canyon bottom of the Bishop/Hannan/Deetz properties. As with the La Laguna property, the nonnative trees had an explosion of germination in the properties’ canyon bottoms following the Holy Fire. All of the approximately 13,000 tamarisk seedlings were pulled on the RCA properties. The properties’ quarterly photo points were also visited.

NRS Sawyer and NRS Sherrock set up test plots and applied grass-specific Fusilade herbicide for weed control at the Saddleback Munzi’s onion salvage site. A later visited to the site revealed that most grasses and nonnative Erodium in the Fusilade treatment areas had started to die.
San Timoteo HMU

Staff responded to the Sandlewood fire north of the Oak Valley Partners property. The southern gates leading into the Oak Valley property were opened during the fire and closed the following day. A post fire inspection revealed that the fire came close to but did not affect RCA properties.

Acquisitions

Initial Site Inspections:

The following properties were inspected prior to acquisition by NRS staff.

Layman Hoffer - The 10.23-acre property consists of flat alkali vernal plain habitat. It was dominated by non-native annual grass, black mustard, and some native forbs. Native plants were concentrated around a vernal pool in southern half of the parcel. San Jacinto Valley crownscale was observed onsite. The property was recently disked but no trash issues were observed.

Rahmati – a follow up inspection was conducted at the property. Structures and debris reported during the initial pre-acquisition review were confirmed as being adequately removed.

RHW –The 161.88 property is comprised of healthy coastal sage scrub habitat dominated by buckwheat, brittlebush, and scattered junipers. An ephemeral wash with small willows and mulefat runs through the middle of the property. California gnatcatchers were observed onsite. Several missing witness markers and several areas of dumped trash were located and reported to the Riverside County Economic Development Agency (EDA).

Semion - Staff assessed possible access routes to these potential RCA parcels. Access from the north through state owned lands was possible, but rough and prone to seasonal wash outs. Access from the east through federally owned and private parcels was possible, but circuitous and time consuming.

Spencer's Crossing Conservation Easement –The property consists of 12.07 acres of healthy willow dominated riparian habitat surrounded by upland areas dominated by weedy nonnative vegetation. A white-tailed kite was observed perched on a snag in the property's riparian area. Several witness markers were missing and reported to EDA. No trash issues were identified. A follow up inspection was conducted at the property to confirm the missing witness markers had been installed.

Vanderlinden –The 7.94-acre property consists of steep hills with open coastal sage scrub dominated by brittlebush, California buckwheat, California sagebrush and short-podded mustard. A California gnatcatcher was observed onsite. All witness markers were found missing on the property and were reported to EDA. No trash issues were located.

Wallkamm- The property consists of 13.80 acres of rocky hills covered in healthy coastal sage scrub. Dominant plants include California buckwheat, brittlebush, and black sage. The property was noted as having good native forb diversity. A well-used horse trail running through the middle of the parcel was also noted. California gnatcatcher was observed onsite. No trash issues were observed. Two missing witness markers were noted and reported to EDA.
Wang – The property consists of 77.52 acres of steep hills with open chamise chaparral and oak woodland in the canyon bottoms. Two of the property’s southern witness markers were absent but no trash issues were present. The property was revisited to confirm access routes and installation of missing witness markers.

White Conservation Easement – The 10.87-acre property was inspected, particularly for potential access routes. The property consists of sycamore and live oak dominated riparian habitat. Access was found to be possible from Carancho Road. All of the parcel’s witness markers were absent and were reported to EDA. No trash issues were located.
AGENDA ITEM NO. 9.3

Attachment 4

SANTA ANA WATERSHED ASSOCIATION
CONSULTANT REPORT
SAWA – MSHCP BIOLOGICAL MONITORING PROGRAM (BPM)
FISCAL YEAR 2020 SECOND QUARTER REPORT

Report Covers Period: 10/01/19 – 12/31/19

Services provided during current work period:

Administrative:

- SAWA’s MSHCP BMP moved its office to 1835 Chicago Avenue, Suite D, Riverside, CA 92507.
  Phone (951) 780-1012 - Packing and moving occurred during the entire month of December.
  Unpacking and setting up the new office/warehouse is ongoing.

- Botany Taxa Lead position was announced, interviews held, and candidate selected.

- The new Botany Taxa Lead - Marisa Grillo- will officially start on 1/13/2020.

- All staff completed sexual harassment training.

- Organized and hosted the Management Monitoring Coordination Meetings with the following presentations:
  1- October 2019 - Tara Graham (MSHCP-BMP) - WRC MSHCP Survey Methods for the
     Endangered Delhi Sands Flower-loving Fly (*Rhaphiomidas terminatus abdominalis*).
  2- December 2019 - Rachel Chock (San Diego Zoo Institute for Conservation Research) - Habitat
     Use and Conservation of the San Bernardino Kangaroo Rat.

Biological monitoring surveys conducted:

- **Long-Tailed Weasel track plate box surveys**: Surveys were conducted in CORE C during October.
  Each round involves three days/week of plate checking for two consecutive weeks followed by a
  week of closure. Due to conflicts with holidays and office relocation, no surveys were conducted in
  November and December.

- **Warner Springs Creek Wildlife Camera trapping**: Several species were detected by the camera. Two
  Covered Species were identified: Bobcat (*Lynx rufus*) and Coyote (*Canis latrans*).

- **Clinton Keith Wildlife Camera trapping**: Several species were detected by the camera. Two Covered
  Species were identified: bobcat (*Lynx rufus*) and coyote (*Canis latrans*). Also, human and equestrian
  activities were detected.
• **Herps**: Herp array surveys at the Potrero ACEC location were conducted. Several species of reptiles were trapped or observed incidentally. The only detected species covered under the MSHCP was the Coastal Western Whiptail (*Aspidoscelis tigris*).

• A new set of herp arrays was installed in Rice Canyon (La Laguna Donation property) and will to be monitored as soon as the weather allows.

• Staff participated in the Santa Ana River Non-Native Fish Removal (November 13, 2019) in collaboration with San Bernardino Valley Municipal Water District, California Department of Fish and Wildlife, U.S. Fish and Wildlife Service, among others. At least 3,839 native species were recorded (3,530 Santa Ana Suckers and 309 Arroyo Chubs) and 4,281 non-native species were removed from the River.

• Staff collaborated with SAWA/Orange County Water District, and San Bernardino Valley Municipal Water District in the annual clean-up of Sunnyslope Creek (Santa Ana Sucker spawning area).

**Collaborations:**

• Non-Native Fish Removal in the Santa Ana River was conducted in collaboration with San Bernardino Valley Metropolitan Water District, California Department of Fish and Wildlife, and U.S. Fish and Wildlife Service.

• Staff collaborated with the National Audubon Society in the annual San Jacinto Valley Christmas Bird Count on December 17, 2019; occurrence data were collected for several Covered Species during this one-day effort.

• Taxa Leads continue collaboration with MSHCP Natural Resources Manager to share information regarding RCA-owned lands with sensitive habitats and species.

• Coordination continues with California Department of Fish and Wildlife (CDFW) staff at SJWA regarding management of the Tricolored Blackbird breeding and foraging habitat.

• Collaboration continues with UC Riverside Herbarium; prepping specimens for mounting and entering them into the UCR database.

• Collaboration continues with the San Bernardino Kangaroo Rat working Group.

**Accomplishments:**

• The 2018 Species Dataset was completed and distributed to approved stakeholders.

• The Mammal Taxa Lead is preparing for Los Angeles Pocket Mouse Surveys that will start in May 2020.

• Research was conducted by the Mammal Taxa Lead on San Bernardino Kangaroo Rat in preparation for the SBKR Working Group Meeting (October 10, 2019).

• Brand's phacelia (*Phacelia stellaris*): Replaced missing stakes and re-marked plots with their treatment assignments; applied disturbance treatment to appropriate plots. Disturbance consists of raking to loosen and mix the top roughly 6 inches of substrate.

• Rare Plants and incidental: Data entry.

• Two monthly monitoring/management coordination meetings with local land managers and wildlife agency representatives were organized and hosted.
Training/Workshop:

- Study materials for White-tailed Kite, Northern Harrier, and American Bittern surveys was provided to the field biologist in order to test for surveys.

- All staff trained (November 15, 2019), studied and tested for Mountain Plover and Raptor surveys under the direction of the Avian Taxa Lead.

- Training of the new Field Biologist –Collin Farmer- continued.


- Field Biologist Collin Farmer and MSHCP Administrator - Melody Aimar - attended the California Riparian Birds Working Group meeting.

- Avian Taxa Lead –Nick Peterson- attended the first joint conference of The Wildlife Society and American Fisheries Society (Sep 27-Oct 4, 2019). He presented the poster “Habitat Characteristics of Sites Used by Breeding Burrowing Owls in Western Riverside County, California”.

- Leads update (October 29 and November 27, 2019).

- All-hands meetings on October 25 and November 27, 2019.

Status of Deliverables:

2019/2020

- Quarterly Report: 1 of 4 (Jul-Sep) completed.
- Quarterly Report: 2 of 4 (Oct-Dec) completed, next due 4/1/2020
AGENDA ITEM NO. 9.3
Attachment 5
DOUGLAS P. WHEELER
HOGAN LOVELLS US LLP
Somewhat belatedly, since the federal fiscal year 2020 had begun on October 1, the Congress enacted an “omnibus” budget bill on December 20, avoiding the necessity of another continuing resolution, and the possibility of a government shutdown. Most important to the Authority, appropriations to the Department of the Interior and the U.S. Fish and Wildlife Service include $54,502,000 for the Cooperative Endangered Species Fund. This amount, from which Section 6 grants are made, is comprised of funds from two sources, the Cooperative Endangered Species Fund ($23,702,000) and the Land and Water Conservation Fund (LWCF). The total available for Section 6 grants is $1.1 million more than in FY 2019. The Conferees did not include language which had been recommended by the House, expressing support for the Section 6 program and expressing concern about delays in processing prior years’ Section 6 funding applications. Total LWCF funding for FY 2020 is $495 million, the highest in 17 years. Broad bipartisan support for the LWCF program continues to grow; earlier in 2019, the Congress authorized the indefinite continuation of full funding ($900 million), and on November 19, the Senate Committee on Energy and Natural Resources voted to approve legislation (S. 1081) which would provide dedicated funding of $900 million annually, without need of appropriation. The House Committee on Natural Resources had earlier approved its version of the bill (H.R. 3195), but it remains unclear whether there is sufficient support in the House and Senate to assure enactment. Not surprisingly, appropriators in both bodies are reluctant to forgo the requirement of annual, discretionary appropriations from this account.

On December 10, the undersigned participated in a meeting of the Government Relations Committee of the National Coalition of Habitat Conservation Plans, along with Dave Ramey, also representing the Authority, and representations of the Williamson County (TX) and San Bernardino (CA) HCPs. The growing strength and geographical diversity of the Coalition—also evident at its annual meeting (November 13-15)—will buttress the Authority’s influence in Washington. The delay in funding of Section 6 applications, now overdue for FYs 2018 and 2019, was a focus of the Committee’s attention. The U.S. Fish and Wildlife Service has offered no plausible explanation for its inaction but has represented to the Coalition that delay is occasioned by procedural snags at
higher levels of the Department. The Committee decided to address this issue on several fronts: immediate discussion with staffs of the appropriations committees of the House and Senate; a joint letter from the appropriators to the Secretary of the Interior, and at meetings between members of the Coalition and Administration officials during the annual “fly-in” on February 12-13, 2020. At a subsequent meeting of the Committee, it was also decided to renew the Coalition’s request for annual Section 6 funding at the $85 million, and to seek a policy resolution of the National Association of Counties in support of HCP programs.

At a meeting on December 5, which had been urged by the Authority, members of the staffs of Senator Feinstein (Alexis Segal), the Senate Committee on Environment and Public Works (Elizabeth Mabry), and the office of Representative Calvert (Richie O’Connell) agreed to amended language for H.R. 2956, which authorizes establishment of the Western Riverside County National Wildlife Refuge. This is an important development, in that a consensus now exists which will preclude the possibility of disagreement between the House and Senate, smoothing the way for sequential consideration of the bill in both bodies. The agreed amendments are relatively minor, reflecting concerns on the Senate side that the Secretary of the Interior would have been authorized, but not required, to establish the refuge. The bill, as amended, continues to reflect the requirements of the Authority, and its sponsors in the House, Representatives Calvert, Takano and Aguilar. It is now expected that the House Committee on Natural Resources will “mark up” and report the bill early in the New Year, clearing the way for early passage by the House, and subsequent consideration by the Senate.

Douglas P. Wheeler, Esq.
Washington, D.C.
January 13, 2020
AGENDA ITEM NO. 10

Staff Report

Ratification of the Chairperson’s Appointment to the 2020 RCA Executive Committee
Regional Conservation Authority

RATIFICATION OF THE CHAIRPERSON’S APPOINTMENT TO THE 2020 RCA EXECUTIVE COMMITTEE

FROM: Jonathan Ingram
RCA Chairperson

BACKGROUND:

On November 4, 2019, the Board of Directors approved an exception to Sections VI.A. and IX.A.3 of the RCA Bylaws to allow the 2019 RCA Executive Committee to serve an additional year.

There is currently one vacancy on the Executive Committee, and the Chair requests that the RCA Board of Directors ratify his appointment of the new member to the 2020 RCA Executive Committee.

RECOMMENDATION:

That the RCA Board of Directors ratify the Chair’s appointment to the 2020 RCA Executive Committee.
AGENDA ITEM NO. 11

Staff Report

APPROVE THE RIVERPARK MITIGATION BANK CONSERVATION EASEMENT AND ENDOWMENT MANAGEMENT AGREEMENT
EIP III Credit Co., LLC, (the “Bank Sponsor”) has been working with the U.S. Army Corps of Engineers and other regulatory agencies to establish the Riverpark Mitigation Bank (“Bank”) located near the City of San Jacinto. The purpose of the Bank is to compensate for unavoidable impacts to, and conserve and protect, Waters of the U.S., Waters of the State, and Covered Habitat. The Bank Sponsor and property owner shall preserve and restore and then manage and maintain Waters of the U.S., Waters of the State, and Covered Habitat in accordance with a bank enabling instrument, a development plan, and a long-term management plan. The Bank Sponsor has asked RCA to accept a conservation easement with the sole responsibility to monitor the restoration and long-term management activities by the property owner. The Bank Sponsor plans to develop the Bank in three (3) phases. The conservation easement covers the first phase of the Bank, or 220.7 acres. Altogether, the Bank is intended to be 613.3 acres. All these acres will be considered Additional Reserve Lands.

The conservation easement is accompanied with a $267,014.85 endowment. RCA plans to enter into an endowment management agreement with the U.S. Army Corps of Engineers to establish the terms and conditions under which RCA will accept custody of and manage the endowment. Since the endowment management agreement requires RCA not to spend any of the endowment funds in the first three (3) years, to allow for the endowment to start earning and accumulate interest, the Bank Sponsor will be providing $18,401.79 in initial funds for RCA to spend in the first three (3) years for monitoring the Bank. Like the conservation easement, the funds addressed by this endowment management agreement are only intended to cover the first phase of the Bank.

The California Department of Fish and Wildlife will be a third-party beneficiary to both the conservation easement as well as the endowment management agreement.
STAFF RECOMMENDATIONS:

This item is for the RCA Board of Directors to:

1. Approve the Riverpark Mitigation Bank Conservation Easement;

2. Approve the Endowment Management Agreement; and

3. Authorize the RCA Interim Executive Director, pursuant to legal counsel review and approval, to execute said conservation easement and endowment management agreement on behalf of the RCA, and to authorize the RCA Interim Executive Director or her designee to sign any additional documents required to complete the conveyance to RCA.

ATTACHMENTS

1) Riverpark Mitigation Bank Conservation Easement

2) Endowment Management Agreement
AGENDA ITEM NO. 11
Attachment 1

EXHIBIT E-4
APPROVE THE RIVERPARK MITIGATION BANK CONSERVATION EASEMENT
CONSERVATION EASEMENT DEED
Riverpark Mitigation Bank
Construction Phases 1-3

THIS CONSERVATION EASEMENT DEED (“Conservation Easement”) is made as of the _____ day of __________________, 20____, by EIP California, LLC, a Delaware limited liability company (“Grantor”), in favor of WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY, a public agency and a joint powers authority (“Grantee”), with reference to the following facts:

RECITALS

A. Grantor is the sole owner in fee simple of certain real property containing approximately 220.7 acres, located in the County of Riverside, State of California, and designated Assessor’s Parcel Numbers 307-220-005, 307-220-009, 307-220-014, and 307-220-015 (“Property”). The Property is legally described and depicted in Exhibit A.

B. The Property possesses wildlife and habitat values of great importance to Grantee, the people of the State of California and the people of the United States. The Property contains, or will contain, alkali playa, alkali grassland, alkali scrub and vernal pool habitat, among other habitats and species including spreading navarretia, San Jacinto Valley crownscale, smooth tarplant, and Coulter’s goldfields, and restored, created, enhanced and/or preserved jurisdictional...
waters of the State and Waters of the United States. Individually and collectively, these wildlife
and habitat values comprise the “Conservation Values” of the Property.

C. The California Department of Fish and Wildlife (“CDFW”) has jurisdiction over
the conservation, protection, and management of fish, wildlife, native plants and the habitat
necessary for biologically sustainable populations of these species pursuant to California Fish and
Game Code Section 1802. CDFW is authorized to hold conservation easements for these purposes
pursuant to California Civil Code Section 815.3, Fish and Game Code Section 1348, and other
provisions of California law.

D. The U.S. Fish and Wildlife Service (the “USFWS”), an agency within the United
States Department of the Interior, has jurisdiction over the conservation, protection, restoration
and management of fish, wildlife, native plants, and the habitat necessary for biologically
sustainable populations of these species within the United States pursuant to the federal
Endangered Species Act, 16 U.S.C. Section 1531, et seq., the Fish and Wildlife Coordination Act,
16 U.S.C. Sections 661-666c, the Fish and Wildlife Act of 1956, 16 U.S.C. Section 742(f), et seq.,
and other provisions of federal law.

E. U.S. Army Corps of Engineers (“USACE”) has jurisdiction over Waters of the
United States pursuant to the federal Clean Water Act, 33 U.S.C. Section 1251, et seq.

F. The California Regional Water Quality Control Board, Region 8 (“Regional Water
Board”) is responsible for protecting and regulating the quality of Waters of the State under the
Porter-Cologne Water Quality Control Act, Cal. Water Code § 13000 et seq., and regulating the
discharge of pollutants into the Waters of the U.S. under the Clean Water Act, 33 U.S.C. §1251 et seq.

G. Grantee is authorized to hold conservation easements pursuant to California Civil
Code Section 815.3 and Government Code 65967. Specifically, Grantee is a governmental entity
identified in Civil Code Section 815.3(b) and otherwise authorized to acquire and hold title to real
property.

H. This Conservation Easement is granted pursuant to the Riverpark Mitigation Bank
Enabling Instrument (the “BEI”), by and between EIP III Credit Co, LLC (“Bank Sponsor”) and
EIP California, LLC (“Property Owner”), CDFW, CDFW Tracking No. 1798-2015-01-R6,
USFWS, USFWS File No. FWS-WRIV-17B0008-18F0232, USACE, USACE File No. SPL-2015-
00318, Regional Water Board, Region 8 File No. 33-2016-15, entered into concurrently with this
Conservation Easement, and the Bank Development Plan (the “Development Plan”) and Long-
Term Management Plan (the “Management Plan”) created under the BEI. CDFW, USFWS,
USACE, and Regional Water Board, are together referred to in this Conservation Easement as the
“Third-Party Beneficiaries” or “Signatory Agencies.”

I. Final, approved copies of the BEI, the Development Plan and the Management Plan,
and any amendments thereto approved by the Signatory Agencies, shall be kept on file at the
respective offices of the Signatory Agencies. If Grantor, or any successor or assign, requires an
official copy of the BEI, the Development Plan, or the Management Plan, or any amendment, it
should request a copy from one of the Signatory Agencies at its address for notices listed in Section
22 of this Conservation Easement.
J. The BEI, the Development Plan, and the Management Plan are incorporated by this reference into this Conservation Easement as if fully set forth herein.

K. All section numbers referred to in this Conservation Easement are references to sections within this Conservation Easement, unless otherwise indicated.

COVENANTS, TERMS, CONDITIONS AND RESTRICTIONS

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and pursuant to the laws of the State of California, including California Civil Code Section 815, *et seq.*, Grantor hereby voluntarily grants and conveys to Grantee a conservation easement in perpetuity over the Property.

1. **Purposes.**

   The purposes of this Conservation Easement are to ensure that the Property will be retained forever in its natural or restored condition as contemplated by the BEI, the Development Plan, and the Management Plan, and to prevent any use of the Property that will impair or interfere with the Conservation Values of the Property. Grantor intends that this Conservation Easement will confine the use of the Property to activities that are consistent with such purposes, including, without limitation, those involving the preservation, restoration and enhancement of native species and their habitats implemented in accordance with the BEI, the Development Plan and the Management Plan.

2. **Grantee’s Rights.**

   To accomplish the purposes of this Conservation Easement, Grantor hereby grants and conveys the following rights to Grantee:

   (a) To preserve and protect the Conservation Values of the Property.

   (b) To enter the Property at reasonable times, in order to monitor compliance with and otherwise enforce the terms of this Conservation Easement, the BEI, the Development Plan and the Management Plan and to implement at Grantee’s sole discretion Development Plan and Management Plan activities that have not been implemented, provided that Grantee shall not unreasonably interfere with Grantor’s authorized use and quiet enjoyment of the Property.

   (c) To prevent any activity on or use of the Property that is inconsistent with the purposes of this Conservation Easement and to require the restoration of such areas or features of the Property that may be damaged by any act, failure to act, or any use or activity that is inconsistent with the purposes of this Conservation Easement.

   (d) To require that all mineral, air and water rights as Grantee deems necessary to preserve, protect and sustain the biological resources and Conservation Values of the Property shall remain a part of and be put to beneficial use upon the Property, consistent with the purposes of this Conservation Easement.
(e) All present and future development rights appurtenant to, allocated, implied, reserved or inherent in the Property; such rights are hereby terminated and extinguished and may not be used on or transferred to any portion of the Property, nor any other property adjacent or otherwise.

3. Third-Party Beneficiaries. Grantor and Grantee acknowledge that the CDFW, USFWS, USACE, and Regional Water Board (the “Third-Party Beneficiaries”) are third party beneficiaries of this Conservation Easement with the right of access to the Property and the right to enforce all of its provisions and all other rights and remedies of the Grantee under this Conservation Easement.


Any activity on or use of the Property that is inconsistent with the purposes of this Conservation Easement is prohibited. Without limiting the generality of the foregoing, the following uses and activities by Grantor, Grantor’s agents, and third parties are expressly prohibited:

(a) Unseasonable watering; use of chemical fertilizers, pesticides, biocides, herbicides, rodenticides, fungicides or other agents; weed abatement activities; incompatible fire protection activities; and any and all other activities and uses which may adversely affect the Conservation Values of the Property or otherwise interfere with the purposes of this Conservation Easement.

(b) Use of off-road vehicles and use of any other motorized vehicles except on existing roadways, except for construction, maintenance, monitoring, and management activities as provided for in the Development Plan and Management Plan.

(c) Agricultural activity of any kind.

(d) Recreational activities, including, but not limited to, horseback riding, biking, hunting or fishing except such activities as are consistent with the purposes of this Conservation Easement and specifically provided for in the Management Plan.

(e) Commercial, industrial, residential, or institutional structures or uses.

(f) Any legal or de facto division, subdivision or partitioning of the Property, including a request for a certificate of compliance pursuant to the California Subdivision Map Act (California Government Code Section 66499.35).

(g) Construction, reconstruction, expansion, location, relocation, installation or placement of any building, billboard or sign, or any other structure or improvement of any kind, except as provided for in the Development Plan or Management Plan.

(h) Depositing or dumping soil, trash, ashes, refuse, waste, bio-solids or any other materials.

(i) Intentionally planting, introducing, or dispersing non-native or exotic plant or animal
species.

(j) Filling, dumping, excavating, draining, dredging, mining, drilling, removing or exploring for or extracting minerals, loam, soil, sands, gravel, rocks or other material on or below the surface of the Property, or granting or authorizing surface entry for any of these purposes.

(k) Altering the surface or general topography of the Property, including but not limited to any alterations to habitat, building roads or trails, or paving or otherwise covering any portion of the Property except for those habitat management activities specified in the Development Plan or Management Plan.

(l) Removing, disturbing, altering, destroying, or cutting of trees, shrubs or other vegetation, except as required by law and in accordance with a plan approved in writing by the Third-Party Beneficiaries for (i) fire breaks, (ii) maintenance of existing foot trails or roads, or (iii) prevention or treatment of disease, except as provided in the Development Plan or Management Plan.

(m) Manipulating, impounding or altering any natural water course, body of water or water circulation on the Property, and any activities or uses detrimental to water quality, including but not limited to degradation or pollution of any surface or sub-surface waters, except as provided in the Development Plan or Management Plan.

(n) Without the prior written consent of Grantee, which Grantee may withhold, transferring, encumbering, selling, leasing, or otherwise separating the mineral, air or water rights for the Property; changing the place or purpose of use of the water rights; abandoning or allowing the abandonment of, by action or inaction, any water or water rights, ditch or ditch rights, spring rights, reservoir or storage rights, wells, ground water rights, or other rights in and to the use of water historically used on or otherwise appurtenant to the Property, including but not limited to: (i) riparian water rights; (ii) appropriative water rights; (iii) rights to waters which are secured under contract with any irrigation or water district, to the extent such waters are customarily applied to the Property; and (iv) any water from wells that are in existence or may be constructed in the future on the Property.

(o) Engaging in any use or activity that may violate, or fail to comply with, relevant federal, state, or local laws, regulations, or policies applicable to Grantor, the Property, or the use or activity in question.

(p) No use shall be made of the Property, and no activity thereon shall be permitted that is or is likely to become inconsistent with the Purpose of this Conservation Easement. Grantor and Grantee acknowledge that, in view of the perpetual nature of this Conservation Easement, they are unable to foresee all potential future land uses, future technologies, and future evolution of the land and other natural resources, and other future occurrences affecting the Purpose of this Conservation Easement. Grantee, therefore, in consultation with the Third-Party Beneficiaries, will determine whether (a) proposed uses or proposed improvements not contemplated by or addressed in this Conservation Easement or (b) alterations in existing uses or structures, are consistent with the Purposes of this Conservation Easement. A determination of consistency by the Grantee does not prevent any Third-Party Beneficiary from determining that a use is inconsistent with the Conservation Easement.
5. **Grantee’s Duties.**

(a) To ensure that the purposes of this Conservation Easement as described in Section 1 are being accomplished, Grantee and its successors and assigns shall:

   (1) Perform, at least annually, compliance monitoring inspections of the Property; and

   (2) Prepare written reports on the results of the compliance monitoring inspections, and provide these reports to each of the Third-Party Beneficiaries on an annual basis.

(b) In the event Grantee’s interest in this Conservation Easement reverts to or is transferred to the State of California, CDFW will carry out the tasks specified in Section 5(a) to the extent that funds and staff are available for that purpose. If CDFW determines that it cannot carry out the specified tasks, the Third-Party Beneficiaries may identify a replacement Grantee, acceptable to all, and CDFW, subject to obtaining all necessary approvals, will transfer this Conservation Easement to the identified replacement Grantee in compliance with Section 20(a) of this Conservation Easement.

6. **Grantor’s Duties.**

(a) To ensure that the purposes of this Conservation Easement as described in Section 1 are being accomplished, Grantor and its successors and assigns shall:

   (1) Undertake all reasonable actions to prevent the unlawful entry and trespass by persons whose activities may degrade or harm the Conservation Values of the Property or that are otherwise inconsistent with this Conservation Easement. In addition, Grantor shall undertake reasonable actions to perfect Grantee’s rights under Section 2 of this Conservation Easement;

   (2) Observe and carry out the obligations of “Property Owner” under the BEI, the Development Plan, and the Management Plan on the Property;

   (3) Comply with the terms of this Conservation Easement and cooperate with Grantee in the protection of the Conservation Values;

   (4) Repair and restore damage to the Property directly or indirectly caused by Grantor, Grantor’s guests, representatives, employees, agents, consultants or contractors, and third parties within Grantor’s control; provided, however, Grantor and its successors and assigns shall not engage in any repair or restoration work on the Property without first consulting with Grantee and the Third-Party Beneficiaries; and

   (5) Obtain any applicable governmental permits and approvals for any activity or use permitted by this Conservation Easement, and any such activity or use shall be undertaken in accordance with all applicable federal, state, local, and administrative agency statues, ordinances, rules, regulations, orders, or requirements.
7. **Reserved Rights.**

Grantor reserves to itself, and to its personal representatives, heirs, successors, and assigns, all rights accruing from Grantor’s ownership of the Property, including the right to engage in or permit or invite others to engage in all uses of the Property that are not prohibited or limited by, and are consistent with, the purposes of, this Conservation Easement.

8. **Grantee’s Remedies.**

(a) If Grantee determines that a violation of this Conservation Easement has occurred or is threatened, Grantee shall give written notice to Grantor of such violation and demand in writing the cure of such violation (“Notice of Violation”). Notice shall be provided according to Section 22 of this Conservation Easement including copies to the Third-Party Beneficiaries.

(b) If Grantor fails to cure the violation within thirty (30) days after receipt of a Notice of Violation, or if the cure reasonably requires more than thirty (30) days to complete and Grantor fails to begin the cure within the thirty (30)-day period or fails to continue diligently to complete the cure, Grantee in its sole discretion may bring an action at law or in equity in a court of competent jurisdiction for any or all of the following: to recover any damages to which Grantee may be entitled for violation of the terms of this Conservation Easement or for any injury to the Conservation Values of the Property; to enjoin the violation, *ex parte* as necessary, by temporary or permanent injunction without the necessity of proving either actual damages or the inadequacy of otherwise available legal remedies; to pursue any other legal or equitable relief, including but not limited to, the restoration of the Property to the condition in which it existed prior to any such violation or injury; or to otherwise enforce this Conservation Easement. Without limiting the liability of Grantor, Grantee may apply any damages recovered to the cost of undertaking any corrective action on the Property.

(c) If Grantee, in its sole discretion, determines that circumstances require immediate action to prevent or mitigate injury to the Conservation Values of the Property, Grantee may pursue its remedies under this Conservation Easement without prior notice to Grantor or without waiting for the period provided for cure to expire. Grantee’s rights under this section apply equally to actual or threatened violations of this Conservation Easement. Grantee shall notify the Grantor and Third-Party Beneficiaries within 30 days of such an occurrence.

(d) Grantor agrees that Grantee’s remedies at law for any violation of this Conservation Easement are inadequate and that Grantee shall be entitled to the injunctive relief described in this section, both prohibitive and mandatory, in addition to such other relief to which Grantee may be entitled, including specific performance of this Conservation Easement, without the necessity of proving either actual damages or the inadequacy of otherwise available legal remedies. Grantee’s remedies described in this section shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity, including but not limited to the remedies set forth in California Civil Code Section 815, *et seq.*

(e) If Grantor receives a Notice of Violation with which it is impossible for Grantor to comply consistent with any prior uncured Notice(s) of Violation, Grantor shall give written notice of the conflict (“Notice of Conflict”) to Grantee and the Third-Party Beneficiaries. In
order to be a valid, a Notice of Conflict shall be given within fifteen (15) days of the date Grantor receives a conflicting Notice of Violation, shall include copies of the conflicting Notices of Violation, and shall describe the conflict with specificity, including how the conflict makes compliance with the uncured Notice(s) of Violation impossible. Upon giving a valid Notice of Conflict, Grantor shall not be required to comply with the conflicting Notices of Violation until such time as the entity or entities that gave said conflicting Notices of Violation give revised Notice(s) of Violation that resolve the conflict. Upon receipt of a revised Notice of Violation, Grantor shall comply with such notice within the time period(s) described in Section 8(b). The failure of Grantor to give a valid Notice of Conflict within fifteen (15) days of receipt of a conflicting Notice of Violation shall constitute a waiver of Grantor’s ability to claim a conflict.


If the Grantee is the prevailing party in any judicial or administrative action to enforce the terms of this Conservation Easement against the Grantor, the Grantee shall be entitled to recover from the Grantor its reasonable expenses incurred in connection with such action, including, without limitation: attorneys’ fees; expert fees; witness fees; court costs; pre-filing expenses of investigation and preparation. If the Grantee is the prevailing party, then the Grantee will also be entitled to any costs of restoration necessitated by the Grantor’s violation of the terms of this Conservation Easement. As used herein “prevailing party” means the party who/which, as determined by the court or administrative agency, is afforded the greater relief (whether affirmatively or by means of a successful defense) with respect to claims having the greatest value or importance, allowing for all of the claims, counter-claims and defenses asserted under this Conservation Easement.

10. Grantee’s Discretion.

Enforcement of the terms of this Conservation Easement by Grantee shall be at the sole discretion of Grantee, and any forbearance by Grantee to exercise its rights under this Conservation Easement in the event of any breach of any term of this Conservation Easement shall not be deemed or construed to be a waiver by Grantee of such term or of any subsequent breach of the same or any other term of this Conservation Easement or of any rights of Grantee under this Conservation Easement. No delay or omission by Grantee in the exercise of any right or remedy shall impair such right or remedy or be construed as a waiver.


Nothing contained in this Conservation Easement shall be construed to entitle Grantee to bring any action against Grantor for any injury to or change in the Property resulting from (a) any natural cause beyond Grantor’s control, including, without limitation, fire not caused by Grantor, flood, storm, and earth movement, or any prudent action taken by Grantor under emergency conditions to prevent, abate, or mitigate significant injury to the Property resulting from such causes; or (b) acts by Grantee or its employees.

12. Enforcement; Standing.

All rights and remedies conveyed to Grantee under this Conservation Easement shall extend to and are enforceable by the Third-Party Beneficiaries. These enforcement rights are
in addition to, and do not limit, the rights of enforcement under the BEI, the Development Plan or the Management Plan. If at any time in the future Grantor or any subsequent transferee uses, allows the use, or threatens to use or allow use of, the Property for any purpose that is inconsistent with or in violation of this Conservation Easement then, despite the provisions of California Civil Code Section 815.7, the California Attorney General, U.S. Department of Justice, and the Third-Party Beneficiaries each has standing as an interested party in any proceeding affecting this Conservation Easement.

13. **Reversion.**

If the Third-Party Beneficiaries determine that Grantee is not holding, monitoring or managing this Conservation Easement for conservation purposes in the manner specified in this Conservation Easement or in the BEI, the Development Plan or the Management Plan then, pursuant to California Government Code Section 65967(e), this Conservation Easement shall revert to the State of California, or to another entity qualified pursuant to California Civil Code Section 815.3 and Government Code Section 65967 (and any successor or other provision(s) then applicable) and approved by the Third-Party Beneficiaries.

14. **Access.**

This Conservation Easement does not convey a general right of access to the public.

15. **Costs and Liabilities.**

Grantor retains all responsibilities and shall bear all costs and liabilities of any kind related to the ownership, operation, upkeep, and maintenance of the Property. Grantor agrees that neither Grantee nor Third-Party Beneficiaries shall have any duty or responsibility for the operation, upkeep or maintenance of the Property, the monitoring of hazardous conditions on it, or the protection of Grantor, the public or any third parties from risks relating to conditions on the Property. Grantor remains solely responsible for obtaining any applicable governmental permits and approvals required for any activity or use permitted by this Conservation Easement, including those permits and approvals required from CDFW, USFWS, USACE, and Regional Water Board, acting in their regulatory capacity, and any activity or use shall be undertaken in accordance with all applicable federal, state, local and administrative agency statutes, codes, ordinances, rules, regulations, orders and requirements.

16. **Taxes; No Liens.**

Grantor shall pay before delinquency all taxes, assessments (general and special), fees, and charges of whatever description levied on or assessed against the Property by competent authority (collectively “Taxes”), including any Taxes imposed upon, or incurred as a result of, this Conservation Easement, and shall furnish Grantee with satisfactory evidence of payment upon request. Grantor shall keep the Property free from any liens (other than a security interest that is expressly subordinate to this Conservation Easement, as provided in Section 24(l)), including those arising out of any obligations incurred by Grantor for any labor or materials furnished or alleged to have been furnished to or for Grantor at or for use on the Property.
17. **Hold Harmless.**

(a) Grantor, and its successors and assigns shall hold harmless, protect and indemnify Grantee and its directors, officers, employees, agents, contractors, and representatives and the heirs, personal representatives, successors and assigns of each of them (each a “Grantee Indemnified Party” and collectively, “Grantee’s Indemnified Parties”) from and against any and all liabilities, penalties, costs, losses, damages, expenses (including, without limitation, reasonable attorneys’ fees and experts’ fees), causes of action, claims, demands, orders, liens or judgments including, without limitation, liability arising in connection with personal injury, wrongful death or property damage (each a “Claim” and, collectively, “Claims”), arising from or in any way connected with: (1) any act, omission, condition, or other matter related to or occurring on or about the Property, regardless of cause, except that this indemnification shall be inapplicable to any Claim due solely to the negligence or willful misconduct of Grantee; (2) the obligations specified in Sections 6, 7, 15 and 16; and (3) the existence or administration of this Conservation Easement. If any action or proceeding is brought against any of the Grantee’s Indemnified Parties by reason of any such Claim, Grantor shall, at the election of and upon written notice from Grantee, defend such action or proceeding by counsel reasonably acceptable to the Grantee’s Indemnified Party or reimburse the Grantee for attorneys’ fees and all charges incurred in defending the action or proceeding.

(b) Grantor shall hold harmless, protect and indemnify Third-Party Beneficiaries and their respective directors, officers, employees, agents, contractors, and representatives and the heirs, personal representatives, successors and assigns of each of them (each a “Third-Party Beneficiary Indemnified Party” and collectively, “Third-Party Beneficiary Indemnified Parties”) from and against any and all Claims arising from or in any way connected with injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, regardless of cause. Provided, however, that the indemnification in this Section 17 (b) shall be inapplicable to a Third-Party Beneficiary Indemnified Party with respect to any Claim due solely to the negligence or willful misconduct of that Third-Party Beneficiary Indemnified Party. If any action or proceeding is brought against any of the Third-Party Beneficiary Indemnified Parties by reason of any Claim to which the indemnification in this Section 17 (b) applies, then at the election of and upon written notice from the Third-Party Beneficiary Indemnified Party, Grantor shall defend such action or proceeding by counsel reasonably acceptable to the applicable Third-Party Beneficiary Indemnified Party or reimburse the Third-Party Beneficiary Indemnified Party for all charges incurred for services of the California Attorney General or the U.S. Department of Justice in defending the action or proceeding.

18. **Extinguishment.**

If circumstances arise in the future that render the preservation of Conservation Values, including wetland functions and values, or other purposes of this Conservation Easement impossible to accomplish, this Conservation Easement can be terminated or extinguished, in whole or in part, only by judicial proceedings in a court of competent jurisdiction.
19. **Condemnation.**

Pursuant to Code of Civil Procedure section 1240.055, this Conservation Easement is “property appropriated to public use,” as used in Article 6 (commencing with section 1240.510) and Article 7 (commencing with section 1240.610) of Chapter 3 of Title 7 of the California Code of Civil Procedure. A person authorized to acquire property for public use by eminent domain shall seek to acquire the Property, if at all, only as provided in Code of Civil Procedure section 1240.055. CDFW and ACOE are public entities that imposed conditions on approval of a project that were satisfied, in whole or in part, by the creation of this Conservation Easement. If any person seeks to acquire the Property for public use, Grantee shall provide notice to the Third-Party Beneficiaries and comply with all obligations of the holder of a conservation easement under Code of Civil Procedure section 1240.055. If the Conservation Easement is condemned, the net proceeds from the condemnation shall be used in compliance with Government Code section 65966(j). The location of the replacement property is subject to approval by the Third-Party Beneficiaries. Within six months of acquiring the replacement property, Grantor shall record a conservation easement over the replacement property, in a form approved by Grantee and the Third-Party Beneficiaries.

20. **Transfer of Conservation Easement or Property.**

(a) **Conservation Easement.**

This Conservation Easement may be assigned or transferred by Grantee upon written approval of the Third-Party Beneficiaries, which approval shall not be unreasonably withheld or delayed, but Grantee shall give Grantor and the Third-Party Beneficiaries at least sixty (60) days prior written notice of the proposed assignment or transfer. Grantee may assign or transfer this Conservation Easement only to an entity or organization authorized to acquire and hold conservation easements pursuant to California Civil Code Section 815.3 and Government Code Section 65967 (and any successor or other provision(s) then applicable), or the laws of the United States and otherwise reasonably acceptable to the Third-Party Beneficiaries. Grantee shall require the assignee to record the assignment in the county where the Property is located. The failure of Grantee to perform any act provided in this section shall not impair the validity of this Conservation Easement or limit its enforcement in any way. Any transfer under this section is subject to the requirements of Section 21.

(b) **Property.**

Grantor agrees to incorporate the terms of this Conservation Easement by reference in any deed or other legal instrument by which Grantor divests itself of any interest in all or any portion of the Property, including, without limitation, a leasehold interest. Grantor agrees that the deed or other legal instrument shall also incorporate by reference the BEI, the Development Plan, the Management Plan, and any amendment(s) to those documents. Grantor further agrees to give written notice to Grantee and the Third-Party Beneficiaries of the intent to transfer any interest at least sixty (60) days prior to the date of such transfer. Grantee or the Third-Party Beneficiaries shall have the right to prevent any subsequent transfers in which prospective transferees are not given notice of the terms, covenants, conditions and restrictions of this Conservation Easement (including the exhibits and documents incorporated by reference in it). The failure of Grantor or Grantee to perform any act provided in this section shall
not impair the validity of this Conservation Easement or limit its enforceability in any way. Any transfer under this section is subject to the requirements of Section 21.

21. **Merger.**

The doctrine of merger shall not operate to extinguish this Conservation Easement if the Conservation Easement and the Property become vested in the same party. If, despite this intent, the doctrine of merger applies to extinguish the Conservation Easement then, unless Grantor, Grantee, and the Third-Party Beneficiaries otherwise agree in writing, a replacement conservation easement containing the same protections embodied in this Conservation Easement shall be recorded against the Property.

22. **Notices.**

Any notice, demand, request, consent, approval, or other communication that Grantor or Grantee desires or is required to give to the other shall be in writing, with a copy to each of the Third-Party Beneficiaries, and be served personally or sent by recognized overnight courier that guarantees next-day delivery or by first class United States mail, postage fully prepaid, addressed as follows:

To Grantor:  
EIP California, LLC  
5550 Newbury St. Suite B  
Baltimore, MD, 21281  
Attention: Nicholas Dilks

To Grantee:  
Western Riverside County  
Regional Conservation Authority  
3403 10th Street, Suite 320  
Riverside, CA 92501  
Attention: Executive Director

With a copy to:  
Best Best & Krieger LLP  
3390 University Avenue, 5th Floor  
P.O. Box 1028  
Riverside, CA 92502-1028  
Attention: General Counsel to the RCA

To CDFW:  
Department of Fish and Wildlife  
Inland Deserts Region  
3602 Inland Empire Blvd., Suite C-220  
Ontario, CA 91764  
Attn: Regional Manager

With a copy to:  
Department of Fish and Wildlife  
Office of General Counsel  
P.O. Box 944209  
Sacramento, CA 94244-2090  
Attn: General Counsel
To USACE: United States Army Corps of Engineers
South Coast Division
5900 La Place Court, Suite 100
Carlsbad, CA 92008
Attn: South Coast Branch Chief

With a copy to: U.S. Army Corps of Engineers
District Counsel
915 Wilshire Blvd.
Los Angeles, CA 90017

To USFWS: United States Fish and Wildlife Service
Carlsbad Fish and Wildlife Office
2177 Salk Avenue, Suite 250
Carlsbad, CA 92008
Attention: Field Supervisor

To Regional Water Board: California Regional Water Quality Control Board
Region 8
3737 Main St., Suite 500
Riverside, CA 92501
Attention: Executive Director

or to such other address as a party or a Third-Party Beneficiary shall designate by written notice to Grantor, Grantee and the Third-Party Beneficiaries. Notice shall be deemed effective upon delivery in the case of personal delivery or delivery by overnight courier or, in the case of delivery by first class mail, three (3) days after deposit into the United States mail.

23. Amendment.

This Conservation Easement may be amended by Grantor and Grantee only by mutual written agreement and written approval of the Third-Party Beneficiaries, which approval shall not be unreasonably withheld or delayed. Any such amendment shall be consistent with the purposes of this Conservation Easement and California law governing conservation easements, and shall not affect its perpetual duration. Any such amendment shall be recorded in the official records of the county in which the Property is located, and Grantor and Grantee shall promptly provide a conformed copy of the recorded amendment to the Third-Party Beneficiaries.


(a) Controlling Law.

The interpretation and performance of this Conservation Easement shall be governed by the laws of the United States and the State of California, disregarding the conflicts of law principles of such state.
(b) **Liberal Construction.**

Despite any general rule of construction to the contrary, this Conservation Easement shall be liberally construed to accomplish the purposes of this Conservation Easement and the policy and purpose of California Civil Code Section 815, *et seq.* If any provision in this instrument is found to be ambiguous, an interpretation consistent with the purposes of this Conservation Easement that would render the provision valid shall be favored over any interpretation that would render it invalid.

(c) **Change of Conditions.** If one or more of the Purposes of this Conservation Easement may no longer be accomplished, such failure of purpose shall not be deemed sufficient cause to terminate the entire Conservation Easement as long as any other purpose of the Conservation Easement may be accomplished. In addition, the inability to carry on any or all of the permitted uses, or the unprofitability of doing so, shall not impair the validity of this Conservation Easement or be considered grounds for its termination or extinguishment. Grantor and Grantee agree that global warming and climate change-caused effects shall not be a basis for termination of this Conservation Easement.

(d) **Severability.**

If a court of competent jurisdiction voids or invalidates on its face any provision of this Conservation Easement, such action shall not affect the remainder of this Conservation Easement. If a court of competent jurisdiction voids or invalidates the application of any provision of this Conservation Easement to a person or circumstance, such action shall not affect the application of the provision to any other persons or circumstances.

(e) **Entire Agreement.**

This instrument (including its exhibits and the BEI, the Development Plan, and the Management Plan incorporated by reference in this document) together set forth the entire agreement of Grantor, Grantee and the Third-Party Beneficiaries with respect to the Conservation Easement and supersede all prior discussions, negotiations, understandings, or agreements of such parties relating to the Conservation Easement. No alteration or variation of this Conservation Easement shall be valid or binding unless contained in an amendment in accordance with Section 23.

(f) **No Forfeiture.**

Without limiting the provisions of Section 13, nothing contained in this Conservation Easement will result in a forfeiture or reversion of Grantor’s title in any respect.

(g) **Successors.**

The covenants, terms, conditions, and restrictions of this Conservation Easement shall be binding upon, and inure to the benefit of, the parties and their respective personal representatives, heirs, successors, and assigns, and shall constitute a servitude running in perpetuity with the Property.
(h) **Termination of Rights and Obligations.**

A party’s rights and obligations under this Conservation Easement terminate upon transfer of the party’s interest in the Conservation Easement or Property, except that liability for acts, omissions or breaches occurring prior to transfer shall survive transfer.

(i) **Captions.**

The captions in this instrument have been inserted solely for convenience of reference and are not a part of this instrument and shall have no effect upon its construction or interpretation.

(j) **No Hazardous Materials Liability.**

(1) Except for matters disclosed by Grantor pursuant to the Phase I Report generated for the BEI (including relating to historic agricultural and farming uses on the Property), Grantor represents and warrants that it has no knowledge or notice of any Hazardous Materials (defined below) or underground storage tanks existing, generated, treated, stored, used, released, disposed of, deposited or abandoned in, on, under, or from the Property, or transported to or from or affecting the Property.

(2) Without limiting the obligations of Grantor under Section 17, Grantor hereby releases and agrees to indemnify, protect and hold harmless the Grantee’s Indemnified Parties (defined in Section 17(a)) from and against any and all Claims (defined in Section 17(a)) arising from or connected with any Hazardous Materials or underground storage tanks present, alleged to be present, released in, from or about, or otherwise associated with the Property at any time, except any Hazardous Materials placed, disposed or released by Grantee. This release and indemnification includes, without limitation, Claims for injury to or death of any person or physical damage to any property; and the violation or alleged violation of, or other failure to comply with, any Environmental Laws (defined below). If any action or proceeding is brought against any of the Grantee’s Indemnified Parties by reason of any such Claim, Grantor shall, at the election of and upon written notice from the applicable Grantee Indemnified Party, defend such action or proceeding by counsel reasonably acceptable to the Grantee Indemnified Party or reimburse the Grantee for attorneys’ fees and for all charges incurred for defending the action or proceeding.

(3) Without limiting the obligations of Grantor under Section 17, Grantor hereby releases and agrees to indemnify, protect and hold harmless the Third-Party Beneficiary Indemnified Parties (defined in Section 17(b)) from and against any and all Claims arising from or connected with any Hazardous Materials or underground storage tanks present, alleged to be present, released in, from or about, or otherwise associated with Property at any time, except that this release and indemnification shall be inapplicable to a Third-Party Beneficiary Indemnified Party with respect to any Hazardous Materials placed, disposed or released by that Third-Party Beneficiary Indemnified Party. This release and indemnification includes, without limitation, Claims for injury to or death of any person or physical damage to any property; and the violation of alleged violation of, or other failure to comply with, any Environmental Laws. If any action or proceeding is brought against any of the Third-Party Beneficiary Indemnified Parties by reason of any such Claim, Grantor shall, at the election or
and upon written notice from the applicable Third-Party Beneficiary Indemnified Party, defend such action or proceeding by counsel reasonably acceptable to the Third-Party Beneficiary Indemnified Party for all charges incurred for services of the California Attorney General or the U.S. Department of Justice in defending the action or proceeding.

(4) Despite any contrary provision of this Conservation Easement, the parties do not intend this Conservation Easement to be, and this Conservation Easement shall not be, construed such that it creates in or gives to Grantee or any Third-Party Beneficiaries any of the following:

a. The obligations or liabilities of an “owner” or “operator,” as those terms are defined and used in Environmental Laws (defined below), including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601 et seq.; hereinafter, “CERCLA”); or

b. The obligations or liabilities of a person described in 42 U.S.C. Section 9607(a)(3) or (4); or

c. The obligations of a responsible person under any applicable Environmental Laws; or

d. The right or duty to investigate and remediate any Hazardous Materials associated with the Property; or

e. Any control over Grantor’s ability to investigate, remove, remediate or otherwise clean up any Hazardous Materials associated with the Property.

(5) The term “Hazardous Materials” includes, without limitation, (a) material that is flammable, explosive or radioactive; (b) petroleum products, including by-products and fractions thereof; and (c) hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in CERCLA, the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901, et seq.; hereinafter, “RCRA”); the Hazardous Materials Transportation Act (49 U.S.C. §5101, et seq.; hereinafter, “HTA”); the Hazardous Waste Control Law (California Health & Safety Code § 25100, et seq.; hereinafter, “HCL”); the Carpenter- Presley-Tanner Hazardous Substance Account Act (California Health & Safety Code § 25300, et seq.; hereinafter “HSA”), and in the regulations adopted and publications promulgated pursuant to them, or any other applicable Environmental Laws now in effect or enacted after the date of this Conservation Easement.

(6) The term “Environmental Laws” includes, without limitation, CERCLA, RCRA, HTA, HCL, HSA, and any other federal, state, local or administrative agency statute, code, ordinance, rule, regulation, order or requirement relating to pollution, protection of human health or safety, the environment or Hazardous Materials. Grantor represents, warrants and covenants to Grantee and Third-Party Beneficiaries that all activities upon and use of the Property by Grantor, its agents, employees, invitees and contractors will comply with all Environmental Laws.
(k)  **Warranty.**

Grantor represents and warrants that Grantor is the sole owner of fee simple title to the Property. Grantor also represents and warrants that, except as specifically disclosed to and approved by the Third-Party Beneficiaries pursuant to the Bank Property Assessment and Warranty related to Property signed by Grantor and attached as an exhibit to the BEI, the Property is not subject to any other conservation easement and there are no outstanding mortgages, liens, encumbrances or other interests in the Property (including, without limitation, water and mineral interests) that may conflict or are otherwise inconsistent with this Conservation Easement and which have not been expressly subordinated to this Conservation Easement by a recorded Subordination Agreement approved by Grantee and the Third-Party Beneficiaries.

(l)  **Additional Interests.**

Grantor shall not grant any additional easements, rights of way, liens, encumbrances, or other interests in the Property (other than a security interest that is expressly subordinate to this Conservation Easement), or grant, transfer, abandon or relinquish (each a “Transfer”) any mineral, air, or water right or any water associated with the Property, without first obtaining the written consent of Grantee and the Third-Party Beneficiaries. Such consent may be withheld if Grantee or any of the Third-Party Beneficiaries determine(s) that the proposed interest or Transfer is inconsistent with the purposes of this Conservation Easement or may impair or interfere with the Conservation Values of the Property. This Section 24(l) shall not limit the provisions of Section 2(d) or 4(n), nor prohibit transfer of a fee or leasehold interest in the Property that is subject to this Conservation Easement and complies with Section 20. Grantor shall provide a certified copy of any recorded or unrecorded grant or Transfer document to Grantee and Third-Party Beneficiaries.

(m)  **Recording.**

Grantee shall record this Conservation Easement in the official records of the county in which the Property is located, and may re-record it at any time as Grantee deems necessary to preserve its rights in this Conservation Easement.

25.  **Funding.**

(a)  Endowment funding for the perpetual management, maintenance and monitoring of the Property by Grantor is specified in and governed by the BEI, Endowment Management Agreement between Grantor, EIP III Credit Co., and The San Diego Foundation dated ____________, and the Management Plan.

(b)  Endowment funding for the perpetual compliance monitoring of the Property under this Conservation Easement by Grantee is specified in and governed by the Endowment Management Agreement entered into between Grantee and USACE dated ______________.
26. **Exhibits.**

The following Exhibits referenced in this Conservation Easement are attached to and incorporated by reference herein:

Exhibit A – Legal Description and Depiction of the Property
EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA OF RIVERSIDE IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL A:


NOTE: THE ABOVE LEGAL DESCRIPTION IF FOR THE SOLE PURPOSE OF THIS REPORT AND MAY NOT BE CONSIDERED FOR USE IN ANY POLICY OF TITLE INSURANCE TO BE ISSUED BY THIS COMPANY, AND IS SUBJECT TO CHANGE AT ANY TIME.

APN(s): 307-220-005

PARCEL B:

THAT PORTION OF LOT 5 OF THE PARTITION OF THE RANCHO SAN JACINTO NUEVO, AS SET APART TO JOHN WOLFSKILL IN DEGREE OF PARTITION DATED MAY 22, 1891, IN SUPERIOR COURT, SAN DIEGO COUNTY, A CERTIFIED COPY OF WHICH WAS RECORDED JUNE 18 1891, IN BOOK 178, PAGE 381 OF DEEDS, SAN DIEGO COUNTY RECORDS, LYING WITHIN SECTION 23, TOWNSHIP 4 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED AREA OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE WEST LINE OF SAID LOT 5 WITH THE SOUTH LINE OF SAID SECTION 23; THENCE EAST ALONG THE SOUTH LINE OF SAID SECTION TO A POINT ON THE NORTHWesterLY LINE OF “B” AVENUE, AS SHOWN ON MAP NO. 2 OF LAKEVIEW ON FILE IN BOOK 1, PAGES 26 AND 27 OF MAPS, RIVERSIDE COUNTY RECORDS; THENCE NORTHEASTERLY ALONG THE NORTHWesterLY LINE OF SAID “B” AVENUE, TO THE INTERSECTION WITH THE NORTHWesterLY EXTENSION OF THE NORTHEASTERLY LINE OF FOURTEENTH STREET, AS SHOWN ON SAID MAP, THENCE SOUTHEASTERLY ALONG SAID NORTHWesterLY EXTENSION OF THE NORTHEASTERLY LINE OF FOURTEENTH STREET, AS SHOWN ON SAID MAP; THENCE SOUTHEASTERLY ALONG SAID NORTHWesterLY EXTENSION OF THE NORTHEASTERLY LINE OF FOURTEENTH STREET AND ALONG SAID NORTHEASTERLY LINE TO A POINT ON THE NORTHWesterLY LINE OF CHASE AVENUE, AS SHOWN ON MAP OF TRACT NO. 1 OF THE LANDS OF THE NUEVO LAND COMPANY, ON FILE IN BOOK 9 PAGE 30 OF MAPS, RIVERSIDE COUNTY RECORDS; THENCE NORTHEASTERLY ALONG THE SAID NORTHWesterLY LINE OF CHASE AVENUE TO ITS INTERSECTION WITH THE EAST LINE OF SAID SECTION 23; THENCE NORTH ALONG THE EAST LINE OF SAID SECTION 23 TO A POINT ON THE SOUTHEASTERLY RIGHT OF WAY LINE OF THE SAN JACINTO DRAINAGE CANAL AS LOCATED ON NOVEMBER 7, 1929, AS SET FORTH IN DEED FROM THE NUEVO LAND COMPANY, RECORDED MARCH 25, 1930, IN BOOK 846 PAGE 399 OF DEEDS; THENCE SOUTHWesterLY ALONG SAID SOUTHEASTERLY RIGHT OF WAY LINE TO A POINT ON THE WEST LINE OF SAID LOT 5; THENCE SOUTHERLY ALONG THE WESTERLY LINE OF SAID LOT 5 TO THE POINT OF BEGINNING.
EXHIBIT A
(Continued)

EXCEPT THAT PORTION CONVEYED TO RIVERSIDE HABITAT CONSERVATION AGENCY, A PUBLIC AGENCY, BY DEED RECORDED DECEMBER 27, 1994 AS INSTRUMENT NO. 478959 OF OFFICIAL RECORDS.

APN(s): 307-220-014 AND 307-220-015

PARCEL C:


APN(s): 307-220-009-1

NOTE: THIS COMPANY HAS PROVIDED SAID DESCRIPTION AS AN ACCOMMODATION FOR THE PURPOSE OF FACILITATING THIS REPORT. SAID DESCRIPTION IS NOT AN INSURABLE PARCEL PURSUANT TO THE SUBDIVISION MAP ACT OF THE STATE OF CALIFORNIA AND SHOULD NOT BE RELIED UPON TO CONVEY OR ENCUMBER SAID LAND, UNTIL APPROVED BY THE APPROPRIATE GOVERNING AGENCY.
EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL A:

THAT PORTION OF LOT 5 OF RANCHO SAN JACINTO NUEVO LYING WITHIN THE WEST 1/2 OF SECTION 13, TOWNSHIP 4 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED AREA OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BOUNDED ON THE NORTHWEST BY THE NORTHWesterLY BOUNDARY LINE OF RIVERSIDE COUNTY DRAINAGE DISTRICT NO. 2 AND ON THE SOUTHEAST BY THE NORTHWESTERLY LINE OF THAT CERTAIN 100 FOOT STRIP OF LAND FORMERLY INCLUDED IN THE RAILROAD RIGHT OF WAY OF THE CALIFORNIA, ARIZONA AND SANTA FE RAILWAY AND AS DESCRIBED IN DEED TO W. W. STEWART RECORDED DECEMBER 11, 1941 IN BOOK 523, PAGE 522 OFFICIAL RECORDS.

NOTE: THE ABOVE LEGAL DESCRIPTION IS FOR THE SOLE PURPOSE OF THIS REPORT AND MAY NOT BE CONSIDERED FOR USE IN ANY POLICY OF TITLE INSURANCE TO BE ISSUED BY THIS COMPANY, AND IS SUBJECT TO CHANGE AT ANY TIME.

APN: 307-120-002-5

PARCEL B:

A STRIP OF LAND 100 FEET IN WIDTH LYING WITHIN THAT PORTION OF LOT 5 OF RANCHO SAN JACINTO NUEVO LYING WITHIN THE WEST 1/2 OF SECTION 13, TOWNSHIP 4 SOUTH RANGE 3 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED AREA OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, SAID STRIP BEING FORMERLY IN THE RIGHT OF WAY OF THE CALIFORNIA, ARIZONA AND SANTA FE RAILWAY AND AS DESCRIBED IN DEED TO W. W. STEWART RECORDED DECEMBER 11, 1941 IN BOOK 523, PAGE 522 OFFICIAL RECORDS.

NOTE: THE ABOVE LEGAL DESCRIPTION IS FOR THE SOLE PURPOSE OF THIS REPORT AND MAY NOT BE CONSIDERED FOR USE IN ANY POLICY OF TITLE INSURANCE TO BE ISSUED BY THIS COMPANY, AND IS SUBJECT TO CHANGE AT ANY TIME.

APN: 307-120-003-6

PARCEL C:


NOTE: THE ABOVE LEGAL DESCRIPTION IS FOR THE SOLE PURPOSE OF THIS REPORT AND MAY NOT BE CONSIDERED FOR USE IN ANY POLICY OF TITLE INSURANCE TO BE ISSUED BY THIS COMPANY, AND IS SUBJECT TO CHANGE AT ANY TIME.
This map/plat is being furnished as an aid in locating the herein described land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.
This map/plat is being furnished as an aid in locating the herein-described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.
This map/plat is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.
This map is being furnished as an aid in locating the herein described land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of assentments, acreage or other matters shown thereon.
This map/plat is being furnished as an aid in locating the herein described land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.
IN WITNESS WHEREOF Grantor has executed this Conservation Easement Deed as of the day and year first above written.

GRANTOR: [Notarization Required]

BY: ____________________________

NAME: __________________________

TITLE: __________________________

DATE: __________________________

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by EIP California, LLC, a Delaware limited liability company on the Conservation Easement dated , ___ , 2020, to the WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY (“Grantee”), is hereby accepted by the undersigned officer on behalf of the Grantee, pursuant to authority conferred by Ordinance No. 08-01, as adopted by the Board of Directors on July 7, 2008, and the Grantee consents to recordation thereof by its duly authorized officer.

GRANTEE:

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY,

a public agency and a joint powers authority

Date: ____________________________

By: ____________________________

Honey Bernas, Interim Executive Director

Approved as to Form

By: ____________________________

Best, Best & Krieger LLP
General Counsel
AGENDA ITEM NO. 11

Attachment 2

EXHIBIT D-3b
ENDOWMENT MANAGEMENT AGREEMENT
Endowment Management Agreement
By and Between
The U.S. Army Corps of Engineers, Los Angeles District
and
Western Riverside County Regional Conservation Authority

This Endowment Management Agreement (“Agreement”) is entered into by and between the Los Angeles District of the United States Army Corps of Engineers (“USACE”) and the Western Riverside County Regional Conservation Authority, a public agency and a joint powers authority (“RCA” or “Endowment Holder”) (together, the “Parties,” and each individually a “Party”), for the creation and management of a Riverpark Mitigation Bank Conservation Easement Endowment Fund (“Grantee Endowment Fund,” as further defined in Article II.7 below) as of the “Effective Date” as hereinafter defined.

WHEREAS, through escrow, the EIP California, LLC, a Delaware limited liability company (“EIP”), will grant, concurrent with execution of this Agreement, to RCA a perpetual conservation easement (“Conservation Easement”) over certain real property consisting of approximately 220.7 acres located in western Riverside County, State of California, and designated Assessor’s Parcel Numbers 307-220-009, 307-220-014, 307-220-005, and 307-220-015 (the “Property”). The Property is legally described in Exhibit “A” and depicted in Exhibit “B” attached hereto and incorporated by this reference.

WHEREAS, EIP, EIP III Credit Co., LLC, a Delaware limited liability company, the USACE, California Department of Fish and Wildlife, United States Fish and Wildlife Service, and Region 8 of the California Regional Water Quality Control Board, entered into the Bank Enabling Instrument (“BEI”) establishing the Riverpark Mitigation Bank (the “Bank”), which includes the Property.

WHEREAS, the Conservation Easement obligates RCA, as the grantee, to undertake compliance monitoring inspections and reporting to ensure the purposes of the Conservation Easement are being accomplished (“Grantee Duties”).

WHEREAS, the budget created by RCA and reviewed by USACE based on a “property analysis record” or similar analysis (the “Endowment Assessment”) calculated the amount of money necessary to provide a source of perpetual funding for Grantee Duties (the “Grantee Endowment Amount”). The Endowment Assessment is attached as Exhibit “C” and incorporated herein by reference.

WHEREAS, RCA further prepared an estimate of additional amounts required to reimburse RCA for its costs and expenses incurred in connection with its acceptance of the Conservation Easement and for reimbursing RCA for fulfilling Grantee’s Duties specified in the Conservation Easement for the first three years (“Initial Financial
WHEREAS, through escrow, EIP III Credit Co., LLC will deposit (or cause to be deposited) the Endowment Amount with the RCA, to be managed and administered in accordance with the BEI, and to the extent it is consistent with the foregoing, this Agreement, as well as the Initial Financial Requirements and Legal Enforcement and Defense Endowment monies.

WHEREAS, the Parties intend that RCA will perform the Grantee Duties on the Property in accordance with the Conservation Easement and the Endowment Assessment, using funds from the Grantee Endowment Fund in accordance with the terms of the BEI, and to the extent it is consistent with the foregoing, this Agreement.

NOW, THEREFORE, in consideration of the mutual promises made herein, and for other and further consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I. PURPOSES

1. The purposes of this Agreement are to establish a non-wasting endowment account ("Grantee Endowment Fund," as further defined in Article II.7 below) for the performance of the Grantee Duties on the Property with an "Account Holder," as hereinafter defined, of the Parties’ mutual agreement into which funds equivalent to the Endowment Amount shall be deposited ("Endowment Deposit") and to set forth the Parties’ respective responsibilities with respect to the Endowment Amount to be held in the Grantee Endowment Fund.

2. These funds are subject to the Uniform Prudent Management of Institutional Funds Act (Cal. Probate Code, section 18501, et seq.) ("UPMIFA"). The BEI is the "gift instrument" for purposes of UPMIFA. The BEI, and to the extent it is consistent with the foregoing, this Agreement, shall be deemed in all respects to set forth the Parties’ intent as to the uses, benefits, purposes, and duration of the Grantee Endowment Fund.

3. As described more fully herein, the Endowment Holder is responsible to ensure that monies deposited in the Grantee Endowment Fund are held as a long-term stewardship account held in trust in a fund designated by Endowment Holder and are invested and managed in accordance with this Agreement to achieve the objectives set forth in the BEI. The Grantee Endowment Fund will be managed as a long-term investment intended to exist indefinitely and permanently restricted to paying the costs of the Grantee Duties, which are required by the Conservation Easement and Endowment Holder’s fees and expenses, and will be invested accordingly in a diversified investment portfolio in accordance with RCA’s investment policy (adopted to meet the requirements of California Government Code, sections 53600 et seq.) attached to this Agreement as Exhibit “D” and incorporated herein by reference, which RCA may amend from time-to-time following the amendment procedures set forth in California law.
4. The use of the Grantee Endowment Fund will be limited by the amount of money available in the Grantee Endowment Fund at any given time, and by the stated purposes as described in the BEI. Grantee Endowment Fund interest and earnings will be apportioned (1) to provide for growth of the Grantee Endowment Fund commensurate with inflation, and (2) to fund annual Grantee Duties on the Property.

5. In the event of a conflict between the direction provided by this Agreement or the Exhibits attached hereto or the BEI, Endowment Holder shall notify and confer with the Signatory Agencies to resolve the issue to the mutual satisfaction of the Parties.

**ARTICLE II. DEFINITIONS**

1. “Account Holder” or “Account Holders” shall mean respectively (a) the County of Riverside Treasurer; (b) one or more financial institution(s) that is a member of the Federal Deposit Insurance Corporation (“FDIC”) or Securities Investor Protection Corporation (“SIPC”) or any successor organization to the FDIC or SIPC; or (c) a public entity created for the purpose of managing endowments (i.e., CalTRUST).

2. “Agreement” shall mean this Endowment Management Agreement entered into between RCA and USACE, which serves as the mitigation agreement within the meaning of California Government Code 65965(f)(1), establishing the terms and conditions pursuant to which the Endowment Holder will accept custody of and manage the Endowment Amount in the Grantee Endowment Fund.

3. “Effective Date” shall mean the date of the signature of the last Party to sign this Agreement.

4. “Endowment Amount” shall mean the original corpus amount of TWO HUNDRED SIXTY-SEVEN THOUSAND FOURTEEN AND 85/100 DOLLARS ($267,014.85), which is the amount of money identified in the Endowment Assessment by RCA as the amount of money that would be necessary to carry out Grantee Duties on the Property, and that is required to be provided by EIP III Credit Co., LLC, through escrow, to the Endowment Holder to fund the Grantee Endowment Fund.

6. “Endowment Assessment” shall mean the analysis of the costs of Grantee Duties on the Property, and associated calculation of the Endowment Amount, in addition to Endowment Holder’s fees and expenses.

7. “Endowment Deposit” is the deposit or series of deposits required to be made by EIP III Credit Co., LLC, through escrow, to the Endowment Holder to fund the Grantee Endowment Fund. The Endowment Deposit received by the Endowment Holder shall be deposited into the Grantee Endowment Fund.
8. “Grantee Endowment Fund” is a sum of money in a long-term stewardship account, held in trust in a fund designated by the Endowment Holder. The Grantee Endowment Fund is to be maintained and managed in perpetuity in strict accordance with Government Code sections 65965-69568, Probate Code sections 18501-18510, and the BEI, and to the extent it is consistent with the foregoing, this Agreement, to generate earnings and appreciation in value for use in funding Grantee Duties as well as Endowment Holder’s fees and expenses. The Grantee Endowment Fund shall comprise the Endowment Amount and all interest, dividends, gains, other earnings, additions and appreciation thereon, as well as any additions thereto as well as any losses, fees, costs, expenses, and disbursements made to support the Grantee Duties on the Property.

9. “Grantee Duties” shall mean those compliance monitoring and reporting activities which RCA, as grantee under the Conservation Easement, has agreed to undertake and which are described in the Conservation Easement and in the Endowment Assessment.

10. “Reporting Period” shall mean from January 1 of each calendar year to December 31 of each calendar year, unless this Agreement is terminated, in which case the final Reporting Period shall be thirty (90) days prior to the date of termination of this Agreement.

ARTICLE III. ENDOWMENT FUND ESTABLISHMENT, INVESTMENT, AND ADMINISTRATION

1. RCA agrees to establish a Grantee Endowment Fund with an Account Holder, of the Parties’ mutual agreement, in accordance with this Agreement into which the Endowment Amount shall be deposited.

2. RCA has certified to USACE that it meets all of the requirements of California Government Code section 65968(e). The certification is attached hereto as Exhibit “E.”

3. RCA shall, as soon as practicable after RCA’s receipt of funds for deposit into the Grantee Endowment Fund, invest the monies in the Grantee Endowment Fund consistent with this Agreement, including but not limited to this Article III and Article I.3 of this Agreement and applicable State and Federal laws. Day-to-day investment decisions will be made by RCA based upon the advice from a professional investment advisor or financial institution with which RCA has established or will establish an investment advisory relationship. RCA may rely on the advice of any such adviser, and may delegate day-to-day investment decision-making authority, consistent with applicable State and Federal law, to such adviser with respect to management of the Grantee Endowment Fund.

4. For investment purposes only, RCA may pool any or all of the assets of the Grantee Endowment Fund with other funds held or managed by RCA that are subject to the same investment purposes and restrictions. The intent of such actions is to allow RCA to pool funds subject to the same investment purposes and restrictions for collective
management, such that all participating funds may benefit from efficiencies of scale. Any funds from the Endowment Fund pooled in this manner shall at all times remain subject to applicable State law, consistent with UPMIFA or any applicable successor to such law.

5. Notwithstanding Probate Code sections 18501-18510, it is the intention of the Parties that the Endowment Amount should not decrease in value through expenditure or investment strategy recognizing, however, that RCA is not responsible for investment fluctuations. In this regard, the Endowment Amount is intended to increase in value to keep up with inflation. To the extent sufficient funds exist, a portion of the interest and earnings on the Endowment Amount balance shall be reinvested by Endowment Holder into the Grantee Endowment Fund to provide for growth of the Grantee Endowment Fund commensurate with inflation using the California Consumer Price Index, All Items (1982-1984 = 100), for All Urban Consumers for California (the “CPI”) data that is published every February by the California Department of Industrial Relations, Division of Labor Statistics and Research. Any Grantee Endowment Fund revenues (including earnings and interest) remaining after (1) the Grantee Endowment Fund is adjusted for inflation and Endowment Holder’s fees and expenses and (2) Grantee’s Duties expenses on the Property ((1) and (2) together are referred to as “Base Expenses”) are accounted for are to be retained in the Grantee Endowment Fund by the Endowment Holder and may be used by the RCA to fund unexpected expenses and adaptive management needs discussed in the long-term management plan for the Properties (“Surplus Expenses”), in coordination with the Property Owner; provided, however, that in any year, or series of years, in which earnings and interest do not meet or exceed the Base Expenses, no funds shall be spent on Surplus Expenses until any cumulative deficit in the Base Expenses have been met.

6. It is understood and agreed that the Endowment Holder shall receive $500 annually, in accordance with Exhibit C, for costs incurred to ensure the appropriate accounting, management, and administration of the Grantee Endowment Fund, which fee shall be charged annually against the Grantee Endowment Fund and shall be withdrawn on October 1 of each year. All reimbursed funds must be reported as part of the activity report in Article IV.1 of this Agreement.

7. Endowment Holder agrees to make no disbursements from the Grantee Endowment Fund any earlier than three years after the Endowment Amount has been deposited in full.

ARTICLE IV. RECORDS, REPORTING PROCEDURES AND AUDIT

1. Endowment Holder shall prepare and make available to Signatory Agencies an annual report (“Annual Report”) for each calendar year this Agreement is in effect. Each Annual Report shall be submitted by Endowment Holder at least 90 days following the close of Reporting Period or at least 90 days prior to the effective date of termination of this Agreement as provided in Article VIII.2. Consistent with California Government
Code Section 65966(e), the Annual Report shall describe in reasonable detail and shall include at a minimum the following information:

- (a) The balance of the Grantee Endowment Fund at the beginning of the Reporting Period;
- (b) All Endowment Deposits and any other contributions to the Grantee Endowment Fund;
- (c) The amount of the Grantee Endowment Fund balance reinvested by Endowment Holder into the Grantee Endowment Fund to provide for growth of the Grantee Endowment Fund commensurate with inflation (CPI calculation shall be provided);
- (d) The net amounts of investment earnings, gains, and losses during the Reporting Period including both realized and unrealized amounts;
- (e) The administrative expenses charged to the Grantee Endowment Fund from internal or third-party sources during the Reporting Period;
- (f) The amounts distributed to RCA for Grantee Duties during the Reporting Period;
- (g) The balance of the Grantee Endowment Fund at the end of the Reporting Period;
- (h) The specific asset allocation percentages including, but not limited to, cash, fixed income, equities, and alternative investments; and
- (i) The most recent financial statements for the Endowment Holder audited by an independent auditor on an organizational basis who is, at a minimum, a certified public accountant.

2. Endowment Holder agrees that in preparing the Annual Report and in maintaining its own records relevant to the Grantee Endowment Fund, that it shall use accounting standards promulgated by the Governmental Accounting Standards Board or any other successor entity.

3. Endowment Holder agrees that USACE shall have the right to review and to copy any records and supporting documentation pertaining to the Grantee Endowment Fund. Endowment Holder agrees to maintain such records for possible audit by USACE for a minimum of three (3) years following the relevant calendar year, unless a longer period of records retention is stipulated. Endowment Holder agrees to allow the USACE or its designated representatives access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records.
ARTICLE V. LIMITATIONS ON ENDOWMENT HOLDER’S LIABILITY

RCA shall not be liable to USACE or other persons for losses arising from investments pursuant to this Agreement, but shall be liable for the acts of its employees only to the extent of a breach of the RCA’s obligations under this Agreement by such employees when they are acting within the course and scope of their employment.

ARTICLE VI. FIDUCIARY OBLIGATIONS OF ENDOWMENT HOLDER

1. Endowment Holder shall make no disbursement or obligation of funds in the Grantee Endowment Fund except in strict accordance with the provisions of this Agreement.

2. In carrying out its obligations under this Agreement, Endowment Holder shall apply the following principles of fiduciary without exception:

   (a) There shall be no commingling of the Grantee Endowment Fund with other funds. Funds may be pooled for investment management purposes only in accordance with Article III.4;

   (b) Endowment Holder shall have a duty of loyalty and shall not use or borrow against the funds in the Grantee Endowment Fund for its own personal benefit, provided that Endowment Holder may receive its fees and expenses from the Grantee Endowment Fund;

   (c) Endowment Holder shall act as a prudent investor of the funds in the Grantee Endowment Fund and use sound investment practices for long-term investment, subject to the Uniform Prudent Investor Act and UPMIFA (California Probate Code, §§16045-16054 and §§18501-18510, respectively);

   (d) Endowment Holder shall not delegate the responsibility for managing the funds to a third party, but may delegate authority to invest the funds with Endowment Holder’s oversight; and

   (e) Endowment Holder shall act with prudence when delegating authority and in the selection of agents.

ARTICLE VII. TERM, TERMINATION, AND TRANSFER OF AGREEMENT

1. Term. This Agreement shall be effective from the Effective Date until termination occurs pursuant to Article VII.2.

2. Termination. The Parties intend that the terms and conditions of this Agreement will operate in coordination with the terms and conditions of the grantee transfer provisions of the Conservation Easement. Along with such transfer of the Conservation
Easement by RCA, and subject to a replacement endowment management agreement, RCA shall transfer all the funds in the Grantee Endowment Fund (other than funds in an amount equal to any fees due and owing to the RCA or its financial institutions) to the successor grantee and endowment holder.

(a) If either RCA or USACE fails to observe the terms and conditions of this Agreement or other applicable legal requirements, or if RCA ceases to exist, dissolves, or becomes bankrupt or insolvent, USACE or CDFW may terminate this Agreement upon thirty (30) days written notice of termination. Termination is not effective until the RCA has distributed in an orderly fashion the custody, control or other power necessary for the investment, management, and administration of all the funds in the Grantee Endowment Fund (other than funds in an amount equal to any fees due and owing to the RCA or its financial institutions) to the successor grantee and endowment holder approved by USACE and CDFW.

(b) Within ninety (90) days following delivery of the funds in the Grantee Endowment Fund to any successor, Endowment Holder shall provide to the USACE a final accounting showing the deposits (including interest accrued thereon) and disbursements of all sums pursuant to this Agreement during the reporting period, together with such other documents that the USACE may reasonably request. Upon delivery of the monies in the Grantee Endowment Fund to successor grantee and endowment holder and final accounting specified above, Endowment Holder’s obligations under this Agreement shall cease and terminate.

ARTICLE VIII. CONTACT INFORMATION/COMMUNICATIONS

1. All approvals, notices, reports and other communications required or permitted under this Agreement shall be in writing and delivered by first-class mail, overnight mail, receipt-confirmed facsimile, or electronic .pdf format (with a copy of the electronic .pdf communication also delivered by another means provided in this Article). Each Party agrees to notify the other promptly after any change in named representative, address, telephone, or other contact information.

2. The individuals named below shall be the representatives of RCA and the USACE, respectively, for purposes of this Agreement:

If to RCA:

Western Riverside County Regional Conservation Authority
3403 Tenth Street, Suite 320
Riverside, CA 92501
Attn: Executive Director

If to USACE:

United States Army Corps of Engineers, Los Angeles District
ARTICLE IX. MISCELLANEOUS PROVISIONS

1. No Assignment. Neither Party may assign this Agreement, in whole or in part, to any individual or other legal entity.

2. Amendments. This Agreement may be amended only in writing agreed to and signed by both Parties.

3. Severability. If any provision of this Agreement is held to be unlawful or invalid by any court of law with duly established jurisdiction over this Agreement, the Parties intend that the remainder of this Agreement shall remain in full force and effect notwithstanding the severance of the unlawful or invalid provision(s).

4. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be considered an original, but all of which together shall constitute one and the same instrument.

5. Dispute Resolution. The Parties will cooperate in good faith to achieve the objectives of this Agreement and to avoid disputes. The Parties will use good faith efforts to resolve disputes at the lowest organizational level and, if a dispute cannot be so resolved, the Parties will then elevate the dispute to the appropriate officials within their respective organizations.

6. Independent Capacity. Each of the Parties is acting in its independent capacity in entering into and carrying out this Agreement and not as an agent, employee, or representative of the other Party.

7. Third Party Beneficiaries. This Agreement confers rights and remedies upon CDFW as third-party beneficiary, insofar as this Agreement is intended to carry out the requirements and obligations set forth in the Conservation Easement and Additional Conservation Easements. No person, other than the Parties or said named third party beneficiary, has any rights or remedies under this Agreement. The Parties may not amend or terminate this Agreement without the prior written consent of the Signatory Agencies.

8. Warrant of Authority. Each party to this Agreement warrants to the other that its respective signatory has fully right and authority to enter into and consummate this Agreement and the transactions contemplated hereby.

9. Exhibits. All Exhibits referred to in this Agreement are attached and incorporated herein by reference.
IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized representatives, intending to be bound legally.

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY

By: ___________________________ Date: ________________

UNITED STATES ARMY CORPS OF ENGINEERS
LOS ANGELES DISTRICT

By: ___________________________ Date: ________________
EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA OF RIVERSIDE IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL A:


NOTE: THE ABOVE LEGAL DESCRIPTION IF FOR THE SOLE PURPOSE OF THIS REPORT AND MAY NOT BE CONSIDERED FOR USE IN ANY POLICY OF TITLE INSURANCE TO BE ISSUED BY THIS COMPANY, AND IS SUBJECT TO CHANGE AT ANY TIME.

APN(s): 307-220-005

PARCEL B:

THAT PORTION OF LOT 5 OF THE PARTITION OF THE RANCHO SAN JACINTO NUEVO, AS SET APART TO JOHN WOLFSKILL IN DECREE OF PARTITION DATED MAY 22, 1891, IN SUPERIOR COURT, SAN DIEGO COUNTY, A CERTIFIED COPY OF WHICH WAS RECORDED JUNE 18 1891, IN BOOK 178, PAGE 381 OF DEEDS, SAN DIEGO COUNTY RECORDS, LYING WITHIN SECTION 23, TOWNSHIP 4 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED AREA OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE WEST LINE OF SAID LOT 5 WITH THE SOUTH LINE OF SAID SECTION 23; THENCE EAST ALONG THE SOUTH LINE OF SAID SECTION TO A POINT ON THE NORTHWesterLY LINE OF “B” AVENUE, AS SHOWN ON MAP NO. 2 OF LAKEVIEW ON FILE IN BOOK 1, PAGES 26 AND 27 OF MAPS, RIVERSIDE COUNTY RECORDS; THENCE NORTHEASTERLY ALONG THE NORTHWESTERLY LINE OF SAID “B” AVENUE, TO THE INTERSECTION WITH THE NORTHWESTERLY EXTENSION OF THE NORTHEASTERLY LINE OF FOURTEENTH STREET, AS SHOWN ON SAID MAP; THENCE SOUTHEASTERLY ALONG SAID NORTHWESTERLY EXTENSION OF THE NORTHEASTERLY LINE OF FOURTEENTH STREET, AS SHOWN ON SAID MAP; THENCE SOUTHEASTERLY ALONG SAID NORTHWESTERLY EXTENSION OF THE NORTHEASTERLY LINE OF FOURTEENTH STREET AND ALONG SAID NORTHEASTERLY LINE TO A POINT ON THE NORTHWESTERLY LINE OF CHASE AVENUE, AS SHOWN ON MAP OF TRACT NO. 1 OF THE LANDS OF THE NUEVO LAND COMPANY, ON FILE IN BOOK 9 PAGE 30 OF MAPS, RIVERSIDE COUNTY RECORDS; THENCE NORTHEASTERLY ALONG THE SAID NORTHWESTERLY LINE OF CHASE AVENUE TO ITS INTERSECTION WITH THE EAST LINE OF SAID SECTION 23; THENCE NORTH ALONG THE EAST LINE OF SAID SECTION 23 TO A POINT ON THE SOUTHEASTERLY RIGHT OF WAY LINE OF THE SAN JACINTO DRAINAGE CANAL AS LOCATED ON NOVEMBER 7, 1929, AS SET FORTH IN DEED FROM THE NUEVO LAND COMPANY, RECORDED MARCH 25, 1930, IN BOOK 846 PAGE 399 OF DEEDS; THENCE SOUTHWESTERLY ALONG SAID SOUTHEASTERLY RIGHT OF WAY LINE TO A POINT ON THE WEST LINE OF SAID LOT 5; THENCE SOUTHERLY ALONG THE WESTERLY LINE OF SAID LOT 5 TO THE POINT OF BEGINNING.

CLTA Preliminary Report Form – Modified (11/17/06)
EXHIBIT A
(Continued)

EXCEPT THAT PORTION CONVEYED TO RIVERSIDE HABITAT CONSERVATION AGENCY, A PUBLIC AGENCY, BY DEED RECORDED DECEMBER 27, 1994 AS INSTRUMENT NO. 478959 OF OFFICIAL RECORDS.

APN(s): 307-220-014 AND 307-220-015

PARCEL C:


APN(s): 307-220-009-1

NOTE: THIS COMPANY HAS PROVIDED SAID DESCRIPTION AS AN ACCOMMODATION FOR THE PURPOSE OF FACILITATING THIS REPORT. SAID DESCRIPTION IS NOT AN INSURABLE PARCEL PURSUANT TO THE SUBDIVISION MAP ACT OF THE STATE OF CALIFORNIA AND SHOULD NOT BE RELIED UPON TO CONVEY OR ENCUMBER SAID LAND, UNTIL APPROVED BY THE APPROPRIATE GOVERNING AGENCY.
This map is being furnished as an aid in locating the herein-described land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.
This map/plat is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.
This map/plat is being furnished as an aid in locating the herein described land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown therein.
This map/plat is being furnished as an aid in locating the herein described land in relation to adjoining streets, natural boundaries, and other land. It is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage, or other matters shown thereon.
This map/plat is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.
This map is prepared for assessment purposes only. No warranty is assumed for the accuracy of the data shown. Assessor’s parcel may not comply with local lot split or building site ordinances.
| Hours Per Year | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Average Costs over 20 Years |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----------------------------|
| Construction Easement Phase A | 27 | $80.00 | $2,160.00 | $2,224.80 | $2,291.54 | $2,360.29 | $2,431.10 | $2,504.03 | $2,579.15 | $2,656.53 | $2,736.22 | $2,818.31 | $2,902.86 | $2,989.95 | $3,079.64 | $3,172.03 | $3,267.19 | $3,365.21 | $3,466.17 | $3,570.15 | $3,677.36 | $3,787.57 |
| Natural Resources Specialist - Inspection | 9 | $80.00 | $720.00 | $741.60 | $763.85 | $786.76 | $810.37 | $834.68 | $859.72 | $885.51 | $912.07 | $939.44 | $967.62 | $996.65 | $1,026.55 | $1,057.34 | $1,089.06 | $1,121.74 | $1,155.38 | $1,190.05 | $1,225.75 | $1,262.52 | $1,299.33 |
| Natural Resources Specialist - Reporting | 5 | $80.00 | $480.00 | $542.00 | $592.30 | $647.21 | $709.62 | $771.25 | $834.48 | $906.21 | $977.89 | $1,053.89 | $1,133.67 | $1,217.60 | $1,304.48 | $1,394.34 | $1,486.25 | $1,581.25 | $1,679.38 | $1,782.60 | $1,889.05 | $2,000.00 | $3,869.33 |
| Annual Costs | $2,280.00 | $3,965.70 | $4,055.39 | $4,145.40 | $4,235.71 | $4,325.97 | $4,416.23 | $4,506.59 | $4,596.95 | $4,687.41 | $4,777.97 | $4,868.53 | $4,959.19 | $5,050.00 | $5,140.86 | $5,231.83 | $5,322.89 | $5,414.05 | $5,505.31 | $5,596.67 | $5,688.13 | $3,629.33 |
| Administrative Charges (Fixed $500 a year) | $500.00 | $500.00 | $500.00 | $500.00 | $500.00 | $500.00 | $500.00 | $500.00 | $500.00 | $500.00 | $500.00 | $500.00 | $500.00 | $500.00 | $500.00 | $500.00 | $500.00 | $500.00 | $500.00 | $500.00 | $500.00 | $500.00 | $500.00 |
| Subtotal Phase A | $3,380.00 | $3,465.70 | $3,555.39 | $3,645.40 | $3,735.71 | $3,825.97 | $3,916.23 | $4,006.59 | $4,096.95 | $4,187.41 | $4,277.97 | $4,368.53 | $4,459.19 | $4,550.00 | $4,640.86 | $4,731.83 | $4,822.89 | $4,914.05 | $5,005.31 | $5,096.67 | $5,188.13 | $4,229.33 |

| Construction Easement Phase B | 9 | $80.00 | $720.00 | $741.60 | $763.85 | $786.76 | $810.37 | $834.68 | $859.72 | $885.51 | $912.07 | $939.44 | $967.62 | $996.65 | $1,026.55 | $1,057.34 | $1,089.06 | $1,121.74 | $1,155.38 | $1,190.05 | $1,225.75 | $1,262.52 | $1,299.33 |
| Natural Resources Specialist - Inspection | 5 | $80.00 | $480.00 | $542.00 | $592.30 | $647.21 | $709.62 | $771.25 | $834.48 | $906.21 | $977.89 | $1,053.89 | $1,133.67 | $1,217.60 | $1,304.48 | $1,394.34 | $1,486.25 | $1,581.25 | $1,679.38 | $1,782.60 | $1,889.05 | $2,000.00 | $3,569.33 |
| Natural Resources Specialist - Reporting | 5 | $80.00 | $480.00 | $542.00 | $592.30 | $647.21 | $709.62 | $771.25 | $834.48 | $906.21 | $977.89 | $1,053.89 | $1,133.67 | $1,217.60 | $1,304.48 | $1,394.34 | $1,486.25 | $1,581.25 | $1,679.38 | $1,782.60 | $1,889.05 | $2,000.00 | $3,569.33 |
| Subtotal Phase B | $1,120.00 | $1,153.60 | $1,188.21 | $1,223.85 | $1,259.50 | $1,294.15 | $1,328.81 | $1,363.47 | $1,398.13 | $1,432.79 | $1,467.45 | $1,502.11 | $1,536.77 | $1,571.43 | $1,606.09 | $1,640.75 | $1,675.41 | $1,710.07 | $1,744.73 | $1,779.39 | $1,814.05 | $1,848.71 | $1,883.37 | $1,918.03 | $3,504.74 |

**Initial Financial Requirement (Fixed costs):**
- Legal Enforcement and Defense Amount: $8,000
- 3-Year Spendable Amount: $10,402
- Fixed Cost Total: $18,402

**Endowment Calculation**
- Average Hourly Costs: $4,369
- Initial Endowment Calculation at 3% Interest: $145,644
- Inflation Protection Factor 2.5%: $3,641
- Non-Wasting Endowment Amount: $121,370
- Final Endowment Needed: $275,015

**Potential Cost Phase A:** $285,417

**Initial Financial Requirement (Fixed costs):**
- Legal Enforcement and Defense Amount: $8,000
- 3-Year Spendable Amount: $3,682
- Fixed Cost Total: $12,682

**Endowment Calculation**
- Average Hourly Costs: $1,505
- Initial Endowment Calculation at 3% Interest: $50,158
- Inflation Protection Factor 2.5%: $1,254
- Non-Wasting Endowment Amount: $41,974
- Final Endowment Needed: $91,956

**Potential Cost Phase B:** $103,417
| Hours Per Year | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Average Costs over 20 Years |
|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------------------------|
| Construction Easement Phase C | 9      | $80.00 | $720.00 | $741.60 | $763.85 | $786.76 | $810.37 | $834.68 | $859.72 | $885.51 | $912.07 | $939.44 | $967.62 | $996.65 | $1,036.55 | $1,076.34 | $1,107.86 | $1,132.74 | $1,155.79 | $1,190.05 | $1,225.75 | $1,262.62 |
| Natural Resources Specialist - Inspection | 5      | $80.00 | $400.00 | $412.00 | $424.36 | $437.09 | $450.20 | $463.71 | $477.62 | $491.95 | $506.71 | $521.91 | $537.57 | $553.69 | $570.30 | $587.41 | $606.04 | $623.19 | $641.88 | $661.14 | $680.97 | $701.40 |
| Natural Resources Specialist - Reporting | 5      | $80.00 | $400.00 | $412.00 | $424.36 | $437.09 | $450.20 | $463.71 | $477.62 | $491.95 | $506.71 | $521.91 | $537.57 | $553.69 | $570.30 | $587.41 | $606.04 | $623.19 | $641.88 | $661.14 | $680.97 | $701.40 |
| Subtotal Phase C |        | $1,120.00 | $1,153.60 | $1,188.24 | $1,223.85 | $1,260.57 | $1,298.39 | $1,337.34 | $1,377.46 | $1,418.78 | $1,461.35 | $1,505.19 | $1,550.34 | $1,596.85 | $1,644.76 | $1,694.10 | $1,744.92 | $1,797.27 | $1,851.19 | $1,906.73 | $1,963.93 | $2,024.74 |

Initial Financial Requirement (Fixed costs):
- Legal Enforcement and Defense Amount $8,000
- 3-Year Spendable Amount $3,462
- Fixed Cost Total $11,462

Endowment Calculation
- Average Yearly Costs: $1,505
- Initial Endowment Calculation at 3% Interest $50,158
- Inflation Protection Factor 2.5% $1,254
- Non-Wasting Endowment Amount $41,914
- Final Endowment Needed $51,956

Potential Cost Phase C $103,418

Total Annual Cost for Phases A, B & C | $5,620.00 | $5,773.60 | $5,931.81 | $6,094.78 | $6,262.61 | $6,435.48 | $6,613.51 | $6,796.95 | $6,985.86 | $7,180.44 | $7,380.81 | $7,587.28 | $7,799.90 | $8,018.89 | $8,244.46 | $8,476.79 | $8,716.10 | $8,962.58 | $9,216.46 | $9,477.99 | $9,754.82 |

Initial Financial Requirement (Fixed costs):
- Legal Enforcement and Defense Amount $24,000
- 3-Year Spendable Amount $17,325
- Fixed Cost Total $41,325

Endowment Calculation
- Average Yearly Costs: $7,379
- Initial Endowment Calculation at 3% Interest $245,961
- Inflation Protection Factor 2.5% $6,149
- Non-Wasting Endowment Amount $204,812
- Final Endowment Needed $450,928

Potential Cost All Phases $493,253
RESOLUTION NO. 2020-001

RESOLUTION OF THE BOARD OF DIRECTORS OF THE WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY
ADOPTING A STATEMENT OF INVESTMENT POLICY

WHEREAS, the California Legislature has provided standards for governing bodies authorized to make investment decisions for local agencies, which are set forth in Government Code sections 16429.1, 53600-53609 and 53630-53686 (the “Investment Act”); and

WHEREAS, Section 53684 of the Government Code permits the governing bodies of the local agencies to authorize the deposit of excess funds in the county treasury for the purposes of investment by the county treasurer pursuant to Section 53601 and 53635; and

WHEREAS, Section 53646 of the Government Code allows local agencies to annually approve a Statement of Investment Policy which has been prepared by the chief fiscal officer of such local agency; and

WHEREAS, the Board of Directors of the Western Riverside County Regional Conservation Authority has been presented with a Statement of Investment Policy, attached hereto as Exhibit A and incorporated by reference, which is designed to conform with the requirements of the Investment Act; and

WHEREAS, the Board of Directors, with the aid of its staff, has reviewed the Statement of Investment Policy and wishes to approve the same;

WHEREAS, this Resolution updates the Western Riverside County Regional Conservation Authority’s Investment Policy, attached hereto as Exhibit A and incorporated by reference, to conform with California statutes governing cities, which will rescind, supersede and replace Resolution No. 2019-001.

NOW, THEREFORE, the Board of Directors hereby adopt the Western Riverside County Regional Conservation Authority Investment Policy, a copy of which is on file at the offices of the Authority and is available for inspection by the public.

PASSED AND ADOPTED at the regular meeting of the Board of Directors of the Western Riverside County Regional Conservation Authority held this 3rd day of February, 2020.

By: _____________________________
Jonathan Ingram, Chairman

ATTEST:
Western Riverside County Regional Conservation Authority

By: _____________________________
April Boydd, Clerk of the Board
Western Riverside County Regional Conservation Authority
INTRODUCTION

The Western Riverside County Regional Conservation Authority, is a Joint Powers Authority ("RCA") comprised of the County of Riverside and the Cities of Banning, Beaumont, Calimesa, Canyon Lake, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Norco, Perris, Riverside, San Jacinto, Temecula, and Wildomar. The RCA is responsible for the implementation and management of the Western Riverside County Multiple Species Habitat Conservation Plan ("MSHCP"). The RCA is governed by a Board of Directors (the “Board”), comprised of the five members of the Riverside County Board of Supervisors and an elected official from each member city.

The Board has adopted this Investment Policy (the “Policy”) in order to establish the investment scope, objectives, delegation of authority, standards of prudence, reporting requirements, internal controls, eligible investments and transactions, diversification requirements, risk tolerance, and safekeeping and custodial procedures for the investment of the funds of the RCA. All RCA funds will be invested in accordance with the Policy and with applicable sections of the California Government Code.

This Policy was endorsed and adopted by the Board of Directors of the Western Riverside County Regional Conservation Authority on January 6, 2020.

RIVERSIDE COUNTY TREASURER

Pursuant to California Government Code Section 53684, the Board authorizes the deposit of excess funds of the RCA in the Riverside County treasury for the purpose of investment by the County Treasurer as outlined in this Policy.

SCOPE & OBJECTIVES

The RCA’s primary investment objectives, in priority order, shall be:

1. Safety. Safety of principal is the foremost objective of the investment program. Investments of the RCA shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.

2. Liquidity. The investment portfolio of the RCA will remain sufficiently liquid to enable the RCA to meet its cash flow requirements.

3. Return on Investment. The investment portfolio of the RCA shall be designed with the objective of maximizing return on its investments, but only after ensuring safety and liquidity.
DELEGATION OF AUTHORITY

The management responsibility for the RCA’s investment program is delegated annually by the Board to the Treasurer pursuant to California Government Code Section 53607. As designated by the Board of Directors, the Riverside County Treasurer serves as the Treasurer. The Treasurer may delegate the authority to conduct investment transactions and to manage the operation of the investment portfolio to other specifically authorized staff members. Authority may be delegated to other staff members provided the Treasurer exercises prudence in a selection of these staff members and imposes suitable safeguards to prevent abuse in the exercise of discretion. The Treasurer shall remain responsible for any investment decisions made by these staff members. The Treasurer shall maintain a list of every staff member who was delegated such authority, and his or her responsibilities with respect to investment decisions. No person may engage in an investment transaction except as expressly provided under the terms of this Policy.

The Treasurer, on behalf of the RCA, may engage the support services of outside investment advisors in regard to its investment program, so long as it can be clearly demonstrated that these services produce a net financial advantage or necessary financial protection of the RCA’s financial resources.

PRUDENCE

The standard of prudence to be used for managing the RCA’s investments shall be California Government Code Section 53600.3, the prudent investor standard which states:

“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.”

The RCA’s overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The RCA recognizes that no investment is totally riskless and that the investment activities of the RCA are a matter of public record. Accordingly, the RCA recognizes that occasional measured losses are inevitable in a diversified portfolio and shall be considered within the context of the overall portfolio’s return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of the RCA.

The Treasurer and authorized investment personnel acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided that the deviations from expectations are reported in a timely fashion to the RCA and appropriate action is taken to control adverse developments.
ETHICS AND CONFLICTS OF INTEREST

Elected officials and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or could impair or create the appearance of an impairment of their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Treasurer any financial interests they have in financial institutions that conduct business with the RCA and they shall subordinate their personal investment transactions to those of the RCA. In addition, the Treasurer shall file a Statement of Economic Interests each year pursuant to California Government Code Section 87203.

Any firm proposing to provide any type of investment service to RCA shall acknowledge their familiarity with the provisions of the Political Reform Act, (Government Code Section 81000 et seq., and 2 Cal. Code of Regs. 18110 et seq., hereinafter “PRA”) and the provisions limiting contractual conflicts of interest under Government Code Section 1090 et seq. Any firm proposing to provide any type of investment service to RCA shall also acknowledge their familiarity with and agree to abide by any Federal or State law, regulation, rule or policy pertaining to or limiting campaign contributions by such firms, their employees, spouses and agents.

All persons, firms, dealers, brokers and advisors providing investment service or bond issue assistance shall disclose to the RCA all fee sharing, fee-splitting and commission arrangements with other entities or persons prior to RCA agreeing to buy an investment, or issuing bonds.

AUTHORIZED INVESTMENTS

1. **Riverside County Treasurer’s Pooled Investment Fund (“RCTPIF”)**.
   The RCA may invest in the Riverside County Pooled Investment Fund.

2. **State of California Local Agency Investment Fund (“LAIF”)**. The RCA may invest in LAIF.

3. **Eligible Investments for Bond Proceeds**.

Bond proceeds shall be invested in securities permitted by the applicable bond documents. If the bond documents are silent as to permitted investments, bond proceeds will be invested in securities permitted by this Policy.

With respect to maximum maturities, the Policy authorizes investing bond reserve fund proceeds beyond the five years if prudent in the opinion of the Treasurer.

4. **Specific Investments Outside RCTPIF and LAIF**.

Specific investments shall be governed by the Treasurer’s Pooled Investment Fund Statement of Investment Policy, as may be amended from time to time. A copy of the current policy is attached as Exhibit “1.”

REPORTING

The Treasurer shall provide to the Board and the Executive Director a portfolio report, on a monthly basis in accordance with the requirement of the Government Code.
At least annually, if any investments outside the RCTPIF exist, the Treasurer shall present to the Board a review of the investment portfolio’s adherence to appropriate risk levels and a comparison between the total portfolio return and the established investment goals, objectives and benchmarks.

POLICY REVIEW

This Investment Policy shall be presented annually to the Board for review pursuant to Section 53646(a)(2) of the Government Code. This Policy may be amended by the Board at a public meeting as conditions warrant.
EXHIBIT 1

TREASURER’S POOLED INVESTMENT FUND STATEMENT OF INVESTMENT POLICY [ATTACHED]
INTRODUCTION
The Treasurer’s Statement of Investment Policy is presented annually to the County Investment Oversight Committee for review and to the Board of Supervisors for approval, pursuant to the requirements of Sections 53646(a) and 27133 of the California Government Code (Code Section). This policy will become effective immediately upon approval by the Board of Supervisors.

SCOPE
The Treasurer’s Statement of Investment Policy is limited in scope to only those county, school, special districts and other fund assets actually deposited and residing in the County Treasury. It does not apply to bond funds or other assets belonging to the County of Riverside, or any affiliated public agency the assets of which reside outside of the County Treasury.

FIDUCIARY RESPONSIBILITY
Code Section 27000.3 declares each treasurer, or governing body authorized to make investment decisions on behalf of local agencies, to be a trustee and therefore a fiduciary subject to the prudent investor standard. This standard, as stated in Code Section 27000.3 requires that “When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the county treasurer or the board of supervisors, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the county and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and the other depositors.”

PORTFOLIO OBJECTIVES
The first and primary objective of the Treasurer’s investment of public funds is to safeguard investment principal; second, to maintain sufficient liquidity within the portfolio to meet daily cash flow requirements; and third, to achieve a reasonable rate of return or yield on the portfolio consistent with these objectives. The portfolio shall be actively managed in a manner that is responsive to the public trust and consistent with State law.

AUTHORITY
Statutory authority for the Treasurer’s investment and safekeeping functions are found in Code Sections 53601 and 53635 et. seq. The Treasurer’s authority to make investments is to be renewed annually, pursuant to state law. It was last renewed by the Board of Supervisors on October 22, 2019 by County Ordinance No.767.23. Code Section 53607 effectively requires the legislative body to delegate investment authority of the County on an annual basis.

AUTHORIZED INVESTMENTS
Investments shall be restricted to those authorized in Code Sections 53601 and 53635 as amended.
and as further restricted by this policy statement. All investments shall be governed by the restrictions shown in Schedule I which defines the type of investments authorized, maturity limitations, portfolio diversification, credit quality standards (two of the three nationally recognized ratings shall be used for corporate and municipal securities), and purchase restrictions that apply.

**STAFF AUTHORIZED TO MAKE INVESTMENTS**
Only the Treasurer-Tax Collector, Jon Christensen, Chief Investment Manager, Giovane Pizano, Deputy Investment Manager, Steve Faeth, and Assistant Investment Manager, Isela Licea, are authorized to make investments and to order the receipt and delivery of investment securities among custodial security clearance accounts.

**AUTHORIZED BROKER/DEALERS**
Securities transactions are limited solely to those noted on Schedule II of this policy.

**DAILY ACCOUNTABILITY AND CONTROL**
Except for emergencies or previous authorization by the Treasurer-Tax Collector, all investment transactions are to be conducted at the Treasurer-Tax Collector’s office (if open and available to conduct business), documented, and reviewed by the Treasurer-Tax Collector, and/or Assistant Treasurer-Tax Collector. All investment transactions will be entered daily into the Treasurer’s internal financial accounting system with copies to be filed on a timely basis. Portfolio income shall be reconciled daily against cash receipts and quarterly, prior to the distribution of earnings among those entities sharing in pooled fund investment income.

**SECURITY CUSTODY & DELIVERIES**
All securities, except for money market funds registered in the County’s name and securities issued by the County or other local agencies shall be deposited for safekeeping with banks contracted to provide the County Treasurer with custodial security clearance services. These third party trust department arrangements provide the County with a perfected interest in, and ownership and control over, the securities held by the custodian on the County’s behalf and are intended to protect the County from the bank’s own creditors in the event of a bank default and filing for bankruptcy. Securities are **NOT** to be held in investment firm/broker dealer accounts. All security transactions are to be conducted on a “delivery versus payment basis.” Confirmation receipts on all investments are to be reviewed immediately for conformity with County transaction documentation. Securities issued by local agencies purchased directly shall be held in the Treasurer’s vault. The security holdings shall be reconciled with the custodian holding records daily. The Treasurer’s Fiscal Compliance unit will audit purchases daily for compliance, and audit holding records monthly.

**COMPETITIVE PRICING**
Investment transactions are to be made at current market value and competitively priced whenever possible. Competitive pricing does not necessarily require submission of bids, but does require adequate comparative analysis. The current technology utilized by the Treasury provides this information.
MATURITY LIMITATIONS
No investment shall exceed a final maturity date of five years from the date of purchase unless it is authorized by the Board of Supervisors pursuant to Code Section 53601. The settlement date will be used as the date of purchase for measuring maturity limitations.

LIQUIDITY
The portfolio shall maintain a weighted average days to maturity (WAM) of less than 541 days or 1.5 years. To provide sufficient liquidity to meet daily expenditure requirements, the portfolio shall maintain at least 40% of its total value in securities having maturities 1 year or less.

SECURITIES LENDING
The Treasurer may engage in securities lending activity limited to 20% of the portfolio’s book value on the date of transaction. Instruments involved in a securities lending program are restricted to those securities pursuant to Code Section 53601 and by the Treasurer’s Statement of Investment Policy.

REVERSE REPURCHASE AGREEMENTS
The Treasury shall not engage in any form of leverage for the purpose of enhancing portfolio yield. There shall be no entry into reverse repurchase agreements except for temporary and unanticipated cash flow requirements that would cause the Treasurer to sell securities at a principal loss. Any reverse repurchase agreements are restricted pursuant to Code Section 53601 and by the Treasurer’s Statement of Investment Policy.

MITIGATING MARKET & CREDIT RISKS
Safety of principal is the primary objective of the portfolio. Each investment transaction shall seek to minimize the County’s exposure to market and credit risks by giving careful and ongoing attention to the: (1) credit quality standards issued by the nationally recognized rating agencies on the credit worthiness of each issuer of the security, (2) limiting the concentration of investment in any single firm as noted in Schedule I, (3) by limiting the duration of investment to the time frames noted in Schedule I, and (4) by maintaining the diversification and liquidity standards expressed within this policy.

TRADING & EARLY SALE OF SECURITIES
All securities are to be purchased with the intent of holding them until maturity. However, in an effort to minimize market and credit risks, securities may be sold prior to maturity either at a profit or loss when economic circumstances, trend in short-term interest rates, or a deterioration in credit-worthiness of the issuer warrants a sale of the securities to either enhance overall portfolio yield or to minimize further erosion and loss of investment principal. Such sales should take into account the short and long term impacts on the portfolio. However, the sale of a security at a loss can only be made after first securing the approval of the Treasurer-Tax Collector.

PURCHASE OF WHEN ISSUED SECURITIES
When issued (W.I.) purchases of securities and their subsequent sale prior to cash settlement are authorized as long as sufficient cash is available to consummate their acceptance into the Treasurer’s portfolio on the settlement date.
PORTFOLIO REPORTS/AUDITING
Portfolio reports required by Code Sections 53607 and 27133(e) shall be filed monthly with the Board of Supervisors, Investment Oversight Committee, Superintendent of Schools, Executive Officer, County Auditor Controller and interested parties. Consistent with Board Policy B-21 (County Investment Policy Statement), § III A, an outside compliance audit will be conducted annually. Outside audits will be conducted at least biennially by an independent auditing firm selected by the Board of Supervisors, per Board Minute Order No. 3.48. Reports are posted monthly on the Treasurer’s website: http://www.countytreasurer.org/Treasurer/TreasurersPooledInvestmentFund/MonthlyReports.aspx

SPECIFIC INVESTMENTS
Specific investments for individual funds may be made in accordance with the Treasurer’s Statement of Investment Policy, upon written request and approval of the responsible agency’s governing board, and, approval of the Treasurer-Tax Collector. Investments outside of the policy may be made on behalf of such funds with approval of the governing Board and approval of the Treasurer-Tax Collector. All specific investments shall be memorialized by a Memorandum of Understanding. With the purchase of specific investments, the fund will be allocated the earnings and/or loss associated with those investments. The Treasurer-Tax Collector reserves the right to allocate a pro-rata charge for administrative costs to such funds.

PERFORMANCE EVALUATION
Portfolio performance is monitored daily and evaluated monthly in comparison to the movement of the Treasurer’s Institutional Money Market Index (TIMMI), or other suitable index. Over time, the portfolio rate of return should perform in relationship to such an index. Regular meetings are to be conducted with the investment staff to review the portfolio’s performance, in keeping with this policy, and, current market conditions.

INVESTMENT OVERSIGHT COMMITTEE
In accordance with Code Section 27130 et seq. of the Code, the Board of Supervisors has established an Investment Oversight Committee. The role of the Committee is advisory in nature. It has no input on day to day operations of the Treasury.

QUARTERLY DISTRIBUTION OF INVESTMENT EARNINGS
Portfolio income, including gains and losses (if any), will be distributed quarterly in compliance with Sections 53684 and 53844 of the Code which give the Treasurer broad authority to apportion earnings and losses among those participants sharing in pooled investment income, and, except for specific investments in which the interest income is to be credited directly to the fund from which the investment was made, all investment income is to be distributed pro-rata based upon each participant’s average daily cash balance for the fiscal quarter. Any subsequent adjustments of reported earnings by the Auditor-Controller will be first reviewed and approved by the Treasurer to assure compliance with Code Sections 53684 and 53844.

QUARTERLY APPORTIONMENT OF ADMINISTRATIVE COSTS
Prior to the quarterly apportionment of pooled fund investment income, the County Treasurer is permitted, pursuant to Code Section 27013, to deduct from investment income before the distribution thereof, the actual cost of the investment, audit, deposit, handling and distribution of such income. Accordingly, in keeping with Code Sections 27013, 27133(f), and 27135, the Treasury shall deduct from pooled fund investment earnings the actual cost incurred for: banking services, custodial safekeeping charges, the pro-rata annual cost of the salaries including fringe
benefits for the personnel in the Treasurer-Tax Collector’s office engaged in the administration, investment, auditing, cashiering, accounting, reporting, remittance processing and depositing of public funds for investment, together with the related computer and office expenses associated with the performance of these functions. Costs are apportioned based upon average daily ending balances. Prior to gaining reimbursement for these costs, the Treasurer-Tax Collector shall annually prepare a proposed budget revenue estimate per Code Section 27013.

TREASURY OPERATIONS
Treasury operations are to be conducted in the most efficient manner to reduce costs and assure the full investment of funds. The Treasurer will maintain a policy regarding outgoing wires and other electronic transfers. Requests for outgoing transfers which do not arrive on a timely basis may be delayed. The County Treasurer may institute a fee schedule to more equitably allocate costs that would otherwise be spread to all depositors.

POLICY CRITERIA FOR AGENCIES SEEKING VOLUNTARY ENTRY
Should any agency solicit entry, the agency shall comply with the requirements of Section 53684 of the Code and adopt a resolution by the legislative or governing body of the local agency authorizing the deposit of excess funds into the County treasury for the purpose of investment by the County Treasurer. The resolution shall specify the amount of monies to be invested, the person authorized by the agency to coordinate the transaction, the anticipated time frame for deposits, the agency’s willingness to be bound to the statutory 30-day written notice requirement for withdrawals, and acknowledging the Treasurer’s ability to deduct pro-rata administrative charges permitted by Code Section 27013. Any solicitation for entry into the TPIF must have the County Treasurer’s consent before the receipt of funds is authorized. The depositing entity will enter into a depository agreement with the Treasurer.

POLICY CRITERIA FOR VOLUNTARY PARTICIPANT WITHDRAWALS
With the Treasury being required to maintain a 40% liquidity position at all times during the calendar year, it is anticipated that sufficient funds will be on hand to immediately meet on demand all participant withdrawals for the full dollar amounts requested without having to make any allowance or pro-rata adjustment based on the current market value of the portfolio. In addition, any withdrawal by a local agency for the purpose of investing or depositing those funds outside the Pool shall have the prior written approval of the County Treasurer.

The Treasurer’s approval of the withdrawal request shall be based on the availability of funds; the circumstances prompting the request; the dollar volume of similar requests; the prevailing condition of the financial markets, and, an assessment of the effect of the proposed withdrawal on the stability and predictability of the investments in the county treasury.

POLICY ON RECEIPT OF HONORARIA, GIFTS AND GRATUITIES
Neither the Treasurer-Tax Collector nor any member of his staff, shall accept any gift, gratuity or honoraria from financial advisors, brokers, dealers, bankers or other persons or firms conducting business with the County Treasurer which exceeds the limits established by the Fair Political Practices Commission (FPPC) and relevant portions of Code Section 27133. IOC members shall be subject to the limits included in the Board of Supervisors Policy B-21.

ETHICS & CONFLICTS OF INTEREST
Officers and staff members involved in the investment process shall refrain from any personal
business activity that compromises the security and integrity of the County’s investment program or impairs their ability to make impartial and prudent investment decisions. In addition, the County Treasurer-Tax Collector, Assistant Treasurer-Tax Collector, Investment Manager, and Assistant Investment Manager are required to file annually the applicable financial disclosure statements as mandated by the FPPC and County policy.

INVESTMENTS MADE FROM DEBT ISSUANCE PROCEEDS
The proceeds of a borrowing may be specifically invested per Schedule I of this policy (with the exception of Collateralized Time Deposits and Local Agency Obligations) as well as competitively bid investments (see County of Riverside Office Of The Treasurer-Tax Collector Policy Governing Competitively Bid Investments, dated March 3, 2011).

No pooled fund investments made from the proceeds of a borrowing, the monies of which are deposited in the County Treasury, shall be invested for a period of time exceeding the maturity date of the borrowing. Nor shall any monies deposited with a bank trustee or fiscal agent for the ultimate purpose of retiring the borrowing be invested beyond the maturity date of the borrowing.

POLICY ADOPTION & AMENDMENTS
This policy statement will become effective following adoption by the Board of Supervisors, and, will remain in force until subsequently amended in writing by the Treasurer-Tax Collector and approved by the Board.

__________________________  12/10/2019

Jon Christensen
County of Riverside
Treasurer-Tax Collector
<table>
<thead>
<tr>
<th>AUTHORIZED INVESTMENTS</th>
<th>DIVERSIFICATION (1)</th>
<th>PURCHASE RESTRICTIONS</th>
<th>MATURITY</th>
<th>CREDIT QUALITY (S&amp;P/MOODY’S/FITCH)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury notes, bills, bonds or other certificates of indebtedness</td>
<td>100%</td>
<td>N/A</td>
<td>Maximum 5 years</td>
<td>N/A</td>
</tr>
<tr>
<td>Notes, participations, or obligations issued by the agencies of the federal government</td>
<td>100%</td>
<td>N/A</td>
<td>Maximum 5 years</td>
<td>N/A</td>
</tr>
<tr>
<td>Bonds, notes, warrants or certificates of indebtedness issued by the state of CA, or local agencies, or, the County of Riverside. Registered treasury notes or bonds of any of the other 49 United States per Government Code Section 53601 (d)</td>
<td>15% maximum</td>
<td>See Schedule VI</td>
<td>Maximum 4 years</td>
<td>Long term “AA-, Aa3, AA-“ or better</td>
</tr>
<tr>
<td>Notes, participations or obligations issued or fully guaranteed as to principal and interest by the International Bank for Reconstruction and Development, and the International Finance Corporation</td>
<td>20%</td>
<td>Max 10% per issuer</td>
<td>Maximum 4 years</td>
<td>Long term “AA, Aa, AA“ or better</td>
</tr>
<tr>
<td>Local Agency Investment Fund (LAIF)</td>
<td>$50 million</td>
<td>Maximum $50 million per LAIF</td>
<td>Daily Liquidity</td>
<td>N/A</td>
</tr>
<tr>
<td>Commercial Paper (CP)</td>
<td>40% maximum</td>
<td>See Schedule VI</td>
<td>Maximum 270 days</td>
<td>Short term “A-1,P-1,F-1“ or better</td>
</tr>
<tr>
<td>Local Agency Obligations (LAO)</td>
<td>2.5% maximum</td>
<td>Board of Supervisors approval required. Issued by pool depositors only</td>
<td>Maximum 3 years</td>
<td>Non-rated, if in the opinion of the Treasurer, considered to be of investment grade or better</td>
</tr>
<tr>
<td>CalTRUST Short Term Fund (CLTR)</td>
<td>1% maximum</td>
<td>Board of Supervisors approval required</td>
<td>Daily liquidity</td>
<td>NR / Portfolio managed pursuant to California Government Code § 53601 &amp; 53635</td>
</tr>
<tr>
<td>Negotiable CD’s (NCD’S) issued by national or state chartered banks or a licensed branch of a foreign bank</td>
<td>25% maximum</td>
<td>See Schedule VI</td>
<td>Maximum 1 year</td>
<td>Short term “A-1,P-1,F-1“ or better</td>
</tr>
<tr>
<td>Collateralized Time Deposits (TCD)</td>
<td>2% maximum</td>
<td>See Schedule IV</td>
<td>Maximum 1 year</td>
<td>N/A</td>
</tr>
<tr>
<td>Repurchase Agreements (REPO) with 102% collateral restricted to U. S. Treasuries, agencies, agency mortgages, CP, BA’s</td>
<td>40% max, 25% in term repo over 7 days. No more than 20% w/one dealer in term repo</td>
<td>Repurchase agreements to be on file</td>
<td>Maximum 45 days</td>
<td>Short Term “A-1, P-1, F-1“ or better. If “A-2, P-2, F2“ then overnight only</td>
</tr>
<tr>
<td>Reverse Repurchase Agreements on U. S. Treasury &amp; federal agency securities in portfolio</td>
<td>10% maximum</td>
<td>For temporary cash Flow needs only.</td>
<td>Max 60 days with prior approval of Board of Supervisors</td>
<td>N/A</td>
</tr>
<tr>
<td>Medium Term Notes (MTNO) or Corporate Notes</td>
<td>20% maximum</td>
<td>See Schedule VI</td>
<td>Maximum 3 years</td>
<td>“AA, Aa2, AA” minimum if under 1 year</td>
</tr>
<tr>
<td>Interest bearing Checking Account</td>
<td>20%</td>
<td>N/A</td>
<td>Daily Liquidity</td>
<td>Fully collateralized</td>
</tr>
<tr>
<td>Money Market Mutual Funds (MMF) that invest in eligible securities meeting requirements of California Government Code</td>
<td>20% maximum</td>
<td>See Schedule V</td>
<td>Daily liquidity</td>
<td>Long Term “AAA“ (2 of 3 nationally recognized rating services)</td>
</tr>
</tbody>
</table>

(1) Whichever is greater.
AUTHORIZED BROKER/DEALERS  
SCHEDULE II

The Treasurer is authorized to conduct investment security transactions with the broker/dealers which are designated by the Federal Reserve Bank as primary government dealers. Security transactions with firms, other than those appearing on this list, are prohibited.

1. Other authorized firms:
   
   Union Bank  
   Piper Jaffray & Co.  
   SunTrust Bank  
   FTN Financial  
   InCapital  
   Raymond James & Associates, Inc.  
   Williams Capital Group  
   Academy Securities Inc.  
   Bank of New York

2. Direct purchases from major commercial paper issuers, money market mutual funds, banker’s acceptance issuers, negotiable CD issuers, or savings and loan are authorized.

3. Incidental purchases of less than $10 million may be made with other firms if in the opinion of the Treasurer, such transactions are deemed advantageous.

To ensure compliance with the County Treasurer’s investment guidelines, each newly authorized primary government dealer and other authorized firms (as listed above in section 1, 2 and 3) will be supplied a complete copy of this Investment Policy document approved by the Board of Supervisors.
POLICY CRITERIA FOR SELECTION OF BROKER/DEALERS
SCHEDULE III

1. The County Treasurer has elected to limit security transactions as mentioned in Schedule II. Accordingly, the financial institution must confirm that they are a member of the Financial Industry Regulatory Authority (FINRA), registered with the Securities & Exchange Commission (SEC), and possess all other required licenses. The Treasurer is prohibited from the selection of any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the local treasurer, any member of the governing board of the local agency, or any candidate for those offices.

2. The County Treasurer’s intent is to enter into long-term relationships. Therefore, the integrity of the firm and the personnel assigned to our account is of primary importance.

3. The firm must specify the types of securities it specializes in and will be made available for our account.

4. It is important that the firm provide related services that will enhance the account relationship which could include:
   (a) An active secondary market for its securities.
   (b) Internal credit research analysis on commercial paper, banker’s acceptances and other securities it offers for sale.
   (c) Be willing to trade securities for our portfolio.
   (d) Be capable of providing market analysis, economic projections, and newsletters.
   (e) Provide market education on new investment products, security spread relationships, graphs, etc.

5. The firm must be willing to provide us monthly financial statements, and transactional confirms.

6. The County Treasurer is prohibited from the establishment of a broker/dealer account for the purpose of holding the County’s securities. All securities must be subject to delivery at the County’s custodial bank.

7. Without exception, all transactions are to be conducted on a delivery versus payment (DVP) basis.

8. The broker/dealer must have been in operation for more than 5 years, and, if requested, the firm must be willing to provide us a list of local government clients or other reference, particularly those client relationships established within the State of California.
POLICY CRITERIA FOR COLLATERALIZED TIME DEPOSITS
SCHEDULE IV

Before the Treasury can place a time deposit with a local bank or savings and loan, the following criteria must be met:

1. The bank must provide us with an executed copy of the "Contract for Deposit of Moneys."

2. The interest rate on the Time Certificate of Deposit must be competitive with rates offered by other banks and savings and loans residing in Riverside County, as well as exceed that of U.S. Treasury Securities.

3. Investments less than the FDIC insurance limit will be sufficient without requiring any collateral to be pledged with the Federal Reserve to secure the public fund deposit.

4. Investments exceeding the FDIC insurance limit shall be fully collateralized by U.S. Treasury and Federal Agency securities having maturities five years or less. The County Treasurer must receive written confirmation that these securities have been pledged in repayment of the time deposit. The securities pledged as collateral must have a current market value greater than the dollar amount of the deposit in keeping with the ratio requirements specified in Code Section 53652. Additionally, a statement of the collateral shall be provided on a monthly basis. A collateral waiver for the portion insured by the FDIC will be granted.

5. The County Treasurer must be given a current audited financial statement for the financial year just ended as well as the most recent quarterly statement of financial condition. The financial reports must both include a statement of financial condition as well as an income statement depicting current and prior year operations.

6. The County Treasurer will not place a public fund deposit for more than 10% of the present paid-in capital and surplus of the bank.

7. The County Treasurer must receive a certificate of deposit which specifically expresses the terms governing the transaction, deposit amount, issue date, maturity date, name of depositor, interest rate, interest payment terms (monthly, quarterly, etc).

8. All time certificates must have a maturity date not exceeding one year from the date of the deposit, with interest payments based upon the stated interest rate.

9. The County Treasurer must receive a letter from an officer of the bank at the time the initial deposit is made, that there is no known pending financial disclosure or public announcement of an adverse financial event involving the bank or savings and loan, nor is there any knowledge that a conflict of interest situation exists between any County official and an officer or employee of the bank.

10. Time deposits will only be made with banks and savings and loans having branch office locations within Riverside County.
POLICY CRITERIA FOR ENTERING INTO A MONEY MARKET FUND
SCHEDULE V

Shares of beneficial interest issued by diversified management companies, also known as money market mutual funds, invest in the securities and obligations authorized by Code Sections 53601.7(10). Approved mutual funds will be registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et. seq.) and shall meet the following criteria:

1. The fund must have a “AAA” ratings from two of the nationally recognized rating services: Moody’s, Fitch, Standard & Poor’s.

2. The fund’s prospectus cannot allow hedging strategies, options or futures.

3. The fund must provide a current prospectus before participation in the fund and provide copies of their portfolio reports and shall provide at least at month-end, a complete listing of securities within the fund’s portfolio.
Corporate Criteria. Money market securities will be first restricted by short-term ratings and then further restricted by long term credit ratings. The long term credit ratings, including the outlook of the parent company will be used. Money market securities consist of negotiable certificates of deposit (NCDs), bankers acceptances, and commercial paper. Medium term securities will be restricted by the long term ratings of the legal issuer. Concentration limit restrictions will make no distinction between medium term notes and money market securities.

No short term negative credit watch or long-term negative outlook by 2 of 3 nationally recognized rating services except for entities participating in government guaranteed programs. Credit Category 1 and Category 2 with negative credit watch or long-term negative outlook, by more than one nationally recognized rating service is permitted as Category 3 and Category 4 respectively.

Municipal Criteria. Minimum of A or A2 or A, underlying credit rating for selecting insured municipal securities and a maximum of 5% exposure to any one insurer (direct purchases and indirect commitments).

Liquidity Provider Restrictions. Maximum of 5% exposure to any one institution (direct purchases and indirect commitments).

<table>
<thead>
<tr>
<th>Category</th>
<th>Short-Term Ratings</th>
<th>Long-Term Ratings</th>
<th>Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A-1+/P-1/F-1+ (SP-1+/MIG1/F-1+)</td>
<td>AAA/Aaa/AAA</td>
<td>Corp. Maximum of 5% per issuer with no more than 2% greater than 1 year final maturity and no more than 1% greater than 2 year final maturity. Muni. Maximum of 5% per issuer with no more than 2% greater than 13 month final maturity.</td>
</tr>
<tr>
<td>2</td>
<td>A-1+/P-1/F-1+ (SP-1+/MIG1/F-1)</td>
<td>AA+/Aa1/AA+, AA/Aa2/AA</td>
<td>Corp. Maximum of 4% per issuer with no more than 1% greater than 1 year final maturity. No more than 13 month final maturity. Muni. Maximum of 5% per issuer with no more than 1% greater than 13 month final maturity. For the State of California debt only maximum of 2% greater than 13 month final maturity.</td>
</tr>
<tr>
<td>3</td>
<td>A-1+/P-1/F-1+ (SP-1+/MIG1/F-1)</td>
<td>AA-/Aa3/AA-</td>
<td>Corp. Maximum of 3% per issuer with no more than 1.5% greater than 90 days. No more than 270 days final maturity. Muni. Maximum of 5% per issuer. No more than 13 month final maturity.</td>
</tr>
<tr>
<td>4</td>
<td>A-1/P-1/F-1 (SP-1/MIG1/F-1)</td>
<td>A/A2/A or better.</td>
<td>Corp. No Asset Backed programs. Maximum of 2% per issuer with no more than 1% greater than 7 days. No more than 45 days maximum maturity.</td>
</tr>
<tr>
<td>Rating Agency Comparison Table</td>
<td>Short-Term Scale</td>
<td>Long-Term Scale</td>
<td></td>
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<tr>
<td>-------------------------------</td>
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</tr>
<tr>
<td>S&amp;P</td>
<td>A-1+, A-1</td>
<td>AAA, AA+, AA, AA-, A+, A</td>
<td></td>
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<tr>
<td>Moody’s</td>
<td>P-1</td>
<td>Aaa, Aa1, Aa2, Aa3, A1, A2</td>
<td></td>
</tr>
<tr>
<td>Fitch</td>
<td>F-1+, F-1</td>
<td>AAA, AA+, AA, AA-, A+, A</td>
<td></td>
</tr>
</tbody>
</table>
(e) The holder of an endowment shall certify to the project proponent or the holder of the mitigation property or a conservation easement and the local or state agency that required the endowment that it meets all of the following requirements:

(1) The holder has the capacity to effectively manage the mitigation funds.

(2) The holder has the capacity to achieve reasonable rates of return on the investment of those funds similar to those of other prudent investors for endowment funds and shall manage and invest the endowment in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances, consistent with the Uniform Prudent Management of Institutional Funds Act (Part 7 (commencing with Section 18501) of Division 9 of the Probate Code).

(3) The holder utilizes generally accepted accounting practices as promulgated by either of the following:

   (A) The Financial Accounting Standards Board or any successor entity for nonprofit organizations.

   (B) The Governmental Accounting Standards Board or any successor entity for public agencies, to the extent those practices do not conflict with any requirement for special districts in Article 2 (commencing with Section 53630) of Chapter 4 of Part 1 of Division 2 of Title 5.

(4) The holder will be able to ensure that funds are accounted for, and tied to, a specific property.

(5) If the holder is a nonprofit organization, a community foundation, or a congressionally chartered foundation, it has an investment policy that is consistent with the Uniform Prudent Management of Institutional Funds Act (Part 7 (commencing with Section 18501) of Division 9 of the Probate Code).
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARL</td>
<td>Additional Reserve Lands</td>
</tr>
<tr>
<td>BUOW</td>
<td>Burrowing Owl</td>
</tr>
<tr>
<td>CALFIRE</td>
<td>California Department of Forestry and Fire Protection</td>
</tr>
<tr>
<td>CALTRANS</td>
<td>California Department of Transportation</td>
</tr>
<tr>
<td>CD</td>
<td>Consistency Determination</td>
</tr>
<tr>
<td>CDFG</td>
<td>California Department of Fish and Game</td>
</tr>
<tr>
<td>CDFW</td>
<td>California Department of Fish and Wildlife (formerly CDFG)</td>
</tr>
<tr>
<td>CEQA</td>
<td>California Environmental Quality Act</td>
</tr>
<tr>
<td>CETAP</td>
<td>Community and Environmental Transportation Acceptability Process</td>
</tr>
<tr>
<td>CHD</td>
<td>Critical Habitat Designation</td>
</tr>
<tr>
<td>CIP</td>
<td>Capital Improvement Program</td>
</tr>
<tr>
<td>CNLM</td>
<td>Center for Natural Lands Management</td>
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<tr>
<td>DBESP</td>
<td>Determination of Biologically Equivalent or Superior Preservation</td>
</tr>
<tr>
<td>EMWD</td>
<td>Eastern Municipal Water District</td>
</tr>
<tr>
<td>EPD</td>
<td>Environmental Programs Department (Riverside County)</td>
</tr>
<tr>
<td>ERP</td>
<td>Expedited Review Process</td>
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<tr>
<td>ESA</td>
<td>Endangered Species Act</td>
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<tr>
<td>FAST</td>
<td>Fixing America’s Surface Transportation</td>
</tr>
<tr>
<td>FY</td>
<td>Fiscal Year</td>
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<tr>
<td>HANS</td>
<td>Habitat Evaluation and Acquisition Negotiation Strategy</td>
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<tr>
<td>HCP</td>
<td>Habitat Conservation Plan</td>
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<tr>
<td>HMU</td>
<td>Habitat Management Unit</td>
</tr>
<tr>
<td>IC</td>
<td>Interchange</td>
</tr>
<tr>
<td>IMER</td>
<td>Initial Management Evaluation Report</td>
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<tr>
<td>JPR</td>
<td>Joint Project Review</td>
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<tr>
<td>LDMF</td>
<td>Local Development Mitigation Fee</td>
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<tr>
<td>MOU</td>
<td>Memorandum of Understanding</td>
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<tr>
<td>MSHCP</td>
<td>Multiple Species Habitat Conservation Plan</td>
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<td>OHV</td>
<td>Off-Highway Vehicle</td>
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<td>PCL</td>
<td>Proposed Constrained Linkage</td>
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<tr>
<td>PQP</td>
<td>Public/Quasi-Public</td>
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<tr>
<td>PSE</td>
<td>Participating Special Entities</td>
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<tr>
<td>RCA</td>
<td>Regional Conservation Authority</td>
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<tr>
<td>RCD</td>
<td>Resource Conservation Districts</td>
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<tr>
<td>RCOE</td>
<td>Riverside County Office of Education</td>
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<td>RCRCD</td>
<td>Riverside-Corona Resource Conservation District</td>
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<td>RCTC</td>
<td>Riverside County Transportation Commission</td>
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<tr>
<td>RCTD</td>
<td>Riverside County Transportation Department</td>
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<tr>
<td>RMOC</td>
<td>Reserve Management Oversight Committee</td>
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<tr>
<td>ROVE</td>
<td>Recreation Off-Highway Vehicle Enforcement</td>
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<tr>
<td>SAWA</td>
<td>Santa Ana Watershed Association</td>
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<td>SB</td>
<td>San Bernardino</td>
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<tr>
<td>SR</td>
<td>State Route</td>
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<tr>
<td>SWG</td>
<td>State Wildlife Grant</td>
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<tr>
<td>TAC</td>
<td>Technical Advisory Committee</td>
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<tr>
<td>TIFIA</td>
<td>Transportation Infrastructure Finance and Innovation Act</td>
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<td>TUMF</td>
<td>Transportation Uniform Mitigation Fee</td>
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<tr>
<td>USFWS</td>
<td>United States Fish and Wildlife Service</td>
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<tr>
<td>UTM Nad 83 Zone 11</td>
<td>Meter Coordinate System for Maps</td>
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<tr>
<td>WA</td>
<td>Wildlife Agencies (USFWS &amp; CDFW)</td>
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<tr>
<td>WCB</td>
<td>Wildlife Conservation Board</td>
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<tr>
<td>WIFIA</td>
<td>Water Infrastructure Finance and Innovation Act</td>
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<td>WIIN</td>
<td>Water Infrastructure Improvements for the Nation</td>
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<tr>
<td>WPT</td>
<td>Western Pond Turtle</td>
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<tr>
<td>WRDA</td>
<td>Water Resources Development Act</td>
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</table>