

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY

BOARD OF DIRECTORS MEETING MINUTES

Monday, July 10, 2023

1. CALL TO ORDER

The Western Riverside County Regional Conservation Authority Board of Directors Meeting was called to order by Chair Natasha Johnson at 12:30 p.m., in the Board Room at the County of Riverside Administrative Center, 4080 Lemon Street, First Floor, Riverside, California, 92501.

2. ROLL CALL

Board of Directors/Alternates Present

Kevin Jeffries*
Karen Spiegel
Colleen Wallace
Julio Martinez
Jennifer Dain
Tony Daddario
Joe Males
Leslie Altamirano

Natasha Johnson
Lesa Sobek
Kevin Bash
David Starr Rabb
Patricia Lock Dawson
Crystal Ruiz
James Stewart
Joseph Morabito*

Board of Directors Absent

Chuck Washington
V. Manuel Perez
Yxstian Gutierrez
Jeff Cervantez
Jocelyn Yow
David Marquez
Lori Stone

*Arrived after the meeting was called to order.

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Board Member Altamirano.

At this time, Board Member Jeffries arrived.

4. PUBLIC COMMENTS

There were no requests to speak from the public.

At this time, Board Member Morabito arrived.

5. ADDITIONS / REVISIONS

There were no additions or revisions to the agenda.

6. **CONSENT CALENDAR** - *All matters on the Consent Calendar will be approved in a single motion unless a Board Member(s) requests separate action on specific item(s).*

M/S/C (Lock Dawson/Bash) to approve the following Consent Calendar items.

6A. APPROVAL OF MINUTES – JUNE 5, 2023

6B. WESTERN RIVERSIDE COUNTY MULTIPLE SPECIES HABITAT CONSERVATION PLAN FEE COLLECTION REPORT FOR APRIL 2023

This item is for the Board of Directors to receive and file the Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP) Fee Collection report for April 2023.

6C. JOINT PROJECT REVIEW STATUS REPORT

This item is for the Board of Directors to receive and file the Joint Project Review (JPR) monthly status report as of May 31, 2023.

6D. ACQUISITIONS STATUS REPORT

This item is for the Board of Directors to receive and file the acquisition status report as of April 30, 2023.

6E. MONTHLY INVESTMENT REPORT FOR APRIL 2023

This item is for the Board of Directors to receive and file the Monthly Investment Report for the month ended April 30, 2023.

7. **RESOLUTION NO. 2023-003, A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY AUTHORIZING PROCEEDINGS AND AGREEMENTS RELATING TO THE FINANCING OF PROPERTY ACQUISITION FOR PUBLIC PURPOSES, APPROVING ISSUANCE AND SALE OF NOTES, APPROVING AN INDENTURE AND AUTHORIZING OFFICIAL ACTIONS**

Sergio Vidal, Chief Financial Officer, provided a presentation on the Toscana Marketplace Acquisition. The Board has already approved the acquisition of the Toscana Marketplace, this is the last item necessary for the transaction to proceed. Since the Board approved a phased payment plan for this property, the California Government Code Section requires this additional step, as technically the RCA is issuing debt to pay for the property over multiple fiscal years.

The timeline of events related to this transaction; an overview of the funding plan for the acquisition; details on the proposed financing, the internal evaluation process and how RCA went about ensuring the agency maintained sufficient cash while continuing the mission of

acquiring land while continuing to meet the Board-required reserves; and the next steps in the process will be discussed today.

The proposed financing strategy is reflective of the leadership and feedback received from this Board. RCA obtained the Board's concurrence in May with a purchase price for the property pursuant to Section 6.1.1 of the MSHCP otherwise known as the Development HANS process. As a component of the applicable California Government Code Section related to public agency financing, the County of Riverside held a public hearing in June, however, no public comments were received during the session. The proposed financing strategy of issuing a note payable for consideration this afternoon is solely a debt of RCA and not the County. The financing mechanism being presented today ensures RCA continues its standing as a fiscally responsible agency via the funding of note payable which balances the cash-flow needs and ensures Board-approved reserves continue to be met.

Local Development Mitigation Fees (LDMF) is the largest source of revenue for the RCA. Pre-pandemic LDMF fees were between \$16 and 18 million. However, with the Board approved Nexus Study during Fiscal Year 2020, LDMF revenue increased due to the development community pre-paying its fees in anticipation of revised fee schedules in the upcoming fiscal years along with strong development activity in Western Riverside County. The continued robust performance of LDMF has culminated with an estimated fund balance of approximately \$50 million on June 30, 2023, for the Capital acquisition fund, which is the primary funding source for the acquisition. In the upcoming fiscal year, staff projects LDMF will continue its historical performance. However, staff will continue monitoring the economy and related trends which may impact development in the County along with LDMF revenues.

The purchase amount of the property is \$46.1 million which will be funded via a down payment of \$22 million due and payable in September of this year. The remaining \$24.1 million will be funded via the issuance of a note payable, which is payable over four years beginning in FY 2024/25 thru FY 2027/28. The interest rate on the note payable is 2.25% and is below the County Treasurer's portfolio rate of return which will generate approximately \$1.4 million in interest expense. Annual installments will be made to the seller of property totaling approximately \$6.4 million which includes both principal and interest.

During the negotiations with the Seller, staff began evaluating multiple options to fund the potential acquisition. Diverse options were discussed included paying all cash for the property and not issuing a note payable. However, during the staff decision-making process, several things were taken into consideration, always focusing on ensuring RCA remained fiscally responsible while limiting the impacts a substantial cash outlay would have on ongoing operations. An additional consideration was ensuring RCA maintained its Board-approved reserves, such as the Economic Stability policy, which requires a minimum cash-level of \$9 million, and the Fund Balance policy which requires the agency to maintain one year of general fund budgeted expenditures, which is estimated at \$9 million for the current year. Combined, both policies require the agency to maintain approximately \$18 million. Maintaining sufficient cash to fund current and future acquisitions was also a key tenet that drove the decision-making and recommendation for consideration and approval for issuance

of a note payable alternative.

There are 3 key components needed in connection with the issuance of a notes payable option. A resolution which authorizes the issuance of the notes payable and related agreements such as the indenture of trust and trustee agreement. An Indenture of Trust, which outlines the key terms for the note payable such as the amount of the note, interest rate, interest charges, along with the payment schedule. Finally, the trustee agreement, which staff is requesting to allow the Executive Director and legal counsel to work on the agreement with US Bank, who will be holders of the note and function as the paying agent related to the 4 annual installments owed to the seller. US Bank was selected as the trustee for this transaction since they are a cost-effective solution to overseeing this work, and annual costs are estimated to be two thousand. Also, US Bank, is a reputable bank experienced in managing the various aspects for this transaction, and they are RCTC's current Trustee for its debt obligations.

Upon Board concurrence, staff and legal counsel will finalize the trustee agreement with US Bank. At or near close of escrow staff will deposit \$22.0 million into the escrow account which is the down payment for the acquisition. Beginning in the upcoming FY 2024/25, staff will make the first installment for the note payable of approximately \$6.4 million as noted within the amortization schedule found in the note payable. Annual installments will continue for 3 more fiscal years at the same amount.

M/S/C (Lock Dawson/Ruiz) to:

- 1) **Adopt Resolution No. 2023-003, "A Resolution of the Board of Directors of the Western Riverside County Regional Conservation Authority Authorizing Proceedings and Agreements Relating to the Financing of Property Acquisition for Public Purposes, Approving Issuance and Sale of Notes, Approving an Indenture and Authorizing Official Actions";**
- 2) **Approve the Indenture of Trust Agreement; and**
- 3) **Approve and Authorize the Executive Director or her designee to execute a Trustee agreement with U.S. Bank Trust Company, National Association.**

8. STATE AND FEDERAL LEGISLATIVE UPDATE

Tyler Madary, Legislative Affairs Manager, provided an update on state and federal legislative actions. RCA has explored the opportunity to establish a natural wildlife refuge in Western Riverside County for years, as it would enable the Federal Government to use additional funding sources to meet its' commitments more quickly in contributing 28,000 acres to the MSHCP reserve. Last year, Representative Calvert and Senator Feinstein introduced legislation to establish a refuge with varying approaches. RCA was generally supportive of any effort that would result in a refuge.

Representative Calvert's bill proposed a process by which the Department of the Interior would establish a refuge within the MSHCP boundaries. Senator Feinstein took a narrower

approach that proposed an acquisition boundary within three sub-regions of the MSHCP, limiting where the wildlife refuge could be established. Consequently, the map generated some negative responses from local stakeholders. While the congressional session ultimately concluded without the passage of a refuge bill, RCA took note of stakeholders' response throughout the process and renewed the discussion in 2023 with a conceptual acquisition map. The downsizing of the proposed acquisition boundaries reflects three primary considerations:

- RCA's prioritization of habitat conservation value and the commitment to stay within criteria cells already prescribed for conservation to honor those commitments made during the development of the MSHCP.
- Recognition of the U.S. Fish and Wildlife's concern last year that a large acquisition boundary increases chances of a sprawled and disconnected refuge that could be difficult to manage.
- RCA's respect for tribes by creating more of a buffer between their lands and the conceptual acquisition boundary, and similarly for other partner stakeholders such as municipalities, utilities, property owners, etc.

As reported last month, RCA Chair, Vice Chair, and staff flew to D.C. and met with representatives and the U.S. Fish and Wildlife Service. There, Representative Calvert and the office of Senator Feinstein affirmed their support for using legislation to establish a refuge. RCA was given the charge by Representative Calvert and the offices of Senator Feinstein, Senator Padilla, and Representative Issa to take a leading role in conducting stakeholder outreach to ensure a thorough understanding of the proposal and incorporate feedback into the map. Stakeholder engagement continues, and to date, RCA has met with:

- Municipalities;
- Representatives from Soboa, Cahuilla, Pechanga, and Morongo;
- Environmental organizations, such as Defenders of Wildlife, The Wilderness Society, National Audubon Society, and Endangered Habitats League;
- Water infrastructure and utility operators, such as Metropolitan Water District, Eastern Municipal Water District, Rancho California Water District, Riverside County Flood Control District, and Southern California Edison;
- Property owners and other key stakeholders, such as the Riverside County Farm Bureau and the Temecula Valley Winegrowers Association; and
- U.S. Fish and Wildlife Services staff.

In these discussions, RCA goes over the conceptual map, reminding the stakeholders of four important points:

- The proposed acquisition boundaries represent a limit to where the U.S. Fish and Wildlife Service could acquire land from willing sellers.
- A refuge would be established not when the bill is enacted, but when the service receives its' first land either from willing transfer or purchase from a willing seller.
- If any property is located in the acquisition boundary, but not in the refuge, there is no

change to the land rights or title.

- Once a property is incorporated into the refuge, any existing easements or access rights will still hold.

Based on RCA's outreach thus far, stakeholders have been either neutral or generally supportive. RCA staff will continue to incorporate feedback received from stakeholders on the proposed map. RCA staff is also remaining in close contact with staff from the offices of Representative Calvert and Senator Feinstein, to present them with an updated concept map that reflects the stakeholders' outreach. It is anticipated that legislation to establish a wildlife refuge will likely be introduced in the coming weeks.

Board Member Spiegel wanted to know how much land there was around that were Public Quasi-Public (PQP) as the map seems to show a significant amount. Mr. Madary noted that while the PQP lands owned by RCA would not immediately be incorporated into the wildlife refuge, there would be opportunities for RCA or other federal departments to transfer land to the Department of the Interior.

Board Member Spiegel also wanted to confirm that the tribal lands would not be counted toward the plan. Mr. Madary confirmed that was correct.

Anne Mayer, Executive Director, added that in terms of the conversations that RCA has had with tribal partners, there are concerns that they do not want anything related to the refuge impacting their ability to manage and develop their homelands. They also want to ensure that a proposed refuge would not impede their ability to bring in utilities, roads, and anything that may be a benefit to their tribal lands.

The PQP lands shown on the proposed map is approximately 340,000 acres. RCA has acquired almost 67,000 acres.

Board Member Lock Dawson wanted to clarify that the original bill proposed by Representative Calvert included the entire MSHCP area. Mr. Madary confirmed that it did cover the entire MSHCP area.

Board Member Lock Dawson asked for a quick summary of the four points that are being discussed with stakeholders. Mr. Madary reiterated the four points mentioned.

Board Member Lock Dawson clarified that the refuge would not be established until the first property changes ownership, meaning the entire refuge would be enacted at the same time. Mr. Madary clarified that while that was true, the refuge would be starting out small, and build with additional land acquisitions over time, including patchwork properties within the acquisition boundaries. The goal of U.S. Fish and Wildlife is to have contiguous, manageable lands while maintaining linkages.

Board Member Lock Dawson noted that this is not the first time that a refuge has been established and wanted to know if RCA staff had looked at other models for reference and

research. Mr. Madary stated that the closest example RCA has was the refuge in San Diego, which is overlaid with their Habitat Conservation Plan.

Ms. Mayer added that the other thing RCA staff is not sure of yet is that the MSHCP is one of the few in the country where the federal government has an explicit signatory responsibility to acquire land. They are a financial partner in the MSHCP.

Board Member Jeffries wanted to verify that the originally proposed map changes had been resolved, and there are no impacts whatsoever to private property rights. Mr. Madary noted that that was correct, and nothing would change for property owners, they would still just be under the rules of the MSHCP. The only change that would come is if a property owner willing sold their property.

Board Member Jeffries noted that in his experience, a lot of the federal lands do not allow firefighting on their properties unless the Secretary of the Interior authorizes it. This has happened in San Diego County where firefighters must stand by and wait until the fire moves off federal land.

Mr. Madary noted that staff has done some research and the understanding is that federal lands have their own firefighting personnel, and they are a member of the National Wildfire Coordination Group. While measures like bull dozing and deploying flame retardant are not encouraged in the plans, they are not prohibited either and available if necessary. There is an understanding from the management perspective that the best practice is fuel breaks exist around housing tracks so there is already access.

Board Member Jeffries stated that if the lands are transferred to the federal government and taken out of state and local control for firefighting, that would be a disaster for Riverside County and rural and residential communities.

Ms. Mayer thanked the Board for their feedback and noted that this is a draft map that RCA staff has developed based on stakeholder input. The input today will also be incorporated. RCA was asked to take the lead on having conversations locally, because the original map was not developed with local stakeholder or RCA input. Staff is doing as much outreach as possible so suggestions can be made back to Representative Calvert, Senator Feinstein, and Senator Padilla on what the boundaries should be, along with legislative language that has been requested by the stakeholders related to existing rights, development rights, infrastructure, and firefighting now as well.

Chair Johnson noted appreciation that was extended for all the outreach that has taken place by RCA, because there was such an uproar after the bill was published.

This item is for the Board of Directors to receive and file an update on state and federal legislative affairs.

9. PRESENTATION – SPECIES OF THE MONTH

Tricia Campbell, Regional Conservation Deputy Director, provided a presentation on the species of the month, the Long-Tailed Weasel.

Board Member Morabito wanted to know if the Long-Tailed Weasel shared space with the San Bernardino Kangaroo Rat (SBKR) and whether they would eat them. Ms. Campbell noted that she would suspect that they would probably live nearby SBKR and would think they were tasty.

Board Member Sobek wanted to know where in the County the Long-Tailed Weasel was located. Ms. Campbell stated they are actually fairly wide-spread, and they can be found in backyards in rural residential areas.

10. BOARD OF DIRECTORS / EXECUTIVE DIRECTOR REPORT

Chair Johnson congratulated Board Member Crystal Ruiz for the WRCOG event she hosted. It was very nicely done.

11. CLOSED SESSION

At this time, Steve DeBaun, legal counsel, announced the Board will be going in to Closed Session to discuss the property items on the agenda.

11A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8

Agency Negotiator: Executive Director or Designee

Item	Property Description	Property Owner	Buyer(s)
1	371-100-005	John Tseng, Trustee of the Survivor’s Trust established under the Tseng Family Living Trust	RCA
2	371-110-006, 371-110-023, & 371-110-024	Rome Hill Land Trust dated 10/01/2014	RCA

11B. REPORT OUT FROM CLOSED SESSION

Mr. DeBaun announced the Board considered and approved the following closed session items:

Item 1: Acquisition of the property was approved for \$135,000.

12. ADJOURNMENT

There being no further business for consideration by the Western Riverside County Regional Conservation Authority Board of Directors, Chair Johnson adjourned the meeting at 1:34 p.m. The next meeting of the Board of Directors is scheduled to be held on **Monday, September 11, 2023**.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Lisa Mobley".

Lisa Mobley
Administrative Services Manager/
Clerk of the Board