

Agenda for the IERCD Special Board Meeting
September 28, 2009 at 8:15 AM
25864-K Business Center Drive, Redlands, Ca 92374
7576 Etiwanda Ave, Etiwanda, CA 91739-9759
Mitigation Tour
(909) 708-6958

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Agendas are available for inspection at the Inland Empire RCD Office, Monday through Thursday, 6:00 AM to 4:30 PM at 25864-K Business Center Drive, Redlands, Ca 92374

Directors and members of the public from the east end of the district will be meeting with staff at the IERCD district office at 8:15 AM and will be driven to Etiwanda Gardens in Etiwanda where they will join the rest of the Board of Directors from the west end of the district as well as any interested members of the public at 9:00 AM.

- I. CALL TO ORDER
- II. PUBLIC INPUT
- III. MITIGATION SITE TOUR
 1. Prologis Ontario
 - i. Post and cable fence discussion
 2. Centex-Sycamore Heights
 3. Goose Creek Golf Course
 4. San Timoteo Creek
 5. Prologis Beaumont
 6. Four Seasons Beaumont
 7. Oak Glen Basins
 8. Wildwood II
- IV. OLD/NEW BUSINESS
 1. Southcoast RC&D- Discussion and Possible Action...2
 2. Prop 1A Securitization Program...3
- V. ITEMS FOR DISCUSSION
- VI. FUTURE AGENDA ITEMS
- VII. ANNOUNCEMENTS
 1. September's ASBCSD Meeting is being held on September 28th, 2009 at the Panda Inn.
 2. The next IERCD Board Meeting will be held on October 21, 2009 in Oak Glen. This will also be the date and location of the Southcoast CARCD area meeting that IERCD will be hosting after the morning board meeting.
- VIII. ADJOURN

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INLAND EMPIRE RESOURCE CONSERVATION DISTRICT
Action Item

FROM: Jennifer Ares, District Manager
SUBJECT: South Coast Resource Conservation and Development
DATE: 9/28/09

RECOMMENDATION:

The District Manager recommends that the IERCD Board of Directors take a position as a district regarding future support IERCD is willing to provide to the south Coast RC&D after hearing discussion from the Board Chair and the District Manager on the state of the southcoast RC&D.

DISCUSSION:

The southcoast RC& D is in a precarious financial position, as previously discussed at prior meetings. The IERCD Board President is a member of the southcoast RC& D council and Jim Earsom, District Conservationist for NRCS is the current RC&D Coordinator while NRCS waits to fill the vacancy. The District Manager added this item to the September 28th special meeting agenda to discuss and possibly take action after the District Conservationist and Acting RC&D coordinator expressed concern that the directors of the RC&D could face potential financial responsibility for the money that is owed for back payroll taxes to the IRS and the state of California. In addition, the DMV is also seeking delinquent vehicle registration for the conservation on wheels (RV) and the liability insurance has expired for council members.

FISCAL IMPACT:

Unknown. In the unlikely event that federal and state agencies would seek reimbursement from RC&D board members, IERCD would most likely incur those costs on behalf of Director Williams.

ACTION TO BE TAKEN:

The IERCD board of directors needs to make a decision to continue involvement with the south coast RC&D council.

ATTACHMENT(S):

None.

SUBMITTED BY:



Jennifer Ares, District Manager

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INLAND EMPIRE RESOURCE CONSERVATION DISTRICT
Action Item

FROM: Jennifer Ares, District Manager
SUBJECT: Proposition 1A Securitization Program
DATE: 9/28/09

RECOMMENDATION:

The IERCD Board of Directors needs to decide if they wish to apply for the Prop 1A Securitization Program offered through California Communities or wait to be reimbursed the borrowed funds by the State by June 30, 2013.

DISCUSSION:

California Communities is offering securitization funding to cities, counties and special districts affected by Proposition 1A. Local Governments like IERCD will have the opportunity to receive the property tax money that is being borrowed by the state ahead of time, through securitization funding offered by California Communities. California Communities will be offering bonds securitizing the future payments of the State and the State will repay the bondholders, including interest. If local governments use the securitization funding, they are not liable to repay the funds from the program; it will be the responsibility of the State of California. If the IERCD Board of Directors does not wish to apply for the program, the State of California will be repaying the district the borrowed funds by June 30, 2013, plus a currently undetermined percentage of interest.

The legislation for the Prop 1a Securitization Program (SB 67) failed to be enacted by the Senate, but California Communities is still opening the Proposition 1A Receivable Financing Program for enrollment. California Communities remains hopeful that SB 67 will be enacted in the next few weeks. Qualified agencies must enroll online in order to receive the documents that must be signed and adopted by the Board of Directors in order to apply for the securitization funding. These documents must be submitted to California Communities on or before November 6th, so they can be approved by the Board at the October 21st special meeting, if directors wish to proceed.

FISCAL IMPACT:

According to the California Communities website, the fiscal impact for Inland Empire Resource Conservation District is \$48,826.

ACTION TO BE TAKEN:

The Board of Directors needs to make a motion instructing the District Manager to either enroll IERCD for the Prop 1A securitization program and seek early repayment of borrowed funds, or to wait for repayment from the state with interest in 2013.

ATTACHMENT(S):

FAQ Sheet

SUBMITTED BY



Jennifer Ares, District Manager

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PROPOSITION 1A SECURITIZATION FREQUENTLY ASKED QUESTIONS

What is Proposition 1A Securitization?

On July 28, 2009, the California legislature and Governor Arnold Schwarzenegger passed the state budget and approved a provision allowing the state to borrow eight percent of the amount of property tax revenue apportioned to cities, counties and special districts. Under the provision, the state will be required to repay those obligations by June 30, 2013.

The provision also created an option for California local public agencies to relieve the burden of loaning the state property tax revenues. The provision, called Proposition 1A Securitization, authorizes the California Statewide Communities Development Authority (California Communities) to purchase the receivable due to local agencies from the State.

How does Proposition 1A Securitization work?

The legislation for the Proposition 1A Securitization authorizes cities, counties and special districts to sell their state repayment obligations to California Communities. In a simultaneous transaction, California Communities will issue bonds and remit the cash proceeds to the participating local public agencies. Bondholders will receive their repayment from the state at a later date. The legislation requires that local agencies participating in the securitization program will receive 100% of their respective Prop 1A receivables.

How much does it cost a public agency to participate in Proposition 1A Securitization Program?

There is no cost to participate in Proposition 1A Securitization Program. All interest costs and costs of the securitization will be paid by the state.

When can my agency expect to receive payment?

Depending upon cleanup legislation expected in the California legislature, California Communities is targeting completion of the securitization transaction for November or early December, 2009, which would result in payment to participating local public agencies prior to transfer of the first installment of property taxes. Should the legislature not pass the anticipated legislative amendments, however, California Communities' next opportunity to securitize will likely be March, 2010.

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Is participation in Proposition 1A Securitization Program voluntary?

Yes. The Proposition 1A Securitization provision creates the option for cities, counties and special districts to receive early payment on their obligations from the state. No public agency is required to securitize.

What are our options if we decide not to participate in Proposition 1A Securitization Program?

Public agencies that do not participate in Proposition 1A Securitization Program can expect to receive repayment plus interest from the state for its obligations by June 30, 2013. The interest rate to be paid by the state to local public agencies will be set by the State of California Director of Finance on or before September 28, 2009. That amount must be higher than the current Pooled Money Investment Account rate, but no higher than 6%.

Has California Communities conducted a program like this before?

Yes. In 2005, California Communities conducted a similar bond securitization program for local agencies when the state borrowed Vehicle License Fee (VLF) revenues from cities and counties. California Communities securitized \$455 million in VLF payments due from the state to provide advance repayment to 146 participating cities and counties.

How is Prop 1A Securitization different from the VLF financing that California Communities conducted?

Under the VLF financing program in 2005, local agencies in California were required to cover the costs of issuance and pay the interest cost. As a result, local agencies only received about 93 cents on the dollar from their loans to the state. Under the proposed Proposition 1A Securitization program, the state will pay for the borrowing interest incurred and the costs of issuance required for each agency to participate. The legislation requires that local agencies participating in the securitization program will receive 100% of their respective Prop 1A receivables.

Do I need to become a member of California Communities to participate in Proposition 1A Securitization?

No, public agencies are free to participate in the program without becoming members of California Communities.

Does a public agency incur any liability by participating in Proposition 1A Securitization?

No. The bonds issued by California Communities are not obligations of any of the local agency program participants. The California Communities joint powers agreement expressly provides that California Communities is an entity separate and apart from the participating public agencies, and "its debts, liabilities and obligations do not constitute debts, liabilities or obligations of any party to the joint powers agreement." Participating public agencies are not responsible for any repayment of debt, nor are they named in any of the bond documents.

What is California Communities?

The California Statewide Communities Development Authority, known as CSCDA or California Communities, is a joint powers authority sponsored by the League of California Cities and the California State Association of Counties.

California Communities was created by the California State Association of Counties and the League of California Cities in 1988 to enable local government and eligible private entities access to low-cost, tax-exempt financing for

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projects that provide a tangible public benefit, contribute to social and economic growth and improve the overall quality of life in local communities throughout California.

Who are the Commissioners of California Communities?

The Commission is made up of local government representatives appointed by elected officials through the California State Association of Counties and the League of California Cities executive committees.

How much public benefit financing has California Communities issued on behalf of its Program Participants?

California Communities has issued more than \$40.2 billion through 1,212 financings since 1988 and consistently ranks in the top 10 of more than 3,000 nationwide public issuers of tax-exempt debt, as measured by annual issuance amount.

Previous public benefit projects have included financing more than \$700 million in public infrastructure projects, \$122 million in lease obligations for local governments to acquire equipment, vehicles, and computer technology among other needs, and \$397 million of pension obligation bonds to provide an alternative finance mechanism for unfunded liabilities.

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