

**TRES HERMANOS CONSERVATION AUTHORITY
SPECIAL BOARD OF DIRECTORS MEETING
February 7, 2019
6:00 p.m.**

**CITY OF INDUSTRY
CITY COUNCIL CHAMBER
15651 E. STAFFORD STREET
CITY OF INDUSTRY, CALIFORNIAⁱ**

A G E N D A

1. **CALL TO ORDER** 6:00 p.m.

PLEDGE OF ALLEGIANCE

ROLL CALL

2. **SPECIAL ORDER OF BUSINESS:**

- 2.1 **Reorganization of the Board of Directors.**

Recommended Action: Select a Chair and Vice-Chair.

3. **PUBLIC COMMENTS:** At this time, members of the public may address the Authority regarding any items within the subject matter jurisdiction of the Authority provided NO action or discussion may be taken on any item not appearing on the agenda, except the Authority may BRIEFLY respond to statements made or questions posed. Comments are limited to five minutes per speaker.

Copies of staff reports or other written documentation relating to agenda items are on file in the Office of the City Clerk at Industry City Hall, and are available for public inspection. If requested, the agenda will be made available in an alternative format to a person with disability as required by Section 202 of the Americans with Disabilities Act of 1990. If you have questions regarding an agenda item, please contact the Authority Secretary at (626) 333-2211 during regular business hours.

In an effort to comply with the requirements of Title II of the Americans with Disabilities Act of 1990, the Tres Hermanos Conservation Authority requires that any person in need of any type of special equipment, assistance or accommodation(s) in order to communicate at a public meeting, must inform the Authority Secretary a minimum of 72 hours prior to the scheduled meeting.

4. **CONSENT CALENDAR:**

- 4.1 **Check Register from March 10, 2018 through January 31, 2019 in the amount of \$1,970.00.**

Recommended Action: Approve.

- 4.2 **Treasurer's Statements for the Months of February, 2018 through January 2019.**

Recommended Action: Receive and File.

- 4.3 **Bank Signature Authorization Cards.**

Recommended Action: Authorize Staff to file new bank signature cards as appropriate for new appointments.

- 4.4 **Overview of the Amended and Restated Tres Hermanos Conservation Authority Joint Powers Agreement.**

Recommended Action: Receive and File.

- 4.5 **Independent Auditor's Report for the Fiscal Year Ending June 30, 2018.**

Recommended Action: Receive and File.

5. **OLD BUSINESS:** None.

6. **NEW BUSINESS:**

- 6.1 **Consideration of a Purchase and Sale Agreement/Joint Escrow Instructions transferring the Tres Hermanos Ranch from the City of Industry to the Tres Hermanos Conservation Authority.**

Recommended Action: That the Board of Directors take the following actions:

- A. Adopt Resolution No. 2019-01 approving, and authorizing the Deputy Executive Director to execute the Purchase and Sale Agreement/Joint Escrow Instructions for Tres Hermanos Ranch (Tres Hermanos PSA) transferring the Tres Hermanos Ranch from the City of Industry to the Tres Hermanos Conservation Authority ("Conservation Authority"), and finding that approval or Resolution No. 2019-01 is categorically exempt

from the California Environmental Quality Act pursuant to Title 14, California Code of Regulations, Sections 15325(a) and 15301; and

- B. Authorize the Deputy Executive Director to execute such other documents and take such other actions necessary to implement the Tres Hermanos PSA.

6.2 Discussion of Regular Board of Director Meeting Times

Recommended Action: Discuss and provide direction for regular meeting schedule.

7. **AUTHORITY DIRECTOR COMMENTS:**

8. **ADJOURNMENT:**

ⁱ Because the Tres Hermanos Conservation Authority does not have its own website or designated places of public posting, the posting requirements of the Brown Act (Government Code sections 54950 et seq., are being met in the following manner. Each Member of the Tres Hermanos Conservation Authority, which Members are the cities of Chino Hills, Diamond Bar and Industry, are posting this agenda in the places designated for the posting of each City's City Council meetings and on their respective websites. In addition, anyone who has requested agendas for each city's city council meetings, will receive a copy of this agenda.

**TRES HERMANOS CONSERVATION AUTHORITY
STAFF REPORT**

AGENDA NO. 4.1

Date: February 7, 2019
To: Chair and Board of Directors
From: Troy Helling, Executive Director
Subject: Check Register from March 10, 2018, through January 31, 2019, in the amount of \$1,970.00

Recommendation:

That the Authority approve the check register from March 10, 2018 through January 31, 2019 in the amount of \$1,970.00.

Background/Analysis:

In order to maintain good accounting practices, the check register of the Authority should be periodically reviewed and approved by the Authority. During the time period from March 10, 2018, through January 31, 2019, only two checks were written. The checks were written in order to pay the auditors for the year-end field work and annual audit.

Respectfully submitted,



Christina Buhagiar
Treasurer/Auditor

Reviewed by,



Troy Helling
Executive Director

Attachments

PREPARED 01/31/2019,13:52:07

PROGRAM: GM172L

CITY OF CHINO HILLS

BANK: 04 Tres Hermanos Conservation Authority

ALL CHECKS REGISTER
SELECTED BY CHECK DATE
FROM: 03/10/2018 TO: 01/31/2019

PAGE 1
ACCOUNTING PERIOD 07/2019
REPORT NUMBER 233

CHECK NO	VENDOR NO	VENDOR NAME	CHECK DATE	CHECK AMOUNT	DATE CLEARED	BANK CODE	STATUS	ORIGINAL AMOUNT
1006	2950	LSL CPA'S	10/18/2018	1,770.00		04	OUTSTANDING	
1007	2950	LSL CPA'S	01/29/2019	200.00		04	OUTSTANDING	

TOTAL FOR ALL BANKS

NO. OF CHECKS:	2	TOTAL CHECKS	1,970.00 ***
OUTSTANDING CHECKS:	2	RECONCILED CHECKS:	VOID CHECKS:
	1,970.00		.00
			.00

**TRES HERMANOS CONSERVATION AUTHORITY
STAFF REPORT**

AGENDA NO. 4.2

Date: February 7, 2019
To: Chair and Board of Directors
From: Troy Helling, Executive Director
Subject: Receive and File - Treasurer's Statements for the Months of February 2018 through January 2019

Recommendation:

That the Authority receive and file Treasurer's Statements for the months of February 2018 through January 2019.

Background/Analysis:

Pursuant to the Tres Hermanos Conservation Authority By-Laws, the Treasurer must verify and report in writing, at least quarterly, the amount of money held for the Authority, the amount of receipts since the last report, and the amount paid out since the last report.

Attached for your information are the Treasurer's Reports for the months February 2018 through January 2019.

Respectfully submitted,



Christina Buhagiar
Treasurer/Auditor

Reviewed by,



Troy Helling
Executive Director

Attachments

TRES HERMANOS CONSERVATION AUTHORITY

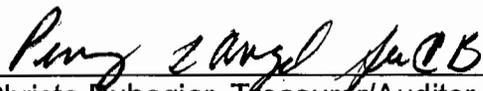
MEMORANDUM

DATE: MARCH 26, 2018
TO: TOMMYE CRIBBINS, SECRETARY
VIA: CHERYL BALZ, CITY CLERK, CITY OF CHINO HILLS
FROM: CHRISTA BUHAGIAR, TREASURER/AUDITOR
SUBJECT: TREASURER'S REPORT FOR FEBRUARY 2018

Attached is the Treasurer's Report for the month of February 2018.

Pursuant to the Tres Hermanos Conservation Authority By-Laws, the Treasurer must verify and report in writing, at least quarterly, the amount of money held for the Authority, the amount of receipts since the last report, and the amount paid out since the last report.

In the event you have any questions, please contact Liz Carlock, Accounting Supervisor, at (909) 364-2653.



Christa Buhagiar, Treasurer/Auditor

CB:PA:EC:dk

Attachment

cc: Ben Montgomery, Assistant City Manager, City of Chino Hills

**TRES HERMANOS CONSERVATION AUTHORITY
TREASURER'S REPORT
February 28, 2018**

I. Funds Held by Authority:

	Cost	Market Value	Interest Rate
Cash			
Citizens Business Bank - Premium Money Market	\$ 92,341	\$ 92,341	0.15%
Total Funds Held by Authority	<u>92,341</u>	<u>92,341</u>	

II. Cash Flow Transactions:

Fund	Beginning Cash Balance 02/01/18	Cash Receipts	Cash Disbursements	Ending Cash Balance 02/28/18
General Fund	\$ <u>92,331</u>	\$ <u>10</u>	-	\$ <u>92,341</u>

III. Certifications:

In accordance with the California Government Code, the Treasurer certifies that sufficient liquidity is available to meet the Authority's anticipated expenditure requirements for the six months ending August 31, 2018.



 Christa Buhagiar
 Treasurer/Auditor

Tres Hermanos Conservation Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
February 28, 2018

	Fiscal Year 17/18	Fiscal Year 16/17
Revenues:		
Investment Interest	\$ 93	\$ 110
Total Revenues	93	110
Expenditures:		
Financial services	-	61
Professional services	1,910	1,910
Total Expenditures	1,910	1,971
Excess of revenues over (under) expenditures	\$ (1,817)	\$ (1,861)
Fund Balances:		
Beginning of fiscal year	\$ 94,158	\$ 96,019
Excess of revenues over (under) expenditures	(1,817)	(1,861)
End of fiscal year	\$ 92,341	\$ 94,158

TRES HERMANOS CONSERVATION AUTHORITY

MEMORANDUM

DATE: APRIL 23, 2018
TO: TOMMYE CRIBBINS, SECRETARY
VIA: CHERYL BALZ, CITY CLERK, CITY OF CHINO HILLS
FROM: CHRISTA BUHAGIAR, TREASURER/AUDITOR
SUBJECT: TREASURER'S REPORT FOR MARCH 2018

Attached is the Treasurer's Report for the month of March 2018.

Pursuant to the Tres Hermanos Conservation Authority By-Laws, the Treasurer must verify and report in writing, at least quarterly, the amount of money held for the Authority, the amount of receipts since the last report, and the amount paid out since the last report.

In the event you have any questions, please contact Nicole Lugotoff, Accounting Supervisor, at (909) 364-2648.



Christa Buhagiar, Treasurer/Auditor

CB:EC:NL:dk

Attachment

cc: Ben Montgomery, Assistant City Manager, City of Chino Hills

**TRES HERMANOS CONSERVATION AUTHORITY
TREASURER'S REPORT
March 31, 2018**

I. Funds Held by Authority:

	Cost	Market Value	Interest Rate
Cash			
Citizens Business Bank - Premium Money Market	\$ 92,353	\$ 92,353	0.15%
Total Funds Held by Authority	92,353	92,353	

II. Cash Flow Transactions:

Fund	Beginning Cash Balance 03/01/18	Cash Receipts	Cash Disbursements	Ending Cash Balance 03/31/18
General Fund	\$ 92,341	\$ 12	-	\$ 92,353

III. Certifications:

In accordance with the California Government Code, the Treasurer certifies that sufficient liquidity is available to meet the Authority's anticipated expenditure requirements for the six months ending September 30, 2018.



Christa Buhagiar
Treasurer/Auditor

Tres Hermanos Conservation Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
March 31, 2018

	Fiscal Year 17/18	Fiscal Year 16/17
Revenues:		
Investment Interest	\$ 105	\$ 110
Total Revenues	105	110
Expenditures:		
Financial services	-	61
Professional services	1,910	1,910
Total Expenditures	1,910	1,971
Excess of revenues over (under) expenditures	\$ (1,805)	\$ (1,861)
Fund Balances:		
Beginning of fiscal year	\$ 94,158	\$ 96,019
Excess of revenues over (under) expenditures	(1,805)	(1,861)
End of fiscal year	\$ 92,353	\$ 94,158

TRES HERMANOS CONSERVATION AUTHORITY

MEMORANDUM

DATE: MAY 22, 2018
TO: TOMMYE CRIBBINS, SECRETARY
VIA: CHERYL BALZ, CITY CLERK, CITY OF CHINO HILLS
FROM: CHRISTA BUHAGIAR, TREASURER/AUDITOR
SUBJECT: TREASURER'S REPORT FOR APRIL 2018

Attached is the Treasurer's Report for the month of April 2018.

Pursuant to the Tres Hermanos Conservation Authority By-Laws, the Treasurer must verify and report in writing, at least quarterly, the amount of money held for the Authority, the amount of receipts since the last report, and the amount paid out since the last report.

In the event you have any questions, please contact Liz Carlock, Accounting Supervisor, at (909) 364-2653.



Christa Buhagiar, Treasurer/Auditor

CB:EC:SS:dk

Attachment

cc: Ben Montgomery, Assistant City Manager, City of Chino Hills

**TRES HERMANOS CONSERVATION AUTHORITY
TREASURER'S REPORT
April 30, 2018**

I. Funds Held by Authority:

	Cost	Market Value	Interest Rate
Cash			
Citizens Business Bank - Premium Money Market	\$ 92,364	\$ 92,364	0.15%
Total Funds Held by Authority	\$ 92,364	\$ 92,364	

II. Cash Flow Transactions:

Fund	Beginning Cash Balance 04/01/18	Cash Receipts	Cash Disbursements	Ending Cash Balance 04/30/18
General Fund	\$ 92,353	\$ 11	\$ -	\$ 92,364

III. Certifications:

In accordance with the California Government Code, the Treasurer certifies that sufficient liquidity is available to meet the Authority's anticipated expenditure requirements for the six months ending October 31, 2018.



Christa Buhagiar
Treasurer/Auditor

Tres Hermanos Conservation Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
April 30, 2018

	Fiscal Year 17/18	Fiscal Year 16/17
Revenues:		
Investment Interest	\$ 116	\$ 110
Total Revenues	116	110
Expenditures:		
Financial services	-	61
Professional services	1,910	1,910
Total Expenditures	1,910	1,971
Excess of revenues over (under) expenditures	\$ (1,794)	\$ (1,861)
Fund Balances:		
Beginning of fiscal year	\$ 94,158	\$ 96,019
Excess of revenues over (under) expenditures	(1,794)	(1,861)
End of fiscal year	\$ 92,364	\$ 94,158

TRES HERMANOS CONSERVATION AUTHORITY

MEMORANDUM

DATE: JULY 2, 2018
TO: TOMMYE CRIBBINS, SECRETARY
VIA: CHERYL BALZ, CITY CLERK, CITY OF CHINO HILLS
FROM: CHRISTA BUHAGIAR, TREASURER/AUDITOR
SUBJECT: TREASURER'S REPORT FOR MAY 2018

Attached is the Treasurer's Report for the month of May 2018.

Pursuant to the Tres Hermanos Conservation Authority By-Laws, the Treasurer must verify and report in writing, at least quarterly, the amount of money held for the Authority, the amount of receipts since the last report, and the amount paid out since the last report.

In the event you have any questions, please contact Nicole Lugotoff, Accounting Supervisor, at (909) 364-2648.



Christa Buhagiar, Treasurer/Auditor

CB:EC:NL:SS:dk

Attachment

cc: Ben Montgomery, Assistant City Manager, City of Chino Hills

**TRES HERMANOS CONSERVATION AUTHORITY
TREASURER'S REPORT
May 31, 2018**

I. Funds Held by Authority:

	Cost	Market Value	Interest Rate
Cash			
Citizens Business Bank - Premium Money Market	\$ 92,376	\$ 92,376	0.15%
Total Funds Held by Authority	\$ 92,376	\$ 92,376	

II. Cash Flow Transactions:

Fund	Beginning Cash Balance 05/01/18	Cash Receipts	Cash Disbursements	Ending Cash Balance 05/31/18
General Fund	\$ 92,364	\$ 12	\$ -	\$ 92,376

III. Certifications:

In accordance with the California Government Code, the Treasurer certifies that sufficient liquidity is available to meet the Authority's anticipated expenditure requirements for the six months ending November 30, 2018.



 Christa Buhagiar
 Treasurer/Auditor

Tres Hermanos Conservation Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
May 31, 2018

	Fiscal Year 17/18	Fiscal Year 16/17
Revenues:		
Investment Interest	\$ 128	\$ 110
Total Revenues	128	110
Expenditures:		
Financial services	-	61
Professional services	1,910	1,910
Total Expenditures	1,910	1,971
Excess of revenues over (under) expenditures	\$ (1,782)	\$ (1,861)
Fund Balances:		
Beginning of fiscal year	\$ 94,158	\$ 96,019
Excess of revenues over (under) expenditures	(1,782)	(1,861)
End of fiscal year	\$ 92,376	\$ 94,158

TRES HERMANOS CONSERVATION AUTHORITY

MEMORANDUM

DATE: JULY 26, 2018
TO: TOMMYE CRIBBINS, SECRETARY
VIA: CHERYL BALZ, CITY CLERK, CITY OF CHINO HILLS
FROM: CHRISTA BUHAGIAR, TREASURER/AUDITOR
SUBJECT: TREASURER'S REPORT FOR JUNE 2018

Attached is the Treasurer's Report for the month of June 2018.

Pursuant to the Tres Hermanos Conservation Authority By-Laws, the Treasurer must verify and report in writing, at least quarterly, the amount of money held for the Authority, the amount of receipts since the last report, and the amount paid out since the last report.

In the event you have any questions, please contact Nicole Lugotoff, Accounting Supervisor, at (909) 364-2648.



Christa Buhagiar, Treasurer/Auditor

CB:EC:NL:SS:rb

Attachment

cc: Ben Montgomery, Assistant City Manager, City of Chino Hills

**TRES HERMANOS CONSERVATION AUTHORITY
TREASURER'S REPORT
June 30, 2018**

I. Funds Held by Authority:

	Cost	Market Value	Interest Rate
Cash			
Citizens Business Bank - Premium Money Market	\$ 92,387	\$ 92,387	0.15%
Total Funds Held by Authority	\$ 92,387	\$ 92,387	

II. Cash Flow Transactions:

Fund	Beginning Cash Balance 06/01/18	Cash Receipts	Cash Disbursements	Ending Cash Balance 06/30/18
General Fund	\$ 92,376	\$ 11	\$ -	\$ 92,387

III. Certifications:

In accordance with the California Government Code, the Treasurer certifies that sufficient liquidity is available to meet the Authority's anticipated expenditure requirements for the six months ending December 31, 2018.



Christa Buhagiar
Treasurer/Auditor

Tres Hermanos Conservation Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
June 30, 2018

	Fiscal Year 17/18	Fiscal Year 16/17
Revenues:		
Investment Interest	\$ 139	\$ 110
Total Revenues	139	110
Expenditures:		
Financial services	-	61
Professional services	1,910	1,910
Total Expenditures	1,910	1,971
Excess of revenues over (under) expenditures	\$ (1,771)	\$ (1,861)
Fund Balances:		
Beginning of fiscal year	\$ 94,158	\$ 96,019
Excess of revenues over (under) expenditures	(1,771)	(1,861)
End of fiscal year	\$ 92,387	\$ 94,158

TRES HERMANOS CONSERVATION AUTHORITY

MEMORANDUM

DATE: AUGUST 23, 2018
TO: TOMMYE CRIBBINS, SECRETARY
VIA: CHERYL BALZ, CITY CLERK, CITY OF CHINO HILLS
FROM: CHRISTA BUHAGIAR, TREASURER/AUDITOR
SUBJECT: TREASURER'S REPORT FOR JULY 2018

Attached is the Treasurer's Report for the month of July 2018.

Pursuant to the Tres Hermanos Conservation Authority By-Laws, the Treasurer must verify and report in writing, at least quarterly, the amount of money held for the Authority, the amount of receipts since the last report, and the amount paid out since the last report.

In the event you have any questions, please contact Nicole Lugotoff, Accounting Supervisor, at (909) 364-2648.



Christa Buhagiar, Treasurer/Auditor

CB:EC:NL:SS:rb

Attachment

cc: Ben Montgomery, Assistant City Manager, City of Chino Hills

**TRES HERMANOS CONSERVATION AUTHORITY
TREASURER'S REPORT
July 31, 2018**

I. Funds Held by Authority:

	Cost	Market Value	Interest Rate
Cash			
Citizens Business Bank - Premium Money Market	\$ 92,399	\$ 92,399	0.15%
Total Funds Held by Authority	\$ 92,399	\$ 92,399	

II. Cash Flow Transactions:

Fund	Beginning Cash Balance 07/01/18	Cash Receipts	Cash Disbursements	Ending Cash Balance 07/31/18
General Fund	\$ 92,387	\$ 12	\$ -	\$ 92,399

III. Certifications:

In accordance with the California Government Code, the Treasurer certifies that sufficient liquidity is available to meet the Authority's anticipated expenditure requirements for the six months ending January 31, 2018.



Christa Buhagiar
Treasurer/Auditor

Tres Hermanos Conservation Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
July 31, 2018

	<u>Fiscal Year 18/19</u>	<u>Fiscal Year 17/18</u>
Revenues:		
Investment Interest	\$ 12	\$ 139
Total Revenues	<u>12</u>	<u>139</u>
Expenditures:		
Financial services	-	-
Professional services	-	1,910
Total Expenditures	<u>-</u>	<u>1,910</u>
Excess of revenues over (under) expenditures	<u>\$ 12</u>	<u>\$ (1,771)</u>
Fund Balances:		
Beginning of fiscal year	\$ 92,387	\$ 94,158
Excess of revenues over (under) expenditures	12	(1,771)
End of fiscal year	<u>\$ 92,399</u>	<u>\$ 92,387</u>

TRES HERMANOS CONSERVATION AUTHORITY

MEMORANDUM

DATE: September 27, 2018
TO: TOMMYE CRIBBINS, SECRETARY
VIA: CHERYL BALZ, CITY CLERK, CITY OF CHINO HILLS
FROM: CHRISTA BUHAGIAR, TREASURER/AUDITOR
SUBJECT: TREASURER'S REPORT FOR AUGUST 2018

Attached is the Treasurer's Report for the month of August 2018.

Pursuant to the Tres Hermanos Conservation Authority By-Laws, the Treasurer must verify and report in writing, at least quarterly, the amount of money held for the Authority, the amount of receipts since the last report, and the amount paid out since the last report.

In the event you have any questions, please contact Nicole Lugotoff, Accounting Supervisor, at (909) 364-2648.



Christa Buhagiar, Treasurer/Auditor

CB:EC:NL:SS:rb

Attachment

cc: Ben Montgomery, Assistant City Manager, City of Chino Hills

**TRES HERMANOS CONSERVATION AUTHORITY
TREASURER'S REPORT
August 31, 2018**

I. Funds Held by Authority:

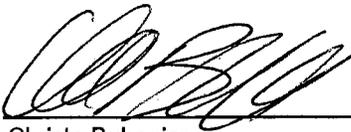
	Cost	Market Value	Interest Rate
Cash			
Citizens Business Bank - Premium Money Market	\$ 92,411	\$ 92,411	0.15%
Total Funds Held by Authority	\$ 92,411	\$ 92,411	

II. Cash Flow Transactions:

Fund	Beginning Cash Balance 07/01/18	Cash Receipts	Cash Disbursements	Ending Cash Balance 07/31/18
General Fund	\$ 92,399	\$ 12	-	\$ 92,411

III. Certifications:

In accordance with the California Government Code, the Treasurer certifies that sufficient liquidity is available to meet the Authority's anticipated expenditure requirements for the six months ending February 28, 2019.



Christa Buhagiar
Treasurer/Auditor

Tres Hermanos Conservation Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
August 31, 2018

	Fiscal Year 18/19	Fiscal Year 17/18
Revenues:		
Investment Interest	\$ 24	\$ 139
Total Revenues	24	139
Expenditures:		
Financial services	-	-
Professional services	-	1,910
Total Expenditures	-	1,910
Excess of revenues over (under) expenditures	\$ 24	\$ (1,771)
Fund Balances:		
Beginning of fiscal year	\$ 92,387	\$ 94,158
Excess of revenues over (under) expenditures	24	(1,771)
End of fiscal year	\$ 92,411	\$ 92,387

TRES HERMANOS CONSERVATION AUTHORITY

MEMORANDUM

DATE: October 24, 2018
TO: TOMMYE CRIBBINS, SECRETARY
VIA: CHERYL BALZ, CITY CLERK, CITY OF CHINO HILLS
FROM: CHRISTA BUHAGIAR, TREASURER/AUDITOR
SUBJECT: TREASURER'S REPORT FOR SEPTEMBER 2018

Attached is the Treasurer's Report for the month of September 2018.

Pursuant to the Tres Hermanos Conservation Authority By-Laws, the Treasurer must verify and report in writing, at least quarterly, the amount of money held for the Authority, the amount of receipts since the last report, and the amount paid out since the last report.

In the event you have any questions, please contact Nicole Lugotoff, Accounting Supervisor, at (909) 364-2648.



Christa Buhagiar, Treasurer/Auditor

CB:EC:NL:SS:rb

Attachment

cc: Ben Montgomery, Assistant City Manager, City of Chino Hills

**TRES HERMANOS CONSERVATION AUTHORITY
TREASURER'S REPORT
September 30, 2018**

I. Funds Held by Authority:

	<u>Cost</u>	<u>Market Value</u>	<u>Interest Rate</u>
Cash			
Citizens Business Bank - Premium Money Market	\$ 92,422	\$ 92,422	0.15%
Total Funds Held by Authority	<u>\$ 92,422</u>	<u>\$ 92,422</u>	

II. Cash Flow Transactions:

<u>Fund</u>	<u>Beginning Cash Balance 09/01/18</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance 09/30/18</u>
General Fund	\$ 92,411	\$ 11	\$ -	\$ 92,422

III. Certifications:

In accordance with the California Government Code, the Treasurer certifies that sufficient liquidity is available to meet the Authority's anticipated expenditure requirements for the six months ending March 31, 2019.

Christa Buhagiar
Treasurer/Auditor

Tres Hermanos Conservation Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
September 30, 2018

	<u>Fiscal Year 18/19</u>	<u>Fiscal Year 17/18</u>
Revenues:		
Investment Interest	\$ 35	\$ 139
Total Revenues	<u>35</u>	<u>139</u>
Expenditures:		
Financial services	-	-
Professional services	-	1,910
Total Expenditures	<u>-</u>	<u>1,910</u>
Excess of revenues over (under) expenditures	<u>\$ 35</u>	<u>\$ (1,771)</u>
Fund Balances:		
Beginning of fiscal year	\$ 92,387	\$ 94,158
Excess of revenues over (under) expenditures	35	(1,771)
End of fiscal year	<u>\$ 92,422</u>	<u>\$ 92,387</u>

TRES HERMANOS CONSERVATION AUTHORITY

MEMORANDUM

DATE: NOVEMBER 29, 2018
TO: TOMMYE CRIBBINS, SECRETARY
VIA: CHERYL BALZ, CITY CLERK, CITY OF CHINO HILLS
FROM: CHRISTA BUHAGIAR, TREASURER/AUDITOR
SUBJECT: TREASURER'S REPORT FOR OCTOBER 2018

Attached is the Treasurer's Report for the month of October 2018.

Pursuant to the Tres Hermanos Conservation Authority By-Laws, the Treasurer must verify and report in writing, at least quarterly, the amount of money held for the Authority, the amount of receipts since the last report, and the amount paid out since the last report.

In the event you have any questions, please contact Nicole Lugotoff, Accounting Supervisor, at (909) 364-2648.



Christa Buhagiar, Treasurer/Auditor

CB:EC:NL:SS:rb

Attachment

cc: Ben Montgomery, Assistant City Manager, City of Chino Hills

**TRES HERMANOS CONSERVATION AUTHORITY
TREASURER'S REPORT
OCTOBER 31, 2018**

I. Funds Held by Authority:

	<u>Cost</u>	<u>Market Value</u>	<u>Interest Rate</u>
Cash			
Citizens Business Bank - Premium Money Market	\$ 90,664	\$ 90,664	0.15%
Total Funds Held by Authority	<u>\$ 90,664</u>	<u>\$ 90,664</u>	

II. Cash Flow Transactions:

<u>Fund</u>	<u>Beginning Cash Balance 10/01/18</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance 10/31/18</u>
General Fund	<u>\$ 92,422</u>	<u>\$ 12</u>	<u>\$ (1,770)</u>	<u>\$ 90,664</u>

III. Certifications:

In accordance with the California Government Code, the Treasurer certifies that sufficient liquidity is available to meet the Authority's anticipated expenditure requirements for the six months ending April 30, 2019.



 Christa Buhagiar
 Treasurer/Auditor

Tres Hermanos Conservation Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
October 31, 2018

	Fiscal Year 18/19	Fiscal Year 17/18
Revenues:		
Investment Interest	\$ 47	\$ 139
Total Revenues	47	139
Expenditures:		
Financial services	-	-
Professional/Audit services	1,770	1,910
Total Expenditures	1,770	1,910
Excess of revenues over (under) expenditures	\$ (1,723)	\$ (1,771)
Fund Balances:		
Beginning of fiscal year	\$ 92,387	\$ 94,158
Excess of revenues over (under) expenditures	(1,723)	(1,771)
End of fiscal year	\$ 90,664	\$ 92,387

TRES HERMANOS CONSERVATION AUTHORITY

MEMORANDUM

DATE: DECEMBER 20, 2018
TO: TOMMYE CRIBBINS, SECRETARY
VIA: CHERYL BALZ, CITY CLERK, CITY OF CHINO HILLS
FROM: CHRISTA BUHAGIAR, TREASURER/AUDITOR
SUBJECT: TREASURER'S REPORT FOR NOVEMBER 2018

Attached is the Treasurer's Report for the month of November 2018.

Pursuant to the Tres Hermanos Conservation Authority By-Laws, the Treasurer must verify and report in writing, at least quarterly, the amount of money held for the Authority, the amount of receipts since the last report, and the amount paid out since the last report.

In the event you have any questions, please contact Nicole Lugotoff, Accounting Supervisor, at (909) 364-2648.



Christa Buhagiar, Treasurer/Auditor

CB:EC:NL:SS:rb

Attachment

cc: Ben Montgomery, Assistant City Manager, City of Chino Hills

**TRES HERMANOS CONSERVATION AUTHORITY
TREASURER'S REPORT
NOVEMBER 30, 2018**

I. Funds Held by Authority:

	<u>Cost</u>	<u>Market Value</u>	<u>Interest Rate</u>
Cash			
Citizens Business Bank - Premium Money Market	\$ 90,675	\$ 90,675	0.15%
Total Funds Held by Authority	<u><u>\$ 90,675</u></u>	<u><u>\$ 90,675</u></u>	

II. Cash Flow Transactions:

<u>Fund</u>	<u>Beginning Cash Balance 11/01/18</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance 11/30/18</u>
General Fund	<u><u>\$ 90,664</u></u>	<u><u>\$ 11</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 90,675</u></u>

III. Certifications:

In accordance with the California Government Code, the Treasurer certifies that sufficient liquidity is available to meet the Authority's anticipated expenditure requirements for the six months ending May 31, 2019.



Christa Buhagiar
Treasurer/Auditor

Tres Hermanos Conservation Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
November 30, 2018

	<u>Fiscal Year 18/19</u>	<u>Fiscal Year 17/18</u>
Revenues:		
Investment Interest	\$ 58	\$ 139
Total Revenues	<u>58</u>	<u>139</u>
Expenditures:		
Financial services	-	-
Professional/Audit services	1,770	1,910
Total Expenditures	<u>1,770</u>	<u>1,910</u>
Excess of revenues over (under) expenditures	<u>\$ (1,712)</u>	<u>\$ (1,771)</u>
Fund Balances:		
Beginning of fiscal year	\$ 92,387	\$ 94,158
Excess of revenues over (under) expenditures	(1,712)	(1,771)
End of fiscal year	<u>\$ 90,675</u>	<u>\$ 92,387</u>

TRES HERMANOS CONSERVATION AUTHORITY

MEMORANDUM

DATE: JANUARY 28, 2019
TO: TOMMYE CRIBBINS, SECRETARY
VIA: CHERYL BALZ, CITY CLERK, CITY OF CHINO HILLS
FROM: CHRISTA BUHAGIAR, TREASURER/AUDITOR
SUBJECT: TREASURER'S REPORT FOR DECEMBER 2018

Attached is the Treasurer's Report for the month of December 2018.

Pursuant to the Tres Hermanos Conservation Authority By-Laws, the Treasurer must verify and report in writing, at least quarterly, the amount of money held for the Authority, the amount of receipts since the last report, and the amount paid out since the last report.

In the event you have any questions, please contact Nicole Lugotoff, Accounting Supervisor, at (909) 364-2648.



Christa Buhagiar, Treasurer/Auditor

CB:EC:NL:SS:rb

Attachment

cc: Ben Montgomery, Assistant City Manager, City of Chino Hills

**TRES HERMANOS CONSERVATION AUTHORITY
TREASURER'S REPORT
December 31, 2018**

I. Funds Held by Authority:

	<u>Cost</u>	<u>Market Value</u>	<u>Interest Rate</u>
Cash			
Citizens Business Bank - Premium Money Market	\$ 90,687	\$ 90,687	0.15%
Total Funds Held by Authority	<u>\$ 90,687</u>	<u>\$ 90,687</u>	

II. Cash Flow Transactions:

<u>Fund</u>	<u>Beginning Cash Balance 12/01/18</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance 12/31/18</u>
General Fund	<u>\$ 90,675</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 90,687</u>

III. Certifications:

In accordance with the California Government Code, the Treasurer certifies that sufficient liquidity is available to meet the Authority's anticipated expenditure requirements for the six months ending June 30, 2019.

Christa Buhagiar
Treasurer/Auditor

Tres Hermanos Conservation Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
December 31, 2018

	Fiscal Year 18/19	Fiscal Year 17/18
Revenues:		
Investment Interest	\$ 70	\$ 139
Total Revenues	70	139
Expenditures:		
Financial services	-	-
Professional/Audit services	1,770	1,910
Total Expenditures	1,770	1,910
Excess of revenues over (under) expenditures	\$ (1,700)	\$ (1,771)
Fund Balances:		
Beginning of fiscal year	\$ 92,387	\$ 94,158
Excess of revenues over (under) expenditures	(1,700)	(1,771)
End of fiscal year	\$ 90,687	\$ 92,387

TRES HERMANOS CONSERVATION AUTHORITY

MEMORANDUM

DATE: JANUARY 28, 2019
TO: TOMMYE CRIBBINS, SECRETARY
VIA: CHERYL BALZ, CITY CLERK, CITY OF CHINO HILLS
FROM: CHRISTA BUHAGIAR, TREASURER/AUDITOR
SUBJECT: TREASURER'S REPORT FOR JANUARY 2019

Attached is the Treasurer's Report for the month of January 2019.

Pursuant to the Tres Hermanos Conservation Authority By-Laws, the Treasurer must verify and report in writing, at least quarterly, the amount of money held for the Authority, the amount of receipts since the last report, and the amount paid out since the last report.

In the event you have any questions, please contact Nicole Lugotoff, Accounting Supervisor, at (909) 364-2648.



Christa Buhagiar, Treasurer/Auditor

CB:EC:NL:SS:rb

Attachment

cc: Ben Montgomery, Assistant City Manager, City of Chino Hills

**TRES HERMANOS CONSERVATION AUTHORITY
TREASURER'S REPORT
January 31, 2019**

I. Funds Held by Authority:

	<u>Cost</u>	<u>Market Value</u>	<u>Interest Rate</u>
Cash			
Citizens Business Bank - Premium Money Market	\$ 90,499	\$ 90,499	0.15%
 Total Funds Held by Authority	<u>\$ 90,499</u>	<u>\$ 90,499</u>	

II. Cash Flow Transactions:

<u>Fund</u>	<u>Beginning Cash Balance 01/01/19</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance 01/31/19</u>
General Fund	\$ 90,687	\$ 12	\$ (200)	\$ 90,499

III. Certifications:

In accordance with the California Government Code, the Treasurer certifies that sufficient liquidity is available to meet the Authority's anticipated expenditure requirements for the six months ending July 31, 2019.

Christa Buhagiar
Treasurer/Auditor

Tres Hermanos Conservation Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
January 31, 2019

	<u>Fiscal Year 18/19</u>	<u>Fiscal Year 17/18</u>
Revenues:		
Investment Interest	\$ 82	\$ 139
Total Revenues	<u>82</u>	<u>139</u>
Expenditures:		
Financial services	-	-
Professional/Audit services	1,970	1,910
Total Expenditures	<u>1,970</u>	<u>1,910</u>
Excess of revenues over (under) expenditures	<u>\$ (1,888)</u>	<u>\$ (1,771)</u>
Fund Balances:		
Beginning of fiscal year	\$ 92,387	\$ 94,158
Excess of revenues over (under) expenditures	(1,888)	(1,771)
End of fiscal year	<u>\$ 90,499</u>	<u>\$ 92,387</u>

**TRES HERMANOS CONSERVATION AUTHORITY
STAFF REPORT**

AGENDA NO. 4.3

Date: February 7, 2019
To: Chair and Board of Directors
From: Troy Helling, Executive Director
Subject: Authorize Staff to File New Bank Signature Cards with the Authority's Banking Services Provider

Recommendation:

Authorize staff to file new bank signature cards as appropriate for any new appointments.

Background/Discussion:

On February 4, 2019, the cities of Chino Hills, Diamond Bar and Industry adopted an Amended and Restated Tres Hermanos Conservation Authority Joint Powers Agreement. One of the first orders of business was for the Board Directors to select a Chair and Vice-Chair. Upon appointment, the officers will be authorized to execute their duties as established by the by-laws and will be added to the Tres Hermanos Conservation Authority banking records.

Respectfully submitted,



Christina Buhagiar
Treasurer/Auditor

Reviewed by,



Troy Helling
Executive Director

**TRES HERMANOS CONSERVATION AUTHORITY
STAFF REPORT**

AGENDA NO. 4.4

Date: February 7, 2019

To: Chair and Board of Directors

From: Troy Helling, Executive Director

Subject: Overview of the Amended and Restated Tres Hermanos Conservation Authority Joint Powers Agreement.

Recommendation:

Receive and File.

Background:

On February 5, 2019, the city councils of the cities of Chino Hills, Diamond Bar and Industry (collectively, the "Cities"), as well as the Successor Agency to the Industry-Urban Development Agency ("Successor Agency") approved a settlement agreement to resolve certain disputes concerning ownership and use of the Tres Hermanos Ranch. As part of that settlement agreement the Cities also approved an Amended and Restated Tres Hermanos Conservation Authority Joint Powers Agreement ("JPA") forming the Conservation Authority, a joint powers authority organized under the Joint Powers Act, Government Code sections 6500 et seq. The JPA is an amended and restated joint powers agreement because there is an existing Tres Hermanos Conservation Authority that was established in January 1999 whose members are the City of Chino Hills ("Chino Hills") and the City of Diamond Bar ("Diamond Bar"). Based on a recent search of records, the City of Industry ("Industry") is an ex-officio non-voting member of the existing Tres Hermanos Conservation Authority. The Conservation Authority replaces in its entirety, this predecessor joint powers authority.

In approving the settlement agreement on February 5, 2019, the Cities agreed that the Tres Hermanos Ranch serves an important environmental, educational, and recreational resource to the community and region. It was also determined that the most prudent method to protect these resources and the interests of the Cities was to transfer ownership of the Tres Hermanos Ranch to the Conservation Authority, in which the Cities would have representation on a Board of Directors and a say in its future. Through the Conservation Authority, the planning and coordination for the long-term use of the Tres

Hermanos Ranch will allow for a community-based approach to any proposed future uses consistent with the purpose of the Conservation Authority and the Deed Restriction, which limits the use of Tres Hermanos Ranch to open space, public use or preservation.

A copy of the JPA is included in Attachment 1.

Discussion:

As stated in the JPA, the purpose of the Conservation Authority is “to create a public entity to coordinate the overall conservation, use and potential improvement of the Tres Hermanos Ranch.” The JPA is broken down into Chapters that define the organizational structure of the Conservation Authority. The following information summarizes some of the key provisions of the JPA.

Organization

Chapter 3 provides for the organization of the Conservation Authority including:

- **Board of Directors**

Section 3.2 provides for a seven (7) member governing Board of Directors comprised of three (3) Council Members from Industry, two (2) Council Members from Chino Hills, and two (2) Council Members from Diamond Bar. Each City may also appoint one (1) additional Council Member to serve as an Alternate Director.

Based on actions taken by each City, the Council Members designated to serve on the Tres Hermanos Conservation Authority Board of Directors will be introduced at the meeting

- **Administrative Duties**

The JPA creates various administrative position to handle the day-to-day management and operations of the Conservation Authority. These positions include an Executive Director, Deputy Executive Director, Secretary, Treasurer/Auditor and General Counsel. Section 3.12 provides for these administrative duties to be shared and rotated amongst the Member Agencies’ Staff on a two-year cycle. The first rotation of administrative assignments through December 31, 2020 are as follows:

- Executive Director - Troy Helling, Industry City Manager
- Deputy Executive Director - Daniel Fox, Diamond Bar City Manager
- Secretary - Julie Gutierrez-Robles, Industry Deputy City Clerk
- Treasurer/Auditor – Christina Buhagiar, Chino Hills Finance Director

Section 3.9 of the JPA provides for Diamond Bar City Attorney David DeBerry to serve as General Counsel to the Conservation Authority for the first six months. After that

time, the Conservation Authority will need to retain separate independent Legal Counsel. Staff will return to the Board with recommendations for the selection of independent counsel for consideration prior to the end of the initial six-month period.

- **Meetings**

Section 3.4 requires meeting to be held on a regular basis and shall be called, noticed and conducted in accordance with the Ralph M. Brown Act. Meetings shall be held at the city hall of the Member whose city manager is serving as the Executive Director, in this case the City of Industry. Staff will return to the Board at a future meeting with a Resolution to establish regular meeting times.

- **Quorum**

Section 3.6 defines a quorum for the purposes of conducting a meeting if the majority of the Directors (4 of 7) are present. However, there must be at least one (1) Director from each Member City present.

Funding and Administration

Chapter 4 provides for the funding of the Conservation Authority including:

- **Funding**

Section 4.1 provides that each Member will share equally in the routine maintenance costs. Each Member will be contributing \$100,000 towards the first year maintenance costs. The available balance of funds from the previous JPA with Chino Hills and Diamond Bar total \$90,499, which will be transferred the Conservation Authority and credited equally to the Chino Hills and Diamond Bar share of maintenance costs.

Section 4.2 provides for Extraordinary Costs such as Capital Improvements, extraordinary legal costs and non-routine maintenance. As part of the budget process, the Board will have the ability to determine the pro rata share of such costs based on which Member(s) will primarily benefit from the Extraordinary Costs.

- **Purchasing**

Section 4.5 provides for the Conservation Authority to initially follow the purchasing policies of Chino Hills and Public Contract Code. Staff will return to the Board to consider adopting its own purchasing policy within the first year.

Budgetary Provisions

Chapter 5 provides for the identification of revenues and expenditures through the preparation of an annual budget. The annual budget is to be adopted by March 30th and

transmitted to each Member for consideration and inclusion within their respective budgets. Any revenue generated from the Conservation Authority will first be used to offset any maintenance costs to the Members and establish a reserve fund at the discretion of the Board. If there is a revenue surplus at the end of the fiscal year, the surplus will be distributed 50% to Industry, and 50% to either Chino Hills or Diamond Bar depending in which jurisdiction the revenue is being generated. If the revenue is generated in both jurisdictions, it is to be split in equal one-third shares. The Board will have the ability to consider and approve other revenue sharing formulas on a case-by-case basis. Staff will return to the Board at a future meeting with the annual budget for consideration.

Board Voting Requirements

Chapter 6 contains the Board of Director voting requirements. In general Board actions require a minimum of four votes, with at least one vote from Chino Hills, one vote from Diamond Bar and two votes from Industry. A proposed use of the property requires a minimum of four votes, with two votes from Industry, and at least one vote from a Member of the jurisdiction in which the use is located.

Land Use Regulations/Deed Restriction

Chapter 7 provides that all uses of the property shall be consistent with the Deed Restriction that limits the use of Tres Hermanos Ranch to open space, public use or preservation, and the land use regulations and entitlement process of the jurisdiction in which the use is located.

Liability/Insurance

Chapter 8 requires the Conservation Authority to maintain adequate insurance against claims through such means as a self-funded reserve, purchase of commercial insurance or joining a joint powers insurance authority. Staff will return to the Board at a future meeting with insurance options for consideration.

Other Provisions

Other provisions are addressed in the JPA related to adding, breaches or withdrawal of Members (Chapter 9), and Termination of the Conservation of Authority (Chapter 10).

Respectfully submitted,



Daniel Fox,
Deputy Executive Director

Reviewed by,



Troy Helling
Executive Director

Attachments:

1. Amended and Restated Tres Hermanos Conservation Authority Joint Powers Agreement

ATTACHMENT 1

AMENDED AND RESTATED
TRES HERMANOS CONSERVATION AUTHORITY
JOINT POWERS AGREEMENT

**AMENDED AND RESTATED
TRES HERMANOS CONSERVATION AUTHORITY
JOINT POWERS AGREEMENT**

By and Between

CITY OF INDUSTRY, CALIFORNIA

CITY OF CHINO HILLS, CALIFORNIA

And

CITY OF DIAMOND BAR, CALIFORNIA

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**AMENDED AND RESTATED
TRES HERMANOS CONSERVATION AUTHORITY
JOINT POWERS AGREEMENT**

This Amended and Restated Tres Hermanos Conservation Authority Joint Powers Agreement (“Agreement”), shall be effective as of February 6, 2019, (“Effective Date”) and is made by and between the following public entities, (each individually a “Party” and collectively, the “Parties”):

- A. City of Industry (“Industry”)
- B. City of Chino Hills (“Chino Hills”)
- C. City of Diamond Bar (“Diamond Bar”)

RECITALS

A. Chino Hills and Diamond Bar entered into that certain Joint Exercise of Powers Agreement dated January 19, 1999 (the “1999 Agreement”), the stated purpose of which was to create a joint powers authority to coordinate the overall development and conservation of the Tres Hermanos Ranch (the “Ranch”), by preparing studies, plans, environmental reviews and similar information and by making recommendations to its members to take such actions to implement its recommendations. In 1999 Industry was made an ex-officio non-voting member of the Joint Powers Authority, but Industry’s status was, as of the Effective Date, unclear.

B. The Ranch consists of approximately 2,445 acres of largely undeveloped property. Approximately 1,750 acres are within Chino Hills and 695 acres are within Diamond Bar. The Ranch was acquired by the Industry Urban-Development Agency in 1978 and is currently owned by the Successor Agency to Industry's Urban Development Agency (“Successor Agency”). Industry proposed to purchase the Ranch from the Successor Agency. Industry entered into a lease agreement and various amendments thereto with San Gabriel Valley Water and Power, LLC, a private entity (collectively the “Lease”) which was applicable to the Ranch in the event the Lease was (i) in effect, and (ii) the Ranch was purchased by Industry prior to December 31, 2018. Chino Hills and Diamond Bar objected to Industry’s proposed purchase and use, and initiated litigation in Sacramento and Los Angeles Superior Courts to (i) set aside the approvals related to Industry’s purchase of the Ranch and (ii) invalidate the Lease (the “Litigation”).

C. After initiation of the Litigation, the Parties began settlement discussions to resolve the Litigation, which resulted in the Parties entering into a settlement agreement dated February 4, 2019, (the “Settlement Agreement”) which Settlement Agreement included as a condition thereof, that the Parties enter into this Agreement.

D. As part of the Settlement Agreement, Chino Hills and Diamond Bar will collectively contribute to Industry ten percent (10%) of Industry's \$41,650,000 purchase price for the Ranch from the Successor Agency. Chino Hills' and Diamond Bar's pro rata shares of the ten percent (10%) contribution were calculated on the basis of the amount of acreage of Ranch property within each city's jurisdiction. Based upon this calculation, Chino Hills will contribute \$2,959,967 to Industry and Diamond Bar will contribute \$1,205,033 to Industry.

E. The Parties agree that the Ranch serves as an important environmental, scientific, educational, and recreational resource, and that the most prudent method of managing the Ranch to best serve their respective jurisdictions is to transfer ownership of the Ranch to a re-constituted Tres Hermanos Conservation Authority in which all Parties have representation.

F. The Parties have further determined that the planning and coordination of any future preservation, development or use of the Ranch by the re-constituted Tres Hermanos Conservation Authority will allow for rational regional land use planning and environmental conservation, as well as enable the Parties to realize significant cost savings and administrative efficiencies.

G. The Parties have determined that the administrative and maintenance costs associated with the Ranch should be funded by the Parties, with costs apportioned as outlined by this Agreement.

H. The Parties each have the power and authority to perform and contract with one another pursuant to the Joint Exercise of Powers Act, sections 6500 et. seq. of the Government Code ("Joint Powers Act"), for the performance of the duties and functions that form the basis of this Agreement.

I. The Parties intend that in entering into this Agreement that it shall replace and supersede in its entirety the 1999 Agreement and all amendments and/or addendums to the 1999 Agreement and the joint powers authority created thereunder.

AGREEMENT

In consideration of the foregoing recitals and the mutual covenants contained in this Agreement, it is agreed between and among each of the Parties that this Agreement amends, replaces and supersedes in its entirety the 1999 Agreement, any amendments or addendums thereto, and the joint powers authority created thereunder as follows:

CHAPTER 1. DEFINITIONS

1.1 "Authority" shall mean the joint powers authority known as the Tres Hermanos Conservation Authority, created by this Agreement pursuant to the Joint Powers Act.

1.2 “Board” is the Board of Directors and the governing body of the Authority.

1.3 “Director” shall mean the voting representative appointed by the governing body of each Member to represent said Member on the Board.

1.4 “Deed Restriction” shall mean the deed restriction set forth in the grant deed transferring the Ranch to the Authority that limits the use of the Ranch to open space, public use or preservation.

1.5 “Fiscal Year” shall mean the twelve-month period commencing July 1st and concluding June 30th.

1.6 “Members” shall mean Industry, Chino Hills, and/or Diamond Bar (and each individually a “Member”), and any public entity that becomes a Member to this Agreement and which has not otherwise withdrawn from such membership or been terminated from such membership pursuant to Chapter 9, below.

1.7 “Ranch” shall mean the land described in the legal description and depicted in the map attached hereto as Exhibit “A”, consisting of approximately 2,445 acres of largely undeveloped open space located within Diamond Bar and Chino Hills. The Ranch shall constitute the jurisdictional boundaries of the Authority.

1.8 “Staff” shall mean all employees of Industry, Chino Hills, and Diamond Bar performing services related to the operation of the Authority and maintenance and operation of the Ranch in a manner to be determined by the Board, or such individual or entity as may be appointed by the Board to perform these functions.

CHAPTER 2. PURPOSE AND POWERS

2.1 AUTHORITY CREATED

The Authority is formed pursuant to the provision of Joint Powers Act; provided, however, that this Agreement shall terminate by its own terms if escrow transferring the Ranch to the Authority does not close within thirty (30) days after the Effective Date, unless otherwise extended in writing by the Parties. The Authority shall be considered a public entity separate and apart from the Members. The Authority shall within thirty (30) days after the Effective Date and after any amendment to this Agreement, cause a notice of this Agreement and any subsequent amendment thereto, to be prepared and filed with the office of the California Secretary of State containing the information required by Government Code section 6503.5.

2.2 COMMON POWERS

Chino Hills and Diamond Bar are general law cities and Industry a charter city, duly organized and validly existing under the laws of the State of California and have the power to carry on their business as is necessary and applicable to the purpose of this Agreement, including but not limited to owning property, land use planning and conservation.

2.3 GENERAL PURPOSE

The general purpose of this Agreement is to create a public entity to coordinate the overall conservation, use and potential improvement of the Ranch through collaboration by its Members whose representatives on the Board will coordinate and provide for the maintenance of the Ranch, determine proposed uses thereof, and ensure that any proposed disposition or use of the Ranch are consistent with (a) applicable land use, zoning, and other laws and regulations and (b) the Deed Restriction.

This Agreement is intended to provide a formal mechanism by which the Authority can fund this collaborative effort to the satisfaction of each of the Parties.

2.4 POWERS

The Authority, through its Board, shall have the power, in its own name, to do any and all of the following:

- A. To jointly exercise the common powers of the Members;
- B. To make and enter into contracts, including but not limited to, contracting with other public agencies for services, equipment and related items;
- C. To acquire, hold or dispose of all or any portion of the Ranch and other property by any lawful means, including, without limitation, by gift, purchase, lease or sale;
- D. To determine and authorize all uses of the Ranch consistent with and subject to the Deed Restriction and the general plan and zoning laws of the city in which the Ranch is located;
- E. To incur debts, liabilities or obligations, subject to the limitations specified in this Agreement and, to the extent permitted by law, borrow funds on a temporary basis to meet operational expenses until expected revenue is available for that purpose;

- F. To the extent permitted by law, to enter into lease agreements, lease-purchase agreements, licenses, or other financial arrangements extending beyond the current budgetary cycle, necessary or convenient to the operation of the Authority so long as such agreement or financial arrangements contain substantially the following provisions:

The Authority receives its funds on an annual budgetary cycle from its individual Members. The Authority agrees to use its best efforts to obtain authorization and appropriation of funds from its individual Members to pay lease payments due under this Agreement, including, without limitation, the inclusion in its budget request for each fiscal year during the term of this Agreement a request for adequate funds to meet in full its obligation hereunder. The Board may terminate this Agreement in the event funds are not appropriated or appropriations are withdrawn or withheld upon thirty (30) days written notice. Termination under this provision shall not constitute a default or breach. The Authority shall not be obligated to pay any additional lease payments but shall, after written notice from Lessor, deliver the equipment or property to the Lessor or its assignee. Lessor acknowledges that the individual Members of the Authority shall not be liable for the debts of the Authority;

- G. To invest any money in the treasury pursuant to Section 6505.5 of the Joint Powers Act that is not required for the immediate needs of the Authority, as the Board determines is advisable, in the same manner and upon the same conditions as local agencies, pursuant to Government Code section 53601;
- H. To receive gifts, contributions, grants, and donations of property, funds, services and other forms of assistance from any person, firm, entity, corporation or public agency;
- I. To sue and be sued in its own name;
- J. To adopt rules, regulations, policies, by-laws and procedures consistent with the terms of this Agreement for governing the operation of the Authority; and
- K. To exercise any other power in the manner and according to the methods provided by applicable laws, rules or regulations or this Agreement, subject only to the restrictions on the manner of exercising such powers that may be applicable to the Members.

CHAPTER 3. ORGANIZATION

3.1 MEMBERSHIP

The Members of this Authority shall be Chino Hills, Diamond Bar and Industry, so long as each Member has not withdrawn from, or had its membership in the Authority terminated, as provided in Sections 9.2 and 9.3 below. Any new Member must be approved by way of an amendment to this Agreement in accordance with Chapter 6 and Sections 9.1 and 11.1 below.

3.2 BOARD

- A. The Board shall consist of seven (7) voting Directors and one (1) alternate from each Member. Directors and alternates shall at all times, while serving as a Director or alternate, be holding office on a Member's city council. Directors and one alternate shall be appointed by each Member's city council as follows:
 - 1. Three (3) Directors and an alternate from Industry;
 - 2. Two (2) Directors and an alternate from Chino Hills; and
 - 3. Two (2) Directors and an alternate from Diamond Bar.
- B. Each Director, and alternate, shall hold office from the time of appointment and shall serve at the pleasure of the appointing city council. Upon occurrence of vacancy due to a Director leaving office as a city council member or for some other reason, a successor shall be appointed.
- C. A Director shall not receive compensation, but may be reimbursed by the Authority for expenses and reasonably incurred and approved in advance by the Board while performing duties required by this Agreement and as further specified and limited by resolution of the Board.
- D. Annually, at its first meeting of each new calendar year, the Board shall select a chairperson and vice chairperson from among the Directors; provided, however, that: (i) the chairperson and vice chairperson shall not be Directors representing the same Member; and (ii) the positions of chairperson and vice chairperson shall alternate each year among all Members so that each Member has one Director serving as a chairperson and one Director as vice chairperson once during each three-year period.

3.3 PRINCIPAL OFFICE

The principal office of the Authority shall be located at the city hall of the Member whose city manager is serving as Executive Director.

3.4 MEETINGS

The time of regular meetings of the Board shall be determined by resolution. Regular, adjourned, and special meetings of the Board shall be called, noticed and conducted in accordance with the Ralph M. Brown Act or other relevant open meeting law. Each Member shall be entitled to have its Directors, or its alternate, when a Member's appointed Director cannot attend, in attendance to establish a quorum or to vote upon matters coming before the Board. Meetings shall be held at the city hall of the Member whose city manager is serving as Executive Director.

3.5 QUORUM

Attendance by a majority of the Directors at a meeting, which majority must include at least one Director from each Member, shall constitute a quorum for the purpose of transacting business relating to the Authority; provided, however, that any action by the Board must be taken in accordance with the voting requirements set forth in this Agreement, including Chapter 6 below.

3.6 POWERS AND LIMITATIONS

All powers of the Authority set forth in Section 2.4 are reserved to it and may be exercised by the Board, unless otherwise limited by law. The Board may adopt rules and regulations for the conduct of its affairs that are not in conflict with this Agreement.

3.7 AGENDAS - SECRETARY DUTIES

The secretary of the Authority ("Secretary") shall provide notice of, prepare and post agendas for, and keep minutes of, each regular, adjourned and special meeting of the Board and other records, as necessary, of the Board. The Secretary shall send a copy of the minutes to each Director and otherwise perform the duties necessary to ensure compliance with provisions of law including, without limitations, any applicable "open meeting law" such as the Ralph M Brown Act.

3.8 TREASURER

The treasurer of the Authority shall hold the office of treasurer and auditor (“Treasurer”), in accordance with Government Code section 6505.6, and shall perform the duties as authorized in Section 6505 et seq. of the Government Code. The Treasurer shall cause an independent audit to be made by a certified public accountant in compliance with Section 6505 of the Government Code. The certified public accountant shall be annually appointed by the Board. The Treasurer shall keep all revenues of the Authority in a separate account from any Member accounts, and, if available, an interest-bearing account, and otherwise perform the duties and responsibilities of that office as specified in Sections 6505 et seq. of Government Code. Any surplus funds not immediately needed may be invested in accordance with the investment policy annually adopted by the Board, as required by Government Code section 53646, and consistent with Government Code sections 16429.1, 53601, 53635, and 53684, as they may be amended. Any funds held by the joint powers authority pursuant to the 1999 Agreement shall, upon the Effective Date, be transmitted to the Treasurer for the Authority and placed in the Authority’s account. Those funds shall be used to satisfy the obligations of Diamond Bar and Chino Hills to fund Maintenance Costs (as defined in Section 4.1.A below). Diamond Bar and Chino Hills shall each be credited with 50% of the transmitted funds, currently in the amount of \$90,499.

3.9 LEGAL COUNSEL

The Diamond Bar City Attorney shall serve as the Authority’s initial general counsel; provided, however, that the Board shall appoint an independent general counsel within six months of the Effective Date, which independent legal counsel shall not provide or be providing any other legal services to any Member without the express written approval by the Board. Cost for general counsel services shall be considered Maintenance Costs. Extraordinary legal services (for example prosecuting on behalf of or defending the Authority, its officers, and agents in a legal action) shall be considered Extraordinary Costs (as defined in Section 4.2 below). The Members agree that the provision of legal services to the Authority by the Diamond Bar City Attorney shall not preclude or constitute a conflict of interest with respect to the Diamond Bar City Attorney providing city attorney services to Diamond Bar.

3.10 EXECUTIVE DIRECTOR

The executive director of the Authority (“Executive Director”) shall perform any duties necessary and appropriate for the day-to-day management and operation of the Authority and award and execute contracts in amounts set forth in this Agreement and as otherwise authorized by the Board.

3.11 DEPUTY EXECUTIVE DIRECTOR

The deputy executive director of the Authority (“Deputy Executive Director”) is authorized to and shall perform those functions of the Executive Director when the Executive Director is not available. The Deputy Executive Director shall inform the Executive Director of all actions taken during the period of the Executive Director’s unavailability as soon as reasonable practicable.

3.12 ROTATION OF ADMINISTRATION

From the Effective Date, the Industry City Manager shall serve as the Executive Director, the Diamond Bar City Manager shall serve as the Deputy Executive Director, the Chino Hills Finance Director shall serve as the Treasurer, and the Industry City Clerk shall serve as Secretary. The offices of Executive Director, Deputy Executive Director, Treasurer and Secretary shall be held until December 31, 2020. Beginning on January 1, 2021, the offices shall rotate, so that Diamond Bar’s City Manager shall serve as Executive Director, Chino Hills’ City Manager shall serve as Deputy Executive Director, Industry’s Finance Director shall serve as Treasurer, and Diamond Bar’s City Clerk shall serve as Secretary. These offices shall be held for two years and then beginning on January 1, 2023, Chino Hills’ City Manager shall serve as Executive Director, Industry’s City Manager shall as Deputy Executive Director, Chino Hills’ Finance Director shall as Treasurer, and Chino Hills’ City Clerk shall as Secretary. After two years in office, the offices shall rotate effective January 1, 2025, to the initial year’s officer appointments and then the same rotation set forth above shall be repeated for the term of this Agreement.

3.13 BOND

The Treasurer, auditor and such other persons who may have access to, or handle, any revenue of the Authority shall be required to file an official bond in an amount determined by the Board and consistent with the provisions of Section 6505.1 of the Government Code. This bonding requirement shall be satisfied if an existing bond is extended to cover the duties required by this Agreement. The costs of complying with the requirements of this Section shall be considered an administrative expense of the Authority.

3.14 STATUS OF OFFICERS AND EMPLOYEES

In accordance with the Joint Powers Act, all of the privileges and immunities from liability, exemptions from laws, ordinances and rules, and all pension, relief, disability, workers compensation and other benefits which apply to the activities of officers, agents, or employees of any of the Members when performing their respective duties or functions for that Member, shall

apply to each of them to the same degree and extent while engaged in the performance of any activity, function or duty pursuant to the Agreement on behalf of the Authority.

3.15 POLITICAL REFORM ACT

The Directors, and their alternates, shall be considered public officials within the meaning of the Political Reform Act of 1974, as amended, and its regulations, for the purposes of financial disclosure, conflict of interest and other requirements of such Act and regulations and shall file annual statements of economic interest as required, along with any other officers of the Authority who may be required to do so. Other persons working for or on behalf of the Authority may be required to file such statements in accordance with the Authority's conflict of interest code, which shall be adopted by the Board promptly.

CHAPTER 4. FUNDING AND ADMINISTRATION

4.1 FUNDING

- A. Each Member shall pay an equal one-third share ("Maintenance Cost Member Share") of the cost for the reasonable annual and recurring maintenance of the Ranch, for insurance, for legal and costs of administration of the Authority and a reasonable reserve as established by the Board ("Maintenance Costs"). Such costs shall be specified in the annual budget approved by the Authority in accordance with this Agreement.
- B. For the Authority's first fiscal year, which fiscal year shall be from the Effective Date to June 30, 2020, each Member shall contribute a Maintenance Cost Member Share of One Hundred Thousand Dollars (\$100,000.00), which amount shall be transmitted to the Treasurer within 30 days of the Effective Date and deposited into a separate Authority account; provided, however, that Diamond Bar and Chino Hills shall receive credits against their respective contributions for funds transmitted to the Treasure in accordance with Section 3.8 above.
- C. After the initial fiscal year, the Treasurer shall invoice each Member its Maintenance Cost Member Share on July 1 of each Fiscal Year and payment in full shall be due within 30 days of receipt of each invoice. A 3% penalty shall be assessed for any late payments received after the 30-day period and payments more than 30 days late shall in addition, accrue interest at the rate of 10% per annum.
- D. Should the actual Maintenance Costs exceed the budgeted amount, those costs shall be carried over into the next Fiscal Year as Maintenance Costs and added to the amount to be invoiced to each Member as Maintenance Costs in relation to the

Maintenance Cost Member Share of each Member. If the Authority does not have sufficient funds on hand to pay the Maintenance Costs, it shall estimate the amount needed for the remainder of the Fiscal Year and invoice each Member such amount in accordance with each Member's Share.

4.2 ADDITIONAL COST OBLIGATIONS

- A. Any costs over and above Maintenance Costs ("Extraordinary Costs"), including capital improvements, extraordinary legal costs and non-routine maintenance shall be identified in the budget approved by the Authority. As part of the budget process, the Board shall separately estimate the Extraordinary Costs and each Member's proportionate share of such costs, taking into consideration which Member(s) will primarily benefit from the Extraordinary Costs (each an "Extraordinary Cost Member Share"). If Extraordinary Costs are not known at the time of budget approval, the budget shall be amended to include those costs and Members shall be invoiced separately for the Extraordinary Cost Member Share of each Member as determined by the Board.
- B. Notwithstanding the above, Industry has identified that the Arnold Reservoir dam is in need of a one-time repair and requires remediation, to wit, the construction and/or installation of erosion control measures on the wet side of the earthen dam (the "Remediation Work"). At the time this Agreement was approved by the Members, Industry was still in the process of analyzing and engineering the Remediation Work. Industry agrees to complete this process and prepare plans and specifications for the Remediation Work, perform the Remediation Work and pay all costs associated with the Remediation Work. The plans and specifications shall be submitted to each Member's city engineer for their reasonable review and comment, at a cost to the respective Member, not the Authority. Any such comments shall be in writing and provided to Industry within seven (7) business days of receipt of the plans and specifications. The Members' city engineers shall work in good faith to resolve all comments, if any. As consideration for Industry's performance of and payment for the Remediation Work, the Authority agrees, at no cost to Industry, to cooperate and take all reasonable steps to assist Industry in securing the necessary permit, if any, to perform the Remediation Work and to issue an encroachment permit to Industry to perform the Remediation Work. The encroachment permit for the Remediation Work shall contain such conditions as are standard and customary for third parties performing work on the Members' public property, including, but not limited to, insurance and indemnity requirements, and shall be approved as to form by Authority's General Counsel. Notwithstanding the foregoing, Industry may satisfy the insurance and indemnity requirements of the encroachment permit by including

the Authority, its appointed officials, officers, agents, and attorneys as additional insureds and indemnified parties in the contract awarding the Remediation Work; provided such provisions are reasonably satisfactory to, and approved in writing by, the Authority's General Counsel. After completion of the one-time Remediation Work, Industry shall not be responsible for any future repair, maintenance or other work to the Arnold Reservoir dam.

4.3 APPROVAL BY MEMBERS' CITY COUNCILS

To the extent any Member is required to pay either its Maintenance Cost Member Share or Extraordinary Cost Member Share, the obligation to pay such amounts is binding on a Member only if approved by that Member's city council, which approval may be approved as part of each Member's adoption of its annual city budgets.

4.4 EMERGENCY MAINTENANCE

In the event the Ranch or any improvement thereon suffers damage requiring emergency repairs, the Executive Director, upon written notification to the Board and its general counsel and written concurrence from all of the Members' city managers, is authorized without prior Board approval to expend funds to have the necessary emergency repairs completed as soon as possible from available Authority funds, but in no event, shall such expenditures exceed \$15,000 per Fiscal Year per emergency event without prior Board approval. The Board shall convene as soon as reasonably practical to ratify any such expenditure and to approve any expenditure exceeding \$15,000. The cost of such repairs shall be borne equally by each Member. For purposes of this Section 4.4, an emergency shall exist if all Members' city managers agree the circumstances set forth in Public Contract Code section 20168 exist.

4.5 PURCHASING POLICY

In procuring services and public works contracts, the Authority shall initially follow the purchasing policies of Chino Hills and applicable provisions of the Public Contracts Code. The Board shall direct that a purchasing policy be presented to the Board within one year of the date first written above, and upon adoption by resolution, it shall become the purchasing policy of the Authority. The Executive Director is authorized to approve purchases and execute contracts authorized by the budget with a value of up to \$15,000 per fiscal year. Purchases and contracts with a value exceeding \$15,000 per fiscal year must be approved by the Board. The Board may alter such authority by Resolution.

CHAPTER 5. BUDGETARY PROVISIONS

5.1 ANNUAL BUDGET

The Board shall adopt an annual budget and procedures therefore so that by April 30th of each year the budget may be timely submitted to the Members to include in their annual city budgets. A preliminary draft of the budget shall be presented to the Board by March 30th of each year and as provided in Chapter 4 above, shall separate out Maintenance Costs and Extraordinary Costs and the Maintenance Cost Member Share and Extraordinary Cost Member Share of each Member. The Board shall establish a reasonable reserve and the policy and timing for funding such reserve. Upon Board adoption, the budget shall be immediately transmitted to each Member for consideration and if approved by each Member's city council, be included in each Member's annual budget for the Fiscal Year in which the budget is approved.

5.2 DISBURSEMENTS

The Treasurer shall draw checks and/or warrants in accordance with policies and/or procedures established by this Agreement and as otherwise established by Resolution of the Board. A summation of such payments shall be presented to the Board quarterly at a Board meeting as part of the Treasurer's quarterly report.

5.3 ACCOUNTS

All funds shall be placed in Authority accounts segregated from any Member accounts and the receipt, transfer or disbursement of funds shall be accounted for in accordance with generally accepted accounting principles applicable to government entities. There shall be strict accountability for all funds. All interest earnings, revenues and expenditures shall be reported quarterly to the Board as part of the Treasurer's quarterly report.

5.4 EXPENDITURES WITHIN APPROVED ANNUAL BUDGET

All expenditures shall be within the limitations of the approved annual budget, and as required for emergency repairs, or as such budget is amended by the Board.

5.5 REVENUES

Any revenue derived or generated from any use, lease, license or disposition of any portion of the Ranch shall remain with the Authority to use for Authority purposes and to offset, in whole or part, any Authority costs. In the event revenues exceed the Authority's costs during any Fiscal Year and the full funding of any reserve amount as established by the Board as provided in Section 5.1 above, such revenues shall be distributed at the end of each Fiscal Year

to each Member as follows: (1) if the portion of the Ranch from which such revenues are derived is located entirely within Chino Hills, 50% to Industry and 50% to Chino Hills; (2) if the portion of the Ranch from which such revenues are derived is located entirely within Diamond Bar, 50% to Industry and 50% to Diamond Bar; and (3) if the portion of the Ranch from which any excess revenues are derived is located in both Chino Hills and Diamond Bar, the revenue shall be split among the Members in equal one-third shares. The Board may, on a case-by-case basis, provide for revenue sharing based on a different formula in accordance with the voting requirements in Chapter 6 below.

5.6 USES AS OF THE EFFECTIVE DATE

The Members agree that the use of the Ranch for cattle grazing as it currently exists and persons that have been residing on the Ranch with the knowledge of Industry may remain on the Ranch for a period of not less than 180 days from the Effective Date, provided that such use and residency does not intensify or otherwise pose any danger or liability to the Authority as determined by the Board. By the end of the 180-day period, the Board shall in good faith consider such uses and residency and take such actions as the Board deems reasonably necessary to formalize any contractual relationships pertaining to such use and residency or, in its sole discretion, determine to cease such use and residency.

CHAPTER 6. BOARD VOTING REQUIREMENTS

All actions of the Board shall require at least four votes, including at least two votes from Industry and at least one vote from each Member; provided, however, that special voting rules shall apply in the following situations:

- A. Any proposed use, lease or disposition of all or a portion of the Ranch by a Member or third party, shall require four votes, including at least two votes from Directors from Industry and at least one vote of a Director from the Member within whose jurisdictional boundaries the Ranch property proposed for such use, lease or disposition is located. If the portion of the Ranch proposed for a use, lease or disposition, is located in both Diamond Bar and Chino Hills, approval of at least one Director from both Diamond Bar and Chino Hills, and two Directors from Industry shall be required.
- B. Any action that is required by the Authority to enforce Industry's obligations under Section 8.2H below, or Authority's decision to retain separate legal counsel to defend the Authority Parties against Claims pursuant to Section 8.2H below, shall require a vote of at least four Directors, but no vote from a Director from Industry shall be required.

- C. Termination of a Member, penalties assessed against a Member for a breach under Sections 9.3 and 9.4 below, and/or any action to enforce any Member liabilities or obligations under this Agreement or the Purchase and Sale Agreement and Joint Escrow Instructions between Industry dated February 6, 2019 by and between Industry and the Authority, shall require a vote of at least four Directors, but no vote from a Director from the breaching, obligated or liable Member shall be required.

CHAPTER 7. LAND USE REGULATIONS/DEED RESTRICTION

Any use, lease, license or disposition of all or any portion of the Ranch as set forth in Chapter 6 above, shall be consistent with the Deed Restriction and the land use, building and other applicable laws, regulations and processing requirements of the jurisdiction in which the property proposed for such use, lease, license or disposition is located (i.e., Chino Hills and/or Diamond Bar). Board approval of a such use, lease, license or disposition of all or a portion of the Ranch shall not in any way limit a Member's regulatory authority over such proposed use or disposition. Notwithstanding any other provision herein, Chino Hills and Diamond Bar each have the authority to transfer residential units from the portion of the Ranch that is located within their respective City's boundaries without the approval of the Authority and the Authority shall have no rights or obligations with regard to such transfers.

CHAPTER 8. LIABILITY/INSURANCE

8.1 LIABILITY

The debts, liabilities and obligations of the Authority shall not be considered the debts, liabilities or obligations of any Member, except as otherwise provided in this Chapter or State law.

8.2 INDEMNIFICATION/HOLD HARMLESS/INSURANCE

- A. Except as otherwise specifically provided in this Section 8.2, the Authority shall defend, indemnify and hold harmless each Member, its officers, agents, employees, attorneys, representatives and volunteers from and against any loss, injury, damage, claim, lawsuit, liability, expense, or damages of any kind or nature arising out of or in connection with this Agreement, including the acts or omissions of Member employees, officers, Staff, agents, attorneys, representatives and volunteers, while performing services for the Authority. The Authority shall finance its obligation pursuant to this Section by establishing a liability reserve fund, by purchasing commercial insurance, and/or by joining a joint powers insurance authority ("JPIA") as determined by the Board. In the event that the Authority's financial obligations to indemnify, defend and hold harmless, pursuant to this Section, exceed the liability reserve fund and the proceeds from

any applicable insurance or JPIA coverage maintained by the Authority (“Unfunded Liability”), the Board shall make a recommendation to each Member’s city council as to whether to fund Unfunded Liability and the proportionate share of such funding to be contributed by each Member. No Member shall be liable for such contribution unless each Member’s city council agrees to the contribution toward the Unfunded Liability recommended by the Board at the time the need to contribute to the Unfunded Liability arises.

- B. Notwithstanding anything to the contrary in Section 8.2A above, the Authority, its officers, agents, contractors, employees, representatives, Staff and volunteers, shall not be liable, in any manner, to any Member, or to an officer, official, or employee of any Member, for any loss, injury, damage, claim, lawsuit, liability, expense, or damages which may be incurred by, or brought against a Member, or to an officer, official or employee of any Member, regardless of whether or not such liability may have arisen, in whole or in part, by the negligent acts, conduct, or omissions of one or more of the above.
- C. Each Member shall assign to the Authority its rights, title, and interest to recover damages from any third party for claims arising out of this Agreement, to the extent that the Authority has met its obligations to defend, indemnify and hold harmless such Member pursuant to this Chapter.
- D. Should any Member utilize the Ranch for its own purposes, which use must be approved in accordance with Section 6.A above, such Member shall indemnify, defend, and hold harmless the Authority and the other Members from all claims, demands, actions, liability, or damages of any kind or nature, arising out of such use.
- E. Each Member shall defend, indemnify and hold harmless the Authority, its officers, agents, and representatives from and against any loss, injury, damage, claim, lawsuit, liability, expense, or damages of any kind or nature arising out of or in connection with any conduct of its employees, officers, agents, attorneys, representatives, and volunteers to the extent that any such loss, injury, damage, claim, lawsuit, liability, expense or damages arises out of conduct which is not within such person’s scope of duties for the Authority.
- F. The Authority shall purchase general liability insurance or in the alternative, participate in a joint insurance pool or some combination thereof, to cover any damages or loss relating to the Ranch as well as any loss, injury, damage, claim, lawsuit, liability, expense, or damages alleging a dangerous condition of the Ranch or otherwise arising out of this Agreement. The cost of such insurance and/or membership in a joint insurance pool shall be considered Maintenance

Costs. A current certificate of insurance evidencing general liability coverage or such other proof as may be reasonably acceptable, shall be approved by the Authority's general counsel and filed with the Secretary.

- G. No provisions of this Agreement shall be construed as to require any Member to obtain or maintain liability or other insurance coverage not otherwise required by law.
- H. Notwithstanding anything to the contrary in this Agreement, Industry shall indemnify, defend, and hold harmless the Authority, its Directors, officers, Staff, agents, attorneys and employees, if any (collectively, "Authority Parties"), from and against any loss, injury, damage, claim, lawsuit, liability, expense, or damages (collectively, "Claims") of any kind or nature arising out of or in connection with any dispute between Industry and San Gabriel Valley Water and Power, LLC, its directors, officers, employees, assigns, successors, and affiliates (collectively, "San Gabriel Parties"), including without limitation any dispute arising out of the Lease; provided, however, that should the Authority Parties incur any legal costs in defending any Claims, the costs of such defense shall be shared among the Members as follows: Industry shall pay 50% of such costs; Chino Hills shall pay 35.5% of such costs and Diamond Bar shall pay 14.5% of such costs. In the event any litigation is commenced by the Authority to enforce Industry's obligations under this Section 8.2H, the prevailing party in such litigation shall be entitled to its reasonable costs and expenses, including without limitation, reasonable attorneys' fees and courts costs, as awarded by a court of competition jurisdiction, in addition to any other relief to which the Authority may be entitled.

8.3 GOVERNMENT CLAIMS

- A. To the extent authorized by Government Code section 935 and any other laws, all claims against the Authority for money or damages, including any claims otherwise excepted from the claims filing requirement by Government Code section 905, shall be subject to and presented within the time and manner prescribed in Part 3 of Division 3.6 of Title 1 of the Government Code. A signed written claim shall be presented to the Authority by mail or personal delivery by the claimant or a person authorized by claimant to act on his or her behalf. The claim shall conform to the requirements of Government Code section 910.
- B. Unless otherwise designated by the Board, the city manager of each Member, or their designees shall comprise a Claims Committee. The Claims Committee shall, in consultation with legal counsel for the Authority, review all claims and make recommendations to the Board concerning their disposition.

CHAPTER 9. ADMISSION OR WITHDRAWAL OF MEMBERS

9.1 NEW MEMBERS

Additional public entities may become Members of the Authority upon such terms and conditions as may be specified by the Board. New Members shall pay to the Authority an amount to be determined by the Board at the time of application and become new Members upon meeting such additional conditions imposed upon them by the Board. Approval of a new Member shall be in accordance with Chapter 6 above.

9.2 WITHDRAWAL

A Member may voluntarily withdraw from the Authority at the end of any Fiscal Year and terminate its rights and obligations pursuant to this Agreement by giving written notice of its intention to withdraw to the Secretary no later than December 31st. The written notice shall be accompanied by a resolution from the city council of the Member specifying its intent to withdraw from the Authority and shall be effective as of June 30th of the current Fiscal Year. Any written notices received between December 31st and June 30th, shall be effective in the following Fiscal Year. Withdrawal of a Member shall not relieve the withdrawing Member of its share of any debts or other liabilities incurred by the Authority prior to the effective date of such withdrawal, or any liabilities imposed upon or incurred by the Member pursuant to this Agreement prior to the effective date of such withdrawal. Upon the effective date of a withdrawal, the withdrawing Member shall not be entitled to any revenue being generated by a use, lease, or license of all or a portion of the Ranch under Section 5.5; provided, however, that it shall remain entitled to its proportionate share of revenue from (1) any existing or future long-term lease (i.e., a lease of all or a portion of the Ranch with a term of thirty-five (35) years or more, including any extension options thereto exercised by the tenant under such lease), and (2) any sale of all or any portion of the Ranch when, and if such, occurs. The withdrawn Member's share of any revenue from a long-term lease or the sale of all or any portion of the Ranch shall be reduced, however, by (1) any amounts that were due the Authority by the withdrawn member and have not been paid, and (2) one third of the amount of Maintenance Costs, Extraordinary Costs and/or Unfunded Liabilities that have been paid by the remaining Members since the date of the Member's withdrawal, plus interest on such costs at the rate of five percent (5%) per annum from the time they are incurred or were due from the withdrawn Member, but not paid. The Board may, with the approval of each Member's city council, agree to different terms for a Member withdrawal.

9.3 BREACH

In addition to any other remedies available at law, including, but not limited to specific performance, the Board shall have the authority to terminate the membership of any Member in the event the Member materially breaches its duties pursuant to this Agreement. For the

purposes of this Section, the term “material breach” shall include, without limitation, a failure of a Member to fund its Member Share Maintenance Cost or its Extraordinary Cost Member Share, the failure to make any contributions or pay any assessment when due, and the failure to defend or indemnify other Members as required in Sections 8.2.D, 8.2.E, and 8.2.H, above. The Board shall give the breaching Member notice of the breach and the right to cure the breach within thirty (30) days of the notice. If the breach cannot be reasonably cured within thirty (30) days, the Board shall provide additional time; provided that the breaching Member commences such cure within such thirty (30) day period and diligently prosecutes such cure to completion. If the breaching Members fails to cure or diligently pursue such cure of the breach within the time provided to the reasonable satisfaction of the Board, the Board shall have the right to terminate the Membership of the breaching Member. Termination of a Member for breach shall not relieve the terminated Member of its proportionate share of any debts or other liabilities incurred by the Authority or any liabilities imposed upon or incurred by the Member pursuant to this Agreement prior to the effective date of such termination. For purposes of determining the terminated Member’s share of revenues, a termination shall be treated the same as a withdrawal under Section 9.2 above; provided, however, that any costs incurred by the remaining Members to cure the terminated Member’s breach shall reduce the terminated Member’s right to share in revenues.

9.4 PENALTIES

Notwithstanding anything to the contrary in Section 9.3 above, and without waiving any other remedies available by law or through this Agreement, the Board may determine not to terminate a Member for a material breach. To the extent the non-breaching Members pay any costs for which the breaching Member is responsible, including, but not limited to, costs to cure the breaching Member’s breach, the breaching Member’s share of any revenues under this Agreement shall be reduced by the amount paid by the non-breaching Member(s) to cure the breach and the non-breaching Member(s) share of revenues shall be increased in proportion to the amounts such Members have paid under this Section 9.4, until the non-breaching Members are reimbursed for any such payments, plus interest at the rate of five percent (5)% per annum from the time such payments are made.

CHAPTER 10. AUTHORITY TERMINATION AND DISPOSITION OF ASSETS

10.1 TERMINATION

The Authority shall continue to exercise the joint powers specified in this Agreement until termination of this Agreement. This Agreement shall terminate if: (a) a majority of the Members give the Authority written notice of their intention to withdraw, whether at the same time or different times, as specified in Section 9.2; (b) all of the Members mutually agree to terminate this Agreement; or (c) if the Ranch is purchased in its entirety by a third party or parties. Notwithstanding the foregoing, no termination of the Authority shall occur until all

Authority debts, liabilities, and obligations and other payments are made in accordance with a resolution adopted by the Board.

10.2 DISTRIBUTION OF PROPERTY

- A. The Authority is the fee owner of the Ranch. In the event of a termination of this Agreement due to the withdrawal by both Chino Hills and Diamond Bar pursuant to Section 9.2 above, Industry shall have the first right to purchase the Ranch, subject to the Deed Restriction. Within forty-five (45) days of a written notice received by the Authority that results in both Chino Hills and Diamond Bar withdrawing from the Authority, Industry shall provide the Authority with written notice of its desire to purchase the Ranch (“Industry Notice”). In the event the Authority receives the Industry Notice, Industry’s purchase price shall be \$4,165,000 (“Industry Purchase Price”), which is the difference between Industry’s original contribution of \$37,485,000 toward the Authority’s purchase of the Ranch and the Authority’s original purchase price of the Ranch in the amount of \$41,650,000 (“Authority Purchase Price”). The Industry Purchase Price shall be paid to Chino Hills in the amount of \$2,959,967 and paid to Diamond Bar in the amount of \$1,205,033.
- B. In the event of a termination of this Agreement that is due in part to a withdrawal of Industry pursuant to Section 9.2 above, Chino Hills and Diamond Bar shall have the first right to purchase portions of the Ranch, subject to the Deed Restriction. Within forty-five (45) days of receipt of Industry’s written notice of withdrawal, Chino Hills and/or Diamond Bar shall provide the Authority with written notice of their/its desire to purchase that portion of the Ranch lying within their respective jurisdictions (“Purchase Notice”). In the event the Authority receives a Purchase Notice from Chino Hills, the purchase price for Chino Hills shall be \$26,615,698 (“Chino Hills Purchase Price”), which is the difference between Chino Hills’ original contribution of \$2,959,967 toward the Authority Purchase Price and that portion of the Authority Purchase Price attributable to the 1750.46 acres of the Ranch lying within Chino Hills’ jurisdiction (\$29,599,666). The full amount of the Chino Hills Purchase Price shall be paid to Industry. In the event the Authority receives a Purchase Notice from Diamond Bar, the purchase price shall be \$10,844,312 (“Diamond Bar Purchase Price”), which is the difference between Diamond Bar’s original contribution of \$1,205,033 toward the Authority Purchase Price and that portion of the Authority Purchase Price attributable to the 712.63 acres of the Ranch lying within Diamond Bar’s jurisdiction (\$12,050,334). The full amount of the Diamond Bar Purchase Price shall be paid to Industry.

- C. In the event this Agreement is terminated for any other reason or a Member does not elect its right of first purchase, the Ranch, or portion thereof, shall be conveyed to the Members as tenants in common in the following manner:
1. That portion of the Ranch within the jurisdictional limits of Chino Hills shall be conveyed to Industry and Chino Hills as tenants in common, 50% to Industry and 50% Chino Hills. In consideration thereof, Chino Hills shall pay to Industry \$11,839,866 (“Chino Hills Tenancy Price”), which is 50% of the difference between that portion of the Authority’s original purchase price attributable to the 1750.46 acres of the Ranch lying within Chino Hills’ jurisdiction (\$29,599,666) and Chino Hills’ contribution of \$2,959,967 to Authority’s original purchase price of the Ranch.
 2. That portion of the Ranch within the jurisdictional limits of Diamond Bar shall be conveyed to Industry and Diamond Bar as tenants in common, 50% to Industry and 50% to Diamond Bar. In consideration thereof, Diamond Bar shall pay to Industry \$4,820,134 (“Diamond Bar Tenancy Price”), which is 50% of the difference between that portion of the Authority’s original purchase price attributable to the 712.63 acres of the Ranch lying within Diamond Bar’s jurisdiction (\$12,050,334) and Chino Hills’ contribution to Authority’s original purchase price of \$1,205,033.
 3. In the event Chino Hills and/or Diamond Bar do not, respectively, elect to pay the Chino Hills Tenancy Price or the Diamond Bar Tenancy Price, Industry shall have the first right to purchase the Ranch lying within the jurisdiction of the city not making such an election. Industry’s purchase price for that portion of the Ranch lying within Chino Hills shall be \$2,959,967 and shall be paid to Chino Hills. Industry’s purchase price for that portion of the Ranch lying within Diamond Bar shall be \$1,205,033 and shall be paid to Diamond Bar. Notwithstanding the foregoing, the Members may seek a different method of disposing of the Ranch in the event of an involuntary termination; provided it is approved first by the Board pursuant to Section 6.A above and subsequent to such approval, by Industry’s city council and the city council of the Member within whose jurisdictional boundaries the Ranch property proposed for disposition is located.
- D. Each Member hereby covenants and agrees that either during the duration of this Agreement or upon the conveyance of the Ranch into tenants in common as set forth above, each Member: (a) agrees that it shall not institute or cause to be instituted the partition or division of all or any portion of the Ranch (or the sale or long-term lease of all or a portion of the Ranch in lieu thereof); (b) agrees that no partition or division of all or any portion of the Ranch (or sale or long-term lease

in lieu thereof) shall be permitted or occur; (c) expressly waives its respective rights under applicable law relating to partition or division of all or any portion of the Ranch (or sale or long-term lease in lieu thereof); and (d) shall direct and authorize the Authority and its Members to execute such documents and take such actions as necessary to implement the conveyances contemplated by this Section.

- E. Upon termination of the Authority, any remaining funds, property (excluding the Ranch itself) or other assets of the Authority, following discharge of all debts, liabilities and obligations of the Authority, shall be distributed to the Members equally, unless the Board provides for an alternative distribution.

CHAPTER 11. MISCELLANEOUS

11.1 AMENDMENTS

This Agreement may only be amended with the approval of each Member's city council in writing and executed by all Members.

11.2 NOTICE

Any notice or instrument required to be given or delivered pursuant to this Agreement shall be deemed given when personally delivered to the Member of the Authority, or deposited in the United States mail, first class postage pre-paid, and properly addressed to the principal office of the Member or the Authority, which may be changed upon written notice as provided herein to all other Members. The addresses of the principal office for each Member, which may be changed upon thirty (30) days written notice to the other Members, are as follows:

City of Industry:

15625 East Stafford Street
City of Industry, CA 91744
Attn: City Manager

With a copy to:

City of Industry
15625 East Stafford Street
City of Industry, CA 91744
Attn: City Attorney

City of Chino Hills:

14000 City Center Drive
Chino Hills, CA 91709
Attn: City Manager

With a copy to:
City of Chino Hills
14000 City Center Drive
Chino Hills, CA 91709
Attn: City Attorney

City of Diamond Bar:
21810 Copley Drive
Diamond Bar, CA 91765
Attn: City Manager

With a copy to:
City of Diamond Bar
21810 Copley Drive
Diamond Bar, CA 91765
Attn: City Attorney

11.3 PARTIAL INVALIDITY

If one or more of the Chapters, Sections, paragraphs or provisions of this Agreement is determined to be invalid or unenforceable by a court of competent jurisdiction, each and all of the remaining Chapters, Sections, paragraphs or provisions shall not be affected and shall continue to be valid and enforceable to the fullest extent permitted by law, provided, the remaining Chapters, Sections, paragraphs or provisions can be construed in substance to constitute the Agreement the Parties intended in the first instance.

11.4 GOVERNING LAW/VENUE

This Agreement shall be construed in accordance with and governed by the laws of the State of California and the Members agree to submit to the jurisdiction of California courts. Venue shall be Los Angeles County.

11.5 INTEGRATION

This Agreement constitutes the entire agreement of the Members with respect to those matters addressed herein and supersedes all prior agreements, understandings, statements, negotiations and representations between the Parties with respect thereto, including, but not limited to, in its entirety, the 1999 Agreement.

11.6 NO THIRD-PARTY BENEFICIARIES

It is not the intent of the Parties to create duties or obligations to or rights in third parties not a Party to this Agreement.

11.7 RECORDATION

Upon this Agreement being approved and fully executed, the Clerk of the Board shall cause this Agreement to be recorded and provide the Board with evidence of such recordation.

IN WITNESS WHEREOF, the Members have caused this Agreement to be executed by their duly authorized officers, and to have their official seals affixed hereto as of the date first stated above.

CITY OF INDUSTRY

By _____
Troy Helling, City Manager

APPROVED AS TO FORM:

By _____
James M. Casso
City Attorney

ATTEST:

By: _____
Julie Gutierrez-Robles
Deputy City Clerk

CITY OF CHINO HILLS

By _____
Konradt Bartlam, City Manager

APPROVED AS TO FORM:

By: _____
Mark Hensley
City Attorney

ATTEST:

By: _____
Cheryl Balz
City Clerk

CITY OF DIAMOND BAR

By _____
Daniel Fox, City Manager

APPROVED AS TO FORM:

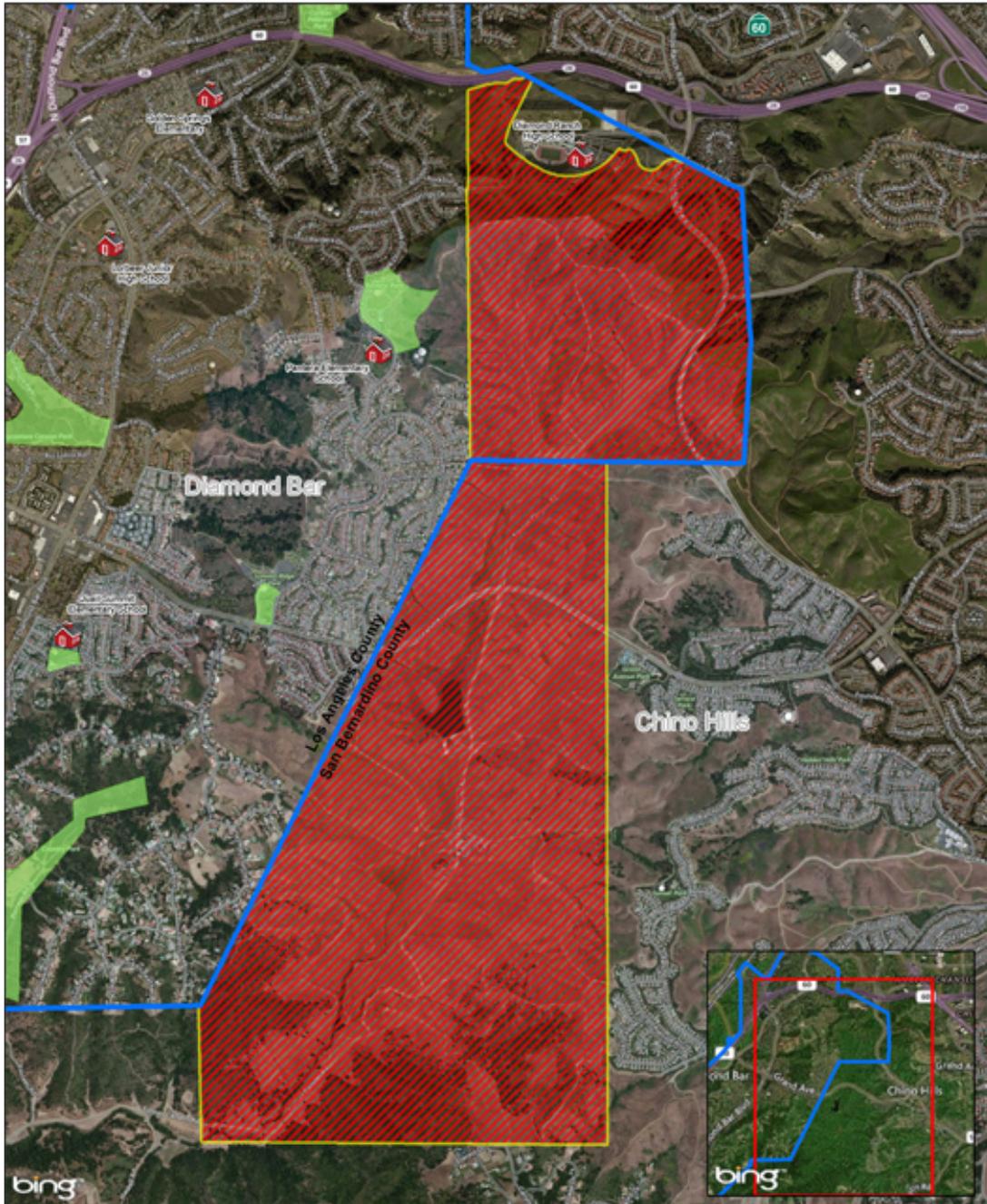
By: _____
David DeBerry, City Attorney

ATTEST:

By: _____
Tommye Cribbins, City Clerk

Exhibit "A"

Tres Hermanos



-  Tres Hermanos
-  City Boundary
-  Parks
-  Schools



Exhibit "A"

LEGAL DESCRIPTION OF THE LAND

PARCEL 1: (Los Angeles County)

A PORTION OF SECTION 1 AND ALL OF SECTION 12, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SECTION 12; THENCE EAST 80 CHAINS TO THE SOUTHEAST CORNER OF SECTION 12; THENCE NORTH 80 CHAINS TO THE NORTHEAST CORNER OF SAID SECTION 12; THENCE ON A COURSE OF ABOVE NORTH 61° 28' WEST 90.83 CHAINS MORE OR LESS, TO A POINT IN THE WEST LINE OF SAID SECTION 1, DISTANT 43.02 CHAINS NORTH OF THE SOUTHWEST CORNER THEREOF; THENCE SOUTH ALONG THE WEST LINES OF SAID SECTION 1 AND 12 TO THE POINT OF BEGINNING.

EXCEPT THEREFROM THAT PORTION THEREOF INCLUDED WITHIN THE LAND, DESCRIBED IN THE DEED TO THE STATE OF CALIFORNIA RECORDED ON JULY 05, 1968 AS INSTRUMENT NO. 399 IN BOOK D-4405 PAGE 993 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ALSO EXCEPT THEREFROM THAT PORTION THEREOF, INCLUDED WITHIN THE LAND, DESCRIBED IN THE DEEDS TO THE STATE OF CALIFORNIA, RECORDED ON NOVEMBER 17, 1971 AS INSTRUMENTS NO. 253 AND 254 IN BOOK D-5259 PAGES 626 AND 630 OF OFFICIAL RECORDS IN SAID COUNTY RECORDER.

ALSO EXCEPT THEREFROM THAT PORTION THEREOF, INCLUDED WITHIN THE LAND, DESCRIBED IN THE DEEDS TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA RECORDED ON MARCH 07, 1975 AS INSTRUMENTS NO. 281 AND 282 IN BOOK D-6579 PAGES 1 AND 11 OF OFFICIAL RECORDS IN SAID COUNTY RECORDER.

ALSO EXCEPT THEREFROM THAT PORTION THEREOF, INCLUDED WITHIN THE LAND DESCRIBED AS PARCEL A, IN THE GRANT DEED TO POMONA UNIFIED SCHOOL DISTRICT, RECORDED APRIL 07, 1993 AS DOCUMENT NO. 93-653577, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL A:

THAT PORTION OF THE SOUTH HALF OF SECTION 1 AND THE NORTH HALF OF SECTION 12, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF DIAMOND BAR, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS A WHOLE AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF PARCEL 3 OF PARCEL MAP NO. 13350 AS PER MAP FILED IN BOOK 144 AT PAGES 12 AND 13 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, A RADIAL LINE THROUGH SAID POINT BEARS NORTH 65° 33' 44" WEST; THENCE ALONG THE SOUTHWESTERLY LINE OF SAID PARCEL 3 NORTH 61° 55' 24" WEST 242.81 FEET TO THE MOST EASTERLY CORNER OF SAID LAND AS DESCRIBED IN THE DEED TO THE STATE OF CALIFORNIA RECORDED ON NOVEMBER 17, 1971, AS INSTRUMENT NO. 254 IN BOOK D-5259 PAGE 630 OF OFFICIAL RECORDS; THENCE ALONG THE SOUTHWESTERLY BOUNDARIES OF SAID DEED TO THE STATE OF CALIFORNIA, AS FOLLOWS:

SOUTH 80° 26' 22" WEST 357.29 FEET, NORTH 39° 50' 49" WEST 184.88 FEET; NORTH 08° 58' 26" WEST, 186.31 FEET TO THE SOUTHWESTERLY LINE OF PARCEL 1 AS SHOWN ON RECORD OF SURVEY FILED IN BOOK 83 PAGES 62 AND 63 OF RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID LAST MENTIONED SOUTHWESTERLY LINE NORTH 61° 55' 24" WEST 2446.02 FEET; THENCE SOUTH 26° 04' 36" WEST 915.27 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHEAST HAVING A RADIUS OF 1500.00 FEET; THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 15° 00' 00", AN ARC DISTANCE OF 392.70 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE TO THE NORTHEAST AND HAVING A RADIUS OF 120.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS NORTH 78° 55' 24" WEST; THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 60° 00' 00", AN ARC DISTANCE OF 125.66 FEET; THENCE TANGENT TO SAID LAST MENTIONED CURVE, SOUTH 48° 55' 24" EAST 170.71 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE NORTHEAST AND HAVING A RADIUS OF 2500.00 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE 16° 02' 34", AN ARC DISTANCE OF 700.00 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE TO THE NORTH HAVING A RADIUS OF 1125.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 25° 02' 02" WEST; THENCE EASTERLY ALONG SAID COMPOUND CURVE

THROUGH A CENTRAL ANGLE OF 73° 27' 26", AN ARC DISTANCE OF 1442.33 FEET; THENCE TANGENT TO SAID COMPOUND CURVE NORTH 41° 34' 36" EAST 225.00 FEET; THENCE SOUTH 61° 55' 24" EAST 70.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE NORTH HAVING A RADIUS OF 100.00 FEET; THENCE EASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 60° 00' 00", AN ARC DISTANCE OF 104.72 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE TO THE SOUTH HAVING A RADIUS OF 75.00 FEET; A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 31° 55' 24" EAST; THENCE EASTERLY ALONG SAID REVERSE CURVE THROUGH A CENTRAL ANGLE OF 78° 30' 00" AN ARC DISTANCE OF 102.76 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 350.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS NORTH 46° 34' 36" EAST; THENCE SOUTHEASTERLY ALONG SAID COMPOUND CURVE THROUGH A CENTRAL ANGLE OF 22° 30' 00", AN ARC DISTANCE OF 137.44 FEET; THENCE TANGENT TO SAID LAST COMPOUND CURVE SOUTH 20° 55' 24" EAST 105.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE NORTH AND HAVING A RADIUS OF 265.00 FEET; THENCE EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 112° 00' 00", AN ARC DISTANCE OF 518.01 FEET; THENCE TANGENT TO LAST MENTIONED CURVE NORTH 47° 04' 36" EAST 137.02 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTH AND HAVING A RADIUS OF 200.00 FEET; THENCE EASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 67° 27' 44", AN ARC DISTANCE OF 235.49 FEET; THENCE TANGENT TO SAID LAST MENTIONED CURVE, SOUTH 65° 27' 40" EAST 38.64 FEET TO THE WESTERLY LINE OF CHINO HILLS PARKWAY (100.00 FEET WIDE) AS EXISTED ON APRIL 5, 1993, AND AS ESTABLISHED BY THE COUNTY ENGINEER OF SAN BERNARDINO; THENCE ALONG SAID CHINO HILLS PARKWAY, AS FOLLOWS:

NORTH 24° 32' 20" EAST 72.06 FEET AND NORTHERLY ALONG A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 1750.00 FEET THROUGH A CENTRAL ANGLE OF 00° 06' 04", AN ARC DISTANCE OF 3.09 FEET TO THE POINT OF BEGINNING.

AND ALSO EXCEPT THEREFROM THAT PORTION THEREOF, INCLUDED WITHIN THE LAND DESCRIBED AS PARCEL RW-1, CHINO HILLS PARKWAY RIGHT-OF-WAY, BY FINAL ORDER AND JUDGMENT IN CONDEMNATION, RECORDED AUGUST 25, 1995, INSTRUMENT NO. 95-1398248, OFFICIAL RECORDS.

PARCEL 2 (San Bernardino County)

REAL PROPERTY IN THE CITY OF CHINO HILLS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCEL NO. 1:

THOSE PORTIONS OF SECTIONS 14 AND 23, IN GOVERNMENT LOT 38, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE RANCHO SANTA ANA DEL CHINO, IN THE CITY OF CHINO HILLS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP FILED IN RECORD OF SURVEY RECORDED IN BOOK 3, PAGE 72, RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING SOUTHEASTERLY OF THE SAID RANCHO LINE BETWEEN STATIONS 13 AND 14, AS SHOWN ON SAID MAP.

EXCEPT THEREFROM THAT PORTION CONVEYED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY DEED RECORDED MARCH 07, 1975, IN BOOK 8630, PAGE 104, OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE COUNTY OF SAN BERNARDINO, BY FINAL ORDER OF CONDEMNATION, RECORDED JUNE 07, 1988, INSTRUMENT NO. 88-180373, OFFICIAL RECORDS.

PARCEL NO. 2:

THE WEST 1/2 OF SECTION 13; THE WEST 1/2 OF SECTION 24; THE NORTHWEST 1/4 OF SECTION 25 AND THE NORTH 1/2 OF SECTION 26, ALL IN GOVERNMENT LOT 38, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE RANCHO SANTA ANA DEL CHINO, IN THE CITY OF CHINO HILLS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP FILED IN THE RECORD OF SURVEYS, RECORDED IN BOOK 3, PAGE 72, RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

EXCEPT THEREFROM THAT PORTION CONVEYED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY DEED RECORDED MARCH 07, 1975, IN BOOK 8630, PAGE 83, OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY DEED RECORDED MARCH 07, 1975, IN BOOK 8630, PAGE 92, OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY DEED RECORDED MARCH 07, 1975, IN BOOK 8630, PAGE 104, OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE COUNTY OF SAN BERNARDINO, BY FINAL ORDER OF CONDEMNATION, RECORDED JUNE 07, 1988, INSTRUMENT NO. 88-180373, OFFICIAL RECORDS.

APNs: 1000-011-19, 1000-011-20, 1000-011-21, 1000-011-22, 1000-011-13, 1000-011-14, 1000-031-14, 1000-031-15, 8701-022-270, 8701-021-271 and 8701-022-273.

**TRES HERMANOS CONSERVATION AUTHORITY
STAFF REPORT**

AGENDA NO. 4.5

Date: February 7, 2019
To: Chair and Board of Directors
From: Troy Helling, Executive Director
Subject: Receive and File – Independent Auditor’s Report for the Fiscal Year Ending June 30, 2018

Recommendation:

That the Authority receive and file the Independent Auditor’s Report for the Fiscal Year Ending June 30, 2018.

Background/Analysis:

Pursuant to the Tres Hermanos Conservation Authority By-Laws, the Board shall arrange and provide for an audit of the accounts and records of the Authority by an auditor.

Attached for your information is the Independent Auditor’s Report for the Fiscal Year Ending June 30, 2018.

Respectfully submitted,



Christina Buhagiar
Treasurer/Auditor

Reviewed by,



Troy Helling
Executive Director

Attachments



TRES HERMANOS CONSERVATION AUTHORITY

JUNE 30, 2018

FINANCIAL STATEMENTS

Focused
on YOU



TRES HERMANOS
CONSERVATION AUTHORITY

FINANCIAL STATEMENTS

JUNE 30, 2018

TRES HERMANOS CONSERVATION AUTHORITY

JUNE 30, 2018

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TRES HERMANOS CONSERVATION AUTHORITY

JUNE 30, 2018

AUTHORITY OFFICIALS

Ray Marquez	Chairman
Ruth M. Low	Vice Chairman
Konradt Bartlam	Executive Director
Dan Fox	Deputy Executive Director
Tommye Cribbens	Secretary
Christa Buhagiar	Treasurer/Auditor
Carol Herrera	Delegate
Peter Rogers	Delegate
Nancy A. Lyons	Delegate (Alternate)
Vacant	General Counsel

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tres Hermanos Conservation Authority
Diamond Bar, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund information of the Tres Hermanos Conservation Authority (the Authority) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the Board of Directors
Tres Hermanos Conservation Authority
Diamond Bar, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund information of the Tres Hermanos Conservation Authority as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2018 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Brea, California
September 27, 2018

TRES HERMANOS CONSERVATION AUTHORITY

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
 JUNE 30, 2018

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets:			
Cash and cash equivalents	\$ 92,387	\$ -	\$ 92,387
Total Assets	<u>\$ 92,387</u>	<u>-</u>	<u>92,387</u>
Fund Balances/Net Position:			
Fund Balances:			
Unassigned	\$ 92,387	(92,387)	-
Total Fund Balances	<u>\$ 92,387</u>	<u>(92,387)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 92,387</u>		
Net Position:			
Unrestricted		92,387	92,387
Total Net Position		<u>\$ 92,387</u>	<u>\$ 92,387</u>

TRES HERMANOS CONSERVATION AUTHORITY

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND
 REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Investment income	\$ 139	\$ -	\$ 139
Total Revenues	<u>139</u>	<u>-</u>	<u>139</u>
Expenditures/Expenses:			
General government:			
Auditing services	1,910	-	1,910
Total Expenditures/Expenses	<u>1,910</u>	<u>-</u>	<u>1,910</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,771)</u>	<u>-</u>	<u>(1,771)</u>
Changes in net assets	(1,771)	-	(1,771)
Fund Balances/Net Position:			
Beginning of Year	94,158	-	94,158
End of Year	<u>\$ 92,387</u>	<u>\$ -</u>	<u>\$ 92,387</u>

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The Tres Hermanos Conservation Authority (Authority) is a joint powers agency created by a joint powers agreement between the cities of Chino Hills and Diamond Bar, California, dated January 19, 1999. It was created pursuant to Articles 1 through 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, in accordance with the provisions of the Marks-Roos Local Bond Pooling Act of 1985. The purpose of the Authority is to create a public entity to coordinate the overall development and conservation of a large undeveloped area of real property known as the Tres Hermanos Ranch, by preparing studies, plans, environmental reviews and similar information and by making recommendations to its members to take such actions including, but not limited to, acquisition and eminent domain as are necessary to implement its recommendations.

The Authority is a public entity separate and apart from each of the Cities. The funds of the Authority have not been included within the scope of the basic financial statements of the Cities because the Authority has its own governing board that has responsibility over the operations of the Authority. Only the funds of the Authority are included herein, therefore, these financial statements do not purport to represent the financial position or results of operation of the cities of Chino Hills or Diamond Bar.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (Statements of Net Position and Statement of Activities) report information on all activities of the Authority.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Revenues include contributions of the participating agencies.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

TRES HERMANOS CONSERVATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

d. Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits that are maintained in a bank account to pay obligations of the Authority. Cash and cash equivalents are reported at fair value on the accompanying statement of net position and governmental fund balance sheet.

Functional Classification

Expenditures of the Authority are classified as general government.

e. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position and governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has no items that qualify for reporting in this category.

Note 2: Cash and Cash Equivalents

Demand Deposits

At June 30, 2018, the carrying amount of the Authority's deposits was \$92,387 and the bank balance was \$92,387.

TRES HERMANOS CONSERVATION AUTHORITY

**BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 94,158	\$ 94,158	\$ 94,158	\$ -
Resources (Inflows):				
Investment income	-	-	139	139
Amounts Available for Appropriations	94,158	94,158	94,297	139
Charges to Appropriations (Outflow):				
General government:				
Auditing services	-	2,000	1,910	90
Total Charges to Appropriations	-	2,000	1,910	90
Budgetary Fund Balance, June 30	\$ 94,158	\$ 92,158	\$ 92,387	\$ 229

TRES HERMANOS CONSERVATION AUTHORITY

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

Stewardship, Compliance and Accountability

The Executive Director directs the preparation of the Authority operating budget that is approved by the Board at the annual meeting.

**TRES HERMANOS CONSERVATION AUTHORITY
STAFF REPORT**

AGENDA NO. 6.1

Date: February 7, 2019

To: Chair and Board of Directors

From: Daniel Fox, Deputy Executive Director

Subject: Consideration of a Purchase and Sale Agreement/Joint Escrow Instructions transferring the Tres Hermanos Ranch from the City of Industry to the Tres Hermanos Conservation Authority.

Recommendation:

It is recommended that the Board of Directors take the following actions:

- A. Adopt Resolution No. 2019-01 approving, and authorizing the Deputy Executive Director to execute the Purchase and Sale Agreement/Joint Escrow Instructions for Tres Hermanos Ranch (Tres Hermanos PSA) transferring the Tres Hermanos Ranch from the City of Industry to the Tres Hermanos Conservation Authority ("Conservation Authority"), and finding that approval or Resolution No. 2019-01 is categorically exempt from the California Environmental Quality Act pursuant to Title 14, California Code of Regulations, Sections 15325(a) and 15301; and
- B. Authorize the Deputy Executive Director to execute such other documents and take such other actions necessary to implement the Tres Hermanos PSA.

Background:

On February 5, 2019, the city councils of the cities of Chino Hills, Diamond Bar and Industry (collectively, the "Cities"), as well as the Successor Agency to the Industry-Urban Development Agency ("Successor Agency") approved a settlement agreement to resolve certain disputes concerning ownership and use of the Tres Hermanos Ranch. As part of that settlement agreement, the Cities also approved an Amended and Restated Tres Hermanos Conservation Authority Joint Powers Agreement ("JPA") forming the Conservation Authority, a joint powers authority organized under the Joint Powers Act, Government Code sections 6500, *et seq.* As stated in the JPA, the purpose of the Conservation Authority is "to create a public entity to coordinate the overall conservation, use and potential improvement of the Tres Hermanos Ranch." The JPA is an amended and restated joint powers agreement because there is an existing Tres Hermanos

Conservation Authority whose members are the City of Chino Hills (“Chino Hills”) and the City of Diamond Bar (“Diamond Bar”). Based on a recent search of records, the City of Industry (“Industry”) is an ex-officio non-voting member of the existing Tres Hermanos Conservation Authority. The Conservation Authority replaces in its entirety, this predecessor joint powers authority.

Under the settlement agreement, the Cities and Successor Agency agreed that the Successor Agency, which currently owns Tres Hermanos Ranch, would transfer Tres Hermanos Ranch to the City of Industry (“Industry”) for \$41,650,000 million. The settlement agreement further provides that Industry will then transfer the Ranch to the Conservation Authority for the same amount, with the Cities all contributing a portion of the cost as set forth in the Tres Hermanos PSA. The JPA provides additional details as to how the Conservation Authority will be operated and Tres Hermanos Ranch maintained and managed. In the absence of the transfer of Tres Hermanos Ranch to the Conservation Authority, the JPA provides that the JPA creating the Conservation Authority will terminate by its own terms.

Tres Hermanos Ranch includes approximately 2,445 acres of contiguous undeveloped open space located within Diamond Bar and Chino Hills. It has historically been used for ranching, farming and cattle grazing, although in recent years the use has been limited chiefly to cattle grazing. There is also a reservoir on the Tres Hermanos Ranch. Approximately 695 acres of the Tres Hermanos Ranch are located within the boundaries of Diamond Bar, and approximately 1,750 acres are located within the boundaries of Chino Hills as is depicted in Attachment 1.

On February 3, 1978, Industry acquired Tres Hermanos Ranch and later that same year transferred it to the Industry Urban-Development Agency (“RDA”), which was the redevelopment agency established in Industry. In 2011 the Tres Hermanos Ranch was transferred from the RDA to Industry. In 2012, the Tres Hermanos Ranch was transferred from Industry to the Successor Agency as required by the Redevelopment Dissolution Act of 2011—State legislation which provided for the dissolution and winding down of the affairs of all redevelopment agencies in California.

In 2014, the State Department of Finance approved the Long Ranch Property Management Plan (“Plan”) for the Successor Agency, which Plan governs the disposal of property assets owned by the Successor Agency as set forth in the Redevelopment Dissolution Act. The Tres Hermanos Ranch is included in that Plan.

Discussion:

In approving the settlement agreement on February 5, 2019, the Cities agreed that the Tres Hermanos Ranch serves an important environmental, educational, and recreational resource to the community and region. It was also determined that the most prudent method to protect these resources and the interests of the Cities was to transfer

ownership of the Tres Hermanos Ranch to the Conservation Authority, in which the Cities would have representation on a Board of Directors and a say in its future. Through the Conservation Authority, the planning and coordination for the long-term use of the Tres Hermanos Ranch will allow for a community-based approach to any proposed future uses consistent with the purpose of the Conservation Authority and the Deed Restriction, which limits the use of Tres Hermanos Ranch to open space, public use or preservation.

As noted above, the settlement agreement provides in part for the following:

- Industry will purchase Tres Hermanos Ranch from the Successor Agency, subject to the Deed Restriction, in the amount of \$41,650,000.
- Industry will transfer Tres Hermanos Ranch to the Conservation Authority for the purchase price of \$41,650,000.
- Chino Hills and Diamond Bar will collectively deposit into escrow, 10% of the Conservation Authority's purchase price (Chino Hills, \$2,959,967 and Diamond Bar, \$1,205,033). At close of escrow Chino Hills' and Diamond Bar's shares of the purchase will be transferred to Industry, which will be credited with the balance of the purchase price from its prior payment to the Successor Agency, as its contribution toward the Conservation Authority's acquisition.
- The Tres Hermanos Ranch will be transferred to the Conservation Authority subject to the Deed Restriction.

As is set forth in more detail in Resolution No. 2019-01, for the reasonably foreseeable future it is anticipated that the Conservation Authority will maintain the Tres Hermanos Ranch in its current existing condition. The Conservation Authority does not have any existing or contemplated plans for any development of Tres Hermanos Ranch or addition to or subtraction from any current uses thereon. There are no known existing entitlements which would allow further development or pending applications for development on Tres Hermanos Ranch. As set forth in the JPA, any proposed future uses of Tres Hermanos Ranch will be subject to the approval of the Authority's Board of Directors and must be consistent with the Deed Restriction, the purpose for which the Conservation Authority was formed, and the applicable land use regulations of Chino Hills and Diamond Bar. Pursuant to the JPA, the cost of providing the existing maintenance will be shared in equal 1/3 shares between the Cities. Other than some erosion remediation work to the reservoir dam to be designed, performed and paid for by Industry, no additional maintenance or improvements are currently planned.

The Tres Hermanos PSA, which is attached as Exhibit 1 to Resolution No. 2019-01, provides for the Tres Hermanos Ranch to be transferred to the Authority in its as-is condition. The JPA has different voting requirements for the Board's approval, depending

on the action to be taken. These varying criteria were established in recognition of primarily two things: (1) Tres Hermanos Ranch lies within two different cities and counties; and (2) Industry's greater financial contribution toward the Authority's purchase price. Approval of the Tres Hermanos PSA requires at least four Director votes and of those four votes, at least one vote must be from a Director appointed by Chino Hills, one vote from a Director appointed by Diamond Bar and two votes from Directors appointed by Industry.

Conservation Authority staff is recommending that Conservation Authority Deputy Executive Director, Diamond Bar City Manager Daniel Fox, be authorized to execute the Tres Hermanos PSA. Generally, staff would recommend that the Conservation Authority's Executive Director, Industry City Manager Troy Helling, be authorized to take such actions. However, because Mr. Helling will be executing the Tres Hermanos PSA on behalf of Industry, Conservation Authority staff is recommending Mr. Fox be authorized to take such action on behalf of the Conservation Authority to avoid any confusion and as a matter of checks and balances.

Respectfully submitted,



Daniel Fox
Deputy Executive Director

Reviewed by,



Troy Helling
Executive Director

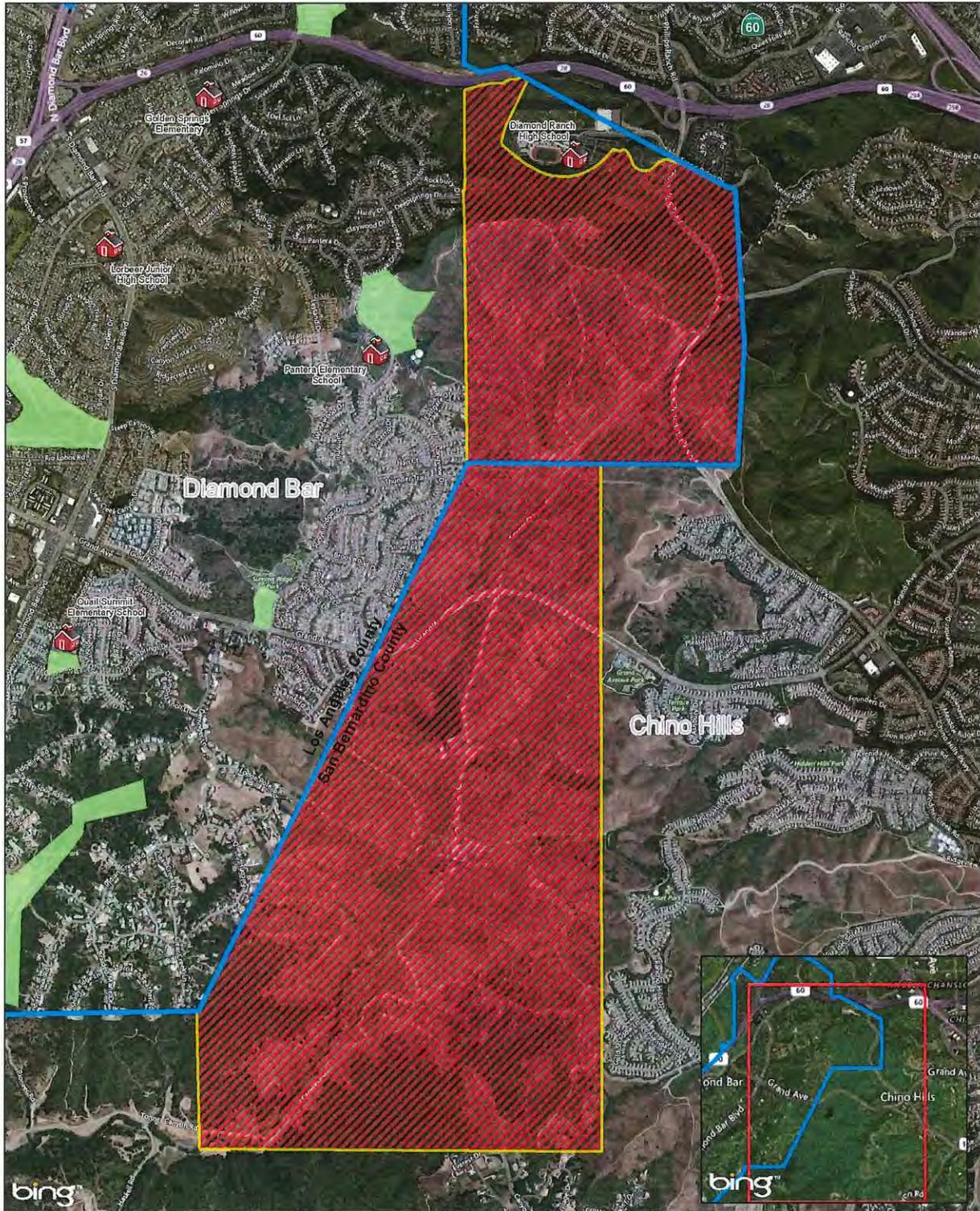
Attachments:

1. Tres Hermanos Ranch Vicinity Map
2. Resolution No 2019-01
 - Exhibit 1: Purchase and Sale Agreement/Joint Escrow Instructions
 - Exhibit 2: Settlement Agreement and Mutual Releases (without exhibits)

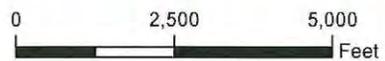
ATTACHMENT 1

TRES HERMANOS VICINITY MAP

Tres Hermanos



-  Tres Hermanos
-  City Boundary
-  Parks
-  Schools



ATTACHMENT 2

RESOLUTION NO. 2019-01

RESOLUTION NO. 2019-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRES HERMANOS CONSERVATION AUTHORITY APPROVING THE PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS WITH THE CITY OF INDUSTRY TO ACQUIRE THE TRES HERMANOS RANCH PROPERTY AND NOTICE OF CEQA EXEMPTION REGARDING SAME

WHEREAS, the Successor Agency to the Industry Urban-Development Agency (the "Industry Successor Agency") is the owner of certain real property which consists of Assessor Parcel Numbers: 8701-021-271, 8701-022-270 and 8701-022-273 in Los Angeles County, and 1000-011-19, 1000-011-20, 1000-011-21, 1000-011-22, 1000-021-13, 1000-021-14, 1000-031-14 and 1000-031-15 in San Bernardino County, commonly known as, and hereinafter referred to as, "Tres Hermanos Ranch;" and

WHEREAS, the Oversight Board of the Industry Successor Agency (the "Oversight Board") was established pursuant to California Health and Safety Code Section 34179 to review and make determinations regarding various actions taken by the Industry Successor Agency; and

WHEREAS, the Industry Successor Agency and Oversight Board approved the sale of Tres Hermanos Ranch to the City of Industry in the amount of \$41,650,000, and required as a condition of such approval that a deed restriction limiting the use of the Tres Hermanos Ranch to open space, public use, or preservation be included in the grant deed conveying Tres Hermanos Ranch from the Industry Successor Agency to the City of Industry (the "Deed Restriction"); and

WHEREAS, at special meetings held on February 5, 2019, the cities of Chino Hills, Diamond Bar, and Industry (collectively, the "Cities") approved the Amended and Restated Tres Hermanos Conservation Authority Joint Powers Agreement ("Tres Hermanos JPA"); and

WHEREAS, as is further set forth in that certain Settlement Agreement and Mutual Releases ("Settlement Agreement"), which is attached to this Resolution as Exhibit "1D" (without exhibits) the Cities and other parties resolved or conditionally resolved certain lawsuits filed by Chino Hills and Diamond Bar relating to Tres Hermanos Ranch; and

WHEREAS, the Settlement Agreement provides, among other things, that once the City of Industry acquires Tres Hermanos Ranch from the Successor Agency, the City of Industry shall immediately transfer title of Tres Hermanos Ranch to the Tres Hermanos Conservation Authority ("Conservation Authority") consistent with that certain Purchase and Sale Agreement/Escrow Instructions relating to Tres Hermanos Ranch.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Conservation Authority as follows:

Section 1. Recitals. The Board of Directors finds the recitals set forth in this Resolution to be true and correct and are incorporated herein by reference.

Section 2. Purchase and Sale Agreement/Joint Escrow Instructions. The Board of Directors approves that certain "Purchase and Sale Agreement and Joint Escrow Instructions (Tres Hermanos Ranch)", a true and correct copy of which is attached to this Resolution as Exhibit "1" (the "Purchase and Sale Agreement"), and authorizes the Deputy Executive Director of the Conservation Authority to execute same and to execute such other documents and take such further actions as may be necessary that are consistent with, and may be necessary to make effective and implement, the Purchase and Sale Agreement.

Section 3. Environmental Determination.

A. Pursuant to the Purchase and Sale Agreement the City of Industry will transfer the Tres Hermanos Ranch to the Conservation Authority subject to the Deed Restriction.

B. The Tres Hermanos Ranch includes approximately 2,445 acres of land, approximately 1,750 acres of which are located within the jurisdiction of the City of Chino Hills ("Chino Hills") and approximately 695 acres of which are located within the jurisdiction of the City of Diamond Bar ("Diamond Bar"). Tres Hermanos Ranch is primarily open space, with ancillary uses such as the Arnold Reservoir, residences for caretakers and cattle grazing. For over 40 years, Tres Hermanos Ranch has been owned by either the City of Industry, the Industry Urban-Development Agency or the Industry Successor Agency.

C. As set forth in the general plans of Diamond Bar and Chino Hills, Tres Hermanos Ranch consists of non-native grasslands used primarily for grazing and agriculture, a freshwater emergent wetland, Southern Willow Scrub, pockets of Coastal Sage Scrub, considered sensitive habitat by the California Department of Fish and Wildlife, Sycamore Alluvial Woodland and Coast Live Oak Woodland. In addition, the Chino Hills General Plan has identified the Western Pond Turtle as existing in proximity to the Arnold Reservoir and as a State species of concern. It also identifies several potential historical resources such as structures and/or artifacts associated with the Tres Hermanos Adobe, a multi-arch dam and the Arnold Reservoir. Although public access to Tres Hermanos Ranch has been limited, it is believed that Tres Hermanos Ranch is home to mule deer, mountain lions, bobcats and other animal and bird species native to this part of Southern California.

D. The Tres Hermanos Ranch will be transferred to the Conservation Authority subject to the Deed Restriction. As set forth in the Tres Hermanos JPA, the general purpose of the Conservation Authority is to "... coordinate the overall conservation, use

and potential improvement of the Ranch through collaboration by its Members....” As set forth more fully in the Tres Hermanos JPA, any proposed use of Tres Hermanos Ranch will require the approval of the Conservation Authority’s Board of Directors and must be consistent, as applicable, with the land use and zoning laws of Chino Hills and Diamond Bar, as well as the Deed Restriction. The Tres Hermanos JPA provides that the Conservation Authority will operate, repair and maintain Tres Hermanos Ranch and existing tangible property or facilities located thereon, in accordance with the Conservation Authority’s general purpose and the Deed Restriction. Administration of the Conservation Authority and funding therefore will be shared obligations of the Cities, which also comprise all the Members of the Conservation Authority.

E. There are no proposed new uses, new improvements or major alterations contemplated on the Tres Hermanos Ranch for the foreseeable future.

F. In considering this Resolution, the staff report, and all other documents, oral testimony and other evidence presented at the hearing on this Resolution, the Board of Directors finds that, consistent with the preceding discussion in this Resolution, the Board of Director’s adoption of this Resolution approving the Purchase and Sale Agreement is categorically exempt from the California Environmental Quality Act ("CEQA") for the following reasons. First, approval of this Resolution and the Purchase and Sale Agreement will result in (1) the transfer of ownership interests of Tres Hermanos Ranch to the Conversation Authority in order to preserve open space, habitat, or historical resources; (2) the acquisition, sale, and transfer of Tres Hermanos Ranch to preserve the existing natural conditions, including plant or animal habitats; and (3) the acquisition, sale, and transfer of Tres Hermanos to preserve open space or lands for park and/or recreational purposes, and as such, is categorically exempt from CEQA review pursuant to California Code of Regulations, Title 14, Chapter 3 (“CEQA Guidelines”), Section 15325. This finding is supported by the findings in this Resolution and specifically, the findings set forth in Section 3, subparagraphs A-D. Second, approval of this Resolution and the Purchase and Sale Agreement will result in the operation, repair, maintenance or minor alteration of existing public structures, facilities, mechanical equipment or topographical features, with negligible or no expansion of the existing uses, which approval is categorically exempt from CEQA review pursuant to CEQA Guidelines Section 15301. This finding is supported by the findings in this Resolution and specifically the findings in Section 3, subparagraphs D and E herein. Based on the foregoing, the Board of Directors directs Staff to file a Notice of Exemption upon the adoption of this Resolution.

Section 4. This Resolution shall take effect immediately upon its passage and adoption.

PASSED, APPROVED, AND ADOPTED this 7th day of February, 2019.

By: _____
Printed Name: _____
Title: Chair, Board of Directors
Tres Hermanos Conservation Authority

Dated: February 7, 2019.

ATTEST:

I, Julie Gutierrez-Robles, Secretary of the Tres Hermanos Conservation Authority, do hereby certify that the foregoing Resolution was duly and regularly passed, approved and adopted by the Board of Directors of the Tres Hermanos Conservation Authority, at its special meeting held on the 7th day of February 2019, by the following Roll Call vote:

AYES: BOARD MEMBERS:
NOES: BOARD MEMBERS:
ABSENT: BOARD MEMBERS:
ABSTAIN: BOARD MEMBERS:

Julie Gutierrez-Robles
Secretary
Tres Hermanos Conservation Authority

Attachments:

Exhibit 1: Purchase and Sale Agreement/Joint Escrow Instructions

Approved as to form:

David DeBerry
General Counsel
Tres Hermanos Conservation Authority

RESOLUTION NO. 2019-01
EXHIBIT 1

PURCHASE AND SALE AGREEMENT/
JOINT ESCROW INSTRUCTIONS

**PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS
(TRES HERMANOS RANCH)**

This Purchase and Sale Agreement and Joint Escrow Instructions (Tres Hermanos Ranch) (this "**Agreement**"), dated as of February 7, 2019 (the "**Effective Date**"), is entered into by and between the **CITY OF INDUSTRY**, a municipal corporation ("**Seller**" or "**Industry**"), and the **TRES HERMANOS CONSERVATION AUTHORITY**, a joint exercise of powers authority established pursuant to Section 6500 *et seq.* of the California Government Code ("**Buyer**"), which authority is comprised of the City of Chino Hills ("**Chino Hills**"), the City of Diamond Bar ("**Diamond Bar**") and Industry (Seller and Buyer are hereinafter sometimes individually referred to as a "**Party**" and collectively referred to as the "**Parties**"), with reference to the following facts:

RECITALS

A. Seller is in escrow (the "**First Escrow**") with First American Title Insurance Company (Escrow No. NCS-885653) to purchase that certain real property commonly known as Tres Hermanos Ranch, which consists of the following APNs: 8701-021-271, 8701-022-270 and 8701-022-273 (Los Angeles County) and 1000-011-19, 1000-011-20, 1000-011-21 and 1000-011-22, 1000-021-13 and 1000-021-14, 1000-031-14 and 1000-031-15 (San Bernardino County), as more particularly described on **Exhibit A** attached hereto, together with all of Seller's right, title and interest in and to any and all hereditaments, appurtenances, rights, permits, licenses, privileges, development rights and easements relating to such land, including without limitation Seller's right, title and interest in and to all streets, alleys and rights-of-way in, on, across, in front of, abutting or adjoining such real property and all water rights and mineral rights (collectively, the "**Land**").

B. On or about August 24, 2017, the Oversight Board (the "**Oversight Board**") of the Successor Agency approved Seller's purchase of the Property via adoption of Resolution No. OB 2017-05, for the total purchase price of \$41,650,000.

C. Seller, the City Council of the City of Industry (the "**Industry City Council**"), the Successor Agency, the Board of Directors of the Successor Agency to the Industry-Urban Development Agency, Chino Hills and Diamond Bar have entered into that certain Settlement Agreement and Mutual Releases (the "**Settlement Agreement**") dated as of February 5, 2019, a copy of which (without exhibits) is attached hereto as **Exhibit D**, pursuant to which Chino Hills and Diamond Bar have agreed to dismiss certain lawsuits filed by Chino Hills and Diamond Bar against Seller, the Successor Agency and other parties relating to the Land upon the satisfaction of specified conditions precedent, including without limitation the execution of this Agreement and the transfer of the Property (as defined in Section 1, below) to Buyer pursuant to the terms and conditions hereof.

D. Therefore, Buyer desires to purchase the Property from Seller, and Seller desires to sell the Property to Buyer, on the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

1. PURCHASE AND SALE. Pursuant to the terms and conditions contained in this Agreement, Seller hereby agrees to sell and convey to Buyer, and Buyer hereby agrees to purchase and accept from Seller, the following property (collectively, the "**Property**"): (a) the Land ; and (b) all buildings, fixtures, structures, parking areas, landscaping and other improvements located on the Land (the "**Improvements**").

2. PURCHASE PRICE AND INDEPENDENT CONSIDERATION.

A. Purchase Price. The purchase price for the Property shall be Forty-One Million Six Hundred Fifty Thousand Dollars (\$41,650,000.00) (the "**Purchase Price**"), of which (a) Industry shall be credited with a payment of \$37,485,000.00, (b) Diamond Bar shall pay \$1,205,033.00 and (c) the Chino Hills shall pay \$2,959,967.00 (each, a "**Payment**" and, collectively, the "**Payments**"). With the exception of Industry's credit, the Payments shall be deposited into the Escrow (as defined in Section 3.A, below) at least one (1) business day prior to the Close of Escrow (as defined in Section 3.C, below) and the Purchase Price shall be paid to Seller in cash at the Close of Escrow. Notwithstanding the above, if any of the conditions precedent to closing set forth in Section 5, below, are not satisfied or waived, by the applicable Party and the Close of Escrow fails to occur as a result thereof, the Payments shall be fully refundable, and shall be refunded, to Chino Hills and Diamond Bar.

B. Independent Consideration. Upon the execution of this Agreement, Buyer shall pay the sum of One Hundred Dollars (\$100.00) (the "**Independent Consideration**") to Seller, which shall be completely nonrefundable to Buyer in all events, it being the intent of the Parties to recognize that such amount has been bargained for and agreed to as independent consideration for Buyer's exclusive right to purchase the Property and for Seller's execution and delivery of this Agreement.

3. ESCROW.

A. Opening of Escrow. Buyer has opened an escrow (the "**Escrow**") at the offices of First American Title Insurance Company ("**Escrow Holder**"). The principal office of Escrow Holder for purposes of this Agreement is 18500 Von Karman Avenue, Suite 600, Irvine, California 92612, Attention: Patty Beverly, Escrow Officer, Telephone: (949) 885-2465, Email: pbeverly@firstam.com. Upon mutual execution of this Agreement, Buyer and Seller shall deliver three fully executed originals of this Agreement to Escrow Holder and Escrow Holder shall promptly execute the attached Acceptance of Joint Escrow Instructions and shall thereupon be empowered to act under this Agreement and shall thereafter carry out its duties as Escrow Holder hereunder. The purchase and sale of the Property shall be completed through the Escrow. This Agreement, together with the provisions of Exhibit B attached hereto, shall constitute joint escrow instructions to Escrow Holder in connection with the Escrow. In the event of any inconsistency between the provisions in the main body of this Agreement and the provisions of Exhibit B, the provisions in the main body of this Agreement shall prevail.

B. Additional Instructions. Buyer and Seller hereby agree to execute such additional instructions not inconsistent with this Agreement as may be reasonably required by Escrow Holder in order to perform its obligations as Escrow Holder hereunder.

C. Closing of Escrow. The Escrow shall close (the "**Close of Escrow**") on or before February 13, 2019, after satisfaction of the conditions precedent to closing set forth in Sections 4, below, unless otherwise extended in writing by the Parties (the "**Closing Deadline**"). For purposes of this Agreement, the Close of Escrow shall mean the date on which the Grant Deeds (as defined in Section 5.A(iii), below) are recorded in the Los Angeles County Recorder's Office and the San Bernardino County Recorder's Office (the "**Official Records**").

4. **TITLE INSURANCE.**

A. Title Pro Forma. Buyer acknowledges receipt on February 5, 2019 of pro forma policy No. 885653 for the Property (the "**Title Pro Forma**") prepared by First American Title Insurance Company (the "**Title Company**"). In the event that the Title Company delivers any supplement to the Title Pro Forma to Buyer after the date of this Agreement that includes any new title matter affecting the Property ("**New Title Matter**") that is not set forth in the original Title Pro Forma and would (i) have a material adverse effect on the value or contemplated use of the Property, then Buyer shall have the right to object to any such New Title Matter(s) within five business (5) days following Buyer's receipt of such supplemental title report by written notice to Seller and Escrow Holder, provided that (A) any New Title Matter that is a monetary lien encumbering all or a portion of the Property is deemed disapproved and (B) the Closing Deadline shall be extended as necessary to accommodate such five (5) business-day objection period and a period of five (5) business days thereafter for Seller to respond to any objection by Buyer. In the event that such New Title Matter(s) are not removed, or modified or endorsed in a manner reasonably acceptable to Buyer, prior to the Close of Escrow, Buyer shall have the right either to (A) waive its objection to such New Title Matter(s), in which case such New Title Matter(s) shall be conclusively deemed approved, or (B) cancel the Escrow by written notice to Seller and Escrow Holder, in which case the provisions in the final sentence of Section 2.A, above, and the final paragraph of Section 5.B, above, shall apply.

B. Title Insurance. Prior to the Close of Escrow, Buyer shall obtain from the Title Company an irrevocable and unqualified commitment to deliver to Buyer at the Close of Escrow an ALTA owner's extended coverage policy of title insurance, including the endorsements in the Title Pro Forma (the "**Title Policy**"), naming Buyer as insured, with a liability amount equal to the Purchase Price, showing title to the Property to be vested in Buyer, subject only to (a) the exceptions shown on the Title Pro Forma, (b) any New Title Matter(s) approved by Buyer pursuant to Section 4.A, above, (c) matters of title suffered or created by or with the written consent of Buyer and (d) the standard printed exceptions to coverage contained in the Title Policy (collectively, the "**Approved Exceptions**"). The Title Policy shall be conclusive evidence of good and indefeasible title as to all matters insured thereby. Escrow Holder shall provide the original Title Policy to Seller. Seller agrees to execute the Title Company's standard owner's affidavit if and to the extent required by the Title Company with respect to the issuance of the Title Policy.

5. CONDITIONS TO CLOSING.

A. Buyer's Conditions to Closing. The Close of Escrow and Buyer's obligation to purchase the Property pursuant to this Agreement are subject to the satisfaction of the following conditions at or prior to the Close of Escrow:

(i) Seller's Acquisition of the Property. Seller shall have acquired fee title to the Property prior to the Close of Escrow.

(ii) Title Insurance. The Title Company shall have satisfied the condition relating to the Title Policy set forth in Section 4.B, above.

(iii) Delivery of Grant Deeds. Not less than one (1) business day prior to the Close of Escrow, Seller shall have deposited into the Escrow, two (2) originals of the Grant Deed in the form attached hereto as Exhibit C, each duly executed and acknowledged by Seller and in recordable form (collectively the "**Grant Deeds**" and each individually, a "**Grant Deed**").

(iv) Delivery of Additional Documents. Buyer shall have timely delivered to Escrow Holder such other instruments and documents that may be reasonably required by Escrow Holder to transfer the Property to Buyer.

(v) No Default. Seller shall not be in material default of Seller's obligations under this Agreement.

(vi) Representations and Warranties. All of the representations and warranties made by Seller in this Agreement or in any document, instrument or certificate that shall be delivered by Seller to Buyer under this Agreement shall be true and correct in all material respects as of the Close of Escrow.

(vii) No Material Adverse Change. Following the execution of this Agreement, and until the Close of Escrow, no change shall have occurred with respect to the physical condition of the Property that (a) could have a material adverse effect on the value of the Property or its contemplated use or (b) renders untrue any representation or warranty of Seller under this Agreement in a material respect.

If any of the conditions precedent to Buyer's obligations set forth above fail to occur at or before the Close of Escrow through no fault of Buyer, then Buyer may either (A) waive such condition and proceed to close the Escrow or (B) cancel the Escrow and terminate this Agreement by written notice to Seller and Escrow Holder, in which case Escrow Holder shall return all of the Payments it has received, together with all interest earned thereon, to the parties who deposited the Payments into the Escrow.

B. Seller's Conditions to Closing. The Close of Escrow and Seller's obligation to sell the Property to Buyer pursuant to this Agreement are subject to the satisfaction of the following conditions precedent at or prior to the Close of Escrow:

(i) No Default. Buyer shall not be in material default of Buyer's obligations under this Agreement, including, but not limited to, Buyer's obligation to deliver the Purchase Price into the Escrow on or before the Closing Deadline.

(ii) Delivery of Certificate of Acceptance. Not less than one (1) business day prior to the Close of Escrow, Buyer shall have deposited into Escrow two originals of a certificate of acceptance in the form included in Exhibit C attached hereto, duly executed by Buyer.

(iii) Representations and Warranties. All of the representations and warranties made by Buyer in this Agreement or in any document, instrument or certificate that shall be delivered by Buyer to Seller under this Agreement shall be true and correct in all material respects as of the Close of Escrow.

(iv) Delivery of Additional Documents. Buyer shall have timely delivered to Escrow Holder such other instruments and documents that may be reasonably required by Escrow Holder to transfer the Property to Buyer.

If any of the conditions precedent to Seller's obligations set forth above fail to occur at or before the Close of Escrow through no fault of Seller, then Seller may either (A) waive such condition and proceed to close the Escrow or (B) cancel the Escrow and terminate this Agreement by written notice to Buyer and Escrow Holder, in which case Escrow Holder shall return all of the Payments it has received, together with all interest earned thereon, to the parties who deposited the Payments into the Escrow.

6. REPRESENTATIONS AND WARRANTIES.

A. Buyer hereby represents and warrants to Seller that (i) it has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transactions contemplated hereby, (ii) all requisite action (corporate, trust, partnership or otherwise) has been taken by Buyer in connection with entering into this Agreement and the instruments referenced herein, and the consummation of the transactions contemplated hereby, and (iii) no consent of any other party is required for Buyer to execute this Agreement and the instruments referenced herein and consummate the transaction contemplated herein.

B. Seller hereby represents and warrants to Buyer that (i) it has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transactions contemplated hereby; (ii) all requisite action (corporate, trust, partnership or otherwise) has been taken by Seller in connection with entering into this Agreement and the instruments referenced herein, and the consummation of the transactions contemplated hereby; and (iii) no consent of any other party is required for Seller to execute this Agreement and the instruments referenced herein and consummate the transaction contemplated herein.

C. Buyer hereby represents and warrants to Seller that the execution, delivery and performance of this Agreement by Buyer does not and will not materially conflict with, or constitute a material violation or material breach of, or constitute a default under (i) the joint powers agreement of Buyer, (ii) any applicable Law (as defined in Section 6.E, below) binding upon or applicable to Buyer or (iii) any material agreement to which Buyer is a party.

D. Seller hereby represents and warrants to Buyer that the execution, delivery and performance of this Agreement by Seller does not and will not materially conflict with, or constitute a material violation or material breach of, or constitute a default under (i) the charter or incorporation documents of Seller, (ii) any applicable law binding upon or applicable to Seller or (iii) any material agreement to which Seller is a party.

E. Seller hereby represents and warrants to Buyer that (i) Seller has not released any Hazardous Materials (as defined below) on the Property, (ii) Seller has no actual knowledge of any release of Hazardous Materials on the Property, (iii) Seller has not received any notice of any actual or alleged violation of any federal, State or local law, ordinance, rule, regulation or order ("**Law**") from any governmental authority pertaining to the Property, or any investigation relating thereto. and (iv) Seller does not have in its possession or control any report or study with respect to the environmental condition of the Property. For purposes of this Agreement, the term "**Hazardous Materials**" shall mean any and all of those materials, substances, wastes, pollutants, contaminants, byproducts, or constituents which have been determined to be injurious to health or the environment, including without limitation those designated as hazardous or toxic by any federal, state or local law, ordinance, rule, regulation or policy, and any other materials, substances, wastes, pollutants, contaminants, by-products or constituents requiring remediation under federal, state or local laws, ordinances, rules, regulations or policies.

F. Seller hereby represents and warrants to Buyer that, other than the Approved Exceptions, (i) the only current occupants of the Property are Sherry Woods and Honorio Estrada Macias and his family (the "**Current Occupants**"), who occupy the Property based on non-written arrangements with the Successor Agency, (ii) the Property is not encumbered by any options to purchase, rights of first refusal or contracts for lease or sale of the Property, (iii) there are no liens or claims against the Property, (iv) there are no agreements that will affect the Property or bind Buyer following the Close of Escrow, and (v) there is no actual or threatened (in writing) litigation, proceeding, claim, appeal or arbitration against the Successor Agency or Seller that would, if adversely determined, materially and adversely affect Seller's ability to perform its obligations under this Agreement or consummate the transactions contemplated hereby.

G. Seller hereby represents and warrants to Buyer that Seller has not entered into any contract or other agreement with San Gabriel Valley Water and Power, LLC or any affiliate or member thereof relating to the Property, other than that certain Master Ground Lease dated as of May 17, 2016 and four (4) amendments thereto dated as of November 15, 2016, April 13, 2017, May 23, 2017 and June 30, 2017 (as amended, the "**Master Lease**"). It is acknowledged that, as required by the Master Lease, the Property was not acquired by Seller on or before December 31, 2018, and the Parties therefore believe that the Property cannot be added to the real property subject to the Master Lease.

H. The respective representations and warranties made by Seller and Buyer in this Section 6 shall survive the Close of Escrow for a period of two (2) years and shall not merge into the Grant Deeds. Each of the representations and warranties of Seller and Buyer that is to survive the Close of Escrow shall be deemed remade as of the Close of Escrow.

I. Subject to the two-year limitation on the survival of the representations and warranties specified in Section 6.G, above, Seller shall indemnify, defend, reimburse and hold harmless Buyer from and against any and all claims, demands, losses, obligations, costs and expenses (including, without limitation, reasonable attorneys' fees and costs, whether or not any action is filed or prosecuted) arising from or relating to any untruth of any of the representations and warranties made by Seller pursuant to Section 6.G, above.

J. Subject to the two-year limitation on the survival of the representations and warranties specified in Section 6.G, above, Buyer shall indemnify, defend, reimburse and hold harmless Seller from and against any and all claims, demands, losses, obligations, costs and expenses (including, without limitation, reasonable attorneys' fees and costs, whether or not any action is filed or prosecuted) arising from or relating to any untruth of any of the representations and warranties made by Buyer pursuant to Section 6.G, above.

7. CONDITION OF PROPERTY. Except as otherwise expressly and specifically provided in this Agreement, the Property shall be conveyed from Seller to Buyer on an "AS IS" condition and basis with all faults and Buyer agrees that Seller has no obligation to make modifications, replacements or improvements thereto. Except as expressly and specifically provided in this Agreement, Buyer and anyone claiming by, through or under Buyer hereby waives its right to recover from and fully and irrevocably releases Seller, its respective officers, directors, employees, representatives, agents, advisors, servants, attorneys, successors and assigns, and all persons, firms, corporations and organizations acting on the City's behalf (collectively, the "**Released Parties**") from any and all claims, responsibility and/or liability that Buyer may now have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to the matters pertaining to the Property described in this Section 7, excepting in all cases those costs, losses, liabilities, damages, expenses, actions and causes of action arising from or related to (a) a material matter known to Seller and not disclosed to Buyer, (b) a default by Seller under this Agreement, (c) the untruth of any representation and warranty by Seller to Buyer in Section 6, above, in any material respect or (d) the gross negligence or willful misconduct of Seller. This release includes claims of which Buyer is presently unaware or which Buyer does not presently suspect to exist which, if known by Buyer, would materially affect Buyer's release of the Released Parties. Subject to the limitations with respect to the release at the end of the first sentence of this Section, if the Property is not in a condition suitable for the intended use or uses, then it is the sole responsibility and obligation of Buyer to take such action as may be necessary to place the Property in a condition suitable for the intended use. Except as otherwise expressly and specifically provided in this Agreement (which exception includes the representations and warranties of Seller in Section 6, above) and without limiting the generality of the foregoing, **THE CITY MAKES NO REPRESENTATION OR WARRANTY AS TO THE FOLLOWING: (i) THE VALUE OF THE PROPERTY; (ii) THE INCOME TO BE DERIVED FROM THE PROPERTY; (iii) THE HABITABILITY, MARKETABILITY, PROFITABILITY, MERCHANTABILITY OR FITNESS FOR PARTICULAR USE OF THE PROPERTY;**

(iv) THE MANNER, QUALITY, STATE OF REPAIR OR CONDITION OF THE PROPERTY;
(v) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY; (vi) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION OR POLLUTION LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS; (vii) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS AT, ON, UNDER OR ADJACENT TO THE PROPERTY; AND (viii) THE FACT THAT ALL OR A PORTION OF THE PROPERTY MAY BE LOCATED ON OR NEAR AN EARTHQUAKE FAULT LINE.

BUYER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH IS SET FORTH BELOW:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

BY INITIALING BELOW, BUYER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.

Buyer's Initials _____

The waivers and releases by Seller herein contained shall survive the Close of Escrow and the recordation of the Grant Deeds and shall not be deemed merged into the Grant Deeds upon their recordation.

8. CLOSE OF ESCROW.

A. Delivery of Documents and Payment. Not less than one (1) business day prior to the Close of Escrow, Seller and Buyer shall deposit into Escrow the documents described in Section 5, above. Escrow Holder shall deliver to Seller the Purchase Price when (i) Escrow Holder has recorded the Grant Deeds in the Official Records, (ii) the Title Company is prepared to issue to Buyer the Title Policy as provided in Section 4.B, above, and (3) all of the conditions precedent specified in Section 5, above, have been satisfied or waived.

B. Recordation and Delivery. At the Close of Escrow, Escrow Holder shall (i) record or cause to be recorded the Grant Deeds in the Official Records, (ii) deliver the Title Policy as provided in Section 4.B, above, (iii) disburse all Payments deposited with Escrow Holder in payment of the Purchase Price and related closing and other costs associated with the Escrow, (iv) deliver or cause to be delivered to Seller conformed copies of the recorded Grant Deeds, and (v) deliver or cause to be delivered to Buyer conformed copies of the recorded Grant Deeds.

C. Obligation to Refrain from Discrimination. Seller covenants and agrees for itself, its successors and assigns, and for every successor in interest to the Property or any part thereof, that there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, marital status, age, handicap, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, and Seller (itself or any person claiming under or through Seller) shall not establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Property or any portion thereof. Notwithstanding the foregoing, upon the Close of Escrow, the City shall be relieved of any further responsibility under this Section 8.C as to the Property.

D. Form of Nondiscrimination and Nonsegregation Clauses. All deeds, leases or contracts for sale for all or any portion of the Property shall contain the following nondiscrimination or nonsegregation clauses:

(i) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

(ii) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of

discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

(iii) In contracts: "The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

9. RESTRICTIVE COVENANTS. Buyer's use of the Property shall be limited to open space, public uses and preservation uses. The foregoing restrictive covenant shall (i) remain in effect in perpetuity, (ii) be binding on the Property and Buyer and its successors and assigns and (iii) be set forth with particularity in any document of transfer or conveyance by Buyer.

10. ENVIRONMENTAL INDEMNITIES.

A. Buyer's Indemnity. Buyer shall indemnify, defend, reimburse and hold harmless Seller from and against any and all Environmental Damages (as defined below) arising from or relating to (i) the presence or release of Hazardous Materials in, on or under the Property, but only to the extent that such release occurs after the Close of Escrow, and (ii) any violation by Buyer of any Environmental Requirements (as defined below) pertaining to the Property and the activities thereon.

B. Seller's Indemnity. Seller shall indemnify, defend, reimburse and hold harmless Buyer from and against any and all Environmental Damages arising from or relating to (i) the presence or release of Hazardous Materials in, on or under the Property, but only to the extent

that such release occurred prior to the Close of Escrow, and (ii) any violation by Seller of any Environmental Requirements pertaining to the Property and the activities thereon.

C. Additional Indemnity Provisions.

(i) The indemnification obligations set forth in Sections 10.A and 10.B, above, shall include, but not be limited to, the burden and expense of defending all claims, suits and administrative proceedings (with counsel reasonably approved by the indemnified parties), even if such claims, suits or proceedings are groundless, false or fraudulent, and conducting all negotiations of any description, and paying and discharging, when and as the same become due, any and all judgments, penalties or other sums due against such indemnified persons. The indemnified Party, at its sole expense, may employ additional counsel of its choice to associate with counsel representing the indemnifying Party.

(ii) The indemnification obligations set forth in in Sections 10.A and 10.B, above, shall not apply to (i) any costs or expenses not reasonably incurred by the indemnified Party or (ii) any Environmental Damages resulting from the gross negligence or willful misconduct of the indemnified Party.

(iii) The indemnification obligations under this Section 10 shall survive the Close of Escrow and shall not merge into the Grant Deeds.

D. Definitions.

"Environmental Damages" means all claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability), encumbrances, liens, costs and expenses of investigation and defense of any claim, whether or not such claim is ultimately defeated, and of any good faith settlement of judgment approved by Seller, of whatever kind or nature, including without limitation reasonable attorneys' fees and disbursements and consultants' fees, any of which are incurred at any time as a result of the existence of any Hazardous Materials in, on or under the Property, or the existence of a violation of Environmental Requirements pertaining to the Property, and including:

(i) damages for personal injury, or injury to property or natural resources occurring on the Property or originating on the Property; and

(ii) fees incurred for the services of attorneys, consultants, contractors, experts, laboratories and all other costs incurred in connection with the investigation or remediation of such Hazardous Materials or violation of Environmental Requirements, including the preparation of any feasibility studies or reports or the performance of any remediation work required by any Governmental Authority.

"Environmental Requirements" means all Laws of any and all Governmental Authorities relating to the protection of human health or the environment, including (i) all requirements pertaining to reporting, licensing, permitting, investigation and remediation of emissions, discharges, releases or threatened releases of Hazardous Materials and other chemical substances, pollutants, contaminants or hazardous or toxic substances, materials or wastes, whether solid, liquid or gaseous in nature, into the air, surface water, groundwater or land, or

relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials and other chemical substances, pollutants, contaminants or hazardous or toxic substances, materials, or wastes, whether solid, liquid or gaseous in nature, and (ii) all requirements pertaining to the protection of the health and safety of employees or the public.

"Governmental Authority" means any federal, State, county, municipal or local governmental or quasi-governmental agency, body or authority, or any political subdivision, public corporation, district or other political or public entity or departments thereof, having jurisdiction over the Property or any portion thereof.

11. POSSESSION. Upon the Close of Escrow, (a) Seller shall deliver to Buyer possession of the Property free and clear of any and all current and future rights and interests of any and all persons and entities to occupy, possess or use all or any portion of the Property, other than whatever rights the Current Occupants possess to occupy the Property, and (b) Seller shall deliver to Buyer the keys to the Improvements.

12. BROKERS. Seller and Buyer hereby represent to each other that there are no brokers, finders, or other persons entitled to a commission, finder's fee or other payment in connection with this Agreement. Buyer and Seller hereby agree to indemnify, defend, protect, and hold the other harmless from and against any claims, liabilities, or damages for commissions or finder's fees brought by any third party who has dealt or claims to have dealt with the indemnifying party pertaining to the Property.

13. GOVERNING LAW/VENUE. This Agreement shall be construed and enforced in accordance with the applicable laws of the State of California and venue shall be Los Angeles County to the extent permitted by law and in San Bernardino County to the extent required by law.

14. PROPERTY TAXES. To the extent required by law, Buyer shall be responsible for any property taxes or other taxes or assessments levied against the Property to the extent attributable to the period after the Close of Escrow, it being understood that Buyer does not believe that Buyer will be responsible for paying any such taxes. Seller shall be responsible for any property taxes or other taxes or assessments levied against the Property to the extent attributable to the period prior to the Close of Escrow.

15. CLOSING COSTS. Buyer and Seller shall split equally customary escrow fees and charges and the cost of the Title Policy. Any endorsements to the Title Policy requested by Buyer shall be paid for by Buyer. Tenant rental payments (if any) and utility and other operating costs of the Property shall be prorated as of the Close of Escrow with expenses prorated on an "accrual" basis and income prorated on a "cash" basis.

16. NOTICES. All notices or other communications required or permitted hereunder (a "Notice") shall be in writing, and shall be (a) personally delivered, sent by national overnight courier service, or sent by registered or certified mail, first class postage prepaid, return receipt requested, or (b) sent by electronic mail, but only if either (i) the recipient of the Notice acknowledges receipt of such transmission by email or (ii) a confirming copy of the Notice is

sent by one of the methods set forth in clause (a), above, not later than the first business day following transmission. Personally and courier delivered notices shall be deemed given upon actual personal delivery to designated address of the intended recipient. Mailed notices shall be deemed given upon the date of actual receipt as evidenced by the return receipt. Electronically mailed notices shall be deemed given upon the date the email is transmitted if transmitted without indication of delivery failure prior to 5:00 p.m. local time for the recipient (and if transmitted without indication of delivery failure after 5:00 p.m. local time for the recipient, then delivery will be deemed duly given at 9:00 a.m. local time for the recipient on the subsequent business day). Any Notice shall be sent, transmitted or delivered, as applicable, to the applicable Party or Parties at the following addresses:

To Buyer: Tres Hermanos Conservation Authority
c/o City of Diamond Bar
21810 Copley Drive
Diamond Bar, CA 91765
Attn: Daniel Fox, Deputy Executive Director

with copies to: City of Chino Hills
14000 City Center Drive
Chino Hills, CA 91709
Attn: Rad Bartlam, City Manager

City of Chino Hills
14000 City Center Drive
Chino Hills, CA 91709
Attn: Mark Hensley, City Attorney

City of Diamond Bar
21810 Copley Drive
Diamond Bar, CA 91765
Attn: David DeBerry, City Attorney

City of Industry
15625 East Stafford Street
City of Industry, CA 91744
Attn: Troy Helling, City Manager

City of Industry
15625 East Stafford Street
City of Industry, CA 91744
Attn: James M. Casso, City Attorney

To Seller: City of Industry
15625 East Stafford Street, Suite 100
City of Industry, California 91744
Attention: Troy Helling, City Manager

with a copy to: City of Industry
15625 East Stafford Street
City of Industry, CA 91744
Attn: James M. Casso, City Attorney

Any Party to this Agreement may change its address for receipt of notices by giving notice of such change to the other Party in the manner set forth in this Section. Neither the rejection of a notice by the addressee or the inability to deliver a notice because of a change of address for which no change of address notice was received, shall affect the date on which such notice is deemed received.

17. DEFAULT AND REMEDIES.

A. Buyer Default and Seller Exclusive Remedy. Seller hereby acknowledges and agrees that, in the event that the Close of Escrow does not occur at the time and in the manner provided in this Agreement due to the material failure of Buyer to comply with any of its obligations under this Agreement ("**Buyer Default**"), Seller shall be entitled, as its sole and exclusive remedy, to bring an action for specific performance of this Agreement against Buyer. Nothing in this Section 14.A shall limit the right of Seller to seek injunctive relief from a court of competent jurisdiction before, after or during the pendency of any proceeding with respect to its action for specific performance.

B. Seller Default and Buyer Exclusive Remedies. Buyer hereby acknowledges and agrees that, in the event that the Close of Escrow does not occur at the time and in the manner provided in this Agreement due to the material failure of Seller to comply with any of its obligations under this Agreement ("**Seller Default**"), including without limitation its failure to convey fee title to the Property to Buyer, Buyer shall be entitled, as its sole and exclusive remedies, to (i) Escrow Holder's return to Chino Hills and Diamond Bar of the Payments deposited by Chino Hills and Diamond Bar into the Escrow (less the Independent Consideration) and (b) an action for specific performance of this Agreement against Seller. Nothing in this Section 14.B shall limit the right of Buyer to seek injunctive relief from a court of competent jurisdiction before, after or during the pendency of any proceeding with respect to its action for specific performance.

C. No Damages. Neither Party shall be entitled to any damages of any kind or nature whatsoever with respect to a Seller Default or Buyer Default.

18. MISCELLANEOUS.

A. Time. Time is of the essence of this Agreement with respect to each and every provision hereof in which time is a factor.

B. Entire Agreement; Modifications. This Agreement, including the Exhibits attached hereto, together with the Settlement Agreement s and the other documents described and referred to herein, contain all of the agreements between the Parties pertaining to the subject matter hereof and fully supersede any and all prior agreements and understandings between the Parties. No change in, modification of or amendment to this Agreement shall be valid unless set forth in writing and signed by all of the Parties subsequent to the execution of this Agreement.

C. Further Assurances. Each of the Parties agrees that it will, without further consideration execute and deliver such other documents and take such other action, whether prior or subsequent to the Close of Escrow, as may be reasonably requested by the other Party to consummate more effectively the purposes or subject matter of this Agreement, including, without limitation, such documents as shall be required to issue the Title Policy.

D. No Assignment. Neither Party shall be permitted to assign this Agreement, in whole or in part, and any purported assignment of this Agreement by either Party in violation of this sentence shall be void.

E. Severability. In the event that all or any portion of any provision in this Agreement is held by a court of competent jurisdiction to be illegal or unenforceable, such illegal or unenforceable provision or portion of a provision shall be severed from the other provisions and/or portions of a provision which shall remain in full force and effect as if the illegal or unenforceable provision or portion of provision was not a part of this Agreement, unless the illegal or unenforceable provision provided a material portion of the consideration to Buyer or Seller.

F. Exhibits. References herein to exhibits are to Exhibit A, Exhibit B, Exhibit C and Exhibit D attached hereto, which exhibits are hereby incorporated by reference.

G. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signature pages may be detached from the counterparts and attached to a single original of this Agreement to physically form one document.

H. Seller's Operation of the Property. From the Effective Date until the Close of Escrow, Seller shall (a) operate the Property in substantially the same manner as it did prior to the Effective Date, (b) perform all Seller's obligations under the Approved Exceptions, (c) maintain the Property in good order, condition and repair, and (d) not execute any new lease, agreement, or any document that would constitute a new encumbrance on title, or modify any such existing agreement.

I. Legal Fees. Subject to the provisions of Section 14, above, if either Party brings any action or suit against the other Party for any matter relating to or arising out of this Agreement, then the prevailing Party in such action or dispute shall be entitled to recover from the other Party its reasonable costs and expenses of suit, including without limitation court costs and attorneys' fees actually and reasonably incurred, as awarded by a court of competent jurisdiction.

J. No Third Party Benefited. This Agreement is not intended nor shall it be construed to create any third-party beneficiary rights in any person, except that Chino Hills and Diamond Bar are third-party beneficiaries of this Agreement.

K. No Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, the waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver, nor shall a waiver in any instance constitute a waiver

in any subsequent instance. No waiver shall be binding unless executed in writing by the Party making such waiver.

L. Headings. The paragraph headings and captions in this Agreement are for convenience only and shall not limit or define the contents of this Agreement.

M. No Presumption re Drafter. The Parties acknowledge and agree that the terms and provisions of this Agreement have been negotiated and discussed between the Parties and their attorneys, and this Agreement reflects their mutual agreement regarding the same. Because of the nature of such negotiations and discussions, it would be inappropriate to deem any Party to be the drafter of this Agreement, and therefore no presumption for or against validity or as to any interpretation hereof, based upon the identity of the drafter shall be applicable in interpreting or enforcing this Agreement.

IN WITNESS WHEREOF, Buyer and Seller have executed this Agreement as of the date first written above.

"SELLER":

CITY OF INDUSTRY, a municipal corporation

By _____
Troy Helling, City Manager

"BUYER":

TRES HERMANOS CONSERVATION AUTHORITY a joint exercise of powers authority established pursuant to Section 6500 et seq. of the California Government Code

By _____
Daniel Fox,
Deputy Executive Director

ATTEST:

Julie Robles-Gutierrez, Deputy City Clerk

ATTEST:

Julie Robles-Gutierrez, Secretary

APPROVED AS TO FORM:

By _____
James M. Casso, City Attorney

APPROVED AS TO FORM:

By _____
David DeBerry, Authority Counsel

ACCEPTANCE OF JOINT ESCROW INSTRUCTIONS

The undersigned, as Escrow Holder in connection with the sale of the Property, hereby acknowledges the terms and conditions of the joint escrow instructions set forth in the Agreement and in **Exhibit B** attached thereto, and agrees to perform its obligations in connection therewith.

Dated as of February 7, 2019.

FIRST AMERICAN TITLE INSURANCE
COMPANY

By _____

(Print Name and Title)

EXHIBIT A

LEGAL DESCRIPTION OF THE LAND

PARCEL 1: (Los Angeles County)

A PORTION OF SECTION 1 AND ALL OF SECTION 12, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SECTION 12; THENCE EAST 80 CHAINS TO THE SOUTHEAST CORNER OF SECTION 12; THENCE NORTH 80 CHAINS TO THE NORTHEAST CORNER OF SAID SECTION 12; THENCE ON A COURSE OF ABOVE NORTH 61° 28' WEST 90.83 CHAINS MORE OR LESS, TO A POINT IN THE WEST LINE OF SAID SECTION 1, DISTANT 43.02 CHAINS NORTH OF THE SOUTHWEST CORNER THEREOF; THENCE SOUTH ALONG THE WEST LINES OF SAID SECTION 1 AND 12 TO THE POINT OF BEGINNING.

EXCEPT THEREFROM THAT PORTION THEREOF INCLUDED WITHIN THE LAND, DESCRIBED IN THE DEED TO THE STATE OF CALIFORNIA RECORDED ON JULY 05, 1968 AS INSTRUMENT NO. 399 IN BOOK D-4405 PAGE 993 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ALSO EXCEPT THEREFROM THAT PORTION THEREOF, INCLUDED WITHIN THE LAND, DESCRIBED IN THE DEEDS TO THE STATE OF CALIFORNIA, RECORDED ON NOVEMBER 17, 1971 AS INSTRUMENTS NO. 253 AND 254 IN BOOK D-5259 PAGES 626 AND 630 OF OFFICIAL RECORDS IN SAID COUNTY RECORDER.

ALSO EXCEPT THEREFROM THAT PORTION THEREOF, INCLUDED WITHIN THE LAND, DESCRIBED IN THE DEEDS TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA RECORDED ON MARCH 07, 1975 AS INSTRUMENTS NO. 281 AND 282 IN BOOK D-6579 PAGES 1 AND 11 OF OFFICIAL RECORDS IN SAID COUNTY RECORDER.

ALSO EXCEPT THEREFROM THAT PORTION THEREOF, INCLUDED WITHIN THE LAND DESCRIBED AS PARCEL A, IN THE GRANT DEED TO POMONA UNIFIED SCHOOL DISTRICT, RECORDED APRIL 07, 1993 AS DOCUMENT NO. 93-653577, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL A:

THAT PORTION OF THE SOUTH HALF OF SECTION 1 AND THE NORTH HALF OF SECTION 12, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF DIAMOND BAR, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA,

ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS A WHOLE AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF PARCEL 3 OF PARCEL MAP NO. 13350 AS PER MAP FILED IN BOOK 144 AT PAGES 12 AND 13 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, A RADIAL LINE THROUGH SAID POINT BEARS NORTH 65° 33' 44" WEST; THENCE ALONG THE SOUTHWESTERLY LINE OF SAID PARCEL 3 NORTH 61° 55' 24" WEST 242.81 FEET TO THE MOST EASTERLY CORNER OF SAID LAND AS DESCRIBED IN THE DEED TO THE STATE OF CALIFORNIA RECORDED ON NOVEMBER 17, 1971, AS INSTRUMENT NO. 254 IN BOOK D-5259 PAGE 630 OF OFFICIAL RECORDS; THENCE ALONG THE SOUTHWESTERLY BOUNDARIES OF SAID DEED TO THE STATE OF CALIFORNIA, AS FOLLOWS:

SOUTH 80° 26' 22" WEST 357.29 FEET, NORTH 39° 50' 49" WEST 184.88 FEET; NORTH 08° 58' 26" WEST, 186.31 FEET TO THE SOUTHWESTERLY LINE OF PARCEL 1 AS SHOWN ON RECORD OF SURVEY FILED IN BOOK 83 PAGES 62 AND 63 OF RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID LAST MENTIONED SOUTHWESTERLY LINE NORTH 61° 55' 24" WEST 2446.02 FEET; THENCE SOUTH 26° 04' 36" WEST 915.27 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHEAST HAVING A RADIUS OF 1500.00 FEET; THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 15° 00' 00", AN ARC DISTANCE OF 392.70 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE TO THE NORTHEAST AND HAVING A RADIUS OF 120.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS NORTH 78° 55' 24" WEST; THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 60°00'00", AN ARC DISTANCE OF 125.66 FEET; THENCE TANGENT TO SAID LAST MENTIONED CURVE, SOUTH 48° 55' 24" EAST 170.71 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE NORTHEAST AND HAVING A RADIUS OF 2500.00 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE 16° 02' 34", AN ARC DISTANCE OF 700.00 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE TO THE NORTH HAVING A RADIUS OF 1125.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 25° 02' 02" WEST; THENCE EASTERLY ALONG SAID COMPOUND CURVE THROUGH A CENTRAL ANGLE OF 73° 27' 26", AN ARC DISTANCE OF 1442.33 FEET; THENCE TANGENT TO SAID COMPOUND CURVE NORTH 41° 34' 36" EAST 225.00 FEET; THENCE SOUTH 61° 55' 24" EAST 70.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE NORTH HAVING A RADIUS OF 100.00 FEET; THENCE EASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 60° 00' 00", AN ARC DISTANCE OF 104.72 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE TO THE SOUTH HAVING A RADIUS OF 75.00 FEET; A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 31° 55' 24" EAST; THENCE EASTERLY ALONG SAID REVERSE CURVE THROUGH A CENTRAL ANGLE OF 78° 30' 00" AN ARC DISTANCE OF 102.76 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 350.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS NORTH 46° 34' 36" EAST;

THENCE SOUTHEASTERLY ALONG SAID COMPOUND CURVE THROUGH A CENTRAL ANGLE OF 22° 30' 00", AN ARC DISTANCE OF 137.44 FEET; THENCE TANGENT TO SAID LAST COMPOUND CURVE SOUTH 20° 55' 24" EAST 105.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE NORTH AND HAVING A RADIUS OF 265.00 FEET; THENCE EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 112° 00' 00", AN ARC DISTANCE OF 518.01 FEET; THENCE TANGENT TO LAST MENTIONED CURVE NORTH 47° 04' 36" EAST 137.02 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTH AND HAVING A RADIUS OF 200.00 FEET; THENCE EASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 67° 27' 44", AN ARC DISTANCE OF 235.49 FEET; THENCE TANGENT TO SAID LAST MENTIONED CURVE, SOUTH 65° 27' 40" EAST 38.64 FEET TO THE WESTERLY LINE OF CHINO HILLS PARKWAY (100.00 FEET WIDE) AS EXISTED ON APRIL 5, 1993, AND AS ESTABLISHED BY THE COUNTY ENGINEER OF SAN BERNARDINO; THENCE ALONG SAID CHINO HILLS PARKWAY, AS FOLLOWS:

NORTH 24° 32' 20" EAST 72.06 FEET AND NORTHERLY ALONG A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 1750.00 FEET THROUGH A CENTRAL ANGLE OF 00° 06' 04", AN ARC DISTANCE OF 3.09 FEET TO THE POINT OF BEGINNING.

AND ALSO EXCEPT THEREFROM THAT PORTION THEREOF, INCLUDED WITHIN THE LAND DESCRIBED AS PARCEL RW-1, CHINO HILLS PARKWAY RIGHT-OF-WAY, BY FINAL ORDER AND JUDGMENT IN CONDEMNATION, RECORDED AUGUST 25, 1995, INSTRUMENT NO. 95-1398248, OFFICIAL RECORDS.

PARCEL 2 (San Bernardino County)

REAL PROPERTY IN THE CITY OF CHINO HILLS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCEL NO. 1:

THOSE PORTIONS OF SECTIONS 14 AND 23, IN GOVERNMENT LOT 38, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE RANCHO SANTA ANA DEL CHINO, IN THE CITY OF CHINO HILLS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP FILED IN RECORD OF SURVEY RECORDED IN BOOK 3, PAGE 72, RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING SOUTHEASTERLY OF THE SAID RANCHO LINE BETWEEN STATIONS 13 AND 14, AS SHOWN ON SAID MAP.

EXCEPT THEREFROM THAT PORTION CONVEYED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY DEED RECORDED MARCH 07, 1975, IN BOOK 8630, PAGE 104, OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE COUNTY OF SAN BERNARDINO, BY FINAL ORDER OF CONDEMNATION, RECORDED JUNE 07, 1988, INSTRUMENT NO. 88-180373, OFFICIAL RECORDS.

PARCEL NO. 2:

THE WEST 1/2 OF SECTION 13; THE WEST 1/2 OF SECTION 24; THE NORTHWEST 1/4 OF SECTION 25 AND THE NORTH 1/2 OF SECTION 26, ALL IN GOVERNMENT LOT 38, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE RANCHO SANTA ANA DEL CHINO, IN THE CITY OF CHINO HILLS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP FILED IN THE RECORD OF SURVEYS, RECORDED IN BOOK 3, PAGE 72, RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

EXCEPT THEREFROM THAT PORTION CONVEYED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY DEED RECORDED MARCH 07, 1975, IN BOOK 8630, PAGE 83, OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY DEED RECORDED MARCH 07, 1975, IN BOOK 8630, PAGE 92, OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY DEED RECORDED MARCH 07, 1975, IN BOOK 8630, PAGE 104, OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE COUNTY OF SAN BERNARDINO, BY FINAL ORDER OF CONDEMNATION, RECORDED JUNE 07, 1988, INSTRUMENT NO. 88-180373, OFFICIAL RECORDS.

APNs: 1000-011-19, 1000-011-20, 1000-011-21, 1000-011-22, 1000-011-13, 1000-011-14, 1000-031-14, 1000-031-15, 8701-022-270, 8701-021-271 and 8701-022-273.

EXHIBIT B

ESCROW HOLDER'S GENERAL PROVISIONS

(See Four (4) Following Pages)

Receipt of these provisions deems acceptance of the terms. Please read for general information about the escrow process.

1. SPECIAL DISCLOSURES:

A. DEPOSIT OF FUNDS & DISBURSEMENTS

Unless directed in writing to establish a separate, interest-bearing account together with all necessary taxpayer reporting information, all funds shall be deposited in general escrow accounts in a federally insured financial institution including those affiliated with Escrow Holder ("depositories"). All disbursements shall be made by Escrow Holder's check or by wire transfer unless otherwise instructed in writing. The Good Funds Law (California Insurance Code 12413.1) mandates that Escrow Holder may not disburse funds until the funds are, in fact, available in Escrow Holder's account. Wire transfers are immediately disburseable upon confirmation of receipt. Funds deposited by a cashier's or certified check are generally available on the next banking day following deposit. Funds deposited by a personal check and other types of instruments may not be available until confirmation from Escrow Holder's bank which can vary from 2 to 10 days.

B. DISCLOSURE OF POSSIBLE BENEFITS TO ESCROW HOLDER

As a result of Escrow Holder maintaining its general escrow accounts with the depositories, Escrow Holder may receive certain financial benefits such as an array of bank services, accommodations, loans or other business transactions from the depositories ("collateral benefits"). All collateral benefits shall accrue to the sole benefit of Escrow Holder and Escrow Holder shall have no obligation to account to the parties to this escrow for the value of any such collateral benefits.

C. MISCELLANEOUS FEES

Escrow Holder may incur certain additional costs on behalf of the parties for services performed, or fees charged, by third parties. The fees charged by Escrow Holder for services including, but not limited to, wire transfers, overnight delivery/courier services, etc. may include a mark up over the direct cost of such services to reflect the averaging of direct, administrative and overhead charges of Escrow Holder for such services which shall, in no event, exceed \$10 for each markup.

D. METHOD TO DELIVER PAYOFF TO LENDERS/LIENHOLDERS

To minimize the amount of interest due on any existing loan or lien, Escrow Holder will deliver the payoff funds to the lender/lienholder as soon as Escrow Holder is able after confirmation of recordation/close of escrow and as demanded by the lender/lienholder using (a) personal delivery, (b) wire transfer, or (c) overnight delivery service, unless otherwise directed in writing by the affected party. Certain payments such as home equity line of credit payoffs ("HELOCS") may require additional time to process.

2. "CLOSE OF ESCROW"/PRORATIONS & ADJUSTMENTS

The term "close of escrow" means the date on which documents are recorded. All prorations and/or adjustments shall be made to the close of escrow based on the number of actual days, unless otherwise instructed in writing.

3. CONTINGENCY PERIODS

Escrow Holder shall not be responsible for monitoring contingency time periods between the parties. The parties shall execute such documents as may be requested by Escrow Holder to confirm the status of any such periods.

4. REPORTS

a. Preliminary Report -Escrow Holder has neither responsibility nor liability for any title search that may be performed in connection with the issuance of a preliminary report.

b. Other Reports-As an accommodation, Escrow Holder may agree to transmit orders for inspection, termite, disclosure and other reports if requested, in writing or orally, by the parties or their agents. Escrow Holder shall deliver copies of any such reports as directed. Escrow Holder is not responsible for reviewing such reports or advising the parties of the content of same.

5. INFORMATION FROM AFFILIATED COMPANIES

Escrow Holder may provide the parties' information to and from its affiliates in connection with the offering of products and services from these affiliates.

6. RECORDATION OF DOCUMENTS

Escrow Holder is authorized to record documents delivered through escrow which are necessary or proper for the issuance of the requested title insurance policy(ies). Buyer will provide a completed Preliminary Change of Ownership Report form ("PCOR"). If Buyer fails to provide the PCOR, Escrow Holder shall close escrow and charge Buyer any additional fee incurred for recording the documents without the PCOR. Escrow Holder is released from any liability in connection with same.

7. PERSONAL PROPERTY TAXES

No examination, UCC search, insurance as to personal property and/or the payment of personal property taxes is required unless otherwise instructed in writing.

8. REAL PROPERTY TAXES

Real property taxes are prorated based on the most current available tax statement from the tax collector's office. Supplemental taxes may be assessed as a result of a change in ownership or completion of construction. Adjustments due either party based on the actual new tax bill issued after close of escrow or a supplemental tax bill will be made by the parties outside of escrow and Escrow Holder is released of any liability in connection with such adjustments. The first installment of California real property taxes is due November 1st (delinquent December 10th) and the second installment is due February 1st (delinquent April 10th). If a tax bill is not received from the County at least 30 days prior to the due date, buyer should contact the County Tax Collector's office and request one. Escrow Holder is not responsible for same.

9. CANCELLATION OF ESCROW

a. Any party desiring to cancel this escrow shall deliver written notice of cancellation to Escrow Holder. Within a reasonable time after receipt of such notice, Escrow Holder shall send by regular mail to the address on the escrow instructions, one copy of said notice to the other party(ies). Unless written objection to cancellation is delivered to Escrow Holder by a party within 10 days after date of mailing, Escrow Holder is authorized, at its option, to comply with the notice and terminate the escrow. If a written objection is received by Escrow Holder, Escrow Holder is authorized, at its option, to hold all funds and documents in escrow (subject to the Funds Held in Escrow fee) and to take no other action until otherwise directed by either the parties' mutual written instructions or a final order of a court of competent jurisdiction. If no action is taken on this escrow within 6 months after the closing date specified in the escrow instructions, Escrow Holder's obligations shall, at its option, terminate. Upon termination of this escrow, the parties shall pay all fees, charges and reimbursements due to Escrow Holder and all documents and remaining funds held in escrow shall be returned to the parties depositing same.

b. Notwithstanding the foregoing, upon receipt of notice of cancellation by a seller in a transaction subject to the Home Equity Sales Contract law (CC §1695 et seq.), Escrow Holder shall have the right to unilaterally cancel the escrow and may return all documents and funds without consent by or notice to the buyer.

10. CONFLICTING INSTRUCTIONS & DISPUTES

If Escrow Holder becomes aware of any conflicting demands or claims concerning this escrow, Escrow Holder shall have the right to discontinue all further acts on Escrow Holder's part until the conflict is resolved to Escrow Holder's satisfaction. Escrow Holder has the right at its option to file an action in interpleader requiring the parties to litigate their claims/rights. If such an action is filed, the parties jointly and severally agree (a) to pay Escrow Holder's cancellation charges, costs (including the Funds Held in Escrow fee) and reasonable attorneys' fees, and (b) that Escrow Holder is fully released and discharged from all further obligations under the escrow. If an action is brought involving this escrow and/or Escrow Holder, the party(ies) involved in the action agree to indemnify and hold the Escrow Holder harmless against liabilities, damages and costs incurred by Escrow Holder (including reasonable attorneys' fees and costs) except to the extent that such liabilities, damages and costs were caused by the negligence or willful misconduct of Escrow Holder.

11. FUNDS HELD IN ESCROW

When funds remain in escrow over 90 days after either close of escrow or estimated close of escrow, a monthly holding fee of \$25 shall be imposed by Escrow Holder that is to be charged against the funds held.

12. USURY

Escrow Holder is not to be concerned with usury as to any loans or encumbrances in this escrow and is hereby released of any responsibility and/or liability therefore.

THIS COMPANY CONDUCTS ESCROW BUSINESS UNDER CERTIFICATE OF AUTHORITY ISSUED BY THE STATE OF CALIFORNIA DEPARTMENT OF INSURANCE.

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13. AMENDMENTS TO ESCROW INSTRUCTIONS

Any amendment to the escrow instructions must be in writing, executed by all parties and accepted by Escrow Holder. Escrow Holder may, at its sole option, elect to accept and act upon oral instructions from the parties. If requested by Escrow Holder the parties agree to confirm said instructions in writing as soon as practicable. The escrow instructions as amended shall constitute the entire escrow agreement between the Escrow Holder and the parties hereto with respect to the subject matter of the escrow.

14. FIRE, HAZARD OR LIABILITY INSURANCE POLICIES

In all matters relating to fire, hazard or liability insurance, Escrow Holder may assume that each policy is in force and that the necessary premium has been paid. Escrow Holder is not responsible for obtaining fire, hazard or liability insurance, unless Escrow Holder has received specific written instructions to obtain such insurance prior to close of escrow from the parties or their respective lenders.

15. COPIES OF DOCUMENTS; ELECTRONIC SIGNATURES; AUTHORIZATION TO RELEASE

Escrow Holder is authorized to rely upon copies of documents, which include facsimile, electronic, NCR, or photocopies as if they were an originally executed document. Escrow Holder may agree to accept electronically signed documents from a platform or program approved by Escrow Holder. If requested by Escrow Holder, the originals of such documents and/or original signatures shall be delivered to Escrow Holder. Escrow Holder may withhold documents and/or funds due to the party until such originals are delivered. Documents to be recorded MUST contain original signatures. Escrow Holder may furnish copies of any and all documents to the lender(s), real estate broker(s), attorney(s) and/or accountant(s) involved in this transaction upon their request. Delivery of documents by escrow to a real estate broker or agent who is so designated in the purchase agreement shall be deemed delivery to the principal.

16. EXECUTION IN COUNTERPART

The escrow instructions and any amendments may be executed in one or more counterparts, each of which shall be deemed an original, and all of which taken together shall constitute the same instruction.

17. TAX REPORTING, WITHHOLDING & DISCLOSURE

The parties are advised to seek independent advice concerning the tax consequences of this transaction, including but not limited to, their withholding, reporting and disclosure obligations. Escrow Holder does not provide tax or legal advice and the parties agree to hold Escrow Holder harmless from any loss or damage that the parties may incur as a result of their failure to comply with federal and/or state tax laws. *WITHHOLDING OBLIGATIONS ARE THE EXCLUSIVE OBLIGATIONS OF THE PARTIES. ESCROW HOLDER IS NOT RESPONSIBLE TO PERFORM THESE OBLIGATIONS UNLESS ESCROW HOLDER AGREES IN WRITING.*

A. TAXPAYER IDENTIFICATION NUMBER REPORTING

Federal law requires Escrow Holder to report seller's social security number or tax identification number (both numbers are hereafter referred to as the "TIN"), forwarding address, and the gross sales price to the Internal Revenue Service ("IRS"). To comply with the USA PATRIOT Act, certain taxpayer identification information (including, but not limited to, the TIN) may be required by Escrow Holder from certain persons or entities involved (directly or indirectly) in the transaction prior to closing.

Escrow cannot be closed nor any documents recorded until the information is provided and certified as to its accuracy to Escrow Holder. The parties agree to promptly obtain and provide such information as requested by Escrow Holder.

B. STATE WITHHOLDING & REPORTING

In accordance with Section 18662 of the Revenue and Taxation Code (R&TC), a buyer may be required to withhold an amount equal to 3 1/3% (.0333) of the sale price, or an optional gain on sale withholding amount certified by the seller in the case of a disposition of California real property interest by either:

1. A seller who is an individual, trust, estate, or when the disbursement instructions authorize the proceeds to be sent to a financial intermediary of the sellers.
2. A corporate seller that has no permanent place of business in California immediately after the transfer of title to the California property.

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The buyer may become subject to penalty for failure to withhold an amount equal to the greater of 10 percent of the amount required to be withheld or five hundred dollars (\$500).

However, notwithstanding any other provision included in the California statutes referenced above, no buyer will be required to withhold any amount or be subject to penalty for failure to withhold if any of the following applies:

1. The sale price of the California real property conveyed does not exceed one hundred thousand dollars (\$100,000).
2. The seller executes a written certificate under the penalty of perjury certifying that the seller is a corporation with a permanent place of business in California.
3. The seller, who is an individual, trust, estate, or a corporation without a permanent place of business in California, executes a written certificate under the penalty of perjury of any of the following:
 - a. The California real property being conveyed is the seller's or decedent's principal residence (within the meaning of Section 121 of the Internal Revenue Code (IRC)).
 - b. The last use of the property being conveyed was by the transferor as the transferor's principal residence (within the meaning of IRC Section 121).
 - c. The California real property being conveyed is, or will be, exchanged for property of like kind (within the meaning of IRC Section 1031), but only to the extent of the amount of gain not required to be recognized for California income tax purposes under IRC Section 1031.
 - d. The California real property has been compulsorily or involuntarily converted (within the meaning of IRC Section 1033) and the seller intends to acquire property similar or related in service or use so as to be eligible for nonrecognition of gain for California income tax purposes under IRC Section 1033.
 - e. The California real property transaction will result in a loss or net gain not required to be recognized for California income tax purposes.

The seller is subject to penalty for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding requirement.

Contact FTB: For additional information regarding California withholding or for the Alternative Withholding, contact the Franchise Tax Board at (toll free) 888-792-4900, by e-mail WSCS.GEN@ftb.ca.gov; or visit their website at www.ftb.ca.gov.

C. FEDERAL WITHHOLDING & REPORTING

Certain federal reporting and withholding requirements exist for real estate transactions where the seller (transferor) is a non-resident alien, a non-domestic corporation, partnership, or limited liability company; or a domestic corporation, partnership or limited liability company controlled by non-residents; or non-resident corporations, partnerships or limited liability companies.

D. TAXPAYER IDENTIFICATION DISCLOSURE

Federal and state laws require that certain forms include a party's TIN and that such forms or copies of the forms be provided to the other party and to the applicable governmental authorities. Parties to a real estate transaction involving seller-provided financing are required to furnish, disclose, and include the other party's TIN in their tax returns. Escrow Holder is authorized to release a party's TINs and copies of statutory forms to the other party and to the applicable governmental authorities in the foregoing circumstances. The parties agree to hold Escrow Holder harmless against any fees, costs, or judgments incurred and/or awarded because of the release of their TIN as authorized herein.

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EXHIBIT C

FORM OF GRANT DEED

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Tres Hermanos Conservation Authority
c/o City of Diamond Bar
21810 Copley Drive
Diamond Bar, CA 91765
Attn: Daniel Fox,
Deputy Executive Director

APNs: 1000-011-19
1000-011-20
1000-011-21
1000-011-22
1000-011-13
1000-011-14
1000-031-14
1000-031-15
8701-022-270
8701-021-271
8701-022-273

The undersigned declares that this Grant Deed is exempt from Recording Fees pursuant to California Government Code Section 27383. The undersigned declares that this Grant Deed is exempt from Documentary Transfer Tax pursuant to Revenue and Taxation Code Section 11922.

GRANT DEED

Documentary Transfer Tax: \$0.00

THE UNDERSIGNED GRANTOR DECLARES:

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, the CITY OF INDUSTRY, a municipal corporation ("Grantor"), hereby grants to the TRES HERMANOS CONSERVATION AUTHORITY ("Grantee"), a joint exercise of powers authority established pursuant to Section 6500 *et seq.* of the California Government Code, that certain real property described in Exhibit A attached hereto and incorporated herein by this reference (the "Land"), together with (1) all of Grantor's right, title and interest in and to any and all hereditaments, appurtenances, rights, permits, licenses, privileges, development rights and easements relating to the Land, including without limitation Grantor 's right, title and interest in and to all streets, alleys and rights-of-way in, on, across, in front of, abutting or adjoining such real property and all water rights and mineral rights and (2) all buildings, fixtures, structures,

parking areas, landscaping and other improvements located on the Land (collectively, the "Property").

The Property is conveyed subject to all easements, rights of way, covenants, conditions, restrictions, reservations and all other matters of record affecting title to the Property, and the following conditions subsequent:

1. Grantee covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall Grantee, or any person claiming under or through it, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.

2. Grantee's use of the Property shall be limited to open space, public uses and preservation uses.

3. All covenants and agreements contained in this Grant Deed shall run with the land and shall be binding for the benefit of Grantor and its successors and assigns and such covenants shall run in favor of Grantor and for the entire period during which the covenants shall be in force and effect as provided in the Agreement, without regard to whether Grantor is or remains an owner of any land or interest therein to which such covenants relate; provided, however, that Grantor shall have no power of termination pursuant to Section 885.010 of the California Civil Code or any successor statute or any similar or other right or remedy pursuant to which Grantor can seek to reacquire title to the Property in the event of any breach or default with respect to the conditions subsequent set forth in numbered Paragraphs 1 and 2, above, of this Grant Deed, and Grantor's sole remedy with respect to any such breach or default shall be injunctive relief to enforce such covenant. Without limiting the generality of the foregoing, Grantor shall not, and shall have no right to, record a notice of intent to preserve the power of termination pursuant to Section 885.010 of the California Civil Code or any successor or other statute.

4. The conditions subsequent contained in numbered Paragraphs 2 and 3, above, of this Grant Deed shall remain in effect in perpetuity except as otherwise expressly set forth therein.

5. This Grant Deed may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Grantor has duly executed this Grant Deed on February 7, 2019.

"Grantor":

CITY OF INDUSTRY

By _____
Troy Helling, City Manager

ATTEST:

Julie Gutierrez-Robles,
Deputy City Clerk

APPROVED AS TO FORM:

By _____
James M. Casso,
City Attorney

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the foregoing Grant Deed from the City of Industry, a municipal corporation, as grantor, to the Tres Hermanos Conservation Authority ("THCA"), a joint exercise of powers authority established pursuant to Section 6500 et seq. of the California Government Code, as grantee, is hereby accepted by the undersigned officer of THCA, pursuant to authority conferred by Resolution No. 2019-01 of the Board of Directors of THCA adopted on February 7, 2019, and grantee THCA hereby consents to recordation of the foregoing described Grant Deed.

Dated: February 7, 2019

**TRES HERMANOS CONSERVATION
AUTHORITY**

By _____
Daniel Fox,
Deputy Executive Director

EXHIBIT A to GRANT DEED

LEGAL DESCRIPTION

PARCEL 1: (Los Angeles County)

A PORTION OF SECTION 1 AND ALL OF SECTION 12, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SECTION 12; THENCE EAST 80 CHAINS TO THE SOUTHEAST CORNER OF SECTION 12; THENCE NORTH 80 CHAINS TO THE NORTHEAST CORNER OF SAID SECTION 12; THENCE ON A COURSE OF ABOVE NORTH 61° 28' WEST 90.83 CHAINS MORE OR LESS, TO A POINT IN THE WEST LINE OF SAID SECTION 1, DISTANT 43.02 CHAINS NORTH OF THE SOUTHWEST CORNER THEREOF; THENCE SOUTH ALONG THE WEST LINES OF SAID SECTION 1 AND 12 TO THE POINT OF BEGINNING.

EXCEPT THEREFROM THAT PORTION THEREOF INCLUDED WITHIN THE LAND, DESCRIBED IN THE DEED TO THE STATE OF CALIFORNIA RECORDED ON JULY 05, 1968 AS INSTRUMENT NO. 399 IN BOOK D-4405 PAGE 993 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ALSO EXCEPT THEREFROM THAT PORTION THEREOF, INCLUDED WITHIN THE LAND, DESCRIBED IN THE DEEDS TO THE STATE OF CALIFORNIA, RECORDED ON NOVEMBER 17, 1971 AS INSTRUMENTS NO. 253 AND 254 IN BOOK D-5259 PAGES 626 AND 630 OF OFFICIAL RECORDS IN SAID COUNTY RECORDER.

ALSO EXCEPT THEREFROM THAT PORTION THEREOF, INCLUDED WITHIN THE LAND, DESCRIBED IN THE DEEDS TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA RECORDED ON MARCH 07, 1975 AS INSTRUMENTS NO. 281 AND 282 IN BOOK D-6579 PAGES 1 AND 11 OF OFFICIAL RECORDS IN SAID COUNTY RECORDER.

ALSO EXCEPT THEREFROM THAT PORTION THEREOF, INCLUDED WITHIN THE LAND DESCRIBED AS PARCEL A, IN THE GRANT DEED TO POMONA UNIFIED SCHOOL DISTRICT, RECORDED APRIL 07, 1993 AS DOCUMENT NO. 93-653577, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL A:

THAT PORTION OF THE SOUTH HALF OF SECTION 1 AND THE NORTH HALF OF SECTION 12, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, IN

THE CITY OF DIAMOND BAR, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS A WHOLE AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF PARCEL 3 OF PARCEL MAP NO. 13350 AS PER MAP FILED IN BOOK 144 AT PAGES 12 AND 13 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, A RADIAL LINE THROUGH SAID POINT BEARS NORTH 65° 33' 44" WEST; THENCE ALONG THE SOUTHWESTERLY LINE OF SAID PARCEL 3 NORTH 61° 55' 24" WEST 242.81 FEET TO THE MOST EASTERLY CORNER OF SAID LAND AS DESCRIBED IN THE DEED TO THE STATE OF CALIFORNIA RECORDED ON NOVEMBER 17, 1971, AS INSTRUMENT NO. 254 IN BOOK D-5259 PAGE 630 OF OFFICIAL RECORDS; THENCE ALONG THE SOUTHWESTERLY BOUNDARIES OF SAID DEED TO THE STATE OF CALIFORNIA, AS FOLLOWS:

SOUTH 80° 26' 22" WEST 357.29 FEET, NORTH 39° 50' 49" WEST 184.88 FEET; NORTH 08° 58' 26" WEST, 186.31 FEET TO THE SOUTHWESTERLY LINE OF PARCEL 1 AS SHOWN ON RECORD OF SURVEY FILED IN BOOK 83 PAGES 62 AND 63 OF RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID LAST MENTIONED SOUTHWESTERLY LINE NORTH 61° 55' 24" WEST 2446.02 FEET; THENCE SOUTH 26° 04' 36" WEST 915.27 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHEAST HAVING A RADIUS OF 1500.00 FEET; THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 15° 00' 00", AN ARC DISTANCE OF 392.70 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE TO THE NORTHEAST AND HAVING A RADIUS OF 120.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS NORTH 78° 55' 24" WEST; THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 60°00'00", AN ARC DISTANCE OF 125.66 FEET; THENCE TANGENT TO SAID LAST MENTIONED CURVE, SOUTH 48° 55' 24" EAST 170.71 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE NORTHEAST AND HAVING A RADIUS OF 2500.00 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE 16° 02' 34", AN ARC DISTANCE OF 700.00 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE TO THE NORTH HAVING A RADIUS OF 1125.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 25° 02' 02" WEST; THENCE EASTERLY ALONG SAID COMPOUND CURVE THROUGH A CENTRAL ANGLE OF 73° 27' 26", AN ARC DISTANCE OF 1442.33 FEET; THENCE TANGENT TO SAID COMPOUND CURVE NORTH 41° 34' 36" EAST 225.00 FEET; THENCE SOUTH 61° 55' 24" EAST 70.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE NORTH HAVING A RADIUS OF 100.00 FEET; THENCE EASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 60° 00' 00", AN ARC DISTANCE OF 104.72 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE TO THE SOUTH HAVING A RADIUS OF 75.00 FEET; A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 31° 55' 24" EAST; THENCE EASTERLY ALONG SAID REVERSE CURVE THROUGH A CENTRAL ANGLE OF 78° 30' 00" AN ARC DISTANCE OF 102.76 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 350.00

FEET, A RADIAL LINE THROUGH SAID POINT BEARS NORTH 46° 34' 36" EAST; THENCE SOUTHEASTERLY ALONG SAID COMPOUND CURVE THROUGH A CENTRAL ANGLE OF 22° 30' 00", AN ARC DISTANCE OF 137.44 FEET; THENCE TANGENT TO SAID LAST COMPOUND CURVE SOUTH 20° 55' 24" EAST 105.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE NORTH AND HAVING A RADIUS OF 265.00 FEET; THENCE EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 112° 00' 00", AN ARC DISTANCE OF 518.01 FEET; THENCE TANGENT TO LAST MENTIONED CURVE NORTH 47° 04' 36" EAST 137.02 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTH AND HAVING A RADIUS OF 200.00 FEET; THENCE EASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 67° 27' 44", AN ARC DISTANCE OF 235.49 FEET; THENCE TANGENT TO SAID LAST MENTIONED CURVE, SOUTH 65° 27' 40" EAST 38.64 FEET TO THE WESTERLY LINE OF CHINO HILLS PARKWAY (100.00 FEET WIDE) AS EXISTED ON APRIL 5, 1993, AND AS ESTABLISHED BY THE COUNTY ENGINEER OF SAN BERNARDINO; THENCE ALONG SAID CHINO HILLS PARKWAY, AS FOLLOWS:

NORTH 24° 32' 20" EAST 72.06 FEET AND NORTHERLY ALONG A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 1750.00 FEET THROUGH A CENTRAL ANGLE OF 00° 06' 04", AN ARC DISTANCE OF 3.09 FEET TO THE POINT OF BEGINNING.

AND ALSO EXCEPT THEREFROM THAT PORTION THEREOF, INCLUDED WITHIN THE LAND DESCRIBED AS PARCEL RW-1, CHINO HILLS PARKWAY RIGHT-OF-WAY, BY FINAL ORDER AND JUDGMENT IN CONDEMNATION, RECORDED AUGUST 25, 1995, INSTRUMENT NO. 95-1398248, OFFICIAL RECORDS.

PARCEL 2 (San Bernardino County)

REAL PROPERTY IN THE CITY OF CHINO HILLS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCEL NO. 1:

THOSE PORTIONS OF SECTIONS 14 AND 23, IN GOVERNMENT LOT 38, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE RANCHO SANTA ANA DEL CHINO, IN THE CITY OF CHINO HILLS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP FILED IN RECORD OF SURVEY RECORDED IN BOOK 3, PAGE 72, RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING SOUTHEASTERLY OF THE SAID RANCHO LINE BETWEEN STATIONS 13 AND 14, AS SHOWN ON SAID MAP.

EXCEPT THEREFROM THAT PORTION CONVEYED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY DEED RECORDED MARCH 07, 1975, IN BOOK 8630, PAGE 104, OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE COUNTY OF SAN BERNARDINO, BY FINAL ORDER OF CONDEMNATION, RECORDED JUNE 07, 1988, INSTRUMENT NO. 88-180373, OFFICIAL RECORDS.

PARCEL NO. 2:

THE WEST 1/2 OF SECTION 13; THE WEST 1/2 OF SECTION 24; THE NORTHWEST 1/4 OF SECTION 25 AND THE NORTH 1/2 OF SECTION 26, ALL IN GOVERNMENT LOT 38, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE RANCHO SANTA ANA DEL CHINO, IN THE CITY OF CHINO HILLS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP FILED IN THE RECORD OF SURVEYS, RECORDED IN BOOK 3, PAGE 72, RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

EXCEPT THEREFROM THAT PORTION CONVEYED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY DEED RECORDED MARCH 07, 1975, IN BOOK 8630, PAGE 83, OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY DEED RECORDED MARCH 07, 1975, IN BOOK 8630, PAGE 92, OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY DEED RECORDED MARCH 07, 1975, IN BOOK 8630, PAGE 104, OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE COUNTY OF SAN BERNARDINO, BY FINAL ORDER OF CONDEMNATION, RECORDED JUNE 07, 1988, INSTRUMENT NO. 88-180373, OFFICIAL RECORDS.

APNs: 1000-011-19, 1000-011-20, 1000-011-21, 1000-011-22, 1000-011-13, 1000-011-14, 1000-031-14, 1000-031-15, 8701-022-270, 8701-021-271 and 8701-022-273.

EXHIBIT D

SETTLEMENT AGREEMENT AND MUTUAL RELEASES

THIS SETTLEMENT AGREEMENT ("Agreement") is made and entered into as of February 5, 2019, by and among the CITY OF CHINO HILLS ("Chino Hills"), the CITY OF DIAMOND BAR ("Diamond Bar"), the CITY OF INDUSTRY ("Industry") and the CITY OF INDUSTRY CITY COUNCIL (the "Industry City Council" and, collectively with Industry, the "Industry Parties"), and the SUCCESSOR AGENCY TO THE INDUSTRY-URBAN DEVELOPMENT AGENCY (the "Successor Agency") and the BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE INDUSTRY-URBAN DEVELOPMENT AGENCY (the "Successor Agency Board" and, collectively with the Successor Agency, the "Successor Agency Parties"). The aforementioned parties are collectively defined herein as the "Parties" and each individually as a "Party." This Agreement is made with reference to the following facts:

RECITALS

A. Certain claims, demands and differences have existed heretofore among the Diamond Bar and Chino Hills, on the one hand, and the Industry Parties and the Successor Agency Parties, on the other hand.

B. The Successor Agency owns approximately 2,445 acres of largely undeveloped land, 695 acres of which is located within the boundaries of Diamond Bar and 1,750 acres of which is located within the boundaries of Chino Hills, which is commonly known as Tres Hermanos Ranch ("Tres Hermanos").

C. Diamond Bar and Chino Hills have filed the following six lawsuits against all or some of the Industry Parties, the Successor Agency Parties, the Oversight Board of the Successor Agency to the Industry Urban-Development Agency (the "Oversight Board"), San Gabriel Valley Water and Power, LLC ("SGVWP") and other parties relating to the approval of the sale of Tres Hermanos by the Successor Agency to Industry (collectively, the "Tres Hermanos Lawsuits"):

1. *City of Diamond Bar v. City of Industry, et al.*, Los Angeles Superior Court Case No. BS171295 (the "Diamond Bar Los Angeles Lawsuit").

2. *City of Chino Hills v. City of Industry, et al.*, Los Angeles Superior Court Case No. BS171398 (the "Chino Hills Los Angeles Lawsuit").

3. *City of Chino Hills v. City of Industry, et al.*, Los Angeles Superior Court Case No. BS172995 (the "Chino Hills PRA Lawsuit").

4. *City of Diamond Bar v. City of Industry, et al.*, Los Angeles Superior Court Case No. BS173224 (the "Diamond Bar PRA Lawsuit").

5. *City of Diamond Bar v. Oversight Board of the Successor Agency to the Industry-Urban Development Agency, et al.*, Sacramento Superior Court Case No. 34-2017-80002718-CU-WM-GDS (the "Diamond Bar Sacramento Lawsuit").

6. *City of Chino Hills v. Oversight Board of the Successor Agency to the Industry-Urban Development Agency, et al.*, Sacramento Superior Court Case No. 34-2017-80002719-CU-WM-GDS (the "Chino Hills Sacramento Lawsuit").

D. With respect to the Chino Hills Sacramento Lawsuit, Chino Hills caused the recordation of that certain Notice of Pendency of Action (the "Chino Hills Lis Pendens") (i) on February 26, 2018 as Instrument No. 2018018 in the Official Records of Los Angeles County, California (the "LAC Official Records") and (ii) on January 31, 2018 as Document No. 2018-0035375 in the Official Records of San Bernardino County, California (the "SBC Official Records"). With respect to the Diamond Bar Sacramento Lawsuit, Diamond Bar caused the recordation of that certain Notice of Pendency of Action (the "Diamond Bar Lis Pendens") (i) on January 29, 2018 as Instrument No. 20180092644 in the LAC Official Records and (ii) on January 31, 2018 as Document No. 2018-0035624 in the SBC Official Records.

E. The Parties desire to settle and dispose of, fully and completely, any and all matters between them heretofore arising out of, connected with or relating to the Tres Hermanos Lawsuits, including without limitation any claims that could have been raised in connection with the Tres Hermanos Lawsuits accruing prior to the date of this Agreement, without any further court proceedings, trial, appeal or adjudication of any issue of fact or law, and without any admission with respect to such matters by any Party.

F. This Agreement is not to be construed as a settlement or waiver of any claim or cause of action that the Parties have or may have, or that any individual Party has or may have, as against SGVWP or its affiliates, members, managers or successors or assigns.

NOW, THEREFORE, in consideration of the mutual covenants and agreements described below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

AGREEMENT

1. Notice of Conditional Settlement. Within seven (7) business days after the satisfaction of the conditions precedent set forth in Section 2.1, 2.2 and 2.3, below, counsel for Chino Hills and Diamond Bar shall file notices of conditional settlement with respect to the Chino Hills Los Angeles Lawsuit, the Diamond Bar Los Angeles Lawsuit, the Chino Hills Sacramento Lawsuit and the Diamond Bar Sacramento Lawsuit (collectively, the "Los Angeles/Sacramento Lawsuits"), using Judicial Council Form CM-200, indicating that each is a conditional settlement and stating that a request for dismissal will be filed no later than February 29, 2028; provided, however, that following such conditional settlement, the Los Angeles/Sacramento Lawsuits shall be dismissed pursuant to Section 2, below, following the satisfaction of the condition precedent set forth in Section 2.4, below.

2. Dismissal of Lawsuits. Chino Hills and Diamond Bar shall (a) (i) file and serve requests for dismissal with prejudice of the Los Angeles/Sacramento Lawsuits, executed by their respective counsel, and (ii) record expungements of the Chino Hills Lis Pendens and the Diamond Bar Lis Pendens, signed by their respective counsel, in the LAC Official Records and the SBC Official Records, all within seven (7) business days following satisfaction of all of the conditions precedent set forth in Sections 2.1, 2.2, 2.3 and 2.4, below, and (b) Chino Hills and Diamond Bar shall file and serve requests for dismissal without prejudice of the Chino Hills PRA Lawsuit and the Diamond Bar PRA Lawsuit, executed by their respective counsel, within seven (7) business days following satisfaction of the conditions precedent set forth in Sections 2.1, 2.2 and 2.3, below:

2.1 Joint Powers Agreement. On or before February 5, 2019, the governing bodies of Diamond Bar, Chino Hills and Industry (collectively, the "City Parties" and each individually a "City Party") shall have each lawfully approved in accordance with the Joint Exercise of Powers Act (Cal. Gov't Code § 6500 *et seq.*) and other applicable laws, and each City Party shall have executed, that certain Amended and Restated Tres Hermanos Joint Powers Agreement, in the form attached hereto as Exhibit "A" (the "JPA"), which shall reconstitute the Tres Hermanos Conservation Authority (the "Authority").

2.2 Purchase and Sale Agreement. On or before February 8, 2019, the Industry City Council and the governing body of the Authority shall have each lawfully approved, and Industry, as seller, and the Authority, as buyer, shall have entered into that certain Purchase and Sale Agreement and Joint Escrow Instructions, in the form attached hereto as Exhibit "B" (the "Authority Purchase Agreement"), pursuant to which the Authority shall acquire fee title to Tres Hermanos from Industry immediately following Industry's acquisition of fee title to Tres Hermanos from the Successor Agency pursuant to that certain Purchase and Sale Agreement and Joint Escrow Instructions Trusts Hermanos Ranch (the "Industry Purchase Agreement"), which was approved by the Oversight Board on August 24, 2017 and subsequently "ratified" by the Successor Agency Board and the Industry City Council on September 28, 2017. The purchase price for Tres Hermanos in the Authority Purchase Agreement is \$41,650,000. Chino Hills and Diamond Bar will collectively pay a portion of the purchase price in the aggregate amount of \$4,165,000, in proportion to the portions of Tres Hermanos within their respective jurisdictional limits.

2.3 Acquisition of Tres Hermanos. On or before February 13, 2019, Industry shall have acquired fee title to Tres Hermanos pursuant to the Industry Purchase Agreement and the Authority shall have immediately thereafter acquired fee title to Tres Hermanos pursuant to the Authority Purchase Agreement.

2.4 Resolution of All SGVWP Disputes. The Industry Parties and SGVWP and its members, managers, agents, representatives, employees and affiliates (collectively, the "SGVWP Parties") shall have settled and resolved all existing and potential disputes among them concerning that certain Master Ground Lease dated as of May 17, 2016, by and between Industry, as landlord, and SGVWP, as tenant (as amended, the "Master Lease"), as "ratified" by the Industry City Council on October 12, 2017, and the transfer of Tres Hermanos to the Authority (collectively, the "SGVWP/Industry Disputes"), which settlement and resolution shall require, without limitation, that the SGVWP/Industry Disputes, if any, shall have been (a) fully

and finally settled and/or (b) adjudicated and non-appealable, so that (i) neither Industry nor SGVWP can interfere in any manner with or otherwise affect the sale and transfer of Tres Hermanos by Industry to the Authority in accordance with the Authority Purchase Agreement or the Authority's use and administration of Tres Hermanos in accordance with the JPA following such sale and transfer, and (ii) SGVWP has no right or interest whatsoever in or with respect to Tres Hermanos pursuant to the Master Lease or otherwise and that the Master Lease shall have been terminated and have no further force or effect. For purposes of this Section 2.4, the term "settled" means, without limitation on the preceding sentence, that (A) the Industry Parties and the SGVWP Parties shall have dismissed with prejudice all lawsuits and other judicial proceedings by the Industry Parties against SGVWP Parties, or by the SGVWP Parties against the Industry Parties, Diamond Bar, Chino Hills and the Authority, with respect to the SGVWP/Industry Disputes, and (B) in the event litigation has been formally initiated against the Diamond Bar/Chino Hills Parties (as defined in Section 5, below) and/or the Authority, the SGVWP Parties shall have released the Diamond Bar/Chino Hills Parties and/or the Authority, and each of them, as applicable, from any and all Claims (as defined in Section 6.1, below). Notwithstanding anything to the contrary in this Section 2.4, Industry is permitted to maintain any action or initiate any cause(s) of action against SGVWP, so long as Industry does not seek to invalidate the transfer of Tres Hermanos to the Authority and/or validate the Master Lease.

3. Waiver of Attorney' Fees re Los Angeles/Sacramento Lawsuits. In the event that the Los Angeles/Sacramento Lawsuits are not dismissed in accordance with Section 2, above, and (a) any or all of the Los Angeles/Sacramento Lawsuits are thereafter adjudicated or otherwise resolved in favor of Chino Hills and/or Diamond Bar, in whole or in part, Chino Hills and Diamond Bar shall have no right to seek attorneys' fees, interest or costs, or any other monetary damages from the Industry Parties or the Successor Agency Parties in connection therewith, and (b) any or all of the Los Angeles/Sacramento Lawsuits are thereafter adjudicated or otherwise resolved in favor of the Industry Parties and/or the Successor Agency Parties, in whole or in part, neither the Industry Parties nor the Successor Agency Parties shall have any right to seek attorneys' fees, interest or costs, or any other monetary damages from the Chino Hills or Diamond Bar in connection therewith.

4. Industry Resolution of SGVWP Disputes. Industry shall use its reasonable efforts to resolve and settle all of the SGVWP/Industry Disputes prior to the transfer of fee title to Tres Hermanos to the Authority, provided that such resolution is reasonably determined by the Industry City Council to be in Industry's best interest. In the event that such resolution does not occur prior to such transfer, Industry shall continue to use its reasonable efforts to achieve such resolution as soon as possible thereafter. Notwithstanding the foregoing, in the event that Industry pursues any claims, suits and/or administrative proceedings against SGVWP relating to the Master Lease, Industry's pursuit of such claims, suits and/or administrative proceedings shall not constitute a breach under this Agreement, provided that Industry does not seek to invalidate the transfer of Tres Hermanos to the Authority and/or validate the Master Lease.

5. Indemnification. Industry agrees to indemnify, defend and hold harmless Diamond Bar and Chino Hills, and their respective officers, elected and appointed officials, agents, employees, representatives, administrators, attorneys, assigns and successors in interest (collectively, the "Diamond Bar/Chino Hills Parties"), and each of them, with respect to any

Claims that arise out of or relate in any way to the SGVWP/Industry Disputes, including without limitation any dealings between Industry and SGVWP or its affiliates involving Tres Hermanos or any adjacent property owned or controlled, in whole or in part, by Industry. The foregoing indemnification obligation shall include, but not be limited to, the burden and expense of defending all claims, suits and administrative proceedings (with counsel reasonably approved by the indemnified parties), even if such claims, suits or proceedings are groundless, false or fraudulent, and conducting all negotiations of any description, and paying and discharging, when and as the same become due, any and all judgments, penalties or other sums due against such indemnified persons. Chino Hills and Diamond Bar, at their sole expense, may employ additional counsel of its choice to associate with counsel representing Industry, provided that, notwithstanding anything to the contrary in this Section 5, Industry shall have no obligation to indemnify the Diamond Bar/Chino Hills Parties with respect to the attorneys' fees associated with such additional counsel. The obligations of Industry under this Section 5 shall survive the termination of this Agreement.

6. Mutual Releases. The Parties promise, agree and specifically release as follows, which releases shall become effective upon the satisfaction of all of the conditions precedent set forth in Section 2, above:

6.1 Industry Release. Except as to such rights or remedies as may be created by this Agreement, the Authority Purchase Agreement and the JPA (collectively, the "Settlement Documents"), Industry fully, finally and forever irrevocably releases, remises and discharges the Diamond Bar/Chino Hills Parties, and each of them, from any and all past or present suits, actions or causes of action, in law or in equity, debts, liens, contracts, agreements, promises, liabilities, claims, demands, damages, losses, costs or expenses, of any nature whatsoever, whether known or unknown, suspected or unsuspected (collectively, "Claims"), whether known or unknown, disclosed or undisclosed, suspected or unsuspected, as a result of any act, event or omission that occurred prior to the date of this Agreement arising out of, connected with or incidental to Tres Hermanos, the Master Lease or the Tres Hermanos Lawsuits, including any and all Claims for the recovery of any damages, costs, expenses or fees, including attorneys' fees, associated therewith (collectively, the "Released Claims").

6.2 Chino Hills/Diamond Bar Release. Except as to such rights or remedies as may be created by the Settlement Documents, Chino Hills and Diamond Bar fully, finally and forever irrevocably releases, remises and discharges the Industry Parties and their officers, elected and appointed officials, agents, employees, representatives, administrators, attorneys, assigns and successors in interest, and each of them, from any and all Released Claims.

6.3 Limitations on Releases. The Parties acknowledge and agree that the releases in Sections 6.1 and 6.2, above, are expressly limited to Released Claims and do not include any other Claims of any kind, including without limitation any Claims for breach of any Settlement Document or the failure to satisfy any conditions precedent set forth in the Settlement Documents.

6.4 Waiver of Civil Code Section 1542. With respect to the Released Claims, each Party specifically waives the benefit of the provisions of Section 1542 of the California Civil Code, which provides as follows:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

Each Party has been advised by its attorneys of the meaning of Section 1542 of the California Civil Code, and of the implications of waiving the benefits thereof. The Parties agree that this waiver is an essential part of this Agreement, which would not have been entered into without such provision.

7. Covenant Not to Sue. Each Party agrees not to sue any other Party, or in any way assist any other person or entity in suing any other Party, with respect to any Released Claim. This Agreement may be pleaded as a full and complete defense to, and may be used as the basis for an injunction against any dispute, suit, or other proceeding that may be instituted, prosecuted, or attempted in breach of any such Released Claim.

8. Representations and Warranties. Each of the Parties represents, warrants and agrees as to itself as follows:

8.1 Such Party has received independent legal advice from its attorneys with respect to the advisability of making the settlement provided for herein, and with respect to the advisability of executing the Settlement Documents, and it is entering into this Agreement of its own informed and free will and based upon its own judgment.

8.2 Neither such Party nor any official, agent, employee, representative or attorney of or for it has made any statement or representation to any other Party regarding any fact relied upon in entering into the Settlement Documents, and it is not relying upon any statement, representation or warranty or promise, written or oral, of any other Party (or of any officer, agent, employee, representative, trustee or attorney for any other Party) in executing the Settlement Documents, or in making the settlement provided for herein, except as expressly stated in the Settlement Documents.

8.3 Such Party has made such investigation of the facts pertaining to this settlement and the Settlement Documents and of all the matters pertaining thereto as it deems necessary and it has executed the Settlement Documents without fraud, duress or undue influence.

8.4 Such Party or its responsible officer has carefully read and considered the Settlement Documents and understands the contents hereof and the significance of its contents.

8.5 This Agreement has been duly approved, executed and delivered by, and constitutes the valid and binding obligation of, such Party, and that the individual executing this Agreement on behalf of such Party has the authority to do so and bind such Party.

8.6 Each as otherwise expressly represented, warranted or provided in the Settlement Documents, such Party assumes the risks (a) that it may hereafter discover facts in addition to or contrary to those it believed to exist or relied upon in entering into the Settlement Documents, (b) that it may have mistakenly understood matters relevant to entering into the Settlement Documents and (c) that another Party may have negligently misrepresented or negligently failed to disclose facts in connection with the entering into of the Settlement Documents. Notwithstanding any such claims of misunderstanding, mistake, negligent misrepresentation or negligent nondisclosure, such Party intends that the Settlement Documents thereafter shall continue in full force and effect and shall not be subject to rejection or rescission for any reason, provided that such Party reserves all rights provided for in the Settlement Documents.

8.7 Such Party has not heretofore assigned, transferred, or granted, or purported to assign, transfer, or grant, any of the Released Claims or any part thereof.

8.8 Each term of this Agreement (other than Recitals A through F, above) is contractual and not merely a recital and each of Recitals A through F, above, is true and correct.

8.9 Such Party is aware that it may hereafter discover claims or facts in addition to or different from those it now knows or believes to be true with respect to the matters related herein. Nevertheless, it is the intention of such Party to fully, finally and forever settle and release all such matters, and all claims relative thereto, which do now exist, may exist, or heretofore have existed between them. In furtherance of such intention, the releases given herein shall be and remain in effect as full and complete mutual releases of all such matters, notwithstanding the discovery or existence of any additional or different claims or facts relative thereto.

8.10 The consideration recited herein is the only consideration for entering into this Agreement and that no promises or representations of other or further consideration have been made by any person or entity.

9. No Admissions. Each Party acknowledges that this Agreement effects the settlement of claims that are denied and contested by one or more other Parties, and that nothing contained herein can be construed as an admission of liability by or on behalf of any Party, all of which liability is expressly denied.

10. Own Counsel. Each of the Parties acknowledges that it has been represented by counsel of its own choice throughout all of the negotiations that preceded the execution of this Agreement and in connection with the preparation and execution of this Agreement.

11. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which taken together shall constitute one and the same instrument.

12. Captions. The captions of paragraphs contained in this Agreement are for reference only and shall not affect the meaning of any provision of this Agreement.

13. Own Costs. As between themselves, each Party shall bear its own costs, expenses and attorneys' fees that it has heretofore incurred in connection with or arising out of the matters set forth in the Recitals hereinabove.

14. Entire Agreement. It is expressly understood and agreed that the Settlement Documents contain and represent the entire agreement between the Parties with respect to the Released Claims, the settlement thereof and subject matter hereof, and merge, supersede and replace all prior and contemporaneous prior discussions, understandings, negotiations, agreements, representations, conditions, warranties, covenants and all other communications between the Parties, whether written or oral, relating to such subject matter.

15. Amendment. This Agreement may be modified or amended only by an agreement in writing that is approved by the governing body of each Party and duly executed by all of the Parties, provided that such approval and execution by the Successor shall not be required following the transfer of fee title to Tres Hermanos from Industry to the Authority.

16. Binding Effect. This Agreement is binding upon and shall inure to the benefit of each of the Parties and their respective officers, elected and appointed officials, agents, employees, representatives, administrators, attorneys, assigns and successors in interest.

17. Severability. In the event any covenant, condition, or other provision herein is held to be invalid, void, or illegal, the same is deemed severed from the remainder of this Agreement and will not affect, impair or invalidate any other covenant, condition, or other provision herein unless a court finds that the stricken provision(s) were integral to this Agreement and that it would be unfair to enforce the balance of the Agreement. If any covenant, condition, or other provision herein is held to be invalid due to its scope or breadth, such covenant, condition, or other provision shall be deemed valid to the extent of the scope or breadth permitted by law.

18. Arm's Length Negotiations. This Agreement has been negotiated at arms' length between persons knowledgeable in the matters dealt with herein. In addition, each of the Parties has been represented by independent legal counsel of its own choice. Accordingly, any rules of law, including, without limitation, Section 1654 of the California Civil Code, or any other statute, legal decision, or common law principle of similar effect, that would require interpretation of any ambiguities in this Agreement against the party that drafted it, is of no application and is hereby expressly waived. The provisions of this Agreement will be interpreted in a reasonable manner to effect the intentions of the Parties and of this Agreement.

19. Governing Law/Venue. This Agreement is made and entered into in the County of Los Angeles, State of California, and the rights and obligations of the parties hereunder shall in all respects be construed and enforced in accordance with, and governed by, the laws of the State of California. The Parties agree that all legal actions (including, without limitation, proceedings at law or in equity) arising out of this Agreement, shall be commenced and maintained only in the Los Angeles County Superior Court, in any other appropriate court in Los

Angeles County, California, or in the United States District Court for the Central District of California. Each Party hereby agrees to submit to the jurisdiction of any and all such courts and further agree that venue shall be proper only in such courts.

20. Mistake. Each Party has investigated the facts pertaining to the Settlement Documents to the extent such Party deems necessary. In entering into the Settlement Documents, each Party assumes the risk of mistake with respect to such facts. The Settlement Documents are intended to be final and binding upon the Parties regardless of any claim of mistake.

21. No Waiver. No provision herein may be waived unless in writing and signed by the Party or Parties whose rights are thereby waived. Waiver of any one provision herein shall not be deemed to be a waiver of any other provision herein.

22. Construction. This Agreement has been reviewed by the Parties, and by their respective attorneys, and the Parties have had a full opportunity to negotiate their contents. The Parties agree that the language in all parts of the Settlement Documents shall in all cases be construed as a whole, according to its fair meaning.

23. No Third Parties Benefited. Nothing in this Agreement or the Covenant Agreement, express or implied, is intended to confer upon any person or entity, other than the Parties or their respective permitted successors and assigns, any rights or benefits under or by reason of this Agreement or the Covenant Agreement.

24. Attorneys' Fees. In the event that any litigation shall be commenced concerning this Agreement or any Party's performance under this Agreement, the court, in its discretion, may award to the prevailing Party in such litigation, in addition to such other relief as may be granted, that Party's reasonable costs and expenses, including without limitation attorneys' fees and court costs, whether or not taxable, in addition to any other relief to which it may be entitled.

25. Exhibits. All Exhibits attached hereto are incorporated herein by this reference and made a part of this Agreement.

26. Business Day. The term "business day" means any day other than Saturday, Sunday or a holiday on which the U.S. Postal Service does not deliver regular mail.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first hereinabove set forth.

CITY OF CHINO HILLS

CITY OF DIAMOND BAR

By: _____
Konradt Bartlam, City Manager

By: _____
Daniel Fox, City Manager

ATTEST:

ATTEST:

By: _____
Cheryl Balz, City Clerk

By: _____
Tommye Cribbins, City Clerk

Approved as to form:

Approved as to form:

By: _____
Mark D. Hensley,
City Attorney

By: _____
David DeBerry,
City Attorney

**CITY OF INDUSTRY & CITY COUNCIL
OF THE CITY OF INDUSTRY**

By: _____
Troy Helling, City Manager

ATTEST:

By: _____
Julie Gutierrez-Robles,
Deputy City Clerk

Approved as to form:

By: _____
James M. Casso,
City Attorney

**SUCCESSOR AGENCY OF THE
INDUSTRY-URBAN DEVELOPMENT
AGENCY AND ITS BOARD OF
DIRECTORS**

By: _____
Troy Helling, Executive Director

ATTEST:

By: _____
Julie Gutierrez-Robles,
Deputy Agency Secretary

Approved as to form:

By: _____
James M. Casso,
Agency General Counsel

Agenda Item No. 6.2

No documentation Available – Oral Presentation