



Chino Hills · Diamond Bar · Industry

**TRES HERMANOS CONSERVATION AUTHORITY  
BOARD OF DIRECTORS MEETING**

**WEDNESDAY, March 11, 2026, AGENDA  
6:00 P.M.**

**CITY OF INDUSTRY - COUNCIL CHAMBERS  
15651 MAYOR DAVE WAY  
CITY OF INDUSTRY, CALIFORNIA**

**BOARD DIRECTORS  
CHAIR, CORY MOSS  
VICE-CHAIR, ANDREW CHOU  
DIRECTOR, STAN LIU  
DIRECTOR, STEVE MARCUCCI  
DIRECTOR, RAY MARQUEZ  
DIRECTOR, MARK RADECKI  
DIRECTOR, PETER ROGERS**

This agenda contains a brief general description of each item to be considered. Except as otherwise provided by law, no action shall be taken on any item not appearing on the agenda unless the Board of Directors makes a determination that an emergency exists or that a need to take immediate action on the item came to the attention of the City subsequent to the posting of the agenda. The Secretary of the Board has on file copies of written documentation relating to each item of business on this Agenda available for public inspection in the Office of the City of Industry City Clerk, in the public binder located at the entrance to the Council Chambers while the meeting is in session, and on the Authority's website at [www.treshermanos.org](http://www.treshermanos.org). Materials related to an item on this Agenda submitted to the Directors after distribution of the agenda packet are available for public inspection in the Office of the City of Industry, 15625 Mayor Dave Way, City of Industry, CA during normal business hours.

Speaker Cards - Those persons wishing to address the Directors on any matter, whether or not it appears on the agenda, are requested to complete and submit to the Authority Secretary a "Request to Speak" card available at the entrance to the City Council Chambers. In accordance with the Public Records Act, any information you provide on this form is available to the public. **You are not required to provide personal information in order to speak, except to the extent necessary for the Secretary of the Board to call upon you.** Comments will be limited to five minutes per speaker.

**Emails and documents submitted will be considered a public document subject to posting on the City's website and are subject to the Public Records Act.**

In compliance with the Americans with Disabilities Act, if you require special assistance to participate in the Board meeting, please contact the Authority Secretary, (626) 333-2211, at least 48 hours prior to the meeting to enable the Authority to make reasonable arrangements. [Click here](#) to view the Reasonable Accommodations Policy for The Tres Hermanos Conservation Authority Brown Act Meetings or contact the City Clerk's office to obtain a copy.

**PLEASE SILENCE ALL ELECTRONIC DEVICES WHILE BOARD IS IN SESSION. Thank you.**

## **CALL TO ORDER / ROLL CALL**

## **PLEDGE OF ALLEGIANCE**

## **PUBLIC COMMENTS**

**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.

## **REORGANIZATION OF THE BOARD OF DIRECTORS**

Select Chair and Vice-Chair

## **CONSENT CALENDAR**

1. Approve as submitted the minutes for December 10, 2025, regular meeting
2. Receive and file Payment Registers for months ended November 2025, December 2025, and January 2026
3. Receive and file Treasurer's Reports for months ending November 30, 2025, December 31, 2025, and January 31, 2025
4. Receive and file Statement of Investment Policy for Fiscal Year 2026-27

## **CLOSED SESSION:**

## **OLD BUSINESS:**

There is none.

## **NEW BUSINESS:**

5. Consideration of Amendment No. 1 to the Lease Agreement for Cattle Grazing by and between the Tres Hermanos Conservation Authority and Sage Environmental Group LLC, for use of that portion of Tres Hermanos Ranch South of the Arnold Reservoir

### *Recommended Action:*

- A. *Approve Amendment No. 1 to the Lease Agreement by and between the Tres Hermanos Conservation Authority and Sage Environmental Group LLC for use of that portion of Tres Hermanos Ranch South of the Arnold Reservoir, in a form approved by Authority General Counsel; and*
- B. *Determine that approval of Amendment No. 1 is exempt from the California Environmental Quality Act pursuant to Section 15301 (Class 1) of the CEQA Guidelines, and direct staff to file a Notice of Determination with the County of San Bernardino Clerk of the Board; and*

C. *Authorize the Executive Director to execute all documents related thereto.*

6. Update Procurement Manual Staff Report

*Recommended Action: Approve revisions to Section 3 – Federal Purchasing Policy of the Procurement Manual.*

7. Budget for Fiscal Year 2026-27 Staff Report

*Recommended Action: ADOPT RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRES HERMANOS CONSERVATION AUTHORITY, ADOPTING A BUDGET FOR FISCAL YEAR 2026-27.*

**AUTHORITY DIRECTOR COMMENTS:**

**ADJOURNMENT:** The next regular Tres Hermanos Conservation Authority meeting will be Wednesday, June 10, 2026, at 6:00 p.m.

TRES HERMANOS CONSERVATION AUTHORITY

CONSENT CALENDAR  
ITEM NO. 1

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TRES HERMANOS CONSERVATION AUTHORITY  
BOARD OF DIRECTORS REGULAR MEETING MINUTES  
CITY OF INDUSTRY, CALIFORNIA  
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**CALL TO ORDER/ROLL CALL**

The Regular Meeting of the Tres Hermanos Conservation Authority was called to order by Chair Cory Moss at 6:00 p.m., in the City of Industry Council Chambers.

**PLEDGE OF ALLEGIANCE:** The Pledge of Allegiance was led by Chair Cory Moss.

**ROLL CALL**

Directors in attendance: Cory Moss, Chair  
Chia Yu Teng, Alternate for Stan Liu  
Ray Marquez, Director  
Mark Radecki, Director  
Peter Rogers, Director

Absent: Andrew Chou, Vice Chair  
Steve Marcucci, Director

Staff in attendance: Joshua Nelson, Executive Director  
Dan Fox, Deputy Executive Director  
Benjamin Montgomery, Administrative Director  
Tracy Egoscue, General Counsel  
Julie Gutierrez-Robles, Authority Secretary

**PUBLIC COMMENTS**

There were none.

**CONSENT CALENDAR**

**APPROVE AS SUBMITTED THE MINUTES FOR SEPTEMBER 10, 2025, REGULAR MEETING**

**RECEIVE AND FILE PAYMENT REGISTERS FOR MONTHS ENDED AUGUST 2025, SEPTEMBER 2025, AND OCTOBER 2025**

**RECEIVE AND FILE TREASURER'S REPORTS FOR THE MONTHS ENDED AUGUST 31, 2025, SEPTEMBER 30, 2025, AND OCTOBER 31, 2025**

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**RECEIVE AND FILE THE AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2024-25**

Chair Moss asked if colleagues had any questions or comments. There were none.

Chair Moss asked if there was anyone from the public, either in person or online, that had any questions or comments. There were none.

MOTION BY DIRECTOR ROGERS, AND SECOND BY DIRECTOR RADECKI TO APPROVE THE CONSENT CALENDAR. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

AYES:	DIRECTORS :	TENG, ROGERS, RADECKI, MARQUEZ, C/MOSS
NOES:	DIRECTORS:	NONE
ABSENT:	DIRECTORS:	CHOU, MARCUCCI
ABSTAIN:	DIRECTORS:	NONE

**CLOSED SESSION :**

CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
Pursuant to Government Code Section 54956.8:

for price and terms for lease agreement for cattle grazing at Tres Hermanos Conservation Authority Ranch (APNs 1000-01-120, 1000-01-122, 1000-02-113, 1000-02-114, 1000-03-114, 1000-03-115).

Adam Chase

Negotiators, and Executive Director Joshua Nelson and Deputy Executive Director Daniel Fox, Authority Negotiators

Chair Moss asked Tracy Egoscue, General Counsel, to report out on closed session.

Tracy Egoscue stated that Closed Session ended at 6:29 pm with the following reportable action.

After conference with real property negotiators to government code section 54956.8 the price in term of lease agreement for cattle grazing at Tres Hermanos. We're going to have Executive Director Joshua Nelson walk through the lease agreement.

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Chair Moss commented that there was no response at this time.

**OLD BUSINESS:**

There was none.

**NEW BUSINESS:**

**CONSIDERATION OF A NON-EXCLUSIVE LEASE AGREEMENT FOR CATTLE GRAZING BY AND BETWEEN THE TRES HERMANOS CONSERVATION AUTHORITY AND ADAM CHASE, FOR USE OF THAT PORTION OF TRES HERMANOS RANCH SOUTH OF THE ARNOLD RESERVOIR**

*RECOMMENDED ACTION: THAT THE BOARD OF DIRECTORS:*

- a. *Determine that approval of the Lease Agreement is exempt from the California Environmental Quality Act pursuant to Section 15301 (Class 1) of the CEQA Guidelines, and direct staff to file a Notice of Determination with the County of San Bernardino Clerk of the Board.*
- b. *Approve the Lease Agreement by and between the Tres Hermanos Conservation Authority and Adam Chase for use of that portion of Tres Hermanos Ranch South of the Arnold Reservoir, in a form approved by Authority General Counsel; and*
- c. *Authorize the Executive Director to execute all documents related thereto.*

Executive Director Joshua Nelson provided a staff report and asked if the guest online Melanie Schlotterbeck would like a copied email. A copy was emailed to guest online, She stated yes, and Authority Secretary Julie Gutierrez-Robles provided that to her. The lease agreement will be for six months. The termination clause will be cut down to 30 days from 60 days. The rent amount will be \$185.41.

General Counsel Tracy Egoscue stated that paragraph 6 under rent, there will be no rent increase, so that language referring to rent increase will be deleted. There will be very limited use of the premises. For cattle ranching purpose only, and that will be very clear in the lease.

Executive Director Joshua Nelson stated at this time is that you determine the approval of the lease agreement exempt from California Environmental Quality Act pursuant to section 153301 (class 1) of CEQA guidelines and direct staff to file a notice of

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determination with the county of San Bernardino Clerk. The board to approve the lease agreement as noted or as changed verbally here by in between Tres Hermanos Conservation Authority and Adam Chase, For use of that portion of the Tres Hermanos Ranch South of the Arnold Reservoir, in a form approved by the authority General Counsel Tracy that she has the ability to make non substantive changes. If there's anything else we find in there that we would need to change. Order to executive this and then authorize the Executive Director to executive all documents.

Chair Moss asked if her colleagues had any questions or comments. There were none.

Chair Moss asked if there was anyone from the public, either in person or online, that had any questions of comments. There were none.

MOTION BY DIRECTOR RADECKI, AND SECOND BY DIRECTOR MARQUEZ TO DETERMINE THAT THE APPROVAL OF THE LEASE AGREEMENT EXEMPT FROM CEQA AND TO DIRECT STAFF TO FILE THE A NOTICE WITH COUNTY OF SAN BERNARDINO. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

AYES:	DIRECTORS :	TENG, ROGERS, RADECKI,, MARQUEZ, C/MOSS
NOES:	DIRECTORS:	NONE
ABSENT:	DIRECTORS:	CHOU, MARCUCCI
ABSTAIN:	DIRECTORS:	NONE

MOTION BY DIRECTOR ROGERS, AND SECOND BY CHAIR MOSS TO APPROVE THE LEASE AGREEMENT BETWEEN THE TRES HERMANOS CONSERVATION AUTHORITY AND ADAM CHASE AND AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE ALL RELATED DOCUMENTS. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

AYES:	DIRECTORS :	TENG, ROGERS, RADECKI, MARQUEZ, C/MOSS
NOES:	DIRECTORS:	NONE
ABSENT:	DIRECTORS:	CHOU, MARCUCCI
ABSTAIN:	DIRECTORS:	NONE

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**DISCUSS AND PROVIDE DIRECTION ON THE STRUCTURE AND FORMAT OF FUTURE PUBLIC TOURS OF THE TRES HERMANOS RANCH**

Executive Director Joshua Nelson shared ideas regarding opportunities to open the trail to the public on limited occasions throughout the year, such as during National Trails Day or similar events. He also suggested coordinating outreach efforts at nearby parks, such as Pantera Park and Chino Hills State Park, by setting up informational tables to provide information about the Authority.

Director Rogers expressed interest in offering both informal and more structured opportunities for public access. He noted that events such as National Trails Day could be one option, and depending on public interest, guided tours could potentially be offered periodically, ranging from two to three times per month to once or twice per year.

Executive Director Nelson proposed organizing a Trail Day event with shuttles in May, similar to an event held the previous year, as a trial effort. He noted that depending on participation and overall success, additional events could be considered in the future.

Director Marquez advised against scheduling a Trail Day in June due to high temperatures and suggested instead holding the Trail Day in May and potentially offering a shuttle event in October.

During public comment, a member of the public Melanie Schlotterbeck noted that National Public Lands Day occurs on the fourth Saturday in September, and Earth Day is observed on April 22.

**AUTHORITY DIRECTOR COMMENTS:**

Chair Moss wished everyone a Merry Christmas and Happy New Year.

Director Rogers announced that both he and Director Marquez have been reappointed to serve on the Tres Hermanos Conservation Authority.

**ADJOURNMENT**

There being no further business, the Tres Hermanos Conservation Authority adjourned at 6:45 p.m. The next regular meeting will be changed to March 11, 2026, at 6:00 p.m.

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CORY MOSS  
CHAIR

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JULIE GUTIERREZ-ROBLES  
AUTHORITY SECRETARY

TRES HERMANOS CONSERVATION AUTHORITY

CONSENT CALENDAR  
ITEM NO. 2



Chino Hills · Diamond Bar · Industry

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**Date:** March 11, 2026  
**To:** Chair and Board of Directors  
**From:** Joshua Nelson, Executive Director  
**Subject:** Payment Register

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**Recommendation:**

Receive and file the payment registers for November 30, 2025, December 31, 2025, and January 31, 2026.

**Background/Analysis:**

Pursuant to the Amended and Restated Tres Hermanos Conservation Authority Joint Powers Agreement Section 5.2 Disbursements, the warrants and wire transfers of the Authority should be periodically reviewed by the Board. Attached for your review are the payment registers for November 2025, December 2025, and January 2026. These payments may include the following types: automatic clearing house (ACH), electronic funds transfer (EFT), and paper check. ACH payments have a five-digit number starting with a "2", EFT payments have a five-digit number starting with a "1", and paper checks have a four-digit number.

**Levine Act Determination**

This item is NOT subject to the Levine Act

**Recommended By:**

Christa Buhagiar  
Treasurer

Attachments Payment Register - November 2025  
Payment Register - December 2025  
Payment Register - January 2026

# Tres Hermanos Conservation Authority

## Payment Register

From 11/1/2025 to 11/30/2025

#	DATE	VENDOR NAME	CONTRACT/ PO#	DESCRIPTION	RETENTION	INVOICE AMT
10128	11/12/2025	C & C ENGINEERING, INC.	THCA20-002	CNC/FIELDMGMT/SEP25		\$4,210.00
				<b>TOTAL</b>		<b>\$4,210.00</b>
10129	11/12/2025	CITY OF CHINO HILLS		CH/WATER/09/15/25-10/16/25		\$258.72
				<b>TOTAL</b>		<b>\$258.72</b>
10130	11/12/2025	LANCE, SOLL & LUNGHARD LLP	A2021-065	LSL/TRES HERMANOS AUDIT/2025		\$1,940.00
				<b>TOTAL</b>		<b>\$1,940.00</b>
10131	11/19/2025	AMERICAN TRANSPORTATION SYSTEMS	THCA24-006	AMERTRANS/BUSTOUR/09/27/25		\$2,460.00
				<b>TOTAL</b>		<b>\$2,460.00</b>
10132	11/19/2025	C & C ENGINEERING, INC.	THCA25-002	CNC/FIELDMGMT/OCT25		\$2,060.00
				<b>TOTAL</b>		<b>\$2,060.00</b>
10133	11/19/2025	CITY OF CHINO HILLS		CH/STAFF TIME/SEP25		\$386.76
				<b>TOTAL</b>		<b>\$386.76</b>
10134	11/19/2025	DIAMOND ENVIRONMENTAL SERVICES	THCA24-007	DIAMOND/RESTROOM/11/03/25-11/30/25		\$104.05
				<b>TOTAL</b>		<b>\$104.05</b>
10135	11/19/2025	EGOSCUE LAW GROUP, INC.	THCA19-004	EGOSCUE/LEGAL/OCT25		\$87.50
				<b>TOTAL</b>		<b>\$87.50</b>
20016	11/10/2025	CITIZENS BUSINESS BANK (THCA CREDIT CARD)		THCA CREDIT CARD PURCHASE		\$174.84
				<b>TOTAL</b>		<b>\$174.84</b>
<b>TOTAL</b>						<b>\$11,681.87</b>

Note: The payments above may include the following types: automatic clearing house (ACH), electronic funds transfer (EFT), and paper check. ACH payments have a five-digit number starting with a "2", EFT payments have a five-digit number starting with a "1", and paper checks have a four-digit number.

# Tres Hermanos Conservation Authority

## Payment Register

From 12/1/2025 to 12/31/2025

#	DATE	VENDOR NAME	CONTRACT/ PO#	DESCRIPTION	RETENTION	INVOICE AMT
5337	12/3/2025	STATE OF CALIFORNIA		WTR RIGHTS/FY25-26		\$363.80
					TOTAL	\$363.80
10136	12/3/2025	CITY OF CHINO HILLS		CH-WATER/10/16/25-11/14/25		\$216.92
					TOTAL	\$216.92
10137	12/3/2025	CITY OF DIAMOND BAR		DIAMOND BAR/SEP27		\$980.36
					TOTAL	\$980.36
10138	12/3/2025	INDUSTRY SECURITY SERVICES, INC	THCA24-003	INDSTY/SECURITY SRVCS/OCT25		\$4,135.40
					TOTAL	\$4,135.40
10139	12/3/2025	JANUS PEST MANAGEMENT, INC.	THCA22-006	JANUS/PEST/SEP25		\$75.00
	12/3/2025	JANUS PEST MANAGEMENT, INC.	THCA22-006	JANUS/PEST/OCT25		\$75.00
					TOTAL	\$150.00
10140	12/3/2025	KLINE'S PLUMBING INC	THCA24-004	KLINES PLUMB/1' PVC LINE REPAIR		\$575.00
					TOTAL	\$575.00
10141	12/10/2025	CITY OF CHINO HILLS		OCT25 STAFF TIME/SEP25 STAFF TIME-BUS TOUR		\$2,043.31
					TOTAL	\$2,043.31
10142	12/10/2025	DIAMOND ENVIRONMENTAL SERVICES	THCA24-007	DIAMOND/RESTROOM/12/01/25-12/28/25		\$104.05
					TOTAL	\$104.05
10143	12/10/2025	EGOSCUE LAW GROUP, INC.	THCA19-004	EGOSCUE/LEGAL/NOV25		\$350.00
					TOTAL	\$350.00
10144	12/10/2025	KLINE'S PLUMBING INC	THCA24-004	KLINES PLUMB/REPLCED GAS LINE		\$4,300.00
					TOTAL	\$4,300.00
10145	12/10/2025	LANCE, SOLL & LUNGHARD LLP	A2021-065	LSL/TRES HERMANOS AUDIT/2025		\$220.00
					TOTAL	\$220.00
10146	12/17/2025	C & C ENGINEERING, INC.	THCA25-002	CNC/FIELDMGMT/NOV25		\$4,202.50
					TOTAL	\$4,202.50
10147	12/17/2025	INDUSTRY SECURITY SERVICES, INC	THCA24-003	INDSTY/SECURITY SRVCS/NOV25		\$4,064.14
					TOTAL	\$4,064.14
<b>TOTAL</b>						<b>\$21,705.48</b>

Note: The payments above may include the following types: automatic clearing house (ACH), electronic funds transfer (EFT), and paper check. ACH payments have a five-digit number starting with a "2", EFT payments have a five-digit number starting with a "1", and paper checks have a four-digit number.

# Tres Hermanos Conservation Authority

## Payment Register

From 1/1/2026 to 1/31/2026

#	DATE	VENDOR NAME	CONTRACT/ PO#	DESCRIPTION	RETENTION	INVOICE AMT
5338	1/28/2026	CITY OF INDUSTRY	THCA21-005	LACITY/WEEDS/AUG25		\$12,055.62
	1/28/2026	CITY OF INDUSTRY		INDUSTRY/SEP27/BUS		\$460.00
				<b>TOTAL</b>		<b>\$12,515.62</b>
10148	1/7/2026	CITY OF CHINO HILLS		CH WATER/11/14/25-12/10/25		\$246.18
				<b>TOTAL</b>		<b>\$246.18</b>
10149	1/7/2026	JANUS PEST MANAGEMENT, INC.	THCA22-006	JANUS/PEST/NOV25		\$210.00
				<b>TOTAL</b>		<b>\$210.00</b>
10150	1/14/2026	DIAMOND ENVIRONMENTAL SERVICES	THCA24-007	DIAMOND/RESTROOM/12/29/25-01/25/26		\$104.05
				<b>TOTAL</b>		<b>\$104.05</b>
10151	1/14/2026	EGOSCUE LAW GROUP, INC.	THCA19-004	EGOSCUE/LEGAL/DEC25		\$962.50
				<b>TOTAL</b>		<b>\$962.50</b>
10152	1/14/2026	INDUSTRY SECURITY SERVICES, INC	THCA24-003	INDSTY/SECURITY SRVCS/DEC25		\$4,206.72
				<b>TOTAL</b>		<b>\$4,206.72</b>
10153	1/28/2026	C & C ENGINEERING, INC.	THCA25-002	CNC/FIELDMGMT/DEC25		\$7,661.25
				<b>TOTAL</b>		<b>\$7,661.25</b>
10154	1/28/2026	CITY OF CHINO HILLS		CH-WATER/12/10/25-01/14/26		\$216.92
	1/28/2026	CITY OF CHINO HILLS		CH/STAFFTIME/NOV25		\$451.22
				<b>TOTAL</b>		<b>\$668.14</b>
10155	1/28/2026	JANUS PEST MANAGEMENT, INC.	THCA26-001	JANUS/PEST/DEC25		\$75.00
				<b>TOTAL</b>		<b>\$75.00</b>
<b>TOTAL</b>						<b>\$26,649.46</b>

Note: The payments above may include the following types: automatic clearing house (ACH), electronic funds transfer (EFT), and paper check. ACH payments have a five-digit number starting with a "2", EFT payments have a five-digit number starting with a "1", and paper checks have a four-digit number.

TRES HERMANOS CONSERVATION AUTHORITY

CONSENT CALENDAR  
ITEM NO. 3



Chino Hills · Diamond Bar · Industry

AGENDA NO.

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**Date:** March 11, 2026  
**To:** Chair and Board of Directors  
**From:** Joshua Nelson, Executive Director  
**Subject:** Treasurer's Report

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**Recommendation:**

Receive and file the Treasurer's Reports for the months ended November 30, 2025, December 31, 2025, and January 31, 2026.

**Background/Analysis:**

Pursuant to the Amended and Restated Tres Hermanos Conservation Authority Joint Powers Agreement Section 5.3 Accounts, the Treasurer must verify and report in writing, at least quarterly, the amount of money held for the Authority and the amount of interest earnings, revenues, and expenditures since the last report. Attached for your information are the Treasurer's Reports for November 2025, December 2025, and January 2026.

**Levine Act Determination**

This item is NOT subject to the Levine Act

**Recommended By:**

Christa Buhagiar  
Treasurer

Attachments Treasurer's Report - Nov 2025  
Treasurer's Report - Dec 2025  
Treasurer's Report - Jan 2026

**Tres Hermanos Conservation Authority  
Treasurer's Report  
For the Month Ended November 30, 2025**

Description	Cost Value	Market Value	Interest/ Book Yield	Maturity Date	% of Portfolio
<b>Cash and Cash Equivalents</b>					
Citizens Business Bank - Premium Money Market	\$ 38,767	\$ 38,767	0.02%	n/a	9.63%
LAIF Account	363,077	363,777	4.10%	n/a	90.37%
<b>Total Investment Portfolio</b>	<b>\$ 401,844</b>	<b>\$ 402,544</b>			<b>100.00%</b>

<b>Blended Yield of Cash and Investments</b>	<b>3.71%</b>
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<b>Benchmarks:</b>	
LAI	4.10%
6mo U.S. Treasury	3.74%
2yr U.S. Treasury	3.47%
5yr U.S. Treasury	3.59%

I hereby certify that the investments are in compliance with the investment policy adopted by the the Board of Directors. The investment portfolio provides sufficient funds to meet the budgeted expenditures over the next six months. This report meets the requirements of Government Code Section 53646.



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Christina Buhagiar  
Treasurer

**Tres Hermanos Conservation Authority**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Month Ended November 30, 2025**

	Budget 2025/26	November 2025	Fiscal Year To Date 2025/26	% of Budget Used
<b>Revenues:</b>				
Interest Income	\$ -	\$ 1	\$ 3,976	-
Fair Market Value Adjustment	-	-	(307)	-
Rental Income	15,312	1,113	8,905	58%
Reimbursements	4,164	259	1,250	30%
Contributions from Member Agencies	236,760	-	236,760	100%
Total Revenues	<u>256,236</u>	<u>1,373</u>	<u>250,584</u>	<u>98%</u>
<b>Expenditures:</b>				
Contractual Services	308,208	9,009	23,822	8%
Bank Charges	51	-	-	0%
Audit Services	2,160	1,940	1,940	90%
Legal Services	9,934	88	2,275	23%
Security Services	55,161	-	12,335	22%
Professional Services	10,002	387	1,386	14%
Liability Insurance	22,200	-	2,015	9%
Office Supplies	1,503	-	1,352	90%
Water	3,540	259	1,210	34%
Permits & Fees	7,353	-	50	1%
Total Expenditures	<u>420,112</u>	<u>11,683</u>	<u>46,385</u>	<u>11%</u>
Excess of Revenues Over/(Under) Expenditures	<u>\$ (163,876)</u>	<u>\$ (10,310)</u>	<u>\$ 204,199</u>	
<b>Fund Balances:</b>				
Beginning of Fiscal Year			\$ 200,738	
Excess of Revenues Over/(Under) Expenditures			204,199	
As of November 30, 2025			<u>\$ 404,937</u>	A
<b>Fund Balances by City:</b>				
Chino Hills			\$ 134,979	
Diamond Bar			134,979	
Industry			134,979	
Total Fund Balances by City			<u>\$ 404,937</u>	

A The ending fund balance in the amount of \$404,937 differs from the bank balance of \$401,844. The \$3,093 difference represents accounts receivable.

**Tres Hermanos Conservation Authority  
Treasurer's Report  
For the Month Ended December 31, 2025**

Description	Cost Value	Market Value	Interest/ Book Yield	Maturity Date	% of Portfolio
<b>Cash and Cash Equivalents</b>					
Citizens Business Bank - Premium Money Market LAIF Account	\$ 17,981	\$ 17,981	0.02%	n/a	4.71%
	363,077	363,869	4.03%	n/a	95.29%
<b>Total Investment Portfolio</b>	<b>\$ 381,058</b>	<b>\$ 381,850</b>			<b>100.00%</b>

<b>Blended Yield of Cash and Investments</b>	<b>3.84%</b>
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<b>Benchmarks:</b>	
LAIF	4.03%
6mo U.S. Treasury	3.59%
2yr U.S. Treasury	3.47%
5yr U.S. Treasury	3.73%

I hereby certify that the investments are in compliance with the investment policy adopted by the the Board of Directors. The investment portfolio provides sufficient funds to meet the budgeted expenditures over the next six months. This report meets the requirements of Government Code Section 53646.



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Christina Buhagiar  
Treasurer

**Tres Hermanos Conservation Authority**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Month Ended December 31, 2025**

	<u>Budget 2025/26</u>	<u>December 2025</u>	<u>Fiscal Year To Date 2025/26</u>	<u>% of Budget Used</u>
<b>Revenues:</b>				
Interest Income	\$ -	\$ -	\$ 3,978	-
Fair Market Value Adjustment	-	-	(307)	-
Rental Income	15,312	1,670	10,574	69%
Reimbursements	4,164	217	1,467	35%
Contributions from Member Agencies	236,760	-	236,760	100%
<b>Total Revenues</b>	<u>256,236</u>	<u>1,887</u>	<u>252,472</u>	<u>99%</u>
<b>Expenditures:</b>				
Contractual Services	308,208	12,307	36,130	12%
Bank Charges	51	-	-	0%
Audit Services	2,160	220	2,160	100%
Legal Services	9,934	350	2,625	26%
Security Services	55,161	8,200	20,534	37%
Professional Services	10,002	258	1,644	16%
Liability Insurance	22,200	-	2,015	9%
Office Supplies	1,503	-	1,352	90%
Water	3,540	217	1,427	40%
Permits & Fees	7,353	364	414	6%
<b>Total Expenditures</b>	<u>420,112</u>	<u>21,916</u>	<u>68,301</u>	<u>16%</u>
<b>Excess of Revenues Over/(Under) Expenditures</b>	<u>\$ (163,876)</u>	<u>\$ (20,029)</u>	<u>\$ 184,171</u>	
<b>Fund Balances:</b>				
Beginning of Fiscal Year			\$ 200,738	
Excess of Revenues Over/(Under) Expenditures			184,171	
As of December 31, 2025			<u>\$ 384,909</u> <sup>A</sup>	
<b>Fund Balances by City:</b>				
Chino Hills			\$ 128,303	
Diamond Bar			128,303	
Industry			128,303	
<b>Total Fund Balances by City</b>			<u>\$ 384,909</u>	

<sup>A</sup> The ending fund balance in the amount of \$384,909 differs from the bank balance of \$381,058. The \$3,851 difference is the net of \$4,061 in accounts receivable and (\$210) in accounts payable.

**Tres Hermanos Conservation Authority  
Treasurer's Report  
For the Month Ended January 31, 2026**

Description	Cost Value	Market Value	Interest/ Book Yield	Maturity Date	% of Portfolio
<b>Cash and Cash Equivalents</b>					
Citizens Business Bank - Premium Money Market	\$ 34,220	\$ 34,220	0.02%	n/a	9.20%
LAIF Account	336,996	337,731	3.93%	n/a	90.80%
<b>Total Investment Portfolio</b>	<b>\$ 371,216</b>	<b>\$ 371,951</b>			<b>100.00%</b>

<b>Blended Yield of Cash and Investments</b>	<b>3.57%</b>
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<b>Benchmarks:</b>	
LAIF	3.93%
6mo U.S. Treasury	3.61%
2yr U.S. Treasury	3.52%
5yr U.S. Treasury	3.79%

I hereby certify that the investments are in compliance with the investment policy adopted by the the Board of Directors. The investment portfolio provides sufficient funds to meet the budgeted expenditures over the next six months. This report meets the requirements of Government Code Section 53646.



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Christina Buhagiar  
Treasurer

**Tres Hermanos Conservation Authority**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Month Ended January 31, 2026**

	Budget 2025/26	January 2026	Fiscal Year To Date 2025/26	% of Budget Used
<b>Revenues:</b>				
Interest Income	\$ -	\$ 3,920	\$ 7,898	-
Fair Market Value Adjustment	-	-	(307)	-
Rental Income	15,312	556	11,131	73%
Reimbursements	4,164	206	1,674	40%
Contributions from Member Agencies	236,760	-	236,760	100%
<b>Total Revenues</b>	<b>256,236</b>	<b>4,682</b>	<b>257,156</b>	<b>100%</b>
<b>Expenditures:</b>				
Contractual Services	308,208	20,356	56,486	18%
Bank Charges	51	20	21	41%
Audit Services	2,160	-	2,160	100%
Legal Services	9,934	963	3,588	36%
Security Services	55,161	4,207	24,741	45%
Professional Services	10,002	451	2,095	21%
Liability Insurance	22,200	-	2,015	9%
Office Supplies	1,503	-	1,352	90%
Water	3,540	463	1,890	53%
Permits & Fees	7,353	-	414	6%
<b>Total Expenditures</b>	<b>420,112</b>	<b>26,460</b>	<b>94,762</b>	<b>23%</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>	<b>\$ (163,876)</b>	<b>\$ (21,778)</b>	<b>\$ 162,394</b>	
<b>Fund Balances:</b>				
Beginning of Fiscal Year			\$ 200,738	
Excess of Revenues Over/(Under) Expenditures			162,394	
As of January 31, 2026			<b>\$ 363,132</b>	<b>A</b>
<b>Fund Balances by City:</b>				
Chino Hills			\$ 121,044	
Diamond Bar			121,044	
Industry			121,044	
<b>Total Fund Balances by City</b>			<b>\$ 363,132</b>	

A The ending fund balance in the amount of \$363,132 differs from the bank balance of \$371,216. The (\$8,084) difference is the net of \$4,431 in accounts receivable and (\$12,515) in outstanding checks.

TRES HERMANOS CONSERVATION AUTHORITY

CONSENT CALENDAR  
ITEM NO. 4



Chino Hills · Diamond Bar · Industry

AGENDA NO.

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**Date:** March 11, 2026

**To:** Chair and Board of Directors

**From:** Joshua Nelson, Executive Director

**Subject:** Statement of Investment Policy for Fiscal Year 2026-27

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Recommendation:

Adopt a Resolution entitled: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRES HERMANOS CONSERVATION AUTHORITY, ADOPTING THE STATEMENT OF INVESTMENT POLICY FOR FISCAL YEAR 2026-27

Background/Analysis:

Pursuant to the Amended and Restated Tres Hermanos Conservation Authority (Authority) Joint Powers Agreement Section 3.8 Treasurer, an investment policy will need to be annually adopted by the Board of Directors, as required by the State of California Government Code Section 53646, and consistent with Government Code Sections 16429.1, 53601, 53635, and 53684, as they may be amended.

The following addition has been made to the Authority's Statement of Investment Policy (Investment Policy) for Fiscal Year 2026-27 (see Exhibit A) and is illustrated in the attached redline version:

- Updated **Section X. AUTHORIZED INVESTMENTS** to include the specific section of California law that establishes the Local Agency Investment Fund (LAIF). This was a clarification only and does not change the Authority's investment policy.

Fiscal Impact:

There is no fiscal impact with this item.

Levine Act Determination

This item is NOT subject to the Levine Act.

Recommended By:



Christa Buhagiar  
Treasurer

Attachments FY 26/27 Investment Policy - Redline  
Resolution  
Exhibit A - FY 26/27 Investment Policy

**TRES HERMANOS CONSERVATION AUTHORITY**  
**Statement of Investment Policy**  
**Fiscal Year 2026-27**

**I. POLICY**

It is the policy of the Tres Hermanos Conservation Authority ("Authority") to meet the short and long-term cash flow demands of the Authority in a manner which will provide for the safety of principal and sufficient liquidity while providing an investment return. The purpose of this Statement of Investment Policy ("Investment Policy") is to outline a process of the investment of Authority funds in a prudent manner in order to meet Authority objectives.

**II. SCOPE**

This Investment Policy applies to all investment activities and financial assets of the Authority held by the Authority and its agents and trustees.

**III. DELEGATION OF AUTHORITY**

Pursuant to the Authority's By-Laws the Treasurer shall perform the duties as authorized in Section 6506 et seq. of the Government Code.

Where the Board of Directors delegates the responsibility for investing the Authority's funds to the Treasurer, if the Treasurer is absent or otherwise unavailable to make investments, the Treasurer delegates those responsibilities to the Finance Manager at the City of Chino Hills. Investments made by the Finance Manager will be restricted to the State of California Local Agency Investment Fund ("LAIF"). The Treasurer may delegate to subordinates the execution of daily investment transactions. These investment transactions shall be approved by the Treasurer.

**IV. PRUDENCE**

All investments purchased shall have daily liquidity or a final stated maturity date upon which the full principal value of the security will be received. Although the investment will mature at full principal value, it is recognized that the market will vary throughout the life of the security.

**V. OBJECTIVE**

The objective of the investment portfolio is to meet the short and long-term cash flow demands of the Authority. To achieve this objective, the portfolio will be structured to provide safety of principal and liquidity while then providing a return on investments. The following criteria, in priority order, shall govern all investment decisions.

A. Safety of Principal

Investments of the Authority shall be undertaken in a manner that seeks to ensure that capital losses are minimized, whether from institution default or erosion of the market value of securities. The Authority shall seek to preserve principal by mitigating the two types of risk in order of importance: 1) credit risk, and 2) market or interest rate risk.

1. Credit Risk. Credit risk, defined as the risk of loss due to failure of an issuer of a security, shall be mitigated by purchasing Treasuries or high-grade securities. All investments beyond Treasury securities will be diversified so that the failure of any one issuer would not unduly harm the Authority's cash flow. Credit risk shall also be mitigated by pre-qualifying financial institutions, broker/dealers, intermediaries and advisors with which the Authority does business.
2. Market or Interest Rate Risk. Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. Interest rate risk may be mitigated by structuring the funds so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in shorter-term securities. The cash flow is updated on a daily basis and will be considered prior to the investment of securities, which will reduce the necessity to sell investments for liquidity purposes. Long-term securities shall not be purchased for the sole purpose of short-term speculation. Securities shall not be sold prior to maturity with the following exceptions: 1) a declining credit security would be sold early to minimize loss of principal, 2) a security swap would improve the quality, yield, or target duration in the portfolio, or 3) liquidity needs of the portfolio require that the security be sold. Purchases of investments will be restricted to securities with a final stated maturity not to exceed five (5) years.

B. Liquidity

The funds shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

C. Return on Investments

The funds shall be designed to attain a return on investments through budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of least importance

compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

## **VI. ETHICS AND CONFLICTS OF INTEREST**

The Treasurer and other employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. The Treasurer and investment employees shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio and shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of their entity. The Treasurer and investment employees are required to file annual disclosure statements as required by the Fair Political Practices Commission (FPPC). During the course of the year, if there is an event subject to disclosure that could impair the ability of the Treasurer or investment employees to make impartial decisions, the Board of Directors will be notified in writing within 10 days of the event.

## **VII. SAFEKEEPING OF SECURITIES**

Investments in LAIF are undeliverable and are not subject to delivery or third-party safekeeping. The Treasurer shall not be responsible for securities delivered to and receipted for by a financial institution until they are withdrawn from the financial institution by the Treasurer.

On a monthly basis, the custodial asset statement shall be reconciled with the month end portfolio holdings. On an annual basis, the external auditor confirms investment holdings.

## **VIII. REPORTING**

Pursuant to Section 53607 and Section 53646 of the Government Code, the Treasurer shall render a report to the Board of Directors containing detailed information on all investments and moneys of the Authority. The report will be submitted on a monthly basis and be provided to the Board of Directors within 45 days following the end of the month.

The report will contain the following information on the funds that are subject to this Investment Policy: 1) the type of investment, name of the insurer, date of maturity, cost in each investment, 2) the market value and source of the valuation, 3) a description of the compliance with the statement of Investment Policy, and 4) a statement denoting the Authority's ability to meet its pool's expenditure requirements for the next six months, and 5) transactions for the period.

## **IX. INTERNAL CONTROLS**

The Treasurer shall develop a system of internal investment controls and a segregation of responsibilities of investment functions in order to assure an adequate system of internal control over the investment function. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected.

## **X. AUTHORIZED INVESTMENTS**

The Authority's investments are governed by California Government Code, Sections 53600 *et seq.* Within the investments permitted by the Code, the Authority seeks to further restrict eligible investments to the guidelines listed below. In the event a discrepancy is found between this policy and the Code, the more restrictive parameters will take precedence. Percentage holding limits and credit limits listed in this section apply at the time the security is purchased.

**STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND (LAIF)**, [created by California Government Code Section 16429.1](#), provided that:

- The Authority may invest up to the maximum amount permitted by LAIF.
- LAIF's investments in instruments prohibited by or not specified in the Authority's policy do not exclude the investment in LAIF itself from the Authority's list of allowable investments, provided LAIF's reports allow the Treasurer to adequately judge the risk inherent in LAIF's portfolio.

## **XI. PROHIBITED INVESTMENTS AND TRANSACTIONS**

- A. The Authority shall not invest any funds in inverse floaters, range notes, or mortgage derived, interest-only strips.
- B. The Authority shall not invest any funds in any security that could result in zero interest accrual if held to maturity. However, the Authority may hold prohibited instruments until their maturity dates. The limitation in this subdivision shall not apply to Authority investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, and following) that are authorized for investment pursuant to Section XIV, above.
- C. No credit union may act as a selected depository institution under Section 53601.8 or Section 53635.8 for certificates of deposit.
- D. The Authority shall not purchase or sell securities on margin.

- E. Reverse Repurchase Agreements shall not be directly used by the Authority.
- F. The purchase of foreign currency denominated securities is prohibited.

## **XII. POLICY REVIEW**

In accordance with amended Section 53646 of the Government Code, the Treasurer will annually render a Statement of Investment Policy for review and adoption by the Board of Directors to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return, and its relevance to current law, financial and economic trends, and to meet the needs of the Authority.

## Glossary of Investment Terms

- BROKER.** A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.
- CREDIT RISK.** The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.
- DEALER.** A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.
- DURATION.** The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration).
- LIQUIDITY.** The speed and ease with which an asset can be converted to cash.
- LOCAL AGENCY INVESTMENT FUND (LAIF).** A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.
- MARGIN.** The difference between the market value of a security and the loan a broker makes using that security as collateral.
- MODIFIED DURATION.** The percent change in price for a 100 basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.
- REPURCHASE AGREEMENT.** Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a reverse repurchase agreement.
- SAFEKEEPING.** A service to bank customers whereby securities are held by the bank in the customer's name.

RESOLUTION NO. THCA 2026-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
TRES HERMANOS CONSERVATION AUTHORITY,  
ADOPTING THE STATEMENT OF INVESTMENT POLICY  
FOR FISCAL YEAR 2026-27

**WHEREAS**, the Statement of Investment Policy provides the Board of Directors (Board) shall annually review the Statement of Investment Policy; and

**WHEREAS**, the Tres Hermanos Conservation Authority (Authority) requests to adopt the Statement of Investment Policy for the Fiscal Year 2026-27.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE TRES HERMANOS CONSERVATION AUTHORITY DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:**

**SECTION 1.** Investments of the Authority's funds for the Fiscal Year 2026-27 shall be made in accordance with the Authority's Statement of Investment Policy attached to this Resolution as Exhibit A.

**SECTION 2.** The policy adopted by this Resolution is in addition to and supplements any other legal requirements.

**SECTION 3.** The Statement of Investment Policy adopted by this Resolution supersedes all investment policies previously adopted by the Board.

**SECTION 4.** The Treasurer must make a monthly report of any investment transactions to the Board as required by Government Code Section 53607.

**SECTION 5.** This Resolution will take effect on July 1, 2026.

**PASSED, APPROVED, AND ADOPTED** this 11th day of March 2026.

\_\_\_\_\_  
, Chair  
Tres Hermanos Conservation Authority

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 regular meeting held on the 11th day of March 2026, by the following Roll Call vote:

AYES: DIRECTORS:

NOES: DIRECTORS:

ABSENT: DIRECTORS:

ABSTAIN: DIRECTORS:

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Julie Gutierrez-Robles, Secretary  
Tres Hermanos Conservation Authority

**Exhibit A**

**TRES HERMANOS CONSERVATION AUTHORITY  
Statement of Investment Policy  
Fiscal Year 2026-27**

**I. POLICY**

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All investments purchased shall have daily liquidity or a final stated maturity date upon which the full principal value of the security will be received. Although the investment will mature at full principal value, it is recognized that the market will vary throughout the life of the security.

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The funds shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

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The funds shall be designed to attain a return on investments through budgetary and economic cycles, taking into account the investment risk

constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

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The report will contain the following information on the funds that are subject to this Investment Policy: 1) the type of investment, name of the insurer, date of maturity, cost in each investment, 2) the market value and source of the valuation, 3) a description of the compliance with the statement of Investment Policy, and 4) a statement denoting the Authority's ability to meet its pool's expenditure requirements for the next six months, and 5) transactions for the period.

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- B. The Authority shall not invest any funds in any security that could result in zero interest accrual if held to maturity. However, the Authority may hold prohibited instruments until their maturity dates. The limitation in this subdivision shall not apply to Authority investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, and following) that are authorized for investment pursuant to Section XIV, above.
- C. No credit union may act as a selected depository institution under Section 53601.8 or Section 53635.8 for certificates of deposit.
- D. The Authority shall not purchase or sell securities on margin.

- E. Reverse Repurchase Agreements shall not be directly used by the Authority.
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- DEALER.** A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.
- DURATION.** The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration).
- LIQUIDITY.** The speed and ease with which an asset can be converted to cash.
- LOCAL AGENCY INVESTMENT FUND (LAIF).** A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.
- MARGIN.** The difference between the market value of a security and the loan a broker makes using that security as collateral.
- MODIFIED DURATION.** The percent change in price for a 100 basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.
- REPURCHASE AGREEMENT.** Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a reverse repurchase agreement.
- SAFEKEEPING.** A service to bank customers whereby securities are held by the bank in the customer's name.

TRES HERMANOS CONSERVATION AUTHORITY

NEW BUSINESS  
ITEM NO. 5



Chino Hills · Diamond Bar · Industry

**Date:** March 11, 2026

**To:** Chair and Board of Directors

**From:** Joshua Nelson, Executive Director

**Subject:** Consideration of Amendment No. 1 to the Lease Agreement for Cattle Grazing by and between the Tres Hermanos Conservation Authority and Sage Environmental Group LLC, for use of that portion of Tres Hermanos Ranch South of the Arnold Reservoir

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**Recommendation:**

That the Board of Directors:

- A. Approve Amendment No. 1 to the Lease Agreement by and between the Tres Hermanos Conservation Authority and Sage Environmental Group LLC for use of that portion of Tres Hermanos Ranch South of the Arnold Reservoir, in a form approved by Authority General Counsel; and
- B. Determine that approval of Amendment No. 1 is exempt from the California Environmental Quality Act pursuant to Section 15301 (Class 1) of the CEQA Guidelines, and direct staff to file a Notice of Determination with the County of San Bernardino Clerk of the Board; and
- C. Authorize the Executive Director to execute all documents related thereto.

**Background/Analysis:**

On November 12, 2025, the Tres Hermanos Conservation Authority ("Authority") approved a Lease Agreement ("Lease") with Sage Environmental Group LLC ("Sage Environmental") for Cattle Grazing for that portion of Tres Hermanos Ranch, South of the Arnold Reservoir ("Premises"). The proposed Amendment No. 1 to the Lease would add the use of the premises and pasture located at APN 1000-031-15-000 to the Leased Premises, and updates the Sections in the lease

entitled Use, Rent, Removal of Improvements, and the map in Exhibit A as such. The proposed Amendment also adds a monthly fee for water service provided by the City of Chino Hills, subject to an annual increase each July. The proposed Amendment No. 1 is included in Attachment 1 for review and consideration by the Board of Directors.

**Fiscal Impact:**

Water service in the amount of \$39.70 per month, subject to annual increases, will be paid by Sage Environmental to the Authority.

**Legal Review:**

The Authority General Counsel has reviewed and approved Amendment No. 1 as to form.

**Attachments:**

1. Amendment No. 1 to the Lease Agreement by and between the Tres Hermanos Conservation Authority and Sage Environmental Group LLC

## TRES HERMANOS CONSERVATION AUTHORITY

### AMENDMENT NO. 1 TO LEASE AGREEMENT FOR CATTLE GRAZING – SOUTH OF ARNOLD RESERVOIR WITH SAGE ENVIRONMENTAL GROUP LLC

This Amendment No. 1 to the Lease Agreement (“Agreement”), is made and entered into \_\_\_\_\_ (“Effective Date”), by and between the Tres Hermanos Conservation Authority (AUTHORITY) and Sage Environmental Group LLC (LESSEE). AUTHORITY and LESSEE are hereinafter collectively referred to as the “Parties”.

**WHEREAS**, the Parties entered into the Agreement on November 12, 2025; and

**WHEREAS**, the Parties desire to amend the Agreement to include the use of the premises located at APN 1000-031-15-0000; and

**WHEREAS**, for the reasons set forth herein, AUTHORITY and LESSEE desire to enter into this Amendment No. 1, as set forth below.

**NOW, THEREFORE**, in consideration of the mutual covenants, promises and agreements set forth herein, it is agreed the aforesaid Agreement, and incorporated herein by reference, shall remain in full force and effect except as otherwise hereinafter provided:

1. Section 2 of the Agreement is amended in its entirety to read as follows:

**PREMISES LEASED:** For and in consideration of the mutual covenants and obligations herein contained and to be kept and performed by the respective parties hereto, AUTHORITY does hereby Lease and let unto LESSEE and LESSEE does hereby hire and take from AUTHORITY, upon the terms and conditions hereinafter set forth, non-exclusive use of all that certain real property located in the City of Chino Hills, State of California, described in Exhibit "A" attached hereto and by this reference incorporated herein including use of the premises and pasture located at APN 1000-031-15-0000 (hereinafter sometimes referred to as the "Leased Premises").

2. Section 5 of the Agreement is amended in its entirety to read as follows:

**USE:** The AUTHORITY Leases the Leased Premises to LESSEE for the sole purpose of grazing cattle providing the benefit of weed abatement to the AUTHORITY. Other actions related to grazing cattle including but not limited to use of the premises located at APN 1000-031-15-0000 for cattle ranching purposes only, constructing and repairing fences and gates, necessary maintenance and repairs to the premises located at APN 1000-031-15-0000, rounding up and releasing livestock and feeding livestock are also allowed. The Leased Premises shall be used for no other purpose by LESSEE without prior written consent of

the AUTHORITY. LESSEE shall cooperate and communicate regularly with the other cattle grazing LESSEE, Frank Reyes to ensure that LESSEE does not unreasonably interfere with LESSEE Frank Reyes' use and ability to graze the Leased Premises.

3. Section 6 of the Agreement is hereby added to as follows:

and (3) ensure any and all necessary maintenance and repairs to the premises located at APN 1000-031-15-0000.

4. Section 12 of the Agreement is amended in its entirety to read as follows:

**UTILITIES:** LESSEE is responsible for arranging all utility services and agrees to promptly pay, when due, all charges for any and all utilities supplied to the Leased Premises, including but not limited to water, electricity, gas, garbage/waste collection services and telephone services, used by LESSEE in or on the Premises during the term of this Agreement. For water service provided by the City of Chino Hills, AUTHORITY shall invoice LESSEE monthly, and LESSEE agrees to pay AUTHORITY an amount for water service supplied to Leased Premises determined by the water purveyor for services based on an Elevation Surcharge Intermediate Zone with a 5/8" meter and three units of water each month. Such amount shall be \$39.70 per month for Fiscal Year 2025-2026. Effective July 1, 2026, the LESSEE's charges for water service will be subject to an annual increase in July each year thereafter. AUTHORITY will provide at least 30-days notice to LESSEE each year of the relevant increase. In the event that the LESSEE becomes the sole party with access to the Leased Premises, LESSEE agrees to pay AUTHORITY for the full amount of all charges for water supplied by the City of Chino Hills to the Leased Premises

5. Section 15 of the Agreement is amended in its entirety to read as follows:

**REMOVAL OF IMPROVEMENTS:** Upon the termination of this Lease or any extension or renewal thereof, and the faithful performance of each and all of the covenants thereof, the LESSEE shall have the right to remove from the Leased Premises any and all machinery, fixtures, equipment, and improvements placed thereon by LESSEE (with the exception of any improvements to the premises located at APN 1000-031-15-0000) including but not limited to machinery, fixtures, and equipment. Upon any such termination, if the LESSEE does not elect to renew this Lease, any unremoved machinery, fixtures, equipment, and improvements shall thereupon become the property of the AUTHORITY.

6. Exhibit A ("Leased Premises") shall be replaced in its entirety with the new Exhibit A, attached hereto and incorporated herein by this reference.
7. This Amendment may be executed in duplicate originals, each of which is deemed to be an original, and may be executed in counterparts. Electronically

signed copies of this Amendment utilizing technology which conforms to the requirements in both Government Code Section 16.5 and 2 California Code of Regulations Section 22003 shall legally bind the parties to the same extent as the original documents.

8. Except as modified by this Amendment No. 1, all other terms and conditions of the Agreement remain the same.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment No. 1 to be executed as of the Effective Date.

TRES HERMANOS CONSERVATION  
AUTHORITY:

LESSEE:

\_\_\_\_\_  
Chair

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Julie Gutierrez-Robles, Secretary

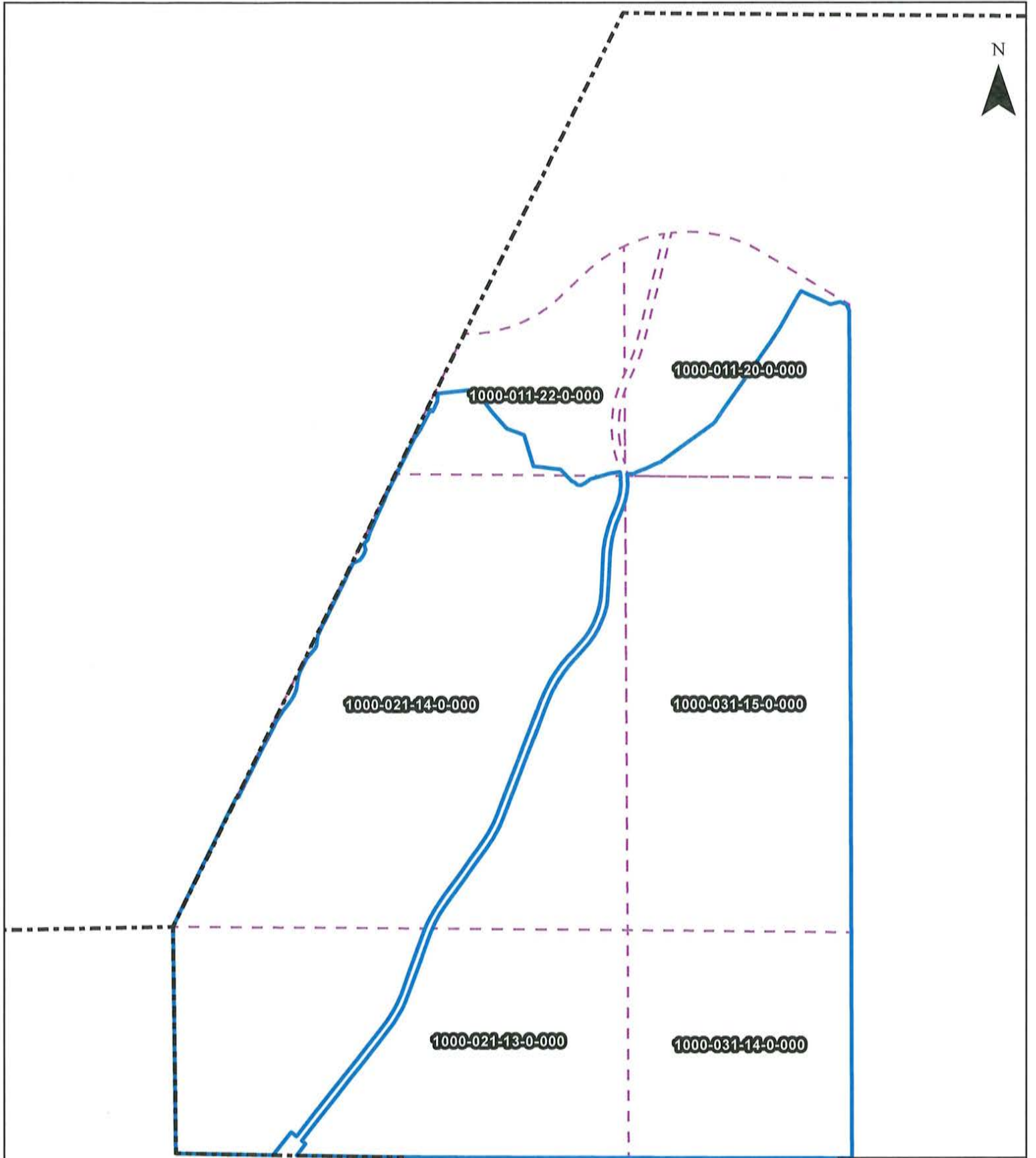
Date: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
Tracy J. Egoscue, Authority General Counsel

Date: \_\_\_\_\_

## EXHIBIT A



LA County  
Chino Hills

-  Leased Premises
-  Parcels
-  City Boundaries

**TRES HERMANOS CONSERVATION AUTHORITY**  
EXHIBIT A - CATTLE GRAZING SOUTH OF ARNOLD RESERVOIR

TRES HERMANOS CONSERVATION AUTHORITY

NEW BUSINESS  
ITEM NO. 6



Chino Hills · Diamond Bar · Industry

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**AGENDA NO.**

**Date:** March 11, 2026

**To:** Chair and Board of Directors

**From:** Joshua Nelson, Executive Director

**Subject:** Procurement Manual Update

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**Recommendation:**

Approve revisions to Section 3 - Federal Purchasing Policy of the Procurement Manual

**Background/Analysis:**

On November 8, 2023, the Tres Hermanos Conservation Authority (Authority) adopted a Procurement Manual which consists of separate policies for (1) Contract Compliance, (2) Purchasing, (3) Federal Purchasing, (4) Bid Protest Process, and (5) Credit Card.

On April 4, 2024, the Office of Management & Budget (OMB) updated the Uniform Guidance (2 C.F.R. Part 200), which includes federal purchasing requirements. These changes took effect for new grants or modifications to existing ones on October 1, 2024. As a result, several proposed updates have been incorporated into the Authority's Federal Purchasing Policy.

- Certain terms and definitions have been updated to align with federal language and ensure consistency.
- Several sections have been modified to align with the latest federal regulations, ensuring compliance with current federal procurement requirements.
- Language has been added to clarify the use of cooperative purchasing agreements, allowing the Authority to leverage contracts from other government agencies for greater efficiency and cost savings.

**Fiscal Impact:**

There is no fiscal impact associated with this item.

**Levine Act Determination**

This item is NOT subject to the Levine Act.

Recommended By:



Christa Buhagiar  
Treasurer

Attachments Federal Purchasing Policy Redline  
Federal Purchasing Policy Clean

# TRES HERMANOS CONSERVATION AUTHORITY

## FEDERAL PURCHASING POLICY

Date Adopted: 11/8/23

Last Revised: 3/11/26

Section: 3

### 1. PURPOSE

Federal law ~~imposes particular requirements on the use of~~ sets specific rules for using federal funds. ~~The purpose of and~~ this Federal Purchasing Policy is designed to supplement ~~complement~~ the Tres Hermanos Conservation Authority's (Authority) ~~existing current~~ Purchasing Policy and ~~outline the contract provision requirements~~ Contract Compliance Policy by outlining the necessary steps for using federal funds to buy goods or services.

### 2. DEFINITIONS

2.1 Disallowed Costs – Expenses that are not permitted under a Federal grant. The specifics and list of disallowed costs depends on the funding agency or governing regulations.

2.2 Federal Grant – A cost-reimbursement contract or financial assistance received directly from a Federal agency or indirectly from a pass-through entity.

2.3 Micro-purchase – An individual procurement transaction for supplies or services, the aggregate amount of which does not exceed the micro-purchase threshold.

2.4 Pass-through Entity – An entity that receives federal grant funds and then distributes a portion of those funds to subrecipients to carry out part of the funded program.

~~4.12.5 Price materials, products, or services. Analysis – The requirements governing the purchasing process are designed to ensure that the Authority:~~ of evaluating a proposed price to determine whether a price is fair and reasonable based on market conditions, historical prices, and competitive offers.

- ~~• Follow a free and open competitive Procurement – The process in securing these products for~~ of acquiring goods, services.
- ~~• Properly document purchasing activities and decisions.~~

~~4.22.6 Observe the special rules for particular kinds of purchases (simplified acquisitions, competitive sealed bids, competitive proposals, and sole, or~~

works from an external source (procurements), often through competitive bidding or negotiation process.

- ~~• Use local businesses and contract with small, minority and/or women-owned businesses to the maximum extent feasible.~~
- ~~• Include the required contract provisions on new contracts.~~
- ~~• Properly bond and insure work involving large construction contracts and/or subcontracts.~~

2.7 Simplified Acquisition Threshold - means the dollar amount below which the Authority may purchase property or services using small purchase methods.

2.8 Subrecipient – An entity that receives a subaward from a pass-through entity to carry out part of a Federal award.

### 2.3. RESPONSIBILITY

#### 2.13.1 Executive Director

2.1.13.1.1 Appoints in writing the Purchasing Agent(s).

2.1.23.1.2 Recommends policy changes to the Board.

3.1.3 Approves contracts, purchase orders and other related documents within the designated signing authority.

#### 3.2 Treasurer

3.2.1 Recommends policy changes to the Executive Director.

3.2. Provides general oversight of2 Serves as a resource for the Authority regarding the policy.

#### 3.3 Project Manager

3.3.1 Must be familiar with the Procurement Manual.

3.3.2 Provides general oversight of all procurement functions within their respective department in accordance with this policy.

#### 3.4 Purchasing Agent

2.1.33.4.1 Supervises all purchasing transactions functions within the delegated authorized limit and ensures compliance in accordance

with relevant~~applicable~~ policies and procedures, and consistent with California Public Contract Code (PCG).

3.4.2 Ensures staff maintains proper documentation for every purchasing decision.

### 3.5 Authority General Counsel

3.5.1 Advises Authority staff as needed on legal federal purchasing requirements.

## 3.4. POLICY

~~This Federal Purchasing policy applies to all Authority expenditures of monies received through a federal agency, whether those monies come directly from a federal agency or through an intermediary known as a "pass-through entity." The Authority has existing rules for purchasing services and products as defined in the Purchasing Policy. To the extent that this federal policy conflicts with the Authority's regular procurement policies, these federal policies preempt the Authority's standard policies when federal funds are involved.~~

~~The Authority is required to ensure the integrity of its purchasing decisions; to document the history, results, and decisions behind its purchases; to follow the rules for certain kinds of transactions; and to offer opportunities to local and disadvantaged firms to respond to its purchasing needs. By observing these basic rules, the purchasing decisions can be more efficient and follow the requirements for fair, competitive purchasing. In addition, when the Authority uses federal funds to purchase materials or services, it is not sufficient simply to state that the Authority received the lowest possible price and followed the rules. Therefore, to avoid disallowed costs and/or recapture of payments, it is necessary that there is proper documentation of the background, need, and details of every purchasing decision, regardless of the magnitude or nature of the item purchased.~~

~~Staff must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.~~

This policy has been developed in accordance with federal guidelines outlined in the Office of Management and ~~Budget's~~Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (~~2~~CFR §200), codified in Title 2 of the Code of Federal Regulations (CRF) Part 200 (<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200>). It applies to all Authority expenditures of funds received through a federal agency, either directly or through an intermediary known as a "pass-through entity."

The Authority has existing rules for purchasing goods and contracting for services. However, when federal funds are involved, these federal policies take precedence over the Authority's standard procurement policies in the event~~case~~ of any conflict. Staff are encouraged to consult the Authority Treasurer with questions regarding potential conflicts between the Authority policies and federal policies. If specific federal grants administered by the Authority have additional unique requirements, those requirements must also be followed.

Department staff must maintain proper documentation for every purchasing decision, regardless of the magnitude or nature of the item purchased, to avoid disallowed costs and potential recapture of payments. These records should include, but are not limited to:

- The rationale for the procurement method.
- Selection of contract type.
- Contractor selection or rejection.
- The basis for the contract price.

Practices that impede or obstruct competition are prohibited and may result in disciplinary action, including termination of employment.

#### 3.4.1 Conflict of Interest (2 CFR Section 200.318(c))

The Authority must maintain written standards of conduct covering conflicts of interest and governing the actions of its officers and agents engaged in the selection, award, and administration of contracts. No officer~~or~~, agent~~of the Authority~~, or board member with real or apparent conflict of interest may participate in the selection, award, or administration of a contract supported by federal funds if he or she has a real or apparentFederal award.

A conflict of interest~~Such a conflict would arise~~ includes when the officer, or agent, or board member, any member of his or her~~their~~ immediate family, his or her~~their~~ partner, or an organization which~~that~~ employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm~~an entity~~ considered for a contract. ~~The officers~~An officer, agent, and agentsboard member of the ~~Authority~~recipient or subrecipient may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors~~or parties to subcontracts~~. The ~~applicable member city~~Authority may take appropriate disciplinary ~~actions~~action for violations of such standards by officers, ~~agents~~, or ~~agents of the Authority~~board members.

~~All officers and agents of the Authority involved in the selection, award, or administration of a contract supported by federal funds must avoid any actual or apparent conflict of interest. Such individuals may not derive any personal financial or other benefit from any contract or transaction~~

~~supported by federal funds. This prohibition includes parents, children (biological, foster, and/or adopted) and siblings, as such close relationships could give rise to an appearance of conflict. To avoid conflicts and the appearance of conflicts, contractors and consultants that prepare specifications, statements of work or other material portions of requests for proposal are excluded from bidding on the underlying work.~~

### 3.24.2 Methods of Informal Procurement Methods (2 CFR Section 200.320(a))

~~Federal regulations place great emphasis on securing the best value for each federal dollar and on promoting free and open competition. Consequently, all purchases using federal funds require a cost/price analysis and documentation showing that more than one vendor was considered.~~  
Informal procurement methods may be used when the value of the procurement transaction under a Federal award does not exceed the simplified acquisition threshold (SAT). These procurement methods may be used to expedite the completion of transactions, minimize administrative burden, and reduce costs. The informal methods used for procurement of property or services at or below the SAT include:

#### 4.2.1 Micro-Purchases (aka Open Market)

For procurement up to and including \$10,000 annually, per purchase or per project. Micro-purchases may be awarded without soliciting competitive price or rate quotations if the Purchasing Agent considers the price reasonable based on research, experience, purchase history or other information; and maintains documents to support its conclusion. Authority purchase cards may be used as a method of payment for micro-purchases.

#### ~~3.31.14.~~

~~Price analysis is a comparison of prices offered by qualified vendors competing in the open market. Price analysis may be as simple as "comparison shopping" prices for standard goods published by a number of vendors or as complicated as written bids submitted in response to a detailed request for proposal.~~

~~All procurement transactions must be conducted in a manner providing full and open competition. Requirements or practices that impede or obstruct such competition are not permitted and may result in disciplinary action, including termination of employment by the applicable member city.~~

~~Procurement transactions must be conducted in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly~~

~~mandate or encourage geographic preference. Federal preemption does not apply, however, to state licensing laws.~~

- ~~3.2.1 **Micro-Purchases:** The acquisition of supplies, services, or equipment wherein the aggregate dollar amount does not exceed \$10,000. For purchases \$10,000 or less, use your own judgment in identifying potential suppliers. Purchase orders are required.~~

~~Purchases for \$10,000 or less are typically standardized goods or services available from many sources. Such purchases do not require competitive bidding or detailed documentation; however, pricing should be obtained from more than one supplier and this research should be documented in the file. Whenever practicable, micro-purchases should be distributed equitably among qualified suppliers.~~

- ~~3.2.2 **Simplified Acquisition:** The acquisition of supplies, services, or equipment in the range of \$10,001 to \$250,000. (aka Informal Bidding)~~

~~For procurement over \$10,000 and up to \$50,000 annually, per purchase or per project or for public construction contracts of \$220,000 or less. Price or rate quotations must be obtained from an adequate number of qualified sources ~~prior to~~. The Authority's practice is to attempt to obtain three quotes before making a purchase. ~~For purchases between \$10,001 and \$250,000, the requestor will need to submit a purchase order documenting at least three price quotes and the basis for vendor selection prior to making a purchase.~~~~

~~Minimum acceptable documentation consists of requests for proposal issued, responses received and criteria used for final selection. There is no requirement that contracts be awarded solely on the basis of price (i.e., to the lowest bidder). Other considerations, such as vendor's experience in the field or quality of products or services offered, may justify a higher price. Those reasons must be documented in the transaction file.~~

~~Documentation in writing is required and can include screen shots from websites, copies of published price lists and advertised pricing in established magazines or journals. This documentation should be attached to the purchase order prior to routing for workflow and the requestor should not make the purchase until the purchase order has been fully approved. If a purchase order is not received and approved prior to receiving an invoice, the Treasurer will have the authority to reject the invoice from being paid against federal~~

~~funds. If you require assistance in obtaining three quotes, please contact the Treasurer.~~

If you are uncertain as to whether or not a purchase qualifies as a micro-purchase or a simplified acquisition, please contact the Treasurer prior to making the purchase.

#### 4.3 Formal Procurement Methods (2CFR Section 200.320(b))

Formal procurement methods are required when the value of the procurement transaction under a Federal award exceeds the simplified acquisition threshold. Formal procurement methods are competitive and require public notice. The following formal methods of procurement are used for procurement transactions above the simplified acquisition threshold:

##### 4.3.2.31 Sealed Bids: ~~For construction projects costing more than \$250,000,~~

A procurement method in which bids are publicly solicited through an invitation and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid conforms with all the material terms and conditions of the invitation and is the lowest in price. ~~Sealed~~The sealed bids are the procurement method is preferred method ~~for procuring construction contracts.~~services costing more than \$220,000. If needed, the Project Manager should work collaboratively with the Authority General Counsel and the requestor ~~to facilitate this process and to ensure all federal requirements are met. It is important that the requestor communicate his/her plans for major purchases as early as possible so there is reasonable time to accomplish the~~

- (i) For sealed bidding procedure to be feasible, the following conditions should be present:
- a. A complete, adequate, and realistic specification or purchase description is available;
  - b. Two or more responsible bidders have been identified as willing and able to compete effectively for the business; and
  - c. The procurement lends itself to a firm fixed price contract, and the selection of the successful bidder can be made principally on the basis of price.
- (ii) If sealed bids are used, the following requirements apply:

~~a. The invitation for bids shall be publicly advertised.~~

~~b.a.~~ Bids must be solicited from an adequate number of ~~known-suppliers~~ qualified sources, providing them with sufficient response time prior to respond the date set for opening the bids.

~~e.b.~~ The invitation for bids must ~~fully-describe~~ define the items or services ~~sought, so that~~ with specific information, including any required specifications, for the bidder ~~may~~ to properly respond.

~~d.c.~~ All bids will be publicly opened at the time and place prescribed in the invitation for bids.

~~e.d.~~ A firm-fixed-price contract ~~award will be made is~~ awarded in writing to the lowest responsive bid and responsible bidder. When specified in the invitation for bids, factors such as discounts, transportation cost, and life-cycle costs must be considered in determining which bid is the lowest. Payment discounts must only be used to determine the low bid when the Project Manager determines they are a valid factor based on prior experience.

~~e.~~ ~~Any or~~ The Project Manager must document and provide a justification for all bids ~~may be~~ that are rejected ~~if there is a sound, documented reason.~~

#### 4.3.2 ~~4~~ ~~Competitive~~ Proposals: ~~For~~ (aka Request for Proposals)

A procurement method used when conditions are not appropriate for using sealed bids. This procurement method may result in either a fixed-price or cost-reimbursement ~~contracts~~ contract costing more than \$~~250~~50,000, ~~competitive~~ annually, per purchase or per project. They are awarded in accordance with the following requirements:

a. Requests for proposals ~~are normally conducted with more than one source submitting an offer.~~ require public notice, and all evaluation factors and their relative importance must be identified. Proposals must be solicited from multiple qualified entities. To the maximum extent practical, any proposals submitted in response to the public notice must be considered.

b. The Authority must have written procedures for conducting technical evaluations and making selections.

~~a-c.~~ Contracts must be awarded to the responsible ~~firm~~offeror whose proposal is most advantageous to the ~~program with Authority considering~~ price and other factors ~~considered;~~ and

d. ~~3.2.5~~—The Authority may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby the offeror's qualifications are evaluated, and the most qualified offeror is selected, subject to negotiation of fair and reasonable compensation. The method, where the price is not used as a selection factor, can only be used to procure A/E professional services. This method may not be used to purchase other services provided by A/E firms that are a potential source to perform the proposed effort.

4.4 Noncompetitive **Proposals:**—Procurement ~~through~~(aka Exceptions to Competitive Bidding) (2CFR Section 200.320( c))

#### 4.4.1 Sole Source

Noncompetitive procurement (also known as sole source procurement) may only be used if one of the following circumstances applies:

a. The aggregate amount of the procurement transaction does not exceed the micro-purchase threshold;

b. The procurement transaction can only be fulfilled by a single source;

c. The public exigency or emergency for the requirement will not permit a delay resulting from providing public notice of a competitive solicitation;

d. The Authority requests in writing to use a noncompetitive procurement method, and the Federal agency or pass-through entity provide written approval; or

e. After ~~of a Request for Proposal from only one source.~~ soliciting several sources, competition is determined inadequate.

A waiver must be granted in writing by the Executive Director:— for circumstances (b) through (e) of this section.

~~“Sole source” or non-competitive procurement may be used only when one or more of the following circumstances apply:~~

- ~~a. The item is available only from a single source.~~
- ~~b. Public exigency or emergency will not permit a delay resulting from competitive solicitation.~~
- ~~c. The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals.~~

#### 4.4.2 Cooperative Purchasing Agreements

Federal grant funds may be used to fund purchases made through cooperative purchasing agreements, provided that the purchases are (i) allowable costs under the grant program, (ii) the cooperative purchasing agreement is consistent with the terms of the grant, (iii) the procurement complies with all applicable federal regulations and guidelines, and (iv) the procurement complies with all applicable state and local procurement rules and policies. When a cooperative purchasing program is used, the Purchasing Agent must document how use of the cooperative program complies with all federal procurement standards and any applicable state and local procurement rules and policies.

- ~~d. After solicitation of a number of sources, competition is determined to be inadequate.~~

#### 3.44.5 Small, Minority-Owned and Women-Owned Businesses (2 CFR Section 200.321)

~~The~~When possible, the Authority ~~must take all necessary affirmative steps to assure~~should ensure that small businesses, minority businesses, and women's business enterprises ~~are used when possible.~~

~~Affirmative steps include, at minimum:~~

~~Placing qualified small and minority, veteran-owned~~ businesses and women's, and labor surplus area firms (See U.S. Department of Labor's list) are considered as set forth below.

Such consideration means:

- a. These business ~~enterprises~~types are included on solicitation lists.;
- b. ~~Assuring that small and minority businesses, and women's~~These business ~~enterprises~~types are solicited whenever they are deemed eligible as potential sources.;

- c. Dividing ~~total~~ requirements, ~~when~~ economically feasible, ~~procurement transactions~~ into ~~smaller tasks or quantities~~ separate procurements to permit maximum participation by ~~small and minority businesses, and women's~~ these business enterprises. types;
- d. Establishing delivery schedules, ~~where the requirement permits, which- (for example, the percentage of an order to be delivered by a given date of each month) that~~ encourage participation by ~~small and minority businesses, and women's~~ these business enterprises. types;
- e. ~~Using the services and assistance, as appropriate, of such-~~ Utilizing organizations such as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
- f. ~~Requiring the prime~~ a contractor, ~~if- under a Federal award to apply this section to~~ subcontracts ~~are to be allowed, to observe the foregoing requirements.~~
- g. ~~h.f. Contracts funded with federal grant monies may not be awarded to contractors that have been debarred or suspended from receiving federal monies pursuant to the Federal Excluded Parties List System.~~

### 3.54.6 Contract Cost and Price (2 CFR Section 200.324)

- 3.4.6.1 The Authority must perform a cost or price analysis ~~in connection with~~ for every procurement ~~action in excess of the Simplified Acquisition Threshold~~ transaction, including contract modifications; ~~in excess of the simplified acquisition threshold.~~ The method and degree of analysis ~~is dependent~~ conducted depend on the facts surrounding the particular procurement ~~situation,~~ but transaction. For example, Authority staff should consider potential workforce impacts if the procurement transaction will displace public sector employees. However, as a starting point, the Authority must make independent estimates before receiving bids or proposals.
- 3.4.2 ~~The Authority must negotiate profit as a separate element of the price for each contract in which there is no price competition and, in all cases, where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.~~

~~3.4.34.6.2~~ Costs or prices based on estimated costs for contracts under the federal award are allowable only to the extent that the costs incurred or cost estimates included in negotiated prices would be allowable for the non-federal entity Authority under Title 2, Part 200, Subpart E—Cost Principles. The Authority may reference its own cost principles that as long as they comply with the federal cost principles Subpart E—Cost Principles.

~~3.4.46.3~~ The Authority must not use the “cost plus a percentage of cost” and “percentage of construction cost costs” methods of contracting. ~~may not be used.~~

### 3.64.7 Contract Provisions Required (2 CFR Appendix II to Part 200)

All contracts, ~~awarded by a recipient including simplified acquisitions, shall made by the Authority under the Federal award must~~ contain provisions covering the following ~~provisions,~~ as applicable:

~~3.5.1~~ **Equal Employment Opportunity** — All contracts are required to comply with E.O. 11246, “Equal Employment Opportunity” (30 FR 12319, 12953, 3 CFR, 1964-1965 Comp., p.330), as amended by E.O. 11375, “Amending Executive Order 11246 Relating to Equal Employment Opportunity,” and as supplemented by regulations at 41 CFR part 60, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.”

~~3.5.2~~ **Copeland “Anti-Kickback” Act** (18 U.S.C. 874 and 40 U.S.C. 276c) — All contracts and sub grants in excess of \$2,000 for construction or repair awarded by recipients and subrecipients shall include a provision for compliance with the Copeland “Anti-Kickback” Act (18 U.S.C. 874), as supplemented by Department of Labor regulations (29 CFR part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that each contractor or subrecipient shall be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he is otherwise entitled. The recipient shall report all suspected or reported violations to the federal awarding agency.

~~3.5.3~~ **Davis-Bacon Act**, as amended (40 U.S.C. 276a to a-7) — When required by federal program legislation, all construction contracts awarded by the recipients and subrecipients of more than \$2,000 shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR part 5, “Labor Standards Provisions Applicable

~~to Contracts Governing Federally Financed and Assisted Construction"). Under this Act, contractors shall be required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the Secretary of Labor. In addition, contractors shall be required to pay wages not less than once a week. The recipient shall place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation and the award of a contract shall be conditioned upon the acceptance of the wage determination. The recipient shall report all suspected or reported violations to the federal awarding agency.~~

#### 3.5.44.7.1 Equal Employment Opportunity

All contracts that meet the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3, must include the equal opportunity clause provided under 41 CFR 60-1.4(b).

#### 4.7.2 Davis-Bacon Act and Copeland "Anti-Kickback" Act

When required by Federal program legislation, all prime construction contracts in excess of \$2,000 must include a provision for compliance with the Davis-Bacon Act as amended (40 U.S.C. 3141-3148) and the Copeland "anti-Kickback" Act (40 U.S.C. 3145), as supplemented by the Department of Labor regulations (29 CFR Part 3).

#### 4.7.3 Contract Work Hours and Safety Standards Act

~~(40 U.S.C. 327-333)—Where applicable, all contracts awarded by recipients in excess of \$2,000 for construction contracts and in excess of \$2,500 for other contracts~~100,000 that involve the employment of mechanics or laborers ~~shall~~must include a provision for compliance with ~~sections 102 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333),~~3702 and 3704, as supplemented by ~~the~~ Department of Labor regulations (29 CFR ~~part~~ 5). ~~Under section 102 of the Act, each contractor shall be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than 1<sup>1</sup>/<sub>2</sub> times the basic rate of pay for all hours worked in excess of 40 hours in the work week. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials~~

~~or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence. [Part 5](#)).~~

~~3.5.54.7.4~~ Rights to Inventions Made Under a Contract or Agreement—  
~~Contracts or agreements for the performance of experimental, developmental, or research work shall provide~~

~~Provision for the rights of the federal government and the recipient in any resulting invention in accordance with [for experimental, developmental, or research work](#) (37 CFR part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency).~~

~~34.7.5.6~~ Clean Air Act (~~42 U.S.C. 7401–7671q~~) and the Federal Water Pollution Control Act

~~([33 U.S.C. 1251–1387](#)), as amended—Contracts and ~~sub grants~~subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-federalFederal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401–7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C.1251–1387). ~~Violations must be reported to the federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).~~~~

~~3.5.7—Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (42 U.S.C. 6201).~~

~~3.5.8 Debarment and Suspension (Executive Orders 12549 and 12689)—[4.7.6 Debarment and Suspension](#)~~

~~A contract award (see 2CFR 180.220) must not be made to parties listed on the government wide Excluded Parties List Systemgovernmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 ~~that implement Executive Orders 12549 (3 CFR Part 1986 Comp., p. 189) and 12689 (3 CFR Part 1989 Comp., p. 235), “Debarment and Suspension.” The Excluded Parties List System in SAM contains the names. This can be checked at <http://sam.gov/contact/hom>. Project Managers must save proof of parties debarred, suspended, or otherwise excluded by agencies, as~~~~

~~well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549. Department staff should print a screen shot of the SAM website showing the outcome of the lookup and keep it in the project file.~~this verification in their files.

### ~~3.5.94.7.7~~ Byrd Anti-Lobbying Amendment

~~(31 U.S.C. 1352) Contractors that apply or bid for an award of exceeding \$100,000 or more must file the required certification. Each tier certifies (31 U.S.C. 1352).~~

See Appendix II to the tier Part 200 – Contract Provisions for Non-Federal Entity Contracts Under Federal Awards for more detailed information regarding the ~~above that it will not and has not used federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-federal funds that takes place in connection with obtaining any federal award. Such disclosures are forwarded from tier to tier up to the non-federal award.~~

### ~~3.7.4.8~~ Bonding Requirements (2 CFR Section 200.326)

~~The~~The Federal agency or pass-through entity may accept the Authority's bonding policy and requirements for ~~bonding in procurement are as follows:~~

~~3.6.1 For construction or facility improvement (sub) contracts exceeding \$100,000, the following minimum federal or subcontracts exceeding the simplified acquisition threshold. Before doing so, the Federal agency or pass-through entity must determine that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements (2 CFR section 200.325) for bid guarantees, performance bonds, and payment bonds must be met. These include~~must be as follows:

~~a.4.8.1~~ A bid guarantee from each bidder equivalent to ~~5~~five percent of the bid price. The "bid guarantee" must ~~be consist of~~ be consist of a firm commitment ~~in the form of~~such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder ~~is prepared to will, upon acceptance of the bid, execute a contract any required contractual documents~~ is prepared to will, upon acceptance of the bid, execute a contract any required contractual documents within the ~~time specified for the bid amount~~timeframe.

~~b.4.8.2~~ A performance bond ~~from on~~ from on the ~~(sub) contractor~~contractor's part for 100 percent of the contract price. A performance bond is a bond

executed in connection with a contract to secure the ~~(sub) contractor's~~ fulfillment of all ~~obligations~~ the contractor's requirements under ~~the~~ a contract.

- e. — 4.8.3 A payment bond ~~from~~ on the ~~(sub) contractor~~ contractor's part for 100 percent of the contract price. A payment bond is a bond executed in connection with a contract to assure payment as required by the law of all persons supplying labor and material in the execution of the work provided for under the contract.

# TRES HERMANOS CONSERVATION AUTHORITY

## FEDERAL PURCHASING POLICY

Date Adopted: 11/8/23

Last Revised: 3/11/26

Section: 3

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### 1. PURPOSE

Federal law sets specific rules for using federal funds and this Federal Purchasing Policy is designed to complement the Tres Hermanos Conservation Authority's (Authority) current Purchasing Policy and Contract Compliance Policy by outlining the necessary steps for using federal funds to buy goods or services.

### 2. DEFINITIONS

- 2.1 Disallowed Costs – Expenses that are not permitted under a Federal grant. The specifics and list of disallowed costs depends on the funding agency or governing regulations.
- 2.2 Federal Grant – A cost-reimbursement contract or financial assistance received directly from a Federal agency or indirectly from a pass-through entity.
- 2.3 Micro-purchase – An individual procurement transaction for supplies or services, the aggregate amount of which does not exceed the micro-purchase threshold.
- 2.4 Pass-through Entity – An entity that receives federal grant funds and then distributes a portion of those funds to subrecipients to carry out part of the funded program.
- 2.5 Price Analysis – The process of evaluating a proposed price to determine whether a price is fair and reasonable based on market conditions, historical prices, and competitive offers.
- 2.6 Procurement – The process of acquiring goods, services, or works from an external source, often through competitive bidding or negotiation process.
- 2.7 Simplified Acquisition Threshold - means the dollar amount below which the Authority may purchase property or services using small purchase methods.
- 2.8 Subrecipient – An entity that receives a subaward from a pass-through entity to carry out part of a Federal award.

**3. RESPONSIBILITY****3.1 Executive Director**

- 3.1.1 Appoints in writing the Purchasing Agent(s).
- 3.1.2 Recommends policy changes to the Board.
- 3.1.3 Approves contracts, purchase orders and other related documents within the designated signing authority.

**3.2 Treasurer**

- 3.2.1 Recommends policy changes to the Executive Director.
- 3.2.2 Serves as a resource for the Authority regarding the policy.

**3.3 Project Manager**

- 3.3.1 Must be familiar with the Procurement Manual.
- 3.3.2 Provides general oversight of all procurement functions within their respective department in accordance with this policy.

**3.4 Purchasing Agent**

- 3.4.1 Supervises all purchasing transactions within the authorized limit and ensures compliance with applicable policies and procedures.
- 3.4.2 Ensures staff maintains proper documentation for every purchasing decision.

**3.5 Authority General Counsel**

- 3.5.1 Advises Authority staff as needed on legal federal purchasing requirements.

**4. POLICY**

This policy has been developed in accordance with federal guidelines outlined in the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards codified in Title 2 of the Code of Federal Regulations (CRF) Part 200 (<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200>). It applies to all Authority expenditures of funds received through a federal agency, either directly or through an intermediary known as a "pass-through entity."

The Authority has existing rules for purchasing goods and contracting for services. However, when federal funds are involved, these federal policies take precedence over the Authority's standard procurement policies in the event of any conflict. Staff are encouraged to consult the Authority Treasurer with questions regarding potential conflicts between the Authority policies and federal policies. If specific federal grants administered by the Authority have additional unique requirements, those requirements must also be followed.

Department staff must maintain proper documentation for every purchasing decision, regardless of the magnitude or nature of the item purchased, to avoid disallowed costs and potential recapture of payments. These records should include, but are not limited to:

- The rationale for the procurement method.
- Selection of contract type.
- Contractor selection or rejection.
- The basis for the contract price.

Practices that impede or obstruct competition are prohibited and may result in disciplinary action, including termination of employment.

#### 4.1 Conflict of Interest (2 CFR Section 200.318(c))

The Authority must maintain written standards of conduct covering conflicts of interest and governing the actions of its officers and agents engaged in the selection, award, and administration of contracts. No officer, agent, or board member with real or apparent conflict of interest may participate in the selection, award, or administration of a contract supported by a Federal award.

A conflict of interest includes when the officer, agent, or board member, any member of their immediate family, their partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from an entity considered for a contract. An officer, agent, and board member of the recipient or subrecipient may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors. The Authority may take appropriate disciplinary action for violations of such standards by officers, agents, or board members.

To avoid conflicts and the appearance of conflicts, contractors and consultants that prepare specifications, statements of work or other material portions of requests for proposal are excluded from bidding on the underlying work.

#### 4.2 Informal Procurement Methods (2 CFR Section 200.320(a))

Informal procurement methods may be used when the value of the procurement transaction under a Federal award does not exceed the simplified acquisition threshold (SAT). These procurement methods may be used to expedite the completion of transactions, minimize administrative burden, and reduce costs. The informal methods used for procurement of property or services at or below the SAT include:

##### 4.2.1 Micro-Purchases (aka Open Market)

For procurement up to and including \$10,000 annually, per purchase or per project. Micro-purchases may be awarded without soliciting competitive price or rate quotations if the Purchasing Agent considers the price reasonable based on research, experience, purchase history or other information; and maintains documents to support its conclusion. Authority purchase cards may be used as a method of payment for micro-purchases.

##### 4.2.2 Simplified Acquisition (aka Informal Bidding)

For procurement over \$10,000 and up to \$50,000 annually, per purchase or per project or for public construction contracts of \$220,000 or less. Price or rate quotations must be obtained from an adequate number of qualified sources. The Authority's practice is to attempt to obtain three quotes before making a purchase.

If you are uncertain as to whether or not a purchase qualifies as a micro-purchase or a simplified acquisition, please contact the Treasurer prior to making the purchase.

#### 4.3 Formal Procurement Methods (2CFR Section 200.320(b))

Formal procurement methods are required when the value of the procurement transaction under a Federal award exceeds the simplified acquisition threshold. Formal procurement methods are competitive and require public notice. The following formal methods of procurement are used for procurement transactions above the simplified acquisition threshold:

##### 4.3.1 Sealed Bids

A procurement method in which bids are publicly solicited through an invitation and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid conforms with all the material terms and conditions of the invitation and is the lowest in price. The sealed bids procurement method is preferred for procuring

construction services costing more than \$220,000. If needed, the Project Manager should work collaboratively with the Authority General Counsel to facilitate this process and to ensure all federal requirements are met.

- (i) For sealed bidding to be feasible, the following conditions should be present:
  - a. A complete, adequate, and realistic specification or purchase description is available;
  - b. Two or more responsible bidders have been identified as willing and able to compete effectively for the business; and
  - c. The procurement lends itself to a firm fixed price contract, and the selection of the successful bidder can be made principally on the basis of price.
  
- (ii) If sealed bids are used, the following requirements apply:
  - a. Bids must be solicited from an adequate number of qualified sources, providing them with sufficient response time prior to the date set for opening the bids.
  - b. The invitation for bids must define the items or services with specific information, including any required specifications, for the bidder to properly respond.
  - c. All bids will be publicly opened at the time and place prescribed in the invitation for bids.
  - d. A firm-fixed-price contract is awarded in writing to the lowest responsive bid and responsible bidder. When specified in the invitation for bids, factors such as discounts, transportation cost, and life-cycle costs must be considered in determining which bid is the lowest. Payment discounts must only be used to determine the low bid when the Project Manager determines they are a valid factor based on prior experience.
  - e. The Project Manager must document and provide a justification for all bids that are rejected.

#### 4.3.2 Proposals (aka Request for Proposals)

A procurement method used when conditions are not appropriate for using sealed bids. This procurement method may result in either a fixed-price or cost-reimbursement contract costing more than \$50,000 annually, per purchase or per project. They are awarded in accordance with the following requirements:

- a. Requests for proposals require public notice, and all evaluation factors and their relative importance must be identified. Proposals must be solicited from multiple qualified entities. To the maximum extent practical, any proposals submitted in response to the public notice must be considered.
- b. The Authority must have written procedures for conducting technical evaluations and making selections.
- c. Contracts must be awarded to the responsible offeror whose proposal is most advantageous to the Authority considering price and other factors; and
- d. The Authority may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby the offeror's qualifications are evaluated, and the most qualified offeror is selected, subject to negotiation of fair and reasonable compensation. The method, where the price is not used as a selection factor, can only be used to procure A/E professional services. This method may not be used to purchase other services provided by A/E firms that are a potential source to perform the proposed effort.

#### 4.4 Noncompetitive Procurement (aka Exceptions to Competitive Bidding) (2CFR Section 200.320( c))

##### 4.4.1 Sole Source

Noncompetitive procurement (also known as sole source procurement) may only be used if one of the following circumstances applies:

- a. The aggregate amount of the procurement transaction does not exceed the micro-purchase threshold;
- b. The procurement transaction can only be fulfilled by a single source;

- c. The public exigency or emergency for the requirement will not permit a delay resulting from providing public notice of a competitive solicitation;
- d. The Authority requests in writing to use a noncompetitive procurement method, and the Federal agency or pass-through entity provide written approval; or
- e. After soliciting several sources, competition is determined inadequate.

A waiver must be granted in writing by the Executive Director for circumstances (b) through (e) of this section.

#### 4.4.2 Cooperative Purchasing Agreements

Federal grant funds may be used to fund purchases made through cooperative purchasing agreements, provided that the purchases are (i) allowable costs under the grant program, (ii) the cooperative purchasing agreement is consistent with the terms of the grant, (iii) the procurement complies with all applicable federal regulations and guidelines, and (iv) the procurement complies with all applicable state and local procurement rules and policies. When a cooperative purchasing program is used, the Purchasing Agent must document how use of the cooperative program complies with all federal procurement standards and any applicable state and local procurement rules and policies.

#### 4.5 Small, Minority-Owned and Women-Owned Businesses (2 CFR Section 200.321)

When possible, the Authority should ensure that small businesses, minority businesses, women's business enterprises, veteran-owned businesses, and labor surplus area firms (See U.S. Department of Labor's list) are considered as set forth below.

Such consideration means:

- a. These business types are included on solicitation lists;
- b. These business types are solicited whenever they are deemed eligible as potential sources;
- c. Dividing procurement transactions into separate procurements to permit maximum participation by these business types;

- d. Establishing delivery schedules (for example, the percentage of an order to be delivered by a given date of each month) that encourage participation by these business types;
- e. Utilizing organizations such as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
- f. Requiring a contractor under a Federal award to apply this section to subcontracts.

#### 4.6 Contract Cost and Price (2 CFR Section 200.324)

- 4.6.1 The Authority must perform a cost or price analysis for every procurement transaction, including contract modifications, in excess of the simplified acquisition threshold. The method and degree of analysis conducted depend on the facts surrounding the particular procurement transaction. For example, Authority staff should consider potential workforce impacts if the procurement transaction will displace public sector employees. However, as a starting point, the Authority must make independent estimates before receiving bids or proposals.
- 4.6.2 Costs or prices based on estimated costs for contracts under the federal award are allowable only to the extent that the costs incurred or cost estimates included in negotiated prices would be allowable for the Authority under Title 2, Part 200, Subpart E—Cost Principles. The Authority may reference its own cost principles as long as they comply with Subpart E-Cost Principles.
- 4.6.3 The Authority must not use the “cost plus a percentage of cost” and “percentage of construction costs” methods of contracting.

#### 4.7 Contract Provisions Required (2 CFR Appendix II to Part 200)

All contracts made by the Authority under the Federal award must contain provisions covering the following, as applicable:

##### 4.7.1 Equal Employment Opportunity

All contracts that meet the definition of “federally assisted construction contract” in 41 CFR Part 60-1.3, must include the equal opportunity clause provided under 41 CFR 60-1.4(b).

#### 4.7.2 Davis-Bacon Act and Copeland "Anti-Kickback" Act

When required by Federal program legislation, all prime construction contracts in excess of \$2,000 must include a provision for compliance with the Davis-Bacon Act as amended (40 U.S.C. 3141-3148) and the Copeland "anti-Kickback" Act (40 U.S.C. 3145), as supplemented by the Department of Labor regulations (29 CFR Part 3).

#### 4.7.3 Contract Work Hours and Safety Standards Act

Where applicable, all contracts awarded in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by the Department of Labor regulations (29 CFR Part 5).

#### 4.7.4 Rights to Inventions Made Under a Contract or Agreement

Provision for the rights of the federal government and the recipient in any resulting invention for experimental, developmental, or research work (37 CFR part 401).

#### 4.7.5 Clean Air Act and the Federal Water Pollution Control Act

Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387).

#### 4.7.6 Debarment and Suspension

A contract award (see 2CFR 180.220) must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180. This can be checked at <http://sam.gov/contact/hom>. Project Managers must save proof of this verification in their files.

#### 4.7.7 Byrd Anti-Lobbying Amendment

Contractors that apply or bid for an award exceeding \$100,000 must file the required certification (31 U.S.C. 1352).

See Appendix II to Part 200 – Contract Provisions for Non-Federal Entity Contracts Under Federal Awards for more detailed information regarding the above.

4.8 Bonding Requirements (2 CFR Section 200.326)

The Federal agency or pass-through entity may accept the Authority's bonding policy and requirements for construction or facility improvement contracts or subcontracts exceeding the simplified acquisition threshold. Before doing so, the Federal agency or pass-through entity must determine that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:

- 4.8.1 A bid guarantee from each bidder equivalent to five percent of the bid price. The bid guarantee must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute any required contractual documents within the specified timeframe.
- 4.8.2 A performance bond on the contractor's part for 100 percent of the contract price. A performance bond is a bond executed in connection with a contract to secure the fulfillment of all the contractor's requirements under a contract.
- 4.8.3 A payment bond on the contractor's part for 100 percent of the contract price. A payment bond is a bond executed in connection with a contract to assure payment as required by the law of all persons supplying labor and material in the execution of the work provided for under the contract.

TRES HERMANOS CONSERVATION AUTHORITY

NEW BUSINESS

ITEM NO. 7



Chino Hills · Diamond Bar · Industry

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**Date:** March 11, 2026  
**To:** Chair and Board of Directors  
**From:** Joshua Nelson, Executive Director  
**Subject:** Budget for Fiscal Year 2026-27

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Recommendation:

Adopt a Resolution entitled: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRES HERMANOS CONSERVATION AUTHORITY, ADOPTING A BUDGET FOR FISCAL YEAR 2026-27.

Background/Analysis:

Per Section 5.1 (Annual Budget) of the Amended and Restated Tres Hermanos Conservation Authority (Authority) Joint Powers Agreement, the Board of Directors (Board) is required to adopt an annual budget. The proposed budget for Fiscal Year (FY) 2026-27 totals \$376,410. The proposed budget is funded through contributions of \$120,000 from each city, the projected FY 2025-26 ending fund balance of \$36,861, and anticipated revenue of \$17,932.

In accordance with the 10% reserve policy established by the Board on February 17, 2021, the proposed budget includes an ending fund balance of \$38,383, which exceeds the minimum reserve requirement by \$742. A consolidated proposed budget for the fiscal year is attached to the staff report.

Levine Act Determination

This item is NOT subject to the Levine Act

Recommended By:

A handwritten signature in blue ink, appearing to read "Christa Buhagiar", is written over a horizontal line.

Christa Buhagiar  
Treasurer

Attachments Proposed Budget for FY 2026-27  
Resolution

**TRES HERMANOS CONSERVATION AUTHORITY  
PROPOSED BUDGET  
FISCAL YEAR 2026-27**

<b>ESTIMATED BEGINNING FUND BALANCE</b>	<b>\$ 36,861</b>
<b>REVENUES</b>	
Rental Income	\$ 4,584
Other Revenues	13,348
Membership Contribution	360,000
<b>TOTAL REVENUES</b>	<b><u>\$ 377,932</u></b>
<b>EXPENDITURES</b>	
Contractual Services	\$ 273,597
Banking	51
Audit Services	2,226
Legal Services	5,001
Security Services	54,100
Professional Services	6,000
Liability and Insurance	22,866
Office Supplies	1,652
Utilities	3,348
Permits & Fees	7,569
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 376,410</u></b>
<b>PROJECTED ENDING FUND BALANCE</b>	<b><u><u>\$ 38,383</u></u></b>

**RESOLUTION NO. THCA 2026-02**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
TRES HERMANOS CONSERVATION AUTHORITY, ADOPTING  
A BUDGET FOR FISCAL YEAR 2026-27**

**WHEREAS**, the Executive Director has presented to the Board of Directors (Board) a proposed budget for Fiscal Year 2026-27; and

**WHEREAS**, the Board has conducted a public meeting on March 11, 2026, to consider the Fiscal Year 2026-27 budget; and

**WHEREAS**, the Board has concluded its review and intends to approve and adopt the Fiscal Year 2026-27 budget.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF TRES HERMANOS CONSERVATION AUTHORITY DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:**

**SECTION 1.** The Tres Hermanos Conservation Authority Fiscal Year 2026-27 Operating Budget of \$376,410, as prepared and submitted by the Executive Director and as modified by the Board, is hereby approved, adopted and appropriated.

**SECTION 2.** At the end of Fiscal Year 2025-26, certain purchase orders exist as outstanding encumbrances representing contractual obligations of previously budgeted funds. In addition, certain amounts have been included in the Fiscal Year 2025-26 budget that related to one-time allocations for specific projects and services but remain unspent. Outstanding encumbrances and unspent one-time allocations may be carried forward to Fiscal Year 2026-27 upon review by the Treasurer and approval of the Executive Director.

**SECTION 3.** The Adopted Budget may be subsequently amended as follows:

- A. By majority vote of the Board of Directors; or
- B. By the Executive Director for appropriations up to \$50,000 from reserves for each expenditure line-item transaction, provided that the total appropriations from reserves by the Executive Director may not exceed \$50,000 in a fiscal year until ratified by the Board; or
- C. By the Executive Director for all appropriation transfers between accounts within a fund without limitation.

**SECTION 4.** The Secretary is instructed to forward a copy of the Resolution and the Fiscal Year 2026-27 Budget to the Auditor/Controller of the County of San Bernardino and to the Auditor/Controller of the County of Los Angeles, in accordance with Section 53901 of the Government Code.

**SECTION 5.** The Secretary shall certify as to the adoption of this Resolution.

Resolution No. THCA 2026-02

**PASSED, APPROVED, AND ADOPTED** this 11th day of March 2026.

\_\_\_\_\_  
, Chair  
Tres Hermanos Conservation Authority

**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 11th day of March 2026, by the following Roll Call vote:

AYES: DIRECTORS:

NOES: DIRECTORS:

ABSENT: DIRECTORS:

ABSTAIN: DIRECTORS:

\_\_\_\_\_  
Julie Gutierrez-Robles, Secretary  
Tres Hermanos Conservation Authority