

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM : RIVERSIDE COMMUNITY HOUSING CORP.

SUBMITTAL DATE:

October 3, 2016

SUBJECT: Approve the Fiscal Year 2015-16 Annual Report; All Districts; [\$316,983];
Emergency Solutions Grant funds 83%; California Air Quality Enhancement Grant 16%; Private
Party Donation .5%; Wells Fargo Community Connections Grant .5%; Project is CEQA Exempt

RECOMMENDED MOTION: That the Board of Directors:

1. Find that the project is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061(b)(3);
2. Approve of the attached Fiscal Year 2015-16 Annual Report (Annual Report); and
3. Approve of the budget increase in the amount of \$316,983 for fiscal year 2015-16 as part of the attached Annual Report.

Policy

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 316,983	\$	\$ 316,983	\$
NET COUNTY COST	\$	\$	\$	\$
SOURCE OF FUNDS: Emergency Solutions Grant funds 83%; California Air Quality Enhancement Grant 16%; Private Party Donation .5%; Wells Fargo Community Connections Grant .5%			Budget Adjustment:	No
			For Fiscal Year:	2015/16

C.E.O. RECOMMENDATION:

MINUTES OF THE BOARD OF DIRECTORS OF THE RIVERSIDE COMMUNITY HOUSING CORP.

On motion of Director Ashley, seconded by Director Tavaglione and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Washington, Benoit and Ashley
Nays: None
Absent: None
Date: October 25, 2016
xc: RCHC

Kecia Harper-Ihem
 Clerk of the Board
 By: *[Signature]*
 Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

BACKGROUND:

Summary

Pursuant to the Bylaws of the Riverside Community Housing Corp. (RCHC), which were adopted by the RCHC Board of Directors (Board) on September 9, 2014, the Board shall cause an Annual Report to be sent to each Director within 120 days after the end of the corporation's fiscal year. The purpose of such report is to summarize the corporation's activities during the previous fiscal year.

In satisfaction of this requirement of the Bylaws, a copy of RCHC's Fiscal Year 2015-16 Annual Report (Annual Report) is attached hereto for the Board's consideration and approval. The Annual Report includes a financial summary of the corporation's activities for fiscal year 2015-16; an adjustment to the 2015-16 budget in the amount of \$316,983; a review of RCHC's risk management plan; a review of RCHC's Conflict of Interest Code; and a review of RCHC's Record's Retention Schedule.

Pursuant to the California Environmental Quality Act (CEQA), the Annual Report was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines Section 15061(b) (3), General Rule or "Common Sense" exemption. It can be seen with certainty that there is no possibility that the approval of this Annual Report may have a significant effect on the environment, as the Annual Report has only financial and administrative effects, and will not lead to any direct or reasonably indirect physical environmental impacts. A Notice of Exemption will be filed by RCHC staff with the County Clerk following the approval of the Annual Report.

Staff recommends that the Board approve RCHC's Fiscal Year 2015-16 Annual Report including a budget increase in the amount of \$316,983, attached hereto, and find that the project is CEQA exempt.

Impact on Residents and Businesses

Approving this item will have a positive impact on residents of Riverside County by supporting the ongoing activities of a non-profit public benefit corporation designed to create and preserve affordable housing opportunities within Riverside County.

SUPPLEMENTAL:

Additional Fiscal Information

The total amount indicated on page 1 of this Form 11 in the Financial Data table is \$316,983, which is the amount of the budget adjustment and represents the difference between the budgeted total from the approved Fiscal Year 2015-16 Budget and actual revenues and expenditures during fiscal year 2015-16. This adjustment is comprised of a \$264,333 increase in Emergency Solutions Grant funds; a \$50,000 increase in California Air Quality Enhancement Grant funds; a \$1,650 increase in private party donations; and a \$1,000 increase in Wells Fargo Community Connections Grant funds. The budget adjustment is included in the attached Annual Report as Exhibit B.

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

No Auditor Controller Office budget adjustments are necessary because RCHC has its own internal software that handles all budgets and payments.

ATTACHMENTS:

Fiscal Year 2015-16 Annual Report

RF: JV: HM: JA: CHui: LT

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Annual Report Fiscal Year 2015-16

Pursuant to the Bylaws of the Riverside Community Housing Corp. (RCHC), which were adopted by the RCHC Board of Directors (Board) on September 9, 2014, the Board shall cause an Annual Report to be sent to each Director within 120 days after the end of the corporation's fiscal year. The purpose of such report is to summarize the corporation's activities during the previous fiscal year.

Included in this Annual Report is an impact summary of the corporation's operations for fiscal year 2015-16; a financial summary of the corporation's activities for fiscal year 2015-16; a budget adjustment for fiscal year 2015-16; an Annual Statement of Transaction or indemnification, if applicable; an annual review of RCHC's Risk Management Plan; a review of RCHC's Procurement Policy (*odd report presentation years*[†]); a review of RCHC's Conflict of Interest Code (*even report presentation years*[†]); and a review of RCHC's records retention schedule (*even report presentation years*[†]).

[†]The report presentation year is the year in which the Annual Report is presented to the RCHC Board of Directors. For example, the FY 2015-16 Annual Report is presented to the Board in 2016, so the report presentation year is even (2016).

Impact Summary

Through its programs and services, RCHC executes its charitable purpose of creating and preserving affordable housing opportunities for low and moderate income individuals and households in Riverside County. Following is a summary of the impact of RCHC's programs and services during fiscal year 2015-16:

- Approximately 50 families throughout Riverside County were assisted as part of the Homelessness Prevention and Rapid Rehousing Grant. Assistance included individualized case management services and financial assistance for rental payments, utility payments, security deposits, and utility deposits.
- 41 families in the city of Moreno Valley were assisted through the Emergency Solutions Grant program. Of those families, 24 received homelessness prevention assistance and 17 received rapid re-housing assistance. Additionally, all 41 families received individualized case management services.
- Three homeless veterans were provided housing assistance and individualized case management services using funds donated by individual community members.
- Funds from the Coachella Valley Air Quality Enhancement Grant were used to pave and landscape the Hernandez Mobile Home Park in Thermal as part of a larger project sponsored by the County of Riverside to rehabilitate the Park.

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- Two extremely low income families received financial assistance from California Endowment Grant funds to purchase and install mobile homes in the Hernandez Mobile Home Park in Thermal.

Financial Summary

Attached hereto as **Exhibit A** is the Independent Auditor's Report for Fiscal Year Ended June 30, 2016, which includes the following information:

1. The assets and liabilities at of the end of fiscal year 2015-16;
2. Principal changes in assets and liabilities during fiscal year 2015-16;
3. Revenue or receipts during fiscal year 2015-16;
4. Expenses or disbursements during fiscal year 2015-16; and
5. A report made by independent accountants related to the above referenced financial statement.

Budget Adjustment

A budget adjustment summarizing the differences between actual and budgeted revenues and expenditures for fiscal year 2015-16 is attached hereto as **Exhibit B**.

Annual Statement of Transaction or Indemnification

Pursuant to California Corporations Code §§6321 and 6322, unless otherwise indicated in the Bylaws, an Annual Statement of Transaction or Indemnification shall be furnished to the RCHC Board of Directors disclosing any covered transaction during the previous fiscal year involving more than fifty thousand dollars (\$50,000), or which was one of a number of covered transactions in which the same interested person had a direct or indirect material financial interest, and which transactions in the aggregate involved more than fifty thousand dollars (\$50,000).

RCHC staff and Officers are not aware of any covered transactions during fiscal year 2015-16. Therefore, no Statement of Transaction or Indemnification is required for fiscal year 2015-16.

Risk Management

As part of RCHC's Risk Management Plan, the corporation's insurance policies are assessed annually to ensure that they still meet the needs of the corporation. RCHC's insurance policy was procured through the Riverside County Office of Risk Management. Specifically, the insurer is the California State Association of Counties. The insurance declaration page for coverage period July 1, 2015 to July 1, 2016 is attached hereto as **Exhibit C**.

The office of Risk Management has reviewed the policy and advised that it is satisfactory to meet the needs of the corporation and satisfies the requirements of California Corporation's

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Code §§5047.5, 5238 and 5239. No changes to RCHC's insurance coverage are recommended at this time.

Conflict of Interest Code

Each even numbered report presentation year, the Annual Report includes a review of RCHC's Conflict of Interest Code to ensure it continues to meet the needs of the corporation and reflects current requirements. The Conflict of Interest Code was approved by the Riverside County Board of Supervisors, which serves as RCHC's Code Reviewing Body, on January 27, 2015. The Code is attached hereto as **Exhibit D**.

RCHC staff and Officers have reviewed RCHC's Conflict of Interest Code. No changes are being recommended at this time.

Records Retention Schedule

Each even numbered report presentation year, the Annual Report includes a review of RCHC's Records Retention Schedule to ensure it continues to meet the needs of the corporation and reflects current requirements. The Records Retention Schedule was reviewed by the Riverside County Records Management and Archives Program. The Schedule is attached hereto as **Exhibit E**.

RCHC staff and Officers have reviewed RCHC's Records Retention Schedule. No changes are being recommended at this time.



Exhibit A to Annual Report
Fiscal Year 2015-16

FINANCIAL SUMMARY



Exhibit B to Annual Report
Fiscal Year 2015-16

BUDGET ADJUSTMENT:
ACTUAL VERSUS BUDGETED REVENUES AND EXPENDITURES



Exhibit C to Annual Report
Fiscal Year 2015-16

INSURANCE POLICY DECLARATION



Exhibit D to Annual Report
Fiscal Year 2015-16

CONFLICT OF INTEREST CODE



Exhibit E to Annual Report
Fiscal Year 2015-16

RECORDS RETENTION SCHEDULE



Riverside Community
Housing Corp.

Established 1992

FINANCIAL STATEMENTS
Proprietary (Enterprise) Fund Type
AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2016

SM&Co
Smith Marion
& Company, LLP
Certified Public Accountants

RIVERSIDE COMMUNITY HOUSING CORPORATION

Financial Statements and Independent Auditors' Report
For the Year Ended June 30, 2016

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Smith Marion & Company, LLP · Certified Public Accountants
Redlands Office · 1940 Orange Tree Lane, Suite 100 · Redlands, CA 92374 · (909) 307-2323

Board of Directors
Riverside Community Housing Corporation
Riverside, CA

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of business-type activities of the Riverside Community Housing Corporation as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Riverside Community Housing Corporation, as of June 30, 2016, and the respective change in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


September 12, 2016

MANAGEMENT'S DISCUSSION & ANALYSIS

The purpose of this Management's Discussion and Analysis (MD&A) is to provide a narrative overview, financial highlights and analyses of the audited annual financial statements of the Riverside Community Housing Corporation (RCHC). This MD&A section is required by the provisions of the Governmental Accounting Standards Board (GASB) Statement 34, and is presented in conjunction with the accompanying Basic Financial Statements.

The financial statements are reported based on a twelve-month fiscal year, which starts on July 1 of one calendar year and ends on June 30 of the next calendar year; the fiscal year is named by the calendar year in which the fiscal year ends. Therefore, the basic annual financial statements presented in this report are for Fiscal Year 2016, which started July 1, 2015 and ended June 30, 2016.

THE PURPOSE OF THE RIVERSIDE COMMUNITY HOUSING COPORATION

On January 7, 1992, the Housing Authority of the County of Riverside's (HACR) Board of Commissioners adopted Resolution Number 92-002 that authorized the creation of the RCHC. The RCHC was established as an affiliate of the HACR for the purpose of financing, acquiring, developing, rehabilitating, owning, managing and selling affordable housing in Riverside County for persons of extremely low, low and moderate income, and to access certain state and federal programs available to non-profit corporations. RCHC was inactive subsequent to its incorporation in 1992. On July 1, 2014 the HACR's Board of Commissioners adopted Resolution Number 2014-007, which authorized the activation of RCHC and commencement of its corporate operations. Hence, HACR's Board of Commissioners acts as RCHC's Board of Directors, HACR employees function as corporate staff and officers, and RCHC conducts its business from the HACR's main office.

FINANCIAL HIGHLIGHTS

RCHC ended the fiscal year of operations with assets of \$282,144; liabilities of \$198,123; and total net position of \$84,021.

The ending net position of \$84,021 represents an increase of \$44,387 from the prior fiscal year, which resulted from operating revenues of \$431,815, and operating expenses of \$387,428.

These financial highlights are detailed further in the **Presentation of Condensed Financial Information With Analysis of Overall Financial Position**.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

RCHC is a blended component unit of the HACR, conducts its financial operations in a business-type approach, and is defined as a governmental enterprise fund by GASB. Therefore, RCHC is required to present its financial statements in the format of enterprise fund financial statements.

The *enterprise fund financial statements* consist of three documents:

- 1) Statement of Net Position
- 2) Statement of Revenues, Expenses and Changes in Fund Net Position
- 3) Statement of Cash Flows

The *Statement of Net Position* presents information on all of RCHC's assets and liabilities with the difference being reported as net position.

Riverside Community Housing Corporation
Management Discussion & Analysis (continued)

The *Statement of Revenues, Expenses and Changes in Fund Net Position* presents information showing how the RCHC's net position changed during the fiscal year. All changes in net position are reported in the proprietary (enterprise) fund financial statements based on full accrual of revenues and expenses, regardless of the timing of cash flows. As a result, the accrual of revenues and expenses as reported in this statement would affect cash flow in future fiscal periods. Revenues, whether received or not, are properly recorded in the fiscal period in which they are earned; expenses, whether paid out or not, are properly recorded in the fiscal period in which the related debt obligation is incurred.

The *Statement of Cash Flows* presents information on cash flows from operating activities, capital and related financing and investing activities. The accrual of revenues and expenses from prior fiscal year would affect the cash flow in the current fiscal period.

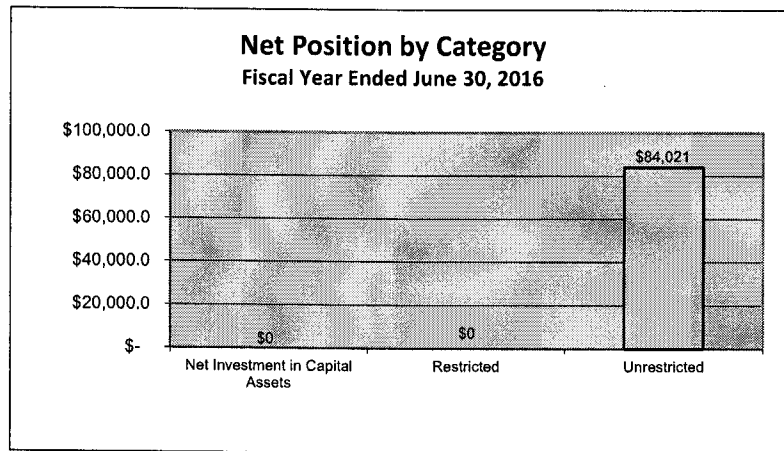
The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided by this agency in the proprietary (enterprise) fund financial statements.

PRESENTATION OF CONDENSED FINANCIAL INFORMATION WITH ANALYSIS OF OVERALL FINANCIAL POSITION

Statement of Net Position

Financial statements, presented as follows, are shown in a condensed format to compare amounts from the current fiscal year (2016) to amounts from the prior fiscal year (2015). These condensed financial statements are accompanied by charts to illustrate selected aspects of financial information, along with brief narrative analyses.

Riverside Community Housing Corporation		2016	2015
Statement of Net Position			
ASSETS			
Current Assets:			
Cash		\$ 47,287	\$ 65,424
Accounts Receivable		11,251.00	-
Due From Other Government		104,271.00	-
Total Current Assets		162,809	65,424
Noncurrent Assets:			
Notes Receivable		119,335	59,999
Capital Assets:			
Land, Structures, and Equipment		-	-
Less Accumulated Depreciation		-	-
Capital Assets, net		-	-
Total Assets		282,144	125,423
Total Deferred Outflows of Resources		-	-
LIABILITIES			
Due to Other Governments		189,328	21,706
Other Liabilities		8,795	1,459
Unearned Revenues		-	62,624
Total Liabilities		198,123	85,789
Total Deferred Inflows of Resources		-	-
NET POSITION			
Net Investment In Capital Assets		-	-
Restricted		-	-
Unrestricted		84,021	39,634
Total Net Position		\$ 84,021	\$ 39,634



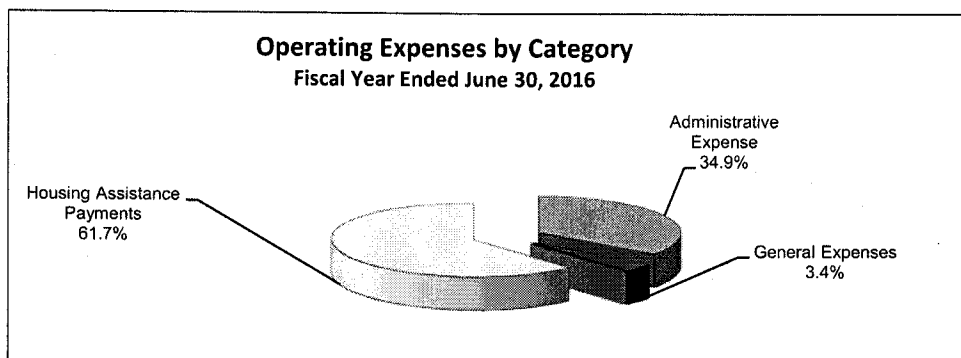
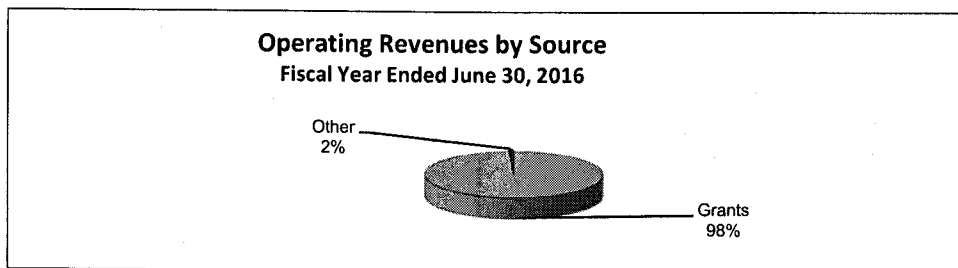
As previously illustrated by the Statement of Net Position, RCHC ended the fiscal year of operations with assets of \$282,144 and liabilities of \$198,123 resulting in a net position of \$84,021. This net position represents 100% of unrestricted assets that are earmarked to meet RCHC's mission of providing affordable housing projects and supportive services to low-income families residing in Riverside County.

Statement of Revenues, Expenses and Changes in Fund Net Position

Financial statements, presented as follows, are shown in a condensed format to compare amounts from the current fiscal year (2016) to amounts from the prior fiscal year (2015). These condensed financial statements are accompanied by charts to illustrate selected aspects of financial information, along with brief narrative analyses.

Riverside Community Housing Corporation
Statement of Revenues, Expenses, and Changes in Fund Net Position

Operating Revenues:	2016	2015
Grants	\$ 424,716	\$ 231,298
Other	7,099	2,000
Total Operating Revenues	431,815	233,298
Operating Expenses:		
Administrative Expense	135,242	11,582
General Expenses	13,322	3,884
Insurance	-	1,000
Housing Assistance Payments	238,864	108,072
Depreciation	-	-
Total Operating Expenses	387,428	124,538
Operating Income (Loss)	44,387	108,760
Other Financing Sources (Uses)	-	(50,000)
Change In Net Position	44,387	58,760
Net Position-Beginning	39,634	(19,126)
Adjustment To Net Position		
Restated Net Position - Beginning	39,634	(19,126)
Net Position - Ending	\$ 84,021	\$ 39,634



As shown by the Statement of Revenues, Expenses and Changes in Fund Net Position, the RCHC's net position increased by \$44,387 from the prior fiscal year, which is attributed to the following:

- Committed the balance of \$62,624 from the previous Fiscal Year that was awarded by the California Endowment Trust Fund to provide transitional rental subsidies to residents of the eastern Coachella Valley who were living in substandard housing conditions.
- Received total transitional rental subsidies of \$104,271 through the Emergency Solutions Grant (ESG) sponsored by the City of Moreno Valley, which was disbursed for housing relocation, stabilization services, landlord mediation, security deposits, rental assistance, and housing case management.
- Disbursed an additional \$250,000 from the Low and Moderate Income Housing Asset Fund through the Homeless Prevention and Rapid Rehousing Assistance Program that provided housing support to those who were homeless or at risk of becoming homeless.

ANALYSIS OF SIGNIFICANT BUDGET VARIANCES

The HACR's fiscal department works closely with RCHC staff to monitor the annual operating budget throughout the fiscal year in order to avoid over expenditure of available funds. Monthly and quarterly financial documents are prepared to assist in this process.

Comparison of Original Budget and Final Budget

Overall, the original operating budget of \$650,127 increased by \$3,450 from the Original Budget to the Final Budget, as illustrated below.

Riverside Community Housing Corporation
Management Discussion & Analysis (continued)

Riverside Community Housing Corporation
Budget Comparison
For the Year Ended June 30, 2016

	Final Budget	Original Budget
Operating Revenues:		
Grants	\$ 579,757	\$ 578,757
Other	73,820	71,370
Total Operating Revenues	653,577	650,127
Operating Expenses:		
Administrative Expense	166,126	166,126
General Expenses	-	-
Insurance	1,500	1,500
Housing Assistance Payments	421,527	418,077
Depreciation	-	-
Asset Purchase	64,424	64,424
Total Operating Expenses	\$ 653,577	\$ 650,127

Explanation for Variance:

Total Grants increased by a total of \$3,450 due to private donations from The Wells Fargo Foundation, Canyon Insulation, and the BMW of Riverside, which were disbursed as housing assistance to veterans and low-income families.

Comparison of Actual Operating Results and Final Budget

Overall, the actual operating expenses of \$387,428 were lower than the final budgeted expenses of \$653,577.

Riverside Community Housing Corporation
Actuals vs. Budget
For the Year Ended June 30, 2016

	Actuals	Final Budget
Operating Revenues:		
Grants	\$ 424,716	\$ 579,757
Other	7,099	73,820
Total Operating Revenues	431,815	653,577
Operating Expenses:		
Administrative Expense	135,242	166,126
General Expenses	13,322	-
Insurance	-	1,500
Housing Assistance Payments	238,864	421,527
Depreciation	-	-
Asset Purchase	-	64,424
Total Operating Expenses	387,428	653,577
Operating Income (Loss)	44,387	-
Other Financing Sources	-	-
Net Position - Beginning	39,634	-
Change In Net Position	\$ 84,021	\$ -

The Actuals do not reflect the reimbursement of expenses for the Emergency Solutions Grant as invoices and supporting documents were under review by the City of Moreno Valley at the end of the Fiscal Year. Due to the additional grant requirements, the agreement was extended through the first quarter of the next fiscal year.

REQUESTS FOR ADDITIONAL INFORMATION

This financial report is designed to provide a general overview of the Riverside Community Housing Corporation. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer's office at 5555 Arlington Avenue, Riverside, CA 92504.

RIVERSIDE COMMUNITY HOUSING CORPORATION

STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS

Current Assets

Cash & cash equivalents	\$	47,287
Accounts receivable (net)		11,251
Due from other government		104,271
Total Current Assets		<u>162,809</u>

Noncurrent Assets

Notes receivable		119,335
Total Noncurrent Assets		<u>119,335</u>

TOTAL ASSETS 282,144

TOTAL DEFERRED OUTFLOWS OF RESOURCES -

LIABILITIES

Current Liabilities

Accounts payable		-
Due to other governments		189,328
Other liabilities		8,795
Total Current Liabilities		<u>198,123</u>

Noncurrent Liabilities

Notes payable		-
Total Noncurrent Liabilities		<u>-</u>

TOTAL LIABILITIES 198,123

TOTAL DEFERRED INFLOWS OF RESOURCES -

NET POSITION

Investment in capital assets		-
Restricted		-
Unrestricted		84,021
TOTAL NET POSITION	\$	<u>84,021</u>

RIVERSIDE COMMUNITY HOUSING CORPORATION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2016

REVENUES	
Operating Revenues	
Dwelling rental (net)	\$ -
Grants	424,716
Other revenue	7,099
Total Operating Revenues	<u>431,815</u>
EXPENSES	
Operating Expenses	
Administrative	135,242
General expenses	13,322
Housing assistance payments	238,864
Depreciation	-
Total Operating Expenses	<u>387,428</u>
Operating Income (Loss)	<u>44,387</u>
Nonoperating Revenues (Expenses)	
Investment income	-
Total Nonoperating Revenues (Expenses)	<u>-</u>
Other Financing Sources (Uses)	
Transfers out	-
Total Other Financing Sources (Uses)	<u>-</u>
Change in Net Position	<u>44,387</u>
Net Position - beginning	<u>39,634</u>
Net Position - ending	<u>\$ 84,021</u>

RIVERSIDE COMMUNITY HOUSING CORPORATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from grants	\$ 253,669
Payments to suppliers	26,394
Payments for housing assistance	<u>(238,864)</u>
Net Cash Provided (Used) By Operating Activities	<u>41,199</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additional mobile home loans made during the year	<u>(59,336)</u>
Net Cash Provided (Used) By Financing Activities	<u>(59,336)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of restricted investments	<u>-</u>
Net Cash Provided (Used) By Investing Activities	<u>-</u>
Net Increase (Decrease) In Cash	(18,137)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>65,424</u>
CASH AND CASH EQUIVALENTS - Ending of Year	<u>\$ 47,287</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided	
(Used) by Operating Activities	
Operating Income (Loss)	\$ 44,387
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	-
Changes in assets, liabilities, and deferred inflows of resources:	
(Increase) decrease accounts receivable	(11,251)
(Increase) decrease due from other governments	(104,271)
Increase (decrease) due to other governments	167,622
Increase (decrease) other liabilities	7,336
Increase (decrease) unearned revenue	<u>(62,624)</u>
Total Adjustments	<u>(3,188)</u>
Net cash used by operating activities	<u>\$ 41,199</u>
Non-Cash Activities	
The transfer of capital assets to a qualified individual in exchange for a note receivable	<u>\$ -</u>

RIVERSIDE COMMUNITY HOUSING CORPORATION

Notes to Financial Statements
For the Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Riverside Community Housing Corporation (RCHC), an affiliate and blended component unit of the Housing Authority of the County of Riverside, operates as a California non-profit public benefit corporation whose purpose is to engage in financing, acquiring, developing, rehabilitating, owning, managing, and selling affordable housing for extremely low, low and moderate income persons within the County of Riverside. Further RCHC augments low and moderate income resident services and housing programs sponsored by the Housing Authority of the County of Riverside and/or the County of Riverside Economic Development Agency.

(b) Basis of Accounting

The books of accounts are maintained on the accrual basis of accounting. Revenues are recognized in the period in which they are earned and become measurable; expenses are recognized in the period incurred.

(c) Proprietary Fund Type

Proprietary funds use the economic resources measurement focus. The accounting objectives are determination of change in net position, financial position, and cash flows. All assets, deferred inflows and outflows of resources, and liabilities associated with a proprietary fund's activities are included on its statement of net position. As a governmental nonprofit; the activities of the RCHC are reported as a proprietary fund type.

(d) Revenues and Expense

Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the accounting period in which the related liability is incurred.

(e) Income Taxes

The RCHC is exempt from federal income tax under Internal Revenue Code Section 501 (c) (3), but is required to report the results of its operations annually to the Internal Revenue Service. The Internal Revenue Service has determined that the RCHC is not a private foundation.

Management believes that all positions taken by the RCHC in regards to its federal tax returns are more likely than not to be sustained upon examination. The RCHC does not file income tax returns as an affiliate of a governmental unit. The IRS has determined the RCHC to be a disregard entity for filing purposes.

(f) Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have a maturity date at time of purchase of three months or less.

(g) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(h) Subsequent Events

Events that occur after the financial statements date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the date require disclosure in the accompanying notes. Management evaluated the activity of the company through September 30, 2016 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Cash	\$ 47,287
Total cash and investments	\$ 47,287

Cash and investments consisted of the following:

Deposits with financial institutions	\$ 47,287
Total cash and investments	\$ 47,287

Required Note Disclosures

Acknowledging that deposits and investments of state and local governments are subject to various risks, the Governmental Accounting Standards Board Statement 40 (GASB 40) requires note disclosures about investment policies and five deposit and investment risks identified as custodial credit risk, credit risk, concentration of credit risk, interest rate risk and foreign currency risk.

Investment Policy

In November 18, 2014, the Board of Commissioners of the Housing Authority ratified, approved, and adopted the Investment Policy, effective July 1, 2014. This Investment Policy identifies the specific types of deposits and investments which are authorized by that Investment Policy, by the Department of Housing and Urban Development (HUD) and by the California Government Code (CGC). As a blended component unit of the Housing Authority the RCHC follows the same investment policy.

The Investment Policy of the RCHC does not name the five specific deposit and investment risks identified by GASB 40, but this Investment Policy does address these risks in principal by stating that it shall be the policy of the RCHC to invest funds in a manner which will provide the maximum safety, liquidity and reasonable investment return while meeting the daily cash flow demands of the RCHC and conforming to all statutes governing the investment of RCHC funds.

Authorized Types of Deposits and Investments

All types of deposits with financial institutions and all types of investments made by the RCHC during Fiscal Year 2016 were authorized by its own Investment Policy, by HUD and by the CGC. The type and value of these deposits with financial institutions and investments as of June 30, 2016 are identified below.

Deposits with Financial Institutions

Insured Demand Deposit Accounts

Bank of America	\$ 47,287	100.00%
Total Insured Deposits	\$ 47,287	100.00%

Disclosure Required for Risks Related to Deposits with Financial Institutions

Custodial Credit Risk

For deposits, custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The Investment Policy of the RCHC, HUD and the California Government Code do not address legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure such deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

3. NOTES RECEIVABLE

The RCHC sells mobile homes to a qualified individuals. Instead of cash payment or outside financing the RCHC place a lean against the property with a 0% non-interest bearing note with a 45 year maturity. The note requires no payments and no interest is to be charged, after the maturity date the loan will be forgiven. The activity for the year is as follows:

	Balance at June 30, 2015	Principal		Balance at June 30, 2016
		Additions	Deletions	
Mobile home loans	\$ 59,999	\$ 59,336	\$ -	\$ 119,335
Less current portion	-	-	-	-
Totals	\$ 59,999	\$ 59,336	\$ -	\$ 119,335

4. UNEARNED REVEUNE

The RCHC received a grant to assist low-income individuals with Housing Assistance Payments or purchase of housing in prior years. The amount has been recorded as unearned revenue until the allowable costs are incurred by the RCHC. Below is the activity as of June 30, 2016:

Grant award amount	\$ 62,624
Mobile home purchase	-
Housing Assistance Payments (HAP)	(62,624)
Unearned amount	\$ -

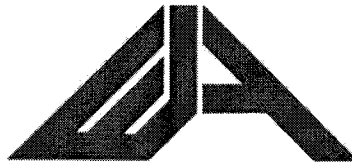


**RIVERSIDE COMMUNITY HOUSING CORP.
Adjustments to Fiscal Year 2015-2016 Budget**

	California Air Quality Enhancement Grant	City of Moreno Valley ESG	Wells Fargo Community Connections Grant	Private Donations	Total of Adjustments
REVENUE					
3110 Rental Income					-
3401 Subsidy Revenue					-
3404 Grants Revenue	50,000	264,333	1,000		315,333
3610 Interest Revenue					-
Loan Revenue					-
Donation Revenue				1,650	1,650
3690 Miscellaneous					-
TOTAL REVENUE	\$ 50,000	\$ 264,333	\$ 1,000	\$ 1,650	316,983
EXPENSE					
4110 Payroll, Benefits & Taxes		15,000			15,000
4110 Temporary/Contract Employees					-
4130 Legal					-
4140 Training					-
4150 Travel					-
4171 Auditing					-
4180 Office Rent/Storage		500			500
4190 Administrative Sundry		3,003			3,003
4230 Tenant Services					-
4300 Utilities					-
4420 Operations and Maintenance - Materials	25,000				25,000
4430 Operations and Maintenance - Services	25,000				25,000
4431 Trash					-
4480 Protection Services					-
4510 Insurance					-
4590 Other General Expense					-
4610 Extraordinary Maintenance					-
4715 Direct Assistance Payments		245,830	1,000	1,650	248,480
1173 Debt Service Principal Payments					-
4900 Debt Service Interest Payments					-
7540 Asset Purchase					-
TOTAL EXPENSE	\$ 50,000	\$ 264,333	\$ 1,000	\$ 1,650	316,983
NET GAIN (LOSS)	\$ -	\$ -	\$ -	\$ 0	0

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**CSAC EXCESS INSURANCE AUTHORITY
GENERAL LIABILITY I PROGRAM
MEMORANDUM OF COVERAGE
DECLARATIONS**

- ITEM 1: MEMBER:** Housing Authority of the County of Riverside
- ITEM 2: MEMORANDUM PERIOD:** From July 1, 2015 to July 1, 2016, 12:01 a.m. local time of the Member as stated herein.
- ITEM 3: MEMORANDUM NUMBER:** EIA-PE 15 EL-47
- ITEM 4: SELF-INSURED RETENTION:** \$ 100,000
Ultimate net loss as the result of: any one **occurrence**, offense, **wrongful act** or any combination thereof.
- ITEM 5: AUTHORITY'S LIMIT OF LIABILITY:** \$25,000,000 inclusive of self-insured retention stated in Item 4
- A. Pool Layer:** \$ 4,900,000
Ultimate net loss excess of the self-insured retention as the result of: any one **occurrence**, offense, **wrongful act** or any combination thereof, and annual aggregate as respects the **completed operations hazard**.
- B. Primary Layer: Reinsured by Great American Insurance Co:** \$ 5,000,000
Ultimate net loss excess of \$ 5,000,000 as the result of: any one **occurrence**, offense, **wrongful act** or any combination thereof, and annual aggregate as respects the **completed operations hazard**.
- C. Excess Layer: Reinsured by Wesco Insurance Co:** \$ 5,000,000
Ultimate net loss excess of \$10,000,000 as the result of: any one **occurrence** offense, **wrongful act** or any combination thereof, and annual aggregate as respects the **completed operations hazard**.
- D. Excess Layer: Reinsured by Evanston Insurance Co/Argonaut Insurance Co:** \$10,000,000
Ultimate net loss excess of \$15,000,000 as the result of: any one **occurrence** offense, **wrongful act** or any combination thereof, and annual aggregate as respects the **completed operations hazard**.
- ITEM 6: RISK PREMIUM:** \$112,778 (inclusive of all layers & fees)
- ITEM 7: FORMS AND ENDORSEMENTS ATTACHED AT INCEPTION:** EIA GLI MOC 07/01/2015, Endorsement No. U-1, U-2, U-3, U-4, U-5, U-6, U-7, U-8, U-9, U-10, 1

Countersigned by: Michael Klein
Authorized Representative
CSAC Excess Insurance Authority

Issue Date: June 26, 2015

CSAC EXCESS INSURANCE AUTHORITY GENERAL LIABILITY I PROGRAM MEMORANDUM OF COVERAGE

In consideration of the payment of the premium, if paid, in reliance upon the statements in the Declarations made a part hereof and subject to all of the terms of this General Liability I Program Memorandum of Coverage (Memorandum), the CSAC Excess Insurance Authority (Authority) agrees with the Member as follows:

COVERAGE AGREEMENT

The Authority will reimburse the **covered party** for **ultimate net loss** in excess of the self-insured retention hereinafter stated which the **covered party** shall become legally obligated to pay as **damages** by reason of liability imposed by law or liability assumed by contract because of:

Coverage A. **Bodily injury and property damage**

to which this Memorandum applies, caused by an **occurrence**;

Coverage B. **Personal injury**

to which this Memorandum applies, caused by an offense;

Coverage C. **Public officials errors and omissions liability or**

Coverage D. **Employment practices liability**

to which this Memorandum applies, caused by a **wrongful act**.

DEFENSE AND SETTLEMENT COSTS

After the amount of the **covered party's** self-insured retention has been exhausted by payment of judgments, settlements and/or **defense costs**, the Authority will reimburse the **covered party** for **excess defense costs** the **covered party** incurs on covered losses. A final coverage determination will be made at the conclusion of a claim, and if deemed not covered, then the associated defense costs will not be covered. The Authority's liability for **excess defense costs** is subject to, and not in addition to, the Authority's limit of liability.

The Authority has no duty to defend under the Memorandum. The Authority; however, shall have the right, but not the duty, to associate itself, at its own cost, with the **covered party**, in the control, investigation, defense or appeal of any claim or **suit** which, in the opinion of the Authority, is or may be covered by the Memorandum. The **covered party** shall fully cooperate in all matters pertaining to such claim or **suit**.

No claim or **suit** shall be settled for an amount in excess of the **covered party's** self-insured retention without the prior written consent of the Authority.

SELF-INSURED RETENTION - THE AUTHORITY'S LIMIT OF LIABILITY

Regardless of the number of (1) **covered parties** under this Memorandum, (2) persons or organizations who sustain injury or **damage**, (3) claims made, or (4) **suits** brought on account of **bodily injury, property damage, personal injury, public officials errors and omissions liability, or employment practices liability**, the Authority's liability is limited as follows:

- A. With respect to **bodily injury, property damage, personal injury, public officials errors and omissions liability, and employment practices liability**, or any combination thereof, the Authority's liability shall be only for the **ultimate net loss** in excess of the self-insured retention as specified in the Declarations as the result of any one **occurrence, offense, or wrongful act**, and then for an amount not exceeding the Authority's limit of liability specified in the Declarations as the result of any one **occurrence, offense, or wrongful act**.
- B. For the purpose of determining the limit of the Authority's liability, as respects Coverages A and B, all **damages** arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one **occurrence** under Coverage A or one offense under Coverage B. For the purpose of determining the limit of the Authority's liability, as respects Coverages C and D, all **damages** arising out of a single act, error or omission or a series of related acts, errors or omissions shall be treated as arising from a single **wrongful act**. There is no limit of the number of **occurrences** during the Memorandum Period for which claims may be made, except that the liability of the Authority arising out of the **Completed Operation Hazard** because of all **occurrences** shall not exceed the amount specified in the Declarations for each twelve months, commencing with the first day of the Memorandum Period.
- C. **Bodily injury, property damage, personal injury, public officials errors and omissions liability or employment practices liability** taking place over more than one Memorandum Period shall be deemed to have taken place during the last Memorandum Period and only that limit shall apply.

Notwithstanding the foregoing, if a claim or **suit** names more than one Member, a separate self-insured retention and a separate limit shall apply to each Member.

MEMORANDUM PERIOD, TERRITORY

This Memorandum applies to **bodily injury, property damage, personal injury, public officials errors and omissions liability, or employment practices liability** which occur anywhere in the world during the Memorandum Period.

COVERED PARTY, COVERED PERSONS OR ENTITIES

- A. The Member;
- B. Those individuals, including volunteers, who were or are now elected or appointed officials of the Member, whether or not compensated, including members of the Member's governing body or any other committees, boards, commissions or special districts of the Member, while acting for or on behalf of the Member;
- C. All special districts **governed directly** by the Member's governing board and other districts or agencies which are named on the Memorandum;
- D. Past or present employees of the Member, including volunteers, or other covered entities, whether or not compensated, while acting for or on behalf of the Member or other covered entity;
- E. Notwithstanding sub-paragraphs (A) through (D) above, the determination and findings made in good faith by the Member pursuant to California Government Code Section 995.2 or any other similar provision of law shall be conclusive and binding on the Authority and all other persons for the purposes of coverage under the Memorandum; and
- F. 1937 Act Retirement Association of the Member County and the San Luis Obispo County Pension Trust.

As respects the above **covered parties**, this Memorandum does not cover the breach of fiduciary duty which means:

- 1. Violation of any of the responsibilities, obligations or duties imposed upon fiduciaries by:
 - a.) The Employee Retirement Income Security Act of 1974 (ERISA) or amendments thereto; or
 - b.) The common or statutory law of the United States of America, or of any state or other jurisdiction therein; and
- 2. Negligent acts, errors or omissions in administration.

Administration as used herein shall mean:

- a.) Giving counsel to participants and beneficiaries with respect to a **plan**;
- b.) Interpreting a **plan**;
- c.) Providing or failing to provide benefits under a **plan**;
- d.) Handling the records connected with a **plan**; and

- e.) Effecting enrollment, termination or cancellation of participants under a plan.

EXCLUSIONS

As respects **ultimate net loss**, this Memorandum does not apply:

- A. To any obligation for which any **covered party** or any carrier as its insurer may be held liable under any workers' compensation, unemployment compensation or disability benefits law, or under any similar law;
- B. To **bodily injury** to any employee of any **covered party** arising out of and in the course of his/her employment by such **covered party**; but this exclusion does not apply to **employment practices liability** or liability assumed by the **covered party** under any written contract;
- C. To injury to or destruction of (1) property owned by a **covered party**, or (2) property rented or leased to the **covered party** where the **covered party** has assumed liability for damage to or destruction of such property unless the **covered party** would have been liable in the absence of such assumption of liability, or (3) **aircraft** or **watercraft** in the care, custody or control of any **covered party**;
- D. As respects liability assumed by the **covered party** under any contract:
1. To any claim, judgment or agreement from any arbitration proceeding wherein the Authority is not entitled to exercise with the **covered party**, the **covered party's** rights in the choice of arbitrators, and in the conduct of such proceedings; or
 2. To any obligation for the rendering or failure to render professional services for the **covered party**, if the indemnitee of the **covered party** is an architect, engineer or surveyor, arising out of:
 - a.) The preparation or approval of contracts, maps, plans, drawings, opinions, reports, tests, surveys, change orders, designs or specifications; or
 - b.) The giving or the failure to give directions or instructions by the indemnitee, the indemnitee's agents or employees, provided such giving or failure to give directions or instructions is the primary cause of **bodily injury** or **property damage**;
- E. To **bodily injury** and **property damage** arising out of any **covered party's** ownership, maintenance, loading or unloading, use or operation of any:
1. **Aircraft**;
 2. **Airfields**;

3. Runways;
4. Hangars; or
5. Buildings or other properties in connection with aviation activities.

This exclusion shall not apply, however, (1) to liability arising out of the ownership, operation, rental, or loan of vehicles licensed for highway use while being operated away from the premises of any airfield owned or operated by the **covered party**; or (2) to **non-owned aircraft** operated by or on behalf of the **covered party**;

- F. To liability arising out of the rendering of or failure to render the following medical professional services:
1. Medical, surgical, dental, x-ray or nursing, service or treatment, to any person, including the furnishing of food or beverages in connection therewith;
 2. Service or treatment related to physical or mental health;
 3. Furnishing or dispensing of drugs or medical, dental, or surgical supplies or appliances;
 4. Handling of or performing post-mortem examination on human bodies;
 5. Service by any person as a member of a formal accreditation or similar professional board or committee of the **Member** or as a person charged with the duty of executing directives of any such board or committee; or
 6. Any cosmetic or tonsorial service or treatment.

This exclusion shall not apply, however, to any professional activities arising out of the performance of occupational physical examinations, paramedics, emergency first aid, or preventative health services related to: alcoholism, drug abuse, well child healthcare, California children services, immunizations, sexually transmitted diseases, tuberculosis, and family planning.

Notwithstanding such exceptions to this exclusion as are set forth immediately above, however, if any collectible insurance or other coverage, including but not limited to coverage afforded by any other Authority program, is available to the **covered party**, for liability for loss, **damage** or injury arising from the operation of any clinic or other established health care facility (whether on a primary, excess or contingent basis), any coverage afforded hereunder shall apply in excess of, and shall not contribute with, such insurance or other coverage; provided that this clause does not apply with respect to excess insurance purchased specifically to be in excess of this Memorandum, or to insurance or reinsurance which is intended to provide the remainder of the limit of liability stated in the Declarations of this Memorandum when the coverage afforded under this Memorandum provides less than 100 percent of the limit set forth in the Declarations;

- G. To liability, directly or indirectly, arising out of or in connection with the principles of eminent domain, condemnation proceedings or inverse condemnation, by whatever name called, whether grounded in federal or state law, regardless of whether such claims are made directly against the **covered party** or by virtue of any agreement entered into by or on behalf of the **covered party**.

This exclusion does not apply to any aspect of inverse condemnation liability directly arising out of physical injury to, or destruction of, tangible property neither expected nor intended from the standpoint of the **covered party**; provided, however, this exception does not apply to any nonphysical consequential **damages** or to expert or attorney fees claimed by or awarded to a claimant or a plaintiff in a **suit**.

- H. To liability arising out of the failure to provide an adequate supply of fuel, water or electricity; however, this exclusion applies only if such failure to provide results from any decision by the Member's governing body with respect to (1) obtaining such fuel, water or electricity, or (2) allocating such fuel, water or electricity among the users thereof;
- I. To **property damage** arising out of **subsidence**;
- J. To liability for **bodily injury** or **property damage** arising out of any transit authority, transit system or public transportation system owned or operated by any **covered party**. This exclusion shall not apply to transit or public transportation systems operating over non-fixed routes such as dial-a-ride, senior citizen transportation, or handicapped persons transportation;
- K. To liability arising out of the hazardous properties of **nuclear material**;
- L. To liability imposed upon a **covered party** (or which is imputed to a **covered party**) under the "Employment Retirement Income Security Act of 1974" and any law amendatory thereof;
- M. To liability arising out of the rupture, bursting, overtopping, accidental discharge, or partial or complete failure of any **dam(s)**;
- N. To any liability for past, present, or future claims or **suits** arising in whole or in part, either directly or indirectly, out of the mining, manufacture, distribution, sale, resale, rebranding, installation, repair, removal, encapsulation, abatement, replacement or handling of, or exposure to, asbestos or products containing asbestos, whether the asbestos is or was at any time airborne as a fiber or particle, contained in a product, carried on clothing, inhaled, transmitted in any fashion, or found in any form whatsoever;
- O. To liability arising out of the **contamination** of the **environment** by **pollutants** introduced at anytime into or upon the **environment**. This exclusion applies whether the **contamination** is introduced into the **environment** intentionally, accidentally, gradually or suddenly, and whether the **covered party** or any other person or organization is responsible for the **contamination**.

Unless caused by any of the **covered party's** property that has been discarded, dumped, abandoned, or thrown away, this exclusion shall not apply with respect to:

1. Violent breaking open or explosion of any plant, equipment or building for which the **covered party** has legal responsibility, either as owner or operator;
2. Fire, lightning or windstorm damage to any plant, equipment or building for which the **covered party** has legal responsibility, either as owner or operator;
3. Collision, overturning or upset of any vehicle, railroad vehicle or mobile equipment; or
4. Unintended fire, lightning or explosion not otherwise specified under 1, 2, or 3 above.

It is further agreed that this exclusion does not apply to the actual, alleged or threatened discharge, dispersal, release or escape of **pollutants** if:

- a.) It was accidental and was neither expected nor intended by the **covered party**; and
- b.) It was instantaneous and was demonstrable as having commenced at a specific time and date during the term of this Memorandum; and
- c.) Its commencement became known to the Member within ten days; and
- d.) Its commencement was reported in writing to the Authority within thirty-one days of becoming known to the Member; and
- e.) Reasonable effort was expended by the Member to terminate the situation as soon as conditions permitted.

Notwithstanding the foregoing this Memorandum shall not apply to any claim or **suit** relating to: any liability to test for, monitor, clean-up, remove, contain, treat, detoxify, or neutralize **pollutants**, whether or not any of the foregoing are, or should be, performed by the **covered party** or by others;

- P. To injunctions, equitable relief, writs of mandate or any other form of relief other than the payment of **damages**;
- Q. Under Coverage C, **public officials errors and omissions liability**, to:
 1. **Bodily injury, property damage, personal injury, or employment practices liability** as defined in the Memorandum;
 2. Injury to, destruction or disappearance of any tangible property (including money) or the loss of use thereof; or

3. Failure to perform, or breach of, a contractual obligation.

Nothing contained in this exclusion shall limit the **covered party's** rights of recovery, if applicable, under Coverages A, B, and D of this Memorandum;

- R. To the refund of taxes, fees or assessments;
- S. To liability of a **covered party** arising in whole or in part, out of any **covered party** obtaining remuneration or financial gain to which the **covered party** was not legally entitled except that any act for which a **covered party** is responsible shall not be imputed to any other **covered party** for purposes of this exclusion;
- T. To liability arising out of the willful violation of a penal statute, code, or ordinance committed by or with the knowledge or consent of any **covered party** except that any act for which a **covered party** is responsible shall not be imputed to any other **covered party** for purposes of this exclusion;
- U. To liability of any **covered party** arising out of estimates of probable costs or cost estimates being exceeded or for faulty preparation of bid specifications or plans or failure to award contracts in accordance with statute or ordinance which under law must be submitted for bids;
- V. To benefits payable under an employee benefit **plan** (whether the **plan** is voluntarily established by the **covered party** or mandated by statute) because of unlawful discrimination;
- W. To any liability arising out of or in connection with any claim for punitive, exemplary or multiples of **damages/penalties**;
- X. Under Coverage D, **employment practices liability**, to:
 - 1. Strikes and lockouts. This Memorandum does not apply to any claim or **suit** for loss arising out of a lockout, strike, picket line, replacement or similar actions in connection with labor disputes or labor negotiations;
 - 2. W.A.R.N. Act. This Memorandum does not apply to any claim or **suit** for loss arising out of the Workers Adjustment and Retraining Notification Act, Public Law 100-379 (1988), or any amendment thereto, or any similar federal, state or local law;
 - 3. Any cost incurred by the **covered party** to modify or purchase any building or property in order to make said building or property more accessible or accommodating to any disabled person; or
 - 4. **Property damage, personal injury, and public officials errors and omissions liability**;
- Y. To liability arising out of (1) the ownership, maintenance, operation, use, loading or unloading of any mobile equipment or vehicle, including any motorized **watercraft**, while being used in any prearranged or organized racing, speed or demolition

contest or in any stunting activity or in practice in preparation for any such contest or activity, if such contest or activity is sanctioned or permitted by a **covered party**, or (2) the operation or use of any snowmobile or trailer designed for use therewith when used for recreational, stunting or racing activities;

However, this exclusion shall not apply to liability arising out of the ownership, maintenance, operation, use, loading or unloading of any non-motorized **watercraft**.

For the purpose of this exclusion, "non-motorized **watercraft**" shall mean **watercraft** without power motors and **watercraft** with power motors which are not in use during an event otherwise excluded hereunder;

- Z. Under Coverage A, **bodily injury** and **property damage**, to **personal injury** as defined in the Memorandum.

Nothing contained in this exclusion shall limit the **covered party's** rights of recovery, if applicable, under Coverage B.

DEFINITIONS

The following definitions shall govern the meaning of the defined terms for the purposes of this Memorandum. The defined terms are set forth in **bold face** type where used herein.

"**Aircraft**" means a vehicle designed for the transport of persons or property principally in the air.

"**Bodily injury**" means bodily harm, sickness, disability or disease sustained by a person, including death resulting from any of these at any time. **Bodily injury** includes mental injury, mental anguish, humiliation, shock or death if resulting directly from **bodily injury**. **Bodily injury** shall include care, loss of services, loss of consortium, or death resulting at any time from the **bodily injury**.

"**Completed operations hazard**" includes **bodily injury** and **property damage** arising out of operations or reliance upon a representation or warranty made at any time with respect thereto, but only if the **bodily injury** or **property damage** occurs after such operations have been completed or abandoned and occur away from premises owned by or rented to the **covered party**. "Operations" include materials, parts or equipment furnished in connection therewith. Operations shall be deemed completed at the earliest of the following times:

- A. When all operations to be performed by or on behalf of the **covered party** under the contract have been completed;
- B. When all operations to be performed by or on behalf of the **covered party** at the site of the operations have been completed; or

- C. When the portion of the work out of which the injury or **damage** arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as part of the same project.

Operations which may require further service or maintenance work or correction, repair or replacement because of any defect or deficiency, but which are otherwise complete shall be deemed completed.

The **completed operations hazard** does not include liability arising out of:

- A. Operations in connection with the transportation of property unless the liability arises out of a condition in or on a vehicle created by the loading or unloading thereof;
- B. The existence of tools, uninstalled equipment or abandoned or unused materials.

"Contamination" includes any unclean, unsafe or unhealthful condition either actual or potential, which arises out of the presence in the **environment** of any **pollutant**, whether permanent or transient.

"Covered party" means any person or organization qualifying as a **covered party** under the "COVERED PARTY, COVERED PERSONS OR ENTITIES" section of this Memorandum. The coverage afforded applies separately to each **covered party** against whom claim is made or **suit** is brought, except with respect to the limits of the Authority's liability.

"Dam" means any artificial barrier together with appurtenant works which:

- A. Is twenty-five feet or more in height from the foot of a natural bed of stream or watercourse; or
- B. Has water impounding capacity of fifty acre feet or more.

Except that no structure specifically exempted from jurisdiction by the State of California Department of Water Resources, Division of Safety of Dams shall be considered a **dam**, unless such structure is under the jurisdiction of any agency of the federal government.

"Damages" means monetary compensation resulting from: (a) **bodily injury** or **property damage**, (b) **personal injury**, (c) **public officials errors and omissions liability**, or (d) **employment practices liability**.

"Defense costs" means reasonable fees charged by an attorney, including expenses of a claims servicing organization the **covered party** has engaged, and all other reasonable fees, costs, including third-party attorney's fees and costs as authorized by law or under contract, and expenses attributable to the investigation, defense, administration or appeal of a claim or **suit** within the scope of coverage afforded by this Memorandum. **Defense costs** shall not include any allocated claims expenses, salaries, or overhead incurred by employees of the **covered party**.

“Employment practices liability” means liability, except as related to **property damage, personal injury, or public officials errors and omissions liability**, arising out of an actual or alleged **wrongful act** in connection with any person's prospective employment, actual employment or termination of employment by a **covered party**, including but not limited to wrongful termination, discrimination or sexual harassment.

“Environment” includes land, bodies of water, underground water or water table or aquifer, the atmosphere and any other natural feature of the earth, whether or not altered, developed or cultivated.

“Excess defense costs” means **defense costs** incurred by the **covered party** with the written consent of the Authority after the self-insured retention has been exhausted by payment of judgments, settlements and **defense costs**.

“Governed directly” means the special district is governed by the Member's governing board.

“Non-owned aircraft” means any **aircraft** other than:

- A. **Aircraft** owned in whole or in part by or registered in the name of the **covered party**;
- B. **Aircraft** having a seating capacity in excess of forty-five passenger seats; or
- C. **Aircraft** which are the subject of a lease or service agreement with the **covered party** for a period in excess of thirty days.

“Nuclear material” means source material, special nuclear material, or byproduct material. “Source material”, “special nuclear material”, and “byproduct material” have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

“Occurrence” means an accident, including injurious exposure to conditions, which results, during the Memorandum Period, in **bodily injury or property damage**, neither expected nor intended from the standpoint of the **covered party**. All **damages** arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one **occurrence**.

“Personal injury” means injury, including consequential **bodily injury or property damage**, arising out of one or more of the following offenses: (a) false arrest, detention or imprisonment or malicious prosecution; (b) the publication or utterance of libel or slander, including disparaging statements concerning the condition, value, quality or use of real or personal property, or publication or utterance in violation of rights of privacy; (c) wrongful entry or eviction, or other invasion of the right of private occupancy; (d) assault and battery, not committed by, at the direction of or with the consent of the **covered party**, unless committed or directed for the purpose of protecting persons or property from injury or death; (e) discrimination based upon race, religion, nationality, national origin, color, creed, sex, sexual orientation, age, nature of employment, or disability, but excluding

unlawful discrimination intentionally committed by, at the direction of, or with consent of the **covered party**.

"Plan" means the written instrument which sets forth specific benefits and eligibility under a named trust.

"Pollutants" include smoke, vapors, soot, fumes, acids, alkalis, chemicals, liquids or gases, thermal **pollutants** and all other irritants or contaminants.

"Property damage" means (1) physical injury to, or destruction of, tangible property which occurs during the Memorandum Period, including the loss of use thereof at any time resulting therefrom; or (2) loss of use of tangible property which has not been physically injured or destroyed provided such loss of use is caused by an **occurrence** during the Memorandum Period.

"Public officials errors and omissions liability" means any actual or alleged error or misstatement or act of omission or neglect or breach of duty including misfeasance, malfeasance or nonfeasance by the **covered parties** in the discharge of their duties with the public entity individually or collectively, or any matter claimed against them solely by reason of their being or having been **covered parties**.

"Subsidence" means any **property damage** directly or indirectly arising out of, caused by, resulting from, contributed to or aggravated by the settling, sinking, slipping, falling away, caving in, shifting, eroding, mud flow, rising, tilting, or any other movement of land or earth.

"Suit" means a civil or administrative proceeding, including arbitration and other alternative dispute resolution procedures, in which **damages**, because of **bodily injury, property damage, personal injury, public officials errors and omissions liability, or employment practices liability** to which this coverage applies, are alleged.

"Ultimate net loss" means the total sum which the **covered party** becomes legally liable to pay as **damages** by reason of judgments or by reason of settlements made with the written consent of the **covered party** and the Authority. **Excess defense costs** which are paid as a consequence of any **occurrence, offense, or wrongful act** covered hereunder are reimbursed by the Authority as part of the **ultimate net loss** as defined herein.

"Watercraft" means a vehicle designed for the transport of persons or property principally on water.

"Wrongful act" means any actual or alleged negligent act, error or omission arising out of conduct or performance of the **covered party** in the performance of his or her or their duties or any actual or alleged act in connection with any person's prospective employment, actual employment or termination of employment by a **covered party**. All **damages** arising out of a single act, error or omission or a series of related acts, errors or omissions shall be treated as arising from a single **wrongful act**.

CONDITIONS

1. PREMIUM

The premium designated in the Declarations as "risk premium" is a deposit premium only, and shall be adjusted annually in accordance with the provisions for "risk premium adjustments" as adopted by the Board of Directors of the Authority.

2. INSPECTION

The Authority shall be permitted, but not obligated to, inspect the **covered party's** property and operations at any time. Neither the Authority's right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the **covered party** or others, to determine or warrant that such property or operations are safe. The Authority may examine the **covered party's** books and records at any time during the Memorandum Period and extensions thereof and within three years after the final termination of this Memorandum, as far as they relate to the subject matter of this coverage.

3. CLAIM REPORTING REQUIREMENTS

It is agreed that with respect to claim reporting, the **covered party**, in addition to the terms set forth in this Memorandum, must report an **occurrence**, offense, or **wrongful act** in which the amount incurred has reached 50 percent or more of their individual self-insured retention or \$500,000, whichever is lower. The **covered party** must also give the Authority immediate written notice for any claims or **suits** which the **covered party** becomes aware of that include injury of the following types:

- A. Death;
- B. Paralysis, paraplegia, or quadriplegia;
- C. Loss of eye(s) or limbs;
- D. Spinal cord or brain injury;
- E. Dismemberment or amputation;
- F. Sensory organ or nerve injury or neurological deficit;
- G. Serious burns;
- H. Severe scarring;
- I. Sexual assault or battery, including, but not limited to, rape, molestation, or sexual abuse;
- J. Substantial disability or disfigurement;
- K. Any class action; or
- L. Any claim or **suit** in which the Authority is named as a defendant.

4. COVERED PARTY'S DUTIES IN THE EVENT OF OCCURRENCE, OFFENSE, WRONGFUL ACT, CLAIM OR SUIT

- A. In the event of an **occurrence**, offense, or a **wrongful act** reasonably likely to involve the Authority, written notice containing particulars sufficient to identify the

covered party and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the injured and of available witnesses, shall be given by or for the **covered party** to the Authority or any of its authorized agents as soon as practicable, after the individual responsible for the coverage at the Member, or his/her designee, has knowledge of the **occurrence**, offense, or **wrongful act**.

- B. If claim is made or **suit** is brought against the **covered party** which appears likely to involve the Authority, the **covered party** shall forward to the Authority every demand, notice, summons or other process received by him/her or his/her representative, immediately or within a reasonable amount of time after the individual responsible for coverage at the Member or his/her designee has knowledge of the claim or **suit**. The Member shall be responsible for the investigation, settlement, defense and appeal of any claims made, **suits** brought or proceeding instituted against the **covered party**. The Member shall also be responsible for timely periodic reporting developments in the claim, **suit**, or proceeding to the Authority sufficient to allow the Authority to fairly assess coverage under the Memorandum for the claim, **suit**, or proceeding at its conclusion.
- C. The **covered party** shall cooperate with the Authority and upon its request, assist in making settlements, in the conduct of **suits** and in enforcing any right to contribution, subrogation, or indemnity against any person or organization who may be liable to the **covered party** because of liability with respect to which coverage is afforded under this Memorandum, and the **covered party** shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The **covered party** shall not, except at its own costs, voluntarily make any payment, assume any obligation or incur any expense; however, in the event that the amount of **ultimate net loss** becomes certain either through trial court judgment, arbitration award, or agreement among the **covered party**, the claimant and the Authority, then the **covered party** may pay the amount of **ultimate net loss** to the claimant to effect settlement and, upon submission of due proof thereof, the Authority shall indemnify the **covered party** for that part of such payment which is in excess of the self-insured retention.
- D. The Authority, at its option, shall have the right at its own expense to investigate any claim or **suit** and/or negotiate the settlement thereof, as it deems expedient, but the Authority shall not commit the **covered party** to any settlement without the **covered party's** consent. Should the claimant or plaintiff, as the case might be, tender a bona-fide, good faith settlement demand which when added to the incurred **defense costs** is in excess of the **covered party's** retention, the payment of which would result in the full and final disposition of said claim or **suit**, then if such settlement demand is acceptable to either (1) the **covered party**, or (2) the Authority (but not both), then with regard to that settlement demand:
1. If such settlement demand is not acceptable to the Authority and the **covered party** tenders to the Authority an amount equal to the **covered party's**

retention less incurred **defense costs**, if any, the Authority shall then reimburse the **covered party** all sums which the **covered party** shall be legally obligated to pay as **damages**, including without limitation, the **covered party's** retention, plus future investigation, adjustment, appraisal, appeal, post judgment interest and **defense costs**. However, in no event shall the Authority's agreement to reimburse the **covered party** exceed the limit of liability as stated in the Declarations in addition to such investigation, adjustment, appraisal, appeal, post-judgment interest and **defense costs**. Should the full and final disposition of the claim, including judgments, settlements, investigation, adjustment, appraisal, appeal, post-judgment interest and **defense costs** be less than the amount tendered by the **covered party**, the unused portion of the tendered amount shall be returned to the **covered party** by the Authority.

2. If such settlement demand is not acceptable to the **covered party** and the Authority tenders to the **covered party** an amount equal to the difference between the **covered party's** retention, less incurred **defense costs**, and said settlement demand, or the applicable amount specified in the limits of liability section of the Declarations, whichever is less, then the Authority's agreement to reimburse the **covered party** for the **ultimate net loss** hereunder shall be discharged and terminated and the Authority shall have no further obligations with respect thereto.

5. APPEALS

When a **suit** has proceeded to trial court judgment and neither the **covered party** nor the Authority have invoked the provisions of Condition 4. D. 1. or 2. above and the **covered party** elects not to appeal a judgment in excess of the self-insured retention, the Authority may elect to do so at its own expense, but in no event shall the liability of the Authority for **ultimate net loss** exceed the applicable amount specified in the limits of liability section of the Declarations inclusive of all **defense costs** necessary and incident to such appeal.

6. ACTION AGAINST THE AUTHORITY

No action shall lie against the Authority with respect to any one **occurrence**, offense, or **wrongful act** unless, as a condition precedent thereto, the **covered party** shall have fully complied with all the terms of this Memorandum, nor until the amount of the **covered party's** obligation to pay an amount of **ultimate net loss** in excess of the self-insured retention shall have been finally determined either by judgment against the **covered party** after actual trial, arbitration award, or by written agreement of the **covered party**, the claimant and the Authority. Any person or organization or the legal representative thereof who has secured such judgment or written agreement, shall thereafter be entitled to recover under this Memorandum the extent of the coverage afforded by this Memorandum. Nothing contained in this Memorandum shall give any person or organization any right to join the Authority as a co-defendant in any action against the **covered party** to determine the **covered party's** liability.

Bankruptcy or insolvency of the **covered party** shall not relieve the Authority of any of its obligations hereunder.

7. OTHER COVERAGE

If collectible insurance with an insurer is available to the **covered party** covering a loss also covered hereunder (whether on a primary, excess or contingent basis), the coverage hereunder shall be in excess of, and shall not contribute with, such insurance; provided that this clause does not apply with respect to excess insurance purchased specifically to be in excess of this Memorandum, or to insurance or reinsurance which is intended to provide the remainder of the limit of liability stated in the Declarations of this Memorandum when the coverage afforded under this Memorandum provides less than 100 percent of the limit set forth in the Declarations.

Notwithstanding the foregoing paragraph, if, because of liability arising out of or in connection with the operation of any clinic or established health care facility, coverage for **damages** is available under this Memorandum and under the Authority's Medical Malpractice Program, it shall be conclusively presumed that the coverage afforded under the Medical Malpractice Program shall be primary and any coverage available under this Memorandum shall be excess only. For claims to which this provision applies, the exhaustion of the Authority's limit of liability under the Medical Malpractice Program will satisfy the **covered party's** self-insured retention under this Memorandum.

8. SUBROGATION

The Authority shall be subrogated to the extent of any payment hereunder to all the **covered party's** rights of recovery therefore; and the **covered party** shall do nothing after loss to prejudice such rights and shall do everything necessary to secure such rights. Any amount so recovered shall be apportioned as follows:

Any interest (including the **covered party's**) having paid an amount in excess of the self-insured retention, plus the limit of liability, hereunder shall be reimbursed first to the extent of actual payment. The Authority shall be reimbursed next to the extent of its actual payment hereunder. If any balance then remains unpaid, it shall be applied to reimburse the **covered party**. The expenses of all such recovery proceedings shall be apportioned in the ratio of respective recoveries. If there is no recovery in proceedings conducted solely by the Authority, it shall bear the expenses thereof.

9. CHANGES

Notice to the Authority or any agent of the Authority or knowledge possessed by the Authority or any agent of the Authority or by any other person shall not effect a waiver or change in any part of this Memorandum or stop the Authority from asserting any right under the terms of this Memorandum, nor shall the terms of this Memorandum be waived or changed, except by endorsement issued to form a part of this Memorandum.

10. ASSIGNMENT

Assignment of interest under this Memorandum shall not bind the Authority until its consent is endorsed hereon; if, however, the **covered party** shall die, such coverage as is afforded by this Memorandum shall apply (a) to the **covered party's** legal representative, as the **covered party**, but only while acting within the scope of his/her duties as such, and (b) with respect to the property of the **covered party**, to the person having proper temporary custody thereof, as **covered party**, but only until the appointment and qualification of the legal representative.

11. FUNDING OF MEMBER'S SELF-INSURED RETENTION

The Member agrees to maintain a loss fund in an amount to be determined by mutual agreement among the Member, the servicing organization designated in the Memorandum Declarations (if any), and the Authority for the payment of all claims and expenses falling within the Member's self-insured retention.

This fund shall be reimbursed as necessary to maintain a balance in accordance with the terms of the servicing agreement between the Member and the servicing organization (if any).

In the event of cancellation, expiration or revision of the contract between the Member and the servicing organization, the Member shall notify the Authority thereof within thirty days of the effective date of such cancellation, expiration or revision; but failure to notify the Authority shall not invalidate the coverage.

12. CANCELLATION AND NONRENEWAL

This Memorandum may be canceled by the **covered party** only at the end of the Memorandum Period and pursuant to the provisions of Article 20(b) of the Joint Powers Agreement. The Authority may cancel this agreement pursuant to the provisions of Article 21(a)(1) and (a)(2) of the Joint Powers Agreement or the Authority's Invoicing and Payment Policy established by the Board of Directors. This Memorandum does not apply to any **occurrence**, offense, or **wrongful act** taking place at or after the effective date of any such cancellation.

13. MEMBER

The Member named in the Declarations is authorized to act on behalf of all **covered parties** with respect to the giving and receiving of notice of cancellation and receiving any return premium that may become payable under this Memorandum. The Member named in the Declarations is responsible for the payment of all premiums but the other **covered parties** jointly and severally agree to make such premium payments in full if the Member fails to pay the amount due within thirty days after the Authority gives a written demand for payment to the Member.

14. SEVERABILITY OF INTERESTS

The term **covered party** is used severally and not collectively, but the inclusion herein of more than one **covered party** shall not operate to increase the limits of the Authority's liability.

ENDORSEMENT NO. U-1

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL LIABILITY I**

ADDITIONAL COVERED PARTY AMENDATORY ENDORSEMENT

It is agreed that the "COVERED PARTY, COVERED PERSONS OR ENTITIES" section of the Memorandum is amended to include the person or organization named on the Certificate of Coverage, but only with respect to liability arising out of premises owned by or rented to the Member, or operations performed by or on behalf of the Member or such person or organization so designated.

Coverage provided under this endorsement is limited to the lesser of the limits stated on the Certificate of Coverage or the minimum limits required by contract.

Additional Covered Party:

NAME OF PERSON OR ORGANIZATION SCHEDULED PER ATTACHED CERTIFICATE OF
COVERAGE

As Respects:

PER ATTACHED CERTIFICATE OF COVERAGE

It is further agreed that nothing herein shall act to increase the Authority's limit of liability.

This endorsement is part of the Memorandum and takes effect on the effective date of the Memorandum unless another effective date is shown below. All other terms and conditions remain unchanged.

Effective Date:

Memorandum No.: EIA 15 EL-00

Issued to: ALL MEMBERS

Issue Date: June 26, 2015


Authorized Representative
CSAC Excess Insurance Authority

ENDORSEMENT NO. 1

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL LIABILITY I**

COVERED PARTY AMENDATORY ENDORSEMENT

It is understood and agreed that the section **COVERED PARTY, COVERED PERSONS OR ENTITIES** is amended to include:

Riverside Community Housing Corporation

It is further agreed that nothing herein shall act to increase the Authority's limit of liability.

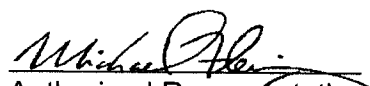
This endorsement is part of the Memorandum and takes effect on the effective date of the Memorandum unless another effective date is shown below. All other terms and conditions remain unchanged.

Effective Date:

Memorandum No.: EIA-PE 15 EL-47

Issued to: Housing Authority of the County of Riverside

Issue Date: June 26, 2015


Authorized Representative
CSAC Excess Insurance Authority

CONFLICT OF INTEREST CODE

The Political Reform Act (CA Government Code §81000, et seq.) stipulates that local agencies shall adopt and promulgate a conflict of interest code. The Fair Political Practices Commission (FPPC) has adopted a regulation (2 CA Code of Regulations §18730) which contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. The standard code may be amended by the FPPC in order to conform to amendments of the Political Reform Act. Therefore, the terms of 2 California Code of Regulations §18730, and any amendments to it duly adopted by the FPPC, are hereby incorporated by reference. This regulation and the attached Exhibits shall constitute the Riverside Community Housing Corporation (RCHC) Conflict of Interest Code.

Attached hereto as **Exhibit 1** is a list of designated officers and employees, together with disclosure categories assigned to each such designated officer or employee.

Attached hereto as **Exhibit 2** is a schedule of disclosure categories identifying the economic interest which must be disclosed by designated officers or employees within such category. Each designated officer or employee shall file statements of economic interests with the Filing Officer at the times and in the manner prescribed by law.

Filing Officer

The Form 700 Filing Officer for RCHC shall be the individual designated as such in RCHC's Bylaws. The RCHC Secretary, or designee, shall make and retain a copy of all statements filed by designated officers and employees and forward the originals of the statements to the Filing Officer. A copy of each statement shall be forwarded to the County of Riverside Economic Development Agency Human Resources Department.

Code Reviewing Body

The Code Reviewing Body for RCHC's Conflict of Interest Code shall be the Riverside County Board of Supervisors.

Adoption and Promulgation of Code

In conformance with Government Code §87300 et seq., the Riverside Community Housing Corporation hereby adopts and promulgates this Conflict of Interest Code.

EXHIBIT 1 DESIGNATED OFFICERS AND EMPLOYEES

Designated Employees	Disclosure Categories
Board of Directors	1, 2, 3, 4, 5, 6, 7
Chief Executive Officer	1, 2, 3, 4, 5, 6, 7
Chief Operating Officer	1, 2, 3, 4, 5, 6, 7
Chief Financial Officer	1, 2, 3, 4, 5, 6, 7
Secretary	1, 2, 3, 4, 5, 6, 7
Chairperson	1, 2, 3, 4, 5, 6, 7
Any Other RCHC Officers	1, 2, 3, 4, 5, 6, 7
Members of the Board of Supervisors * Functioning as Members of the RCHC Board of Directors	1, 2, 3, 4, 5, 6, 7
EDA Assistant CEO** Functioning as an RCHC Officer or Staff	1, 2, 3, 4, 5, 6, 7
EDA Managing Director** Functioning as an RCHC Officer or Staff	1, 2, 3, 4, 5, 6, 7
HACR Deputy Executive Director** Functioning as an RCHC Officer or Staff	1, 2, 3, 4, 5, 6, 7
HACR or EDA Deputy Director** Functioning as an RCHC Officer or Staff	1, 2, 3, 4, 5, 6, 7
HACR or EDA Assistant Director** Functioning as an RCHC Officer or Staff	1, 2, 3, 4, 5, 6, 7
HACR or EDA Fiscal Manager** Functioning as an RCHC Officer or Staff	1, 2, 3, 4, 5, 6, 7
HACR or EDA Principal Development Specialist** Functioning as an RCHC Officer or Staff	1, 2, 3, 4, 5, 6, 7
Riverside County Counsel* Functioning as RCHC legal Counsel	1, 2, 3, 4, 5, 6, 7
Any Other Designated Employees** Functioning as RCHC Directors, Officers or Staff, Pursuant to County of Riverside Conflict of Interest Code, and any amendments thereto	As indicated in the Resolution
Designated Consultants***	1, 2, 3, 4, 5, 6, 7

*CA Gov. Code §87200

** 2 CA Code of Regs. §18701

*** Designated consultants are consultants to RCHC that make or participate in making decisions or who act in a capacity equivalent to any of the designated employee classifications above (Form 700 Reference Pamphlet). This includes outside legal counsel (FPPC advice line 3/11/14).

EXHIBIT 2

DISCLOSURE CATEGORIES AND CONTENTS

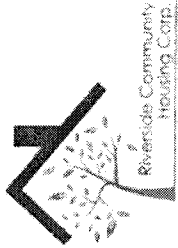
Form 700 Statement of Economic Interest Disclosure Categories are as follows:

1. Category 1: All investment and business positions in, and sources of income (including gifts, loans and travel payments) from, all business entities that do business or own real property in Riverside County, plan to do business or own real property in Riverside County within the next year or have done business or owned real property in the county within the past 2 years.
2. Category 2: All interests in real property which is located, in whole or part, within or not more than 2 miles outside the boundaries of Riverside County.
3. Category 3: All investments in, and sources of income (including gifts, loans and travel payment) from business entities that are engaged in land development, construction or the acquisition or sale of real property in Riverside County, plan to engage in such activities in the County within the next year or have engaged in such activities in the County within the past 2 years.
4. Category 4: All investments and business positions in, and sources of income (including gifts, loans and travel payments) from, business entities that are banking, savings and loan or other financial institutions.
5. Category 5: All investments and business positions in, and sources of income (including gifts, loans and travel payments) from, business entities that provide services, supplies, materials, machinery or equipment of a type purchased or leased by the County of Riverside.
6. Category 6: All investments and business positions in, and sources of income (including gifts, loans and travel payments) from, business entities that provide services, supplies, materials, machinery or equipment of a type used or administered or proposed to be acquired by, leased by, used by or administered by the designated employee's department or reviewed, commented upon or recommended by the designated member's Board, Commission, Committee or Council.
7. Category 7: All investments and business positions in, and sources of income (including gifts, loans and travel payments) from, business entities subject to review, regulation, permitting or licensing authority of the designated employee's department, or designated member's Board, Commission, Committee or Council which will be subject to such authority within the next year or have been subject to such authority within the past 2 years (County of Riverside Conflict of Interest Code, and any amendments thereto).

Contents of the FPPC Form 700 shall be as follows:

1. Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.
2. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later.

3. Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office and income received during the 12 months prior to the date of assuming office.
4. Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office (2 CA Code of Regs. §18730).



Riverside Community Housing Corporation Records Retention Schedule (RCHC_2015_Rev01)

Inquiries or comments regarding this schedule should be directed to:

RCHC Administrator
5555 Arlington Avenue
Riverside, CA 92504
Email: rchc@rivcoeda.org
Phone: 951.343.5485

Introduction

This Records Retention Schedule (RRS) for the Riverside Community Housing Corp. (RCHC) is adopted as per the recommendations of Board Policy A-43.

This schedule is written with general titles and descriptions rather than identifying specific individual documents or forms. A record with content and function that is substantially the same as an item described in this schedule should be considered covered by that series. This retention schedule indicates the length of time that listed records, regardless of media or format, must be retained by RCHC before disposition may be implemented. These retention requirements are recommended in order to reduce the costs for the storage and maintenance of records while ensuring that administrative, fiscal, legal and other recordkeeping responsibilities are met. Records, including copies held for convenience or reference, must be disposed of as directed herein at the close of the official retention period.

If a federal or state statute or regulation specifies a longer retention period for any records series received, created, or maintained by the RCHC, the statute or regulation override this schedule and the RCHC must amend its records retention schedule as soon as practicable. In addition, a record may not be destroyed if notice of litigation, audit, public records request, etc., is received prior to the expiration of the retention period. For records held for audit purposes, the Auditor Controller's Office, or appropriate auditing authority, will notify RCHC once the audit is complete. In the event a lawful claim or a lawsuit is made against the RCHC, RCHC will suspend destruction of the subject records until all issues of the matter are resolved. Further, if RCHC is notified by County Counsel or Human Resources to put documents on hold due to a claim or other legal proceeding, RCHC will suspend any records destruction of the identified documents. (Board Policy A-43 § D.9)

RCHC will maintain the requested records until the close of litigation or proceedings plus an additional ten (10) years. RCHC is responsible for ascertaining the correct date of closure in order to establish this ten (10) year retention period. Furthermore, RCHC is responsible for establishing appropriate procedures to ensure that records are retained for the period of time mandated and that the records remain accessible as required.

Explanation of Fields

Record Series Codes: The Record Series Code is assigned by RMAP. The code is alphanumeric and uniquely identifies the Record Series Title regardless of the schedule it occupies enabling the Record Series to be tracked within the master index system.

Record Series Title: The Record Series Title identifies a group of similar records generally produced or utilized for similar business needs allowing them to be evaluated as a group for retention scheduling purposes.

Record Series Description: A description of the Record Series Title that includes examples, not an exhaustive list, of the record types found within the group.

Official Record Retention: The length of time that the Copy of Record must be kept based upon the legal minimum requirement as well as any operational or business need. All other copies must be disposed of at the end of the retention period. For example, departmental copies held for convenience or reference must be destroyed at the close of the retention period or when no longer needed to support normal business operations, whichever is earlier.

Citation / Rationale: The legal citation or operational/business reason for retaining the Copy of Record for the period specified.

Final Disposition: The recommended final status or arrangement for the Copy of Record, usually disposed of by recycling, confidential shredding or transfer to the County of Riverside Archives as determined through best practice.

Explanation of Codes

Best Practice = Best Practice determined through business and government agency benchmarks.

CORP = California Corporations Code

CCP = California Code of Civil Procedure

CCR = California Code of Regulations

CFR = Code of Federal Regulations

CL = Closed. A record is considered "closed" when no further action is pending or required.

CR = Creation date

CY = Calendar year end

EXP = Expiration

FY = Fiscal Year End

GC = California Government Code

IRS = Internal Revenue Service

P = Permanent

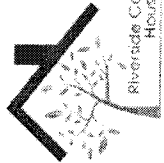
Pub. = Publication

REV = Revised


T = Termination

USC = United States Code

APPENDIX S

	<h2 style="margin: 0;">RECORDS RETENTION SCHEDULE</h2>
Department / Agency: Riverside Community Housing Corp.	Schedule Type: Records Retention Schedule
Division: N/A	Schedule #: RCHC_2015_REV01
Section: N/A	

With full consideration given to the preservation of the historic records of the Coporation, the undersigned hereby certifies that this retention schedule conforms to the legal and regulatory requirements and best business practices known at this time.

For RCHC:  Date: 9/24/2015

Heidi Marshall, Chief Operating Officer

Code		Title	Description	Copy of Record	Official Record Retention	Citation / Rationale	Final Disposition
Corporate Records (CORP)							
RCHC-CORP-100	Articles of Incorporation	Articles of Incorporation including any amendments/addenda.	Dept.	P	CORP 5160; IRS Pub. 4221	Dept.	
RCHC-CORP-150	Attorney General Registry of Charitable Trusts	RCHC's copy of Form RRF-1 filed annually with the state's Attorney General.	Dept.	T + 10	GC 12596	Shred / Delete	
RCHC-CORP-200	Business License(s) and Certificate(s)	City of Riverside Business Tax Certificate that is received annually.	Dept.	EXP + 10	GC 12596	Shred / Delete	
RCHC-CORP-250	Bylaws	Bylaws as certified by the Secretary including any amendments and/or addenda.	Dept.	P	CORP 5160; IRS Pub. 4221	Dept.	
RCHC-CORP-300	Corporate Policies and Procedures	RCHC's policies and procedures manual.	Dept.	T + 10	GC 12596	Shred / Delete	
RCHC-CORP-350	Delegations of Board Authority	Record of Board action creating and delegating authority to a sub-group of members.	Dept.	P	CORP 5212(c)	Dept.	

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Record Series		Description	Copy of Record	Official Record Retention	Citation / Rationale	Final Disposition
Code	Title					
RCHC_CORP_400	List of members including members of the Board of Directors	Official record of members, if any, giving names and addresses and class of membership held by each. This includes such information for the Board of Directors if they are the only members of the corporation.	Dept.	P	CORP 6320(a)(3)	Shred / Delete
RCHC_CORP_450	Meeting Agendas	Records of Board meeting agendas as posted and presented to members of the Board of Directors.	Clerk	P	CORP 6320	Dept.
RCHC_CORP_500	Meeting Minutes	Minutes from proceedings of the Board and its committees.	Clerk	P	CORP 6320(a)(2); IRS Pub. 4221	Dept.
RCHC_CORP_550	Meeting Notice Waivers, Consents and Approvals	Waivers, consents and approvals signed by a Director regarding meeting notices	Clerk	P	CORP 5211	Dept.
RCHC_CORP_600	Organizational Charts	Names of Directors, Officers, etc.	Dept.	P	CORP 6320	Dept.
RCHC_CORP_650	Originals of documents sent to the Secretary of State	RCHC's original record of information sent to the California Secretary of State when such document is sent via fax or email.	Dept.	CR + 5	CORP 17.1(d)	Shred / Delete
RCHC_CORP_700	Resolutions	Records of actions taken by the Board.	Clerk	P	CORP 6320(a)(2)	Dept.
RCHC_CORP_750	Statements of Information	RCHC's copy of Form SI-100 filed biennially with the California Secretary of State.	Dept.	CL + 10	GC 12596	Shred / Delete
DONATIONS, GRANTS AND FUNDRAISING (DGF)						
RCHC_DGF_100	Advertising, Marketing and PR Agreements	Contracts and agreements for advertising, marketing and public relations products and services.	Dept.	CL + 10	CCP 337	Shred / Delete
RCHC_DGF_150	Advertising and Marketing Materials	Advertisements, catalogs, brochures, advertising copy, marketing programs, mailing lists, speeches and presentations, product literature, etc.	Dept.	CL + 10	CORP 6215(a); GC 12596	Shred / Delete
RCHC_DGF_200	Donation Receipts	RCHC's copy of written statements given to donors acknowledging receipt of goods or services.	Dept.	FY + 10	GC 12596	Shred / Delete

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Record Series		Description	Copy of Record	Official Record Retention	Citation / Rationale	Final Disposition
Code	Title					
RCHC_DGF 250	Grant Agreements	Documents and agreements related to grants received or issued by RCHC.	Dept.	Final Payment + 10	49 CFR 18.42(b) and as required by the terms of the grant; GC 12596	Shred / Delete
Facilities Management (FM)						
RCHC_FM 100	Agreements	Contracts and agreements relating to operation and management of facilities (e.g., property/facilities management agreements, repair/maintenance contracts, janitorial, landscaping, etc.)	Dept.	CL + 10	CCP 337	Shred / Delete
RCHC_FM 150	Certificates of Occupancy and/or Building Permits	Certificates of Occupancy, Building Permits and similar documentation for projects where RCHC is involved in project development.	Dept.	CL + 10	CORP 6214	Shred / Delete
RCHC_FM 200	Corporate-Owned Real Property Records	Records relating to the acquisition and management of RCHC owned property. Records include amount paid, date of acquisition and subsequent value of all such property. Records also include deeds, certificates of occupancy, building permits, etc.	Dept.	Disposition of Asset + 10	CORP 6214	Shred / Delete
RCHC_FM 250	Furniture, Fixtures and Equipment	Records relating to RCHC's furniture, fixtures and equipment (e.g., asset lists, inventory lists, replacement schedules, maintenance and repairs, IT infrastructure and architecture, telephone installation, fixed asset purchases, etc.)	Dept.	Disposition of Asset + 10 years	26 CFR 301.6501(a)(1)	Shred / Delete
RCHC_FM 300	Furniture, Fixtures and Equipment – Contracts	Contracts and agreements relating to RCHC's furniture, fixtures and equipment (e.g., purchase, leasing and acquisition contracts; repair and maintenance contracts; warranty contracts; computer hardware and software licenses, etc.)	Dept.	CL + 10	CCP 337	Shred / Delete
RCHC_FM 350	Information Technology	Software licenses; equipment purchase agreements; support, maintenance and warranty agreements; software inventories and audits; equipment inventories; etc.	Dept. or RCIT	CL + 10	CCP 337	Shred / Delete

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Record Series		Title	Description	Copy of Record	Official Record Retention	Citation / Rationale	Final Disposition
Code							
RCHC_ FM 400	Insurance Policies		Policies covering RCHC and personnel- commercial general liability, Directors & Officers, property damage / hazard, etc.	Dept. and/or EDA Risk Management	P	Best Practice	Dept.
RCHC_ FM 450	Property Acquisition / Ownership		Deeds, leases, mortgages, construction, etc.	Dept.	P	Best Practice	Shred / Delete
RCHC_ FM 500	Property Tax Records		Records relating to real estate and personal property taxes	Dept.	Disposition of Asset + 10	CORP 6214; IRS Pub. 583	Shred / Delete
Fiscal (FSL)							
RCHC_ FSL 100	Accounting		Invoices, ledgers, charge offs; uncollectible accounts; travel, entertainment and expense reports, chart of accounts, trial balance, cost accounting, journals, etc.	Dept.	CL + 10	26 CFR 301.6501(a)(1)	Shred / Delete
RCHC_ FSL 150	Annual Statement		RCHC's Annual Statement	Dept.	P	CORP 6321	Dept.
RCHC_ FSL 200	Bank Records		Bank statements, reconciliations, deposits, cancelled checks, check registers, petty cash, wire transfers, electronic payment records, etc.	Dept.	CL+ 10	26 CFR 301.6501(a)(1)	Shred / Delete
RCHC_ FSL 250	Corporate Assets		Amount, cost, value, manner of disposition, selling price, etc.	Dept.	Disposition of Asset + 10	CORP 6214; IRS Pub. 583	Shred / Delete
RCHC_ FSL 300	Financial Planning		Records relating to financial planning and budgeting (e.g., financial forecasts, pro forma financial statements, budgets, business plans, etc.)	Dept.	CL + 3	26 CFR 301.6501(a)(1); Best Practice	Shred / Delete
RCHC_ FSL 350	Financial Records Used to Prepare Tax Forms		Invoices, receipts, bank records, work papers, internal audit work papers, depreciation schedules, etc.	Dept.	T + 10	18 CCR 4901(i); IRS Publication 583; 26 CFR 301.6501	Shred / Delete
RCHC_ FSL 400	Financial Statements		Periodic audited and un-audited financial statements including balance sheets, income statements and profit and loss statements, general ledgers, audit work papers, etc.	Dept.	P	CORP 6320	Shred / Delete

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Record Series						
Code	Title	Description	Copy of Record	Official Record Retention	Citation / Rationale	Final Disposition
RCHC_ FSL 450	Financing/Loans Made to RCHC	Loan documents, records, bond documents, etc.	Dept.	P	CORP 6320	Shred / Delete
RCHC_ FSL 500	IRS 501(c)(3) Tax Exempt Status	IRS Response to RCHC's Form 1023 tax exempt application	Dept.	P	IRS Pub. 4221	Dept.
RCHC_ FSL 550	IRS Form 1023 Application for Tax	RCHC's copy of Form 1023, all addenda and amendments	Dept.	P	IRS Pub. 4221	Dept.
RCHC_ FSL 600	IRS Form 8282 Disposition of Donated Property	RCHC's copy of Form 8282- Disposition of Donated Property	Dept.	P	Form 8282 Instructions; CORP 6320	Shred / Delete
RCHC_ FSL 650	IRS Form 8283 Noncash Charitable Contributions	RCHC's copy of Form 8283- Noncash Charitable Contributions	Dept.	P	Form 8282 Instructions; CORP 6320	Shred / Delete
RCHC_ FSL 700	IRS Form 8300	RCHC's copy of Form 8300 recording receipt of > \$10,000 in a transaction	Dept.	P	CORP 6320	Shred / Delete
RCHC_ FSL 750	Tax Documents	Returns, schedules, IRS forms, FTB forms, correspondence, IRS or FTB audit reports, etc.	Dept.	P	18 CCR 4901(i); 26 CFR 301.6501 (a)(1); CORP 6320	Shred / Delete
Human Resources / Personnel (PER)						
RCHC_ PER 100	Employment Actions	Records related to hiring, promotions, demotions, transfers, training, disciplinary actions, layoffs, etc.	Dept. and/or EDA HR	CR +10 years	IRS Pub. 583; 29 CFR 1627.3; 29 CFR 1602.14; GC 12596	Shred / Delete
RCHC_ PER 150	Employment and Contractor Agreements	Agreements and contracts with employees and independent contractors, consultants, etc.	Dept. and/or EDA HR	CL +10 Years	CCP 337	Shred / Delete
RCHC_ PER 200	Employment Tax	Payroll records required for calculating and filing employment taxes.	Dept. and/or EDA HR	CR+ 10 Years	IRS Pub. 4221; 26 CFR 31.6001-1	Shred / Delete

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Record Series		Description	Copy of Record	Official Record Retention	Citation / Rationale	Final Disposition
Code	Title					
RCHC_ PER 250	Form 700 Statement of Economic Interest	Statements filed (Form 700, formerly Form 730) pursuant to the California Political Reform Act of 1974 and its amendments related to the economic interests of RCHC representatives.	Clerk of the Board	Original (COB) = CY + 7; Copy (Dept.) = CY + 4	GC 81009(e); GC 81009(f)	Shred / Delete
RCHC_ PER 300	Form 801 Payment to Agency Report	RCHC's copy of FPPC Form 801	Dept.	CR + 7 Years	GC 81009(e)	Shred / Delete
RCHC_ PER 350	Form 802 Report of Ceremonial Role Events	RCHC's copy of FPPC form 802	Dept.	CR + 7 Years	GC 81009(e)	Shred / Delete
RCHC_ PER 400	Insurance	Policies covering RCHC and personnel- commercial general liability, Directors & Officers, property damage / hazard, etc.	Dept. and/or EDA Risk Management	P	CCP 337.15(a)	Dept.
RCHC_ PER 450	Payroll Records	Records related to pay rate and issuance for employees and contractors.	Dept. and/or EDA HR	CR + 10 Years	26 CFR 31.6001-1; 29 CFR 1627.3; LAB 1174(d), 1197.5(d); GC 12596	Shred / Delete
RCHC_ PER 500	Travel and Expense	Reports relating to personnel travel and expenses.	Dept.	CR + 10 Years	26 CFR 301.6501(a)(1)	Shred / Delete
RCHC_ PER 550	Volunteer Records	Records documenting a volunteer's service history including duties and responsibilities, amount of time donated, etc.	Dept.	CL + 10 Years	GC 12596	Shred / Delete
Legal (LEG)						
RCHC_ LEG 100	Claims	Records of claims filed on behalf of and against RCHC.	Dept. and/or County Counsel	10 Years after last contact with claimant	CCP 1952.3; Best Practice	Shred / Delete
RCHC_ LEG 150	Government Filings Subject to False Claims Act	Records of claims made against RCHC claiming that false claims were made by Board members or those delegated their authority.	Dept. and/or County Counsel	CL + 10 Years	31 USC 3731(b); CORP 6215; 26 CFR 301.6501(c)(1)	Shred / Delete

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Record Series		Description	Copy of Record	Official Record Retention	Citation / Rationale	Final Disposition
Code	Title					
RCHC_ LEG 200	Litigation Files	Records related to legal correspondence, pleadings and copies of court records.	Dept. and/or County Counsel	CL + 10 Years	CCP 1952.3; Best Practice	Shred / Delete
Operations (OP)						
RCHC_ OP 100	Grants or loans made to other organizations	Records documenting amount of funds provided to organizations outside of RCHC. Records include MOUs, agreements, contracts, notes, deeds, and resolutions. Records series also include repayment terms if applicable.	Dept.	P	CORP 6320(a)(1)	Shred / Delete
RCHC_ OP 150	Inventory Management	Records relating to maintenance and inventory of RCHC assets.	Dept.	Disposal of Asset + 10 Years	26 CFR 301.6501	Shred / Delete
RCHC_ OP 200	Procurement- Contracts	Contracts resulting from a procurement and any related records	Dept.	CL + 10 Years	CCP 337	Shred / Delete
RCHC_ OP 250	Procurement- Other records	Records related to procurement of goods and services	Dept.	CR + 10 Years	26 CFR 301.6501(a)(1)	Shred / Delete
RCHC_ OP 300	Shipping	Day-to-day invoices and shipping records (e.g. UPS, Fed. Ex, etc.)	Dept.	CR + 3 Years	26 CFR 301.6501(a)(1)	Shred / Delete
RCHC_ OP 350	Welfare Exemption Claims	California Board of Equalization Forms BOE-267 and BOE-267A	Dept.	P	CORP 6320	Shred / Delete