

MARCH JOINT POWERS REDEVELOPMENT AGENCY

ASSET TRANSFER REVIEW

Review Report

January 1, 2011, through January 31, 2012



JOHN CHIANG
California State Controller

August 2014



JOHN CHIANG
California State Controller

August 20, 2014

Lori Stone, Executive Director
March Joint Powers Authority/Successor Agency
23555 Meyer Drive
Riverside, CA 92518

Dear Ms. Stone:

Pursuant to Health and Safety Code section 34167.5, the State Controller's Office (SCO) reviewed all asset transfers made by the March Joint Powers Redevelopment Agency (RDA) to the March Inland Port Airport Authority or any other public agency after January 1, 2011. This statutory provision states, "The Legislature hereby finds that a transfer of assets by a redevelopment agency during the period covered in this section is deemed not to be in furtherance of the Community Redevelopment Law and is thereby unauthorized." Therefore, our review included an assessment of whether each asset transfer was allowable and whether the asset should be turned over to the Successor Agency.

Our review applied to all assets including, but not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and rights to payment of any kind. We also reviewed and determined whether any unallowable transfers to the March Joint Powers Authority or any other public agency have been reversed.

Our review found that the RDA transferred \$41,734,967 in assets after January 1, 2011, including unallowable transfers totaling \$4,529,250, or 10.85% of transferred assets. The unallowable transfers included \$4,529,250 to the March Inland Port Airport Authority. These assets must be turned over to the Successor Agency.

If you have any questions, please contact Elizabeth González, Bureau Chief, Local Government Compliance Bureau by telephone at (916) 324-0622.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/kw

cc: David Botelho, Program Budget Manager
California Department of Finance
Paul Angulo, Auditor-Controller
County Of Riverside
Jamil Dada, Chairman of the Oversight Board
March Joint Powers Authority/Successor Agency
Richard J. Chivaro, Chief Legal Counsel
State Controller's Office
Elizabeth González, Bureau Chief
Division of Audits, State Controller's Office
Scott Freesmeier, Audit Manager
Division of Audits, State Controller's Office
Kandy Liu, Auditor-in-Charge
Division of Audits, State Controller's Office
Daniel Moreno, Auditor
Division of Audits, State Controller's Office

Contents

Review Report

Summary	1
Background	1
Objective, Scope, and Methodology	2
Conclusion	2
Views of Responsible Officials	2
Restricted Use	3
Finding and Order of the Controller	4
Schedule 1—Unallowable Asset Transfer to the March Inland Port Airport Authority	6
Attachment—March Joint Powers Authority’s Response to Draft Review Report	

Asset Transfer Review Report

Summary

The State Controller's Office (SCO) reviewed the asset transfers made by the March Joint Powers Redevelopment Agency (RDA) after January 1, 2011. Our review included, but was not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and rights to payments of any kind from any source.

Our review found that the RDA transferred \$41,734,967 in assets after January 1, 2011, including unallowable transfers totaling \$4,529,250, or 10.85% of transferred assets. The unallowable transfers included \$4,529,250 to the March Inland Port Airport Authority. These assets must be turned over to the Successor Agency.

Background

In January of 2011, the Governor of the State of California proposed statewide elimination of redevelopment agencies (RDAs) beginning with the fiscal year (FY) 2011-12 State budget. The Governor's proposal was incorporated into Assembly Bill 26 (ABX1 26, Chapter 5, Statutes of 2011, First Extraordinary Session), which was passed by the Legislature, and signed into law by the Governor on June 28, 2011.

ABX1 26 prohibited RDAs from engaging in new business, established mechanisms and timelines for dissolution of the RDAs, and created RDA successor agencies and oversight boards to oversee dissolution of the RDAs and redistribution of RDA assets.

A California Supreme Court decision on December 28, 2011 (*California Redevelopment Association et al. v. Matosantos*), upheld ABX1 26 and the Legislature's constitutional authority to dissolve the RDAs.

ABX1 26 was codified in the Health and Safety (H&S) Code beginning with section 34161.

H&S Code section 34167.5 states in part, ". . . the Controller shall review the activities of redevelopment agencies in the state to determine whether an asset transfer has occurred after January 1, 2011, between the city or county, or city and county that created a redevelopment agency or any other public agency, and the redevelopment agency."

The SCO identified an asset transfer that occurred after January 1, 2011, between the RDA, the March Inland Port Airport Authority and/or any other public agency. By law, the SCO is required to order that such assets, except those that already had been committed to a third party prior to June 28, 2011, the effective date of ABX1 26, be turned over to the Successor Agency. In addition, the SCO may file a legal action to ensure compliance with this order.

Objective, Scope, and Methodology

Our review objective was to determine whether asset transfers that occurred after January 1, 2011, and the date upon which the RDA ceased to operate, or January 31, 2012, whichever was earlier, between the city or county, or city and county that created an RDA, or any other public agency, and the RDA, were appropriate.

We performed the following procedures:

- Interviewed Successor Agency personnel to gain an understanding of the Successor Agency's operations and procedures.
- Reviewed meeting minutes, resolutions, and ordinances of the March Joint Powers Redevelopment Agency, the Successor Agency, and the Oversight Board.
- Reviewed accounting records relating to the recording of assets.
- Verified the accuracy of the Asset Transfer Assessment Form. This form was sent to all former RDAs to provide a list of all assets transferred between January 1, 2011, and January 31, 2012.
- Reviewed applicable financial reports to verify assets (capital, cash, property, etc.).

Conclusion

Our review found that the March Joint Powers Redevelopment Agency transferred \$41,734,967 in assets after January 1, 2011, including unallowable transfers totaling \$4,529,250, or 10.85% of transferred assets. The unallowable transfers included \$4,529,250 to the March Inland Port Airport Authority. These assets must be turned over to the Successor Agency.

Details of our finding are described in the Finding and Order of the Controller section of this report.

Views of Responsible Officials

We issued a draft review report on June 12, 2014. Lori M. Stone, Executive Director, responded by letter dated June 25, 2014. The March Joint Powers Authority/Successor Agency response is included in this final review report as an attachment.

Restricted Use

This report is solely for the information and use of the March Inland Port Airport Authority, the Successor Agency, the Oversight Board, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record when issued final.

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

August 20, 2014

Finding and Order of the Controller

**FINDING—
Unallowable asset
transfer to the
March Inland Port
Airport Authority**

The March Joint Powers Redevelopment Agency (RDA) made an unallowable asset transfer of \$4,529,250 to the March Inland Port Airport Authority (Airport Authority). The asset transfer to the Airport Authority occurred after January 1, 2011, and the asset was not contractually committed to a third party prior to June 28, 2011.

On March 2, 2011, the RDA transferred a capital asset (Parcel D-1 South) with a book value of \$4,529,250 to the Airport Authority.

Pursuant to Health and Safety (H&S) Code section 34167.5, the RDA may not transfer assets to a city, county, city and county, or any other public agency after January 1, 2011. Those assets should be turned over to the Successor Agency for disposition in accordance with H&S Code section 34177 (d) and (e).

Order of the Controller

Pursuant to the H&S Code section 34167.5, the Airport Authority is ordered to reverse the transfer of the above asset, in the amount \$4,529,250, and turn it over to the Successor Agency.

RDA's Response

The RDA disagreed with the Finding and stated:

To comply with Health and Safety Codes regarding the transfer of assets and at the suggestion of State Controller's auditing team. on May 5, 2014, the Oversight Board to the RDA Adopted Resolution OSB 14-02 approving the transfers of ownership of Parcel D-1 South from the dissolved Redevelopment Agency to the March Inland Port Airport Authority pursuant to Health and Safety Code sections 34179 (e) and 34181 (a).

See Attachment for March Joint Powers Authority's complete response.

SCO Comment

At the time of the exit conference, the agency indicated that it was going to obtain Oversight Board approval. The SCO stated that we would consider Oversight Board actions.

However, a recent *Superior Court Successor Agency to the Brea Redevelopment Agency v. California Department of Finance* ruling states:

The redevelopment dissolution laws established oversight boards to supervise the actions of *successor agencies*, but not to supervise or ratify (after the fact) the actions of former redevelopment agencies. For example, Health and Safety Code section 34180 sets out a list of actions of the *successor agency* that must be approved by the oversight board, and Health and Safety Code section 34181 sets out a list of acts

the oversight board shall direct the *successor agency* to take. Conversely, the Court has not located any provision of the redevelopment laws that requires or authorizes an oversight board retrospectively to review or ratify an action of a redevelopment agency taken before its dissolution. The Oversight Board thus appears to have no legal authority or mandate to review actions of the RDA.

Due to the aforementioned ruling, the SCO finding remains as stated.

**Schedule 1—
Unallowable Asset Transfer to
the March Inland Port Airport Authority
January 1, 2011, through January 31, 2012**

<u>Description</u>	<u>Date</u>	<u>Amount</u>
Unallowable transfers of capital assets – Parcel D-1 South	3/2/2011	\$ 4,529,250
Total unallowable transfers subject to H&S Code section 34167.5		<u>\$ 4,529,250</u>

**Attachment—
March Joint Powers Authority's Response to
Draft Review Report**



MARCH JOINT POWERS AUTHORITY

June 25, 2014

Ms. Elizabeth Gonzalez
Chief, Local Government Compliance Bureau
State Controller's Office
Division of Audits
P.O. Box 942850
Sacramento, CA 94250

RE: March Joint Powers Redevelopment Agency Audit

Dear Ms. Gonzalez:

The March Joint Powers Authority (March JPA) has the following comments in response to Mr. Brownfield's letter dated June 12, 2014 and received by the March JPA on June 20, 2014 regarding Parcel D-1 South which was transferred from the March Joint Powers Redevelopment Agency to the March Inland Port Airport Authority on March 2, 2011.

Parcel D-1 South was originally transferred to the March Joint Powers Redevelopment Agency from the United States of America under a Public Benefit Conveyance sponsored by the Federal Aviation Administration. The Quitclaim Deed was recorded in Riverside County on July 31, 2003 as document #2003-574188.

Quitclaim Deed Section VI. Airport Conditions paragraph A.(1) states in part "...the Property shall be used for public airport purposes for the use and benefit of the public, on reasonable terms and without unjust discrimination, and without grant or exercise of any exclusive right for use of the Airport..." Given this restriction, the March Joint Powers Redevelopment Agency transferred Parcel D-1 South to the March Inland Port Airport Authority to ensure its continued use as an aeronautical facility.

To comply with Health and Safety Codes regarding the transfer of assets and at the suggestion of State Controller's auditing team, on May 5, 2014 the Oversight Board to the March Joint Powers Authority Successor Agency adopted Resolution OSB 14-02 approving the transfer of ownership of Parcel D-1 South from the dissolved Redevelopment Agency to the March Inland Port Airport Authority pursuant to Health and Safety Code Sections 34179(e) and 34181(a).

Enclosed for your consideration are the original Quitclaim Deed and Resolution OSB 14-02. If you require any additional information, please do not hesitate to contact me directly at 951-656-7000.

Sincerely,



Lori M. Stone
Executive Director

Enclosures

cc: Kandy Liu, Auditor, State Controller's Office

DOC # 2003-574188

07/31/2003 08:00A Fee:NC

Page 1 of 12

Recorded in Official Records
County of Riverside

Gary L. Orso

Assessor, County Clerk & Recorder



Recording Requested by,
And when recorded mail to:

March Joint Powers Redevelopment Agency
P.O. Box 7480
Moreno Valley CA 92552

Exempt from Documentary Transfer Tax
Rev. & Tax. Code §11922

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TAX 021

QUITCLAIM DEED,

RESERVATION OF ACCESS, and

CERCLA 120(h) COVENANT

07/31/03
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(Portion of Former March Air Force Base Parcel D)

I. PARTIES

THIS DEED is made and entered into this 16th day of July 2003 by and between the UNITED STATES OF AMERICA, acting by and through the Secretary of the Air Force, under and pursuant to the powers and authority contained in the Defense Base Closure and Realignment Act of 1990, as amended (10 U.S.C. § 2687 note), and delegations and regulations promulgated thereunder, and the Federal Property and Administrative Services Act of 1949 (63 Stat. 377, 40 U.S.C. 471, et seq.), as amended, and rules, orders, and regulations issued pursuant thereto, for and in consideration of the policy expressed in Sec. 701 of Pub. L. No. 98-473 (40 U.S.C. § 484(p)) (the "GRANTOR"), and the March Joint Powers Redevelopment Agency, a public body, created, operating, and existing under the laws of the State of California (the "GRANTEE").

When used in this Quitclaim Deed, Reservation of Access, and CERCLA 120(h) Covenant ("Deed"), "GRANTOR" shall include the successors and assigns of the GRANTOR, and "GRANTEE" shall include the successors and assigns forever of the GRANTEE. When the term "Administrator of the FAA" is used in this Deed, the term shall refer to the Administrator of the Federal Aviation Administration and his or her successor in function. The real property conveyed hereunder is a portion of the "Airport Property" and "Airport" as those terms are used herein.

II. CONSIDERATION AND CONVEYANCE

FOR VALUABLE CONSIDERATION of the sum of ONE DOLLAR (\$1.00), the receipt of which is hereby acknowledged, the GRANTOR does hereby release and forever quitclaim to the GRANTEE all that real property situated in County of Riverside, State of California, legally described as:

Being a portion of Section 36, Township 3 South, Range 4 west, San Bernardino Base and Meridian in the unincorporated territory of Riverside County, State of California, described as follows:

Commencing at a point at the intersection of the centerline of Heacock Street and the southerly line of parcel 13 as shown by parcel map 24644-3 on file in book 166, pages 1-3, Riverside County records.

thence North 00°17'26" East along the centerline of Heacock Street, a distance of 243.98 feet;

thence North 89°42'34" West a distance of 75.00 feet; to the TRUE POINT OF BEGINNING:

thence South 58°53'24" West, a distance of 404.22 feet;
thence North 31°06'36" West, a distance of 777.87 feet;
thence North 58°53'24" East, a distance of 690.65 feet;
thence South 89°42'34" East, a distance of 160.80 feet;
thence South 00°17'26" West along a line parallel with and 75.00 feet west of the centerline of Heacock Street, a distance of 813.18 feet to the point of beginning.

Containing 11.28 acres, more or less

III. APPURTENANCES

TOGETHER WITH all the buildings and improvements erected thereon, and all and singular the tenements, hereditaments, appurtenances, and improvements hereunto belonging, or in any wise appertaining (which, together with the real property above described, is called the "Property" in this Deed).

IV. RESERVATIONS

A. RESERVING UNTO THE GRANTOR, including the United States Environmental Protection Agency ("EPA") and the State of California (the "State"), and its and their respective officials, agents, employees, contractors, and subcontractors, the right of access to the Property (including the right of access to, and use of, utilities at reasonable cost to the Grantor), for the following purposes, either on the Property or on adjoining lands, and for such other purposes consistent with the Installation Restoration Program ("IRP") of the Grantor or the Federal Facility Agreement ("FFA"), if applicable:

1. To conduct investigations and surveys, including, where necessary, drilling, soil and water sampling, testpitting, testing soil borings, and other activities related to the IRP or FFA, if applicable.



2. To inspect field activities of the Grantor and its contractors and subcontractors in implementing the IRP or the FFA, if applicable.
3. To conduct any test or survey required by the EPA or the State relating to the implementation of the IRP or FFA, if applicable, or environmental conditions on the Property, or to verify any data submitted to the EPA or the State by the Grantor relating to such conditions.
4. To conduct, operate, maintain, or undertake any other response, corrective, or remedial action as required or necessary under the IRP or the FFA, if applicable, or the covenant of the Grantor in Section VII.B. of this Deed, but not limited to, the installation of monitoring wells, pumping wells, and treatment facilities.

V. CONDITION

A. The Grantee agrees to accept conveyance of the Property subject to all covenants, conditions, restrictions, easements, rights-of-way, reservations, rights, agreements, and encumbrances, whether or not of record.

B. The Grantee acknowledges that it has inspected, is aware of, and accepts the condition and state of repair of the Property, and that the Property is conveyed, "as is," "where is," without any representation, promise, agreement, or warranty on the part of the Grantor regarding such condition and state of repair, or regarding the making of any alterations, improvements, repairs, or additions. The Grantee further acknowledges that the Grantor shall not be liable for any latent or patent defects in the Property, except to the extent required by applicable law.

VI. AIRPORT CONDITIONS

A. By the acceptance of this Deed, the Grantee agrees that the transfer of the Property is accepted subject to the following restrictions set forth in subparagraph 1 and 2 of this paragraph A, which shall run with the land:

1. Except as provided in subparagraph 1 of paragraph VI.B of this Deed, the Property shall be used for public airport purposes for the use and benefit of the public, on reasonable terms and without unjust discrimination, and without grant or exercise of any exclusive right for use of the Airport within the meaning of the term "exclusive right" as used in subparagraph 3 of paragraph VI.B of this Deed.

2. Except as provided in subparagraph 1 of paragraph VI.B of this Deed, the Property shall be used, maintained, repaired, and rehabilitated for the use and benefit of the public at all times in safe and serviceable condition, to assure its efficient operation and use, provided, however, that any such maintenance, repair, and rehabilitation to structures, improvements, facilities, and equipment shall be required only during the useful life thereof, as determined by the Administrator of the FAA. In the event materials are required to maintain, rehabilitate, or repair any of the Property, they may be procured by demolition of other portions of the Property that have outlived their use for airport purposes in the opinion of the Administrator of the FAA.



of the Property that have outlived their use for airport purposes in the opinion of the Administrator of the FAA.

B. By the acceptance of this Deed, the Grantee also assumes the obligation of, covenants to abide by, and agrees that the Property are subject to, the following reservations and restrictions set forth in subparagraphs 1 through 15, inclusive, of this paragraph VI.B, which shall run with the land; provided, that the Property may be successively transferred only with the proviso that any such subsequent transferee assumes all the obligations imposed upon the Grantee by the provisions of this Deed.

1. The Grantee shall not use, lease, sell, license, salvage, or dispose, the Property for other than airport purposes without the written consent of the Administrator of the FAA. The use of the term "Property" in this subparagraph 1 shall include revenues or proceeds derived therefrom.

2. The Property shall be used and maintained for the use and benefit of the public on fair and reasonable terms, without unjust discrimination. In furtherance of this covenant (but without limiting its general applicability and effect), the Grantee specifically agrees that:

(i) it will keep the Airport open to all types, kinds and classes of aeronautical use without discrimination between such types, kinds, and classes. However, the Grantee may establish such fair, equal, and not unjustly discriminatory conditions to be met by all users of the Airport as may be necessary for its safe and efficient operation; and provided that the Grantee may prohibit or limit any given type, kind, or class of aeronautical use of the Airport if such action is necessary for its safe operation to serve the civil aviation needs of the public;

(ii) in its operation of the Airport and the Property, neither the Grantee nor any person or entity occupying any portion thereof, will discriminate against any person or class of persons by reason of race, color, creed, or national origin in the use of any of the Property provided for the public;

(iii) in any agreement, contract, lease, or other arrangement under which a right or privilege at the Airport is granted to any person or entity to conduct or engage in any aeronautical activity for furnishing services to the public at the Airport, the Grantee will insert and enforce provisions requiring the contractor: (a) to furnish such service on a fair, equal, and not unjustly discriminatory basis to all users thereof, and (b) to charge fair, reasonable, and not unjustly discriminatory prices for each unit for service, provided, that the contractor may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers;

(iv) it will not exercise or grant any right or privilege which would operate to prevent any person, firm or corporation operating aircraft on the Airport from performing any services on its own aircraft with its own employees (including, but not limited to, maintenance and repair) that it may choose to perform; and



(v) in the event the Grantee itself exercises any of the rights and privileges referred to in subsection (iii) above, the services involved will be provided on the same conditions as would apply to the furnishing of such services by contractors or concessionaires of the Grantee under the provisions of subsection (iii) of this subparagraph 2 of paragraph VI.B.

3. The Grantee will not grant or permit any exclusive right for the use of the Airport that is forbidden by 49 U.S.C. § 47107(a)(4), to persons to the exclusion of others in the same class, and will otherwise comply with all applicable laws. In furtherance of this covenant (but without limiting its general applicability and effect), the Grantee specifically agrees that, unless authorized by the Administrator of the FAA, the Grantee shall not, either directly or indirectly, grant or permit any person or entity the exclusive right to conduct any aeronautical activity on the Airport, including, but not limited to, charter flights, pilot training, aircraft rental and sightseeing, aerial photography, crop dusting, aerial advertising and surveying, air carrier operations, aircraft sales and services, sale of aviation petroleum products whether or not conducted in conjunction with other aeronautical activity, repair and maintenance of aircraft, sale of aircraft parts, and any other activities which because of their direct relationship to the operation of aircraft can be regarded as an aeronautical activity. The Grantee further agrees that it will terminate as soon as possible, but no later than the earliest renewal, cancellation, or expiration date applicable thereto, any exclusive right existing at any airport owned or controlled by the Grantee, or hereafter acquired, and thereafter, no such right shall be granted. However, nothing contained in this subparagraph 3 shall be construed to prohibit the granting or exercise, of or exclusive right for the furnishing of non-aviation products and supplies or any services of a non-aeronautical nature or to obligate the Grantee to furnish any particular non-aeronautical service at the Airport.

4. The Grantee shall, insofar as it is within its powers and to the extent reasonable, adequately clear and protect the aerial approach to the Airport. The Grantee will, insofar as it is within its powers and to the extent reasonable, either by the acquisition and retention of easements or other interests in or rights for the use of land or airspace, or by seeking the adoption and enforcement of zoning regulations, prevent the construction, erection, alteration, or growth of any structure, tree, or other object in the approach areas of the runways of the Airport which would constitute an obstruction to air navigation according to the criteria or standards prescribed in Part 77 of the Federal Aviation Regulations, as applicable, according to the currently approved airport layout plan. In addition, the Grantee will not erect, or permit the erection, of any permanent structure or facility on the Property in any portion of a runway approach area in which the Grantee has control of the use made of the surface of the Property. Insofar as is within its power and to the extent reasonable, the Grantee will take action to restrict the use of the land adjacent to, or in the immediate vicinity of, the Property to activities and purposes compatible with normal aeronautical operations, including the landing and takeoff of aircraft.

5. The Grantee will operate and maintain in a safe and serviceable condition, as deemed reasonably necessary by the Administrator of the FAA, the Airport and all facilities thereon and connected therewith which are necessary to service the aeronautical users of the Airport other than facilities owned or controlled by the Government, and the Grantee shall not permit any activity thereon which would interfere with its use for airport purposes. However, nothing contained in this subparagraph 5 shall be construed to require that the Airport be



operated for aeronautical uses during temporary periods when snow, flood, or other climatic conditions interfere with such operation and maintenance, repair, restoration, or replacement of any portion of the Airport which is substantially damaged or destroyed due to an act of God or other condition or circumstance beyond the control of the Grantee.

6. The Grantee will make available all facilities of the Airport developed with Federal aid, and all those usable for the landing and taking off of aircraft, to the Government at all times, without charge, for use by aircraft of any agency of the Government in common with other aircraft, except that if the use by aircraft of any agency of the Government in common with other aircraft, is substantial, a reasonable share, proportional to such use, of the cost of operating and maintaining facilities so used, may be charged; and unless otherwise determined by the FAA, or otherwise agreed to by the Grantee and the using agency of the Government, substantial use of an airport by Government aircraft will be considered to exist when operations of such aircraft are in excess of those which, in the opinion of the FAA, would unduly interfere with use of the landing area by other authorized aircraft or during any calendar month that (i) either five or more aircraft of any agency of the Government are regularly based at the Airport or on land adjacent thereto, or (ii) the total number of movements (counting each landing as a movement and each take-off as a movement) of aircraft of any agency of the Government is 300 or more, or (iii) the gross accumulative weight of aircraft of any agency of the Government using the Airport (the total movements of such aircraft multiplied by gross certified weights thereof) is in excess of five million pounds.

7. During any national emergency declared by the President of the United States of America or the Congress, including any existing national emergency, the Government shall have the right to make exclusive or non-exclusive use, and have exclusive or non-exclusive control and possession without charge, of the Airport, or of such portion thereof as it may desire, provided, however, that the Government shall be responsible for the entire cost of maintaining such part, of the Property as it may use exclusively, or over which it may have exclusive possession, or control, and it shall be obligated to contribute a reasonable share, commensurate with the use made by it, of the cost of maintenance as it may use non-exclusively or over which it may have non-exclusive control and possession. Further, the Government shall pay a fair rental for its use, control, or possession exclusively or non-exclusively of any improvement to the Airport Property made without Government aid and never owned by the Government.

8. The Grantee does hereby release the Government, and will take whatever action may be required by the Administrator of the FAA to assure the complete release of the Government, from any and all liability the Government may be under for restoration or other damage under any lease or other agreement covering the use by the Grantee, upon which, adjacent to which, or in connection with which, the Property were located or used.

9. Whenever so requested by the FAA, the Grantee will furnish, without cost to the Government, for the construction, operation, and maintenance of facilities for air traffic control activities, or weather reporting activities, or communication activities related to air traffic control, such areas of the Airport as the FAA may consider necessary or desirable for use and/or construction at Federal expense of space and facilities for such purposes, and the Grantee will make available such areas or any portion thereof for such purposes within provided herein within four months after receipt of written request from the FAA, if such are or will be available.



10. The Grantee will: (i) furnish the FAA with annual or special airport financial and operational reports as may be reasonably requested using either forms furnished by the FAA or in such manner as it elects, so long as the essential data are furnished, and (ii) upon reasonable request of the FAA, make available for inspection by any duly authorized representative of the FAA all records and documents affecting the Airport Property, including deeds, leases, operation and use agreements, regulations, and other instruments, and will furnish to the FAA a true copy of any such document which may be reasonably requested.

11. The Grantee will not enter into any transaction which would operate to deprive it of any of the rights and powers necessary to perform or comply with the covenants and conditions in this Decd unless, by such transaction, the obligation to perform or comply with all such covenants and conditions is assumed by another public agency found by the FAA to be eligible as a public agency as defined in 49 U.S.C. § 47102(15), to assume such obligation, and have power, authority, and financial resources to carry out all such obligations, and if an arrangement is made for management or operation of the Airport by any agency or person other than the Grantee, the Grantee will reserve sufficient rights and authority to ensure that the Airport will be operated and maintained in accordance with these covenants and conditions, any applicable Federal statute, and the Federal Aviation Regulations.

12. (i) The Grantee will keep up to date at all times an airport layout plan of the Airport depicting (a) the boundaries of the Airport and all proposed additions thereto, together with the boundaries of all off-site areas owned or controlled by the Grantee for airport purposes and proposed additions thereto; (b) the location and nature of all existing and proposed airport facilities and structures on the Airport (such as runways, taxiways, aprons, terminal buildings, hangars, and roads), including all proposed extensions and reductions of existing airport facilities; and (c) the location of all existing and proposed non-aviation areas of the Property and of all existing improvements thereon and uses made thereof. Such airport layout plan, and each amendment, revision, or modification thereof, shall be subject to the approval of the FAA, which approval shall be evidenced by the signature of a duly authorized representative of the FAA on the face of such plan. The Grantee will not make, or permit to be made, any changes or alterations to the Airport which are not in conformity with the airport layout plan as approved by the FAA, and which might, in the opinion of the FAA, adversely affect the safety, utility, or efficiency of the Airport.

(ii) If a change or alteration in the Airport is made which the Secretary of Transportation determines adversely affects the safety, utility, or efficiency of any Government-owned, leased, or funded property on or off the Airport and which is not in conformity with the airport layout plan as approved by the FAA, the Grantee will, if requested, by the Secretary (a) eliminate such adverse effect in a manner approved by the Secretary; or (b) bear all costs of relocating such property (or replacement thereof) to a site acceptable to the Secretary and all costs of restoring such property (or replacement thereof) to the level of safety, utility, efficiency, and cost of operation existing before the unapproved change in the Airport.

13. If, at any time, it is determined by the FAA that there is any outstanding right, or claim of right, in or to the Property, the existence of which creates an undue risk of interference with the operation of the Airport, or the performance or compliance with covenants



and conditions in this Deed, the Grantee will acquire, extinguish, or modify such right or claim of right in a manner acceptable to the FAA.

14. In the event that any of the aforesaid terms, conditions, reservations, or restrictions are not met, observed, or complied with by the Grantee or any subsequent transferee whether caused by the legal inability of the Grantee or subsequent transferees to perform any of the obligations herein set out, or otherwise, the title, right of possession and all other rights transferred by this Deed to the Grantee, or any portion thereof, shall at the option of the Grantor revert to the Grantor in its then existing condition sixty days following the date upon which demand to this effect is made in writing by the Administrator of the FAA, unless within said sixty days such default or violation shall have been cured and all such terms, conditions, reservations and restrictions shall have been met, observed, or complied with, in which event said reversion shall not occur and title, right of possession, and all other rights transferred hereby, except such, if any, as such have been previously reverted, shall remain vested in the Grantee, its transferees, successors, and assigns.

15. If the construction as covenants of any of the foregoing reservations and restrictions recited herein as covenants or the application of the same as covenants in any particular instance is held invalid, the particular reservations or restrictions in question shall be construed instead merely as conditions upon the breach of which the Government may exercise its option to cause the title, interest, right of possession, and all other rights transferred to the Grantee, or any portion thereof, to revert to it, and the application of such reservation or restrictions as covenants in any other instance and the construction of the remainder of such reservations and restrictions as covenants shall not be affected thereby.

C. The Grantee, by its acceptance of this Deed, acknowledges its understanding of the agreement, and agrees that, as part of the consideration of this Deed, the Grantee covenants and agrees that:

1: the program for or in connection with which this Deed is made will be conducted in compliance with, and the Grantee, will comply with all requirements imposed by pursuant to the regulations of the DOT as in effect on the date of the Deed (49 CFR Part 21) issued under the provisions of Title VI of the Civil Rights Act of 1964, as amended;

2: this covenant shall be subject in all respects to the provisions of said regulations;

3: the Grantee will promptly take and continue to take such action as may be necessary to effectuate this covenant;

4: the Government shall have the right to seek judicial enforcement of this covenant;

5: the Grantee will: (a) obtain from any person (any legal entity) who, through contractual or other arrangements with the Grantee, is authorized to provide services or benefits under said program, a written agreement pursuant to which such other person shall, with respect to the services or benefits which he is authorized to provide, undertake for himself the same



2003-574188
02/21/2003 08:00A
8 of 12

obligations as those imposed upon the Grantee, by this covenant; (b) furnish the original of such agreement to the Administrator of the FAA upon his request therefore; and that this covenant shall run with the land hereby conveyed, and shall in any event, without regard to technical classification or designation, legal or otherwise, be binding to the fullest extent permitted by law and equity for the benefit of, and in favor of the Grantor and enforceable by the Grantor against the Grantee.

VII. COVENANTS

A. Non-Discrimination.

The Grantee covenants not to discriminate upon the basis of race, color, religion, national origin, sex, age, or handicap in the use, occupancy, sale, or lease of the Property, or in its employment practices conducted thereon. This covenant shall not apply, however, to the lease or rental of a room or rooms within a family dwelling unit, nor shall it apply with respect to religion if the Property is on premises used primarily for religious purposes. The United States of America shall be deemed a beneficiary of this covenant without regard to whether it remains the owner of any land or interest therein in the locality of the Property.

B. Grantor Covenant.

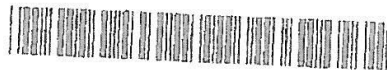
Pursuant to Section 120(h)(4) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, (CERCLA), 42 U.S.C. § 9620(h)(4), Grantor has identified the herein described tracts of land as real property on which no hazardous substances and no petroleum products or their derivatives were stored for one year or more, known to have been released, or disposed of by the United States. The United States covenants and warrants that in the event that any response action or corrective action found to be necessary after the date of conveyance for contamination existing on the land prior to the date of conveyance, such response action or corrective action shall be conducted by the United States.

C. Hazards to Air Navigation.

Prior to commencing any construction on, or alteration of, the Property, the Grantee covenants to comply with U.S. Army Corps of Engineers, Naval Facilities Engineering Command, and Air Force Civil Engineering Support Agency "Uniform Facilities Criteria - Airfield and Heliport Planning and Design," or successor criteria or regulations, so long as the airfield is operated by the Air Force or other Department of Defense (DoD) service or agency; or when no DoD service or agency operates the airfield, with 14 C.F.R. Part 77 entitled "Objects Affecting Navigable Air Space," or under the authority of the Federal Aviation Act of 1958, as amended.

VIII EXHIBIT

A. Map of the Property



2695-574188
07/31/2003 08:08:08
9 of 12

IN WITNESS WHEREOF, I have hereunto set my hand at the direction of the Secretary of the Air Force, the day and year first above written.

UNITED STATES OF AMERICA

By: Joyce K. Frank
Joyce K. Frank
Deputy Director
Air Force Real Property Agency

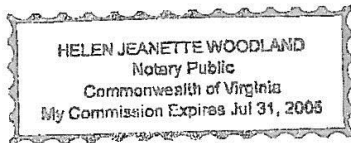
Certificate of Acknowledgment

Commonwealth of Virginia :

ss.

County of Arlington :

On July 16th, 2003 before me, Helen J. Woodland, a Notary Public, personally appeared Joyce K. Frank, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument, the entity on behalf of which she acted, executed the instrument.



Helen J. Woodland
Notary Public

My commission expires on July 31, 2005



2003-574138
9/2/01/2000 08:00A
10 of 12

Acceptance

The Grantee hereby accepts this Deed and agrees to be bound by all the agreements, covenants, conditions, restrictions, and reservations contained in it.

DATE: July 23, 2003

March Joint Powers Redevelopment Agency

By: Bob Hunter

Title: CHAIRMAN

Attest:

Danielle Alford

Certificate of Grantee's Attorney

I, JOHN BROWN, acting as Attorney for the Grantee, do hereby certify that I have examined the foregoing Indenture and the proceedings taken by the Grantee relating thereto, and find that the acceptance thereof by the Grantee has been duly authorized and that the execution thereof is in all respects due and proper and in accordance with the laws of the State of California, and further, that, in my opinion, the Indenture constitutes a legal and binding compliance obligation of the Grantee in accordance with the terms thereof.

Dated at REVEREND, California, this 23rd day of JULY, 2003.

By: John Brown



2003-574188
07/23/2003 09:09:04
11 of 12

SCALE: 1" = 200'

MARCH AIR
RESERVE BASE

CDF AIR
ATTACK BASE

PARCEL
MAP NO.
24644-3
BK 166/1-3



Found 1" Iron Pipe in Handwall at CL Heckcock Street
Intersection with southerly line Parcel 13, Parcel Map
24644-3, Bk 166, pgs 1-3, Riverside County Records.

TRUE POINT
OF BEGINNING

LOT 13
M.B. 8/21

POINT OF
COMMENCEMENT

	EPIC ENGINEERS <small>CIVIL ENGINEERING</small> <small>LAND SURVEYING</small> <small>PLANNING</small> <small>CONSTRUCTION MANAGEMENT</small> 101 E. REDLANDS BOULEVARD SUITE 146 TELE 909-792-6159 REDLANDS, CA 92373 FAX 909-792-6860	EXHIBIT 'B'	
		P.P. 38.01 BY TMS DATED 06/16/03 SCALE 1" = 200' PAGES 1 OF 1	A PORTION OF SEC. 36, T.2, S.S. R. 4 W., SAN BERNARDINO BASE AND MERIDIAN IN THE UNINCORPORATED TERRITORY OF RIVERSIDE COUNTY, STATE OF CALIFORNIA



2003-574123
07/21/2003 08:50:00
12 OF 12

EXHIBIT A

RESOLUTION #JPA-OSB 14-02

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY - MARCH JOINT POWERS AUTHORITY OF THE FORMER MARCH JOINT POWERS REDEVELOPMENT AGENCY, APPROVING THE TRANSFER OF OWNERSHIP OF PARCEL D-1 SOUTH FROM THE DISSOLVED REDEVELOPMENT AGENCY TO THE MARCH INLAND PORT AIRPORT AUTHORITY PURSUANT TO HEALTH AND SAFETY CODE SECTIONS 34179(e) AND 34181(a)

WHEREAS, pursuant to Health and Safety Code section 34173(d), the March Joint Powers Authority ("Successor Agency") elected to ratify its decision to elect to become the successor agency to the March Joint Powers Redevelopment Agency by Resolution #JPA 12-04, dated January 18, 2012; and

WHEREAS, Health and Safety Code section 34179(a) provides that each successor agency shall have an oversight board composed of seven members; and

WHEREAS, the Oversight Board is the Successor Agency's oversight board pursuant to Health and Safety Code section 34179(a); and

WHEREAS, pursuant to Health and Safety Code section 34177(c), the Successor Agency is responsible for disposing assets and properties of the dissolved Agency, as directed by the Oversight Board, expeditiously and in a manner aimed at maximizing value, provided, however, that pursuant to Health and Safety Code section 34181(a), the Oversight Board may instead direct the Successor Agency to transfer ownership of assets that were constructed and used for a governmental purpose, such as roads, school buildings, parks, and fire stations, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset;

WHEREAS, Exhibit A attached to this Resolution provides a list of all Agency assets or properties constructed or used for a governmental purpose, which were transferred by the March Joint Powers Authority Redevelopment Agency to the March Inland Port Airport Authority.

NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE MARCH JOINT POWERS REDEVELOPMENT AGENCY DOES DETERMINE, FIND AND RESOLVE AS FOLLOWS:


SECTION 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

SECTION 2. Transfer of Assets and Properties. The Oversight Board hereby approves the transfer of assets or properties of the dissolved Agency, constructed or used for a governmental purpose, pursuant to any existing agreements, set forth in Exhibit A attached to this Resolution, to the March Inland Port Airport Authority, pursuant to Health and Safety Code sections 34177 and 34181.

SECTION 3. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

SECTION 4. Effective Date. Pursuant to Health and Safety Code section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for three (3) business days, pending a request for review by the State of California Department of Finance.

ADOPTED AND APPROVED this 5th day of May, 2014.



Jamil Dada, Chairman

Oversight Board of the Successor Agency - March Joint Powers Authority of the former March Joint Powers Redevelopment Agency

ATTEST:

I, Carey L. Allen, Secretary of the Oversight Board of the Successor Agency - March Joint Powers Authority of the former March Joint Powers Redevelopment Agency, California, do hereby certify that the foregoing Resolution #IPA-OSB 14-02 was duly and regularly adopted by the Oversight Board of the Successor Agency at a meeting thereof held this 5th day of May, 2014, by the following called vote:

Ayes: Lemond, Brown, Ashley, Stewart, Wheeler, Dada
Noes: None
Absent: None
Abstain: None

Date: May 5, 2014



Carey L. Allen, Secretary
Oversight Board of the Successor Agency - March Joint Powers Authority of the former March
Joint Powers Redevelopment Agency

EXHIBIT A

ASSETS AND PROPERTIES TRANSFERRED
TO THE MARCH INLAND PORT AIRPORT AUTHORITY

[Attached behind this page]

Parcel D-1 South

Being a portion of Section 36, Township 3 South, Range 4 west, San Bernardino Base and Meridian in the unincorporated territory of Riverside County, State of California, described as follows:

Commencing at a point at the intersection of the centerline of Heacock Street and the southerly line of parcel 13 as shown by parcel map 24644-3 on file in book 166, pages 1-3, Riverside County records.

thence North $00^{\circ}17'26''$ East along the centerline of Heacock Street, a distance of 243.98 feet;

thence North $89^{\circ}42'34''$ West a distance of 75.00 feet; to the TRUE POINT OF BEGINNING:

thence South $58^{\circ}53'24''$ West, a distance of 404.22 feet;

thence North $31^{\circ}06'36''$ West, a distance of 777.87 feet;

thence North $58^{\circ}53'24''$ East, a distance of 690.65 feet;

thence South $89^{\circ}42'34''$ East, a distance of 160.80 feet;

thence South $00^{\circ}17'26''$ West along a line parallel with and 75.00 feet west of the centerline of Heacock Street, a distance of 813.18 feet to the point of beginning.

Containing 11.28 acres, more or less

OVERSIGHT BOARD
OF THE
SUCCESSOR AGENCY - MARCH JOINT POWERS AUTHORITY
OF THE
FORMER MARCH JOINT POWERS REDEVELOPMENT AGENCY

Reports, Discussions and Action Items
Agenda Item No. 7a

Meeting Date: May 5, 2014

Action: ADOPT RESOLUTION #JPA-OSB 14-02 A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY - MARCH JOINT POWERS AUTHORITY OF THE FORMER MARCH JOINT POWERS REDEVELOPMENT AGENCY, APPROVING THE TRANSFER OF OWNERSHIP OF PARCEL D-1 SOUTH FROM THE DISSOLVED REDEVELOPMENT AGENCY TO THE MARCH INLAND PORT AIRPORT AUTHORITY PURSUANT TO HEALTH AND SAFETY CODE SECTIONS 34179(E) AND 34181(A)

Motion: Move to adopt Resolution # JPA-OSB 14-02 Approving the Transfer of Ownership of Parcel D-1 South from the Dissolved Redevelopment Agency to the March Inland Port Airport Authority Pursuant to Health and Safety Code Sections 34179(e) and 34181(a).

Background:

Pursuant to Health and Safety Code section 34177(e), the Successor Agency is responsible for disposing the assets and properties of the former Redevelopment Agency, as directed by the Oversight Board. Alternatively, pursuant to Health and Safety Code section 34181(a), the Oversight Board may direct the Successor Agency to transfer ownership of assets that were constructed and used for a governmental purpose, such as parks, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such assets. On March 2, 2011, the former Redevelopment Agency previously directed the transfer of Parcel D-1 South from the Redevelopment Agency to the March Inland Port Airport Authority. However, pursuant to ABIX 26 transfers between the former Redevelopment Agency and another government agency which occurred after 1/1/2011 are invalid. At the direction of the California State Controller's office in order to remedy this action, it is recommended that the Oversight Board ratify the transfer of ownership of Parcel D-1 South ("Assets"), more specifically described in the attached Schedule of Assets.

Attachment: 1) Resolution #JPA-OSB 14-02.
Exhibit 'A' Schedule of Assets.

Preparation date: May 1, 2014

Item _____ Page _____

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874**

<http://www.sco.ca.gov>