LAND VERITAS

December 11, 2020

Department of the Army
Los Angeles District, U.S. Army Corps of Engineers
Attn: Shannon Pankratz
Regulatory Division, CESPL-RG
915 Wilshire Blvd., Suite 930
Los Angeles, CA 90017
Shannon.L.Pankratz@usace.army.mil

RE: PETERSEN RANCH MITIGATION BANK AREA A 3RD CREDIT RELEASE [USACE FILE NO: SPL-2012-00669-BEM, CDFW TRACKING NO: 1798- 2013-04-R5]

Dear Interagency Review Team:

With this letter Land Veritas (Bank Sponsor) formally requests the third credit release for Area A of the Petersen Ranch Mitigation Bank (Bank).

Sections VII.A.1.c, VII.C.1.c, and VII.D.2.a(3) of the Bank Enabling Instrument (BEI) state that the third credit release (up to an additional 15% of the total anticipated credits) shall occur when:

i. *The Bank Sponsor has submitted the Third Year Monitoring Report as required by the Development Plan;*

ii. *Year 3 Performance Standards have been attained;*

iii. *The Bank Sponsor funds a minimum of 40% of the Endowment Amount per Section VI.E.2b;*

iv. *Release 2 has occurred; and*

v. *A site-wide delineation will be conducted within the Bank Properties in year 3 following implementation of the Development Plan.*

Item (i) was completed on November 13, 2020 with the submission of the 2020 Third Year Annual Monitoring Report to the Interagency Review Team (IRT).

Item (ii) was completed as documented in the 2020 Third Year Monitoring Report, submitted on November 15, 2020. As all the Area A Year 3 performance standards were attained, we are requesting a full release of eligible credits as listed in Tables 1-6 below.

Item (iii) will be completed upon provisional approval of this credit release by the IRT. Per Exhibit D-2 of the BEI, the total Endowment Fund will include a long-term management account and an easement compliance account. The easement compliance account was fully funded prior to bank establishment. Upon IRT provisional approval, Land Veritas will deposit **Ex. 4 CBI** into the Endowment Fund Account managed by the Southwest Resource Management Association

(Table 7). Upon deposit, 40% of the total inflation adjusted long-term management amount for Area A will be funded. An invoice for the deposit amount is included as Attachment A.

Item (iv) was completed between July and August, 2018. On July 13, 2018, July 30, 2018, and August 9, 2018, the California Department of Fish and Wildlife (CDFW), United States Army Corps of Engineers (USACE), and the Lahontan Regional Water Quality Control Board (RWQCB), respectively, approved the second credit release for Area A of the Bank.

Item (v) was completed in Spring 2020 and the Area A Year 3 delineation report was submitted as an appendix to the 2020 Third Year Annual Monitoring Report.

In lieu of an in-person site visit due to logistic and safety constraints around the novel coronavirus pandemic, a virtual site visit will be presented to the IRT on December 15, 2020 using photos and videos taken throughout the year.

The Bank's credit ledgers are attached to this letter for your review (Attachment B). Detailed credit release accounting in the ledger is submitted as Attachment C.

Finally, the Bank Sponsor paid the full amount of the CDFW Implementation Fee associated with the third credit release on October 28, 2020, receipt of which was confirmed by CDFW on November 24, 2020. This amount was equal to **Ex. 4 CBI** or 15% of the total Implementation Fee. This payment was submitted as part of the Area E credit release package. To date, we have paid **Ex. 4 CBI** to CDFW representing 55% of the total CDFW Implementation Fee.

Based on the successful attainment of these release criteria, the Bank Sponsor requests that the IRT release all credits associated with the Area A third credit release as summarized in Tables 1 – 6.

Sincerely,

H. Tracey Brownfield, President
Land Veritas Corp

CC:

Sarvy Mahdavi, EPA Region IX

Melissa Scianni, EPA Region IX

Janice Gan, CDFW Region 5

Tiffany Steinert, Lahontan Regional Water Quality Control Board

Ex. 4 CBI

Ex. 4 CBI

Ex. 4 CBI

Ex. 4 CBI

Table 7. Endowment funding calculations, Area A

Endowment Fund Financial Accounting		Easement Compliance Endowment	Long-Term Management Endowment	Total Area A Endowments
SCE Endowment Amount (Funded 12/30/2014)				
Original Area A Amount Required[1]				
Adjusted Area A Amount (9.9% CPI)[2]				
Initial Deposit[3]	**Amount**			
	Deposit Date			
Deposit #1	**Amount**			
	Deposit Date			
Deposit #2	**Amount**			
	Deposit Date			
Deposit #3	**Amount**			
	Deposit Date			
Deposit #4	**Amount**			
	Deposit Date			
TOTAL DEPOSIT AMOUNT				
Percent Funded				
Net Amount of Investment Earnings, Gains, and Losses[4, 5]				
Expenditures[5]				
CURRENT BALANCE[5]				

Ex. 4 CBI

[1] Amount agreed upon in the BEI, executed on 5/11/2016.

[2] Endowment amounts are adjusted annually using Consumer Price Index (CPI) data from the California Department of Industrial Relations, Division of Labor Statistics and Research published in February of each year until the Endowment Fund is fully funded. Starting in 2020 following approval of the IRT, annual adjustments are made comparing the annual average of 2016 to the annual average of the full year preceding the year of reporting.

[3] Initial deposits were made by SCE to cover their portion of the endowment funding requirements (BEI Exhibit D-2).

[4] Including realized and unrealized earnings.

[5] Financial reporting provided by SRMA for FY2020 through June 30, 2020 and does not include Deposit #2 amount.

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Attachment A

Area A Long-Term Management Endowment Deposit #2 Invoice

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PLACEHOLDER

Invoice request submitted to SRMA on 12/9/2020, will be included with Final version of credit release request letter package

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Attachment B

Ledgers

Ex. 4 CBI

Ex. 4 CBI

Ex. 4 CBI

Ex. 4 CBI

Ex. 4 CBI

Ex. 4 CBI

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Attachment C

Detailed Credit Release Accounting

Ex. 4 CBI

Ex. 4 CBI