

**MINUTES FOR MEETING OF BOARD OF DIRECTORS
OF
SAN BERNARDINO VALLEY CONSERVATION TRUST,
a California Nonprofit Public Benefit Corporation**

Monday, October 04, 2021 – 1:30 pm

CALL TO ORDER –1:39 p.m. (Via teleconference and Zoom)

ROLL CALL

David E. Raley, SBV Water Conservation District (District)
John Longville, SBV Water Conservation District (Arrived 1:55 p.m.)
Paul Williams, Inland Empire Resource Conservation District (Absent)
T. Milford Harrison, SBV Municipal Water District

Daniel Cozad, SBV Water Conservation District
Betsy Miller, SBV Water Conservation District
Angie Quiroga, SBV Water Conservation District
David Cosgrove, Rutan & Tucker, LLP
Scott Manno, Rogers, Anderson, Malody & Scott, LLC (RAMS)

1. PUBLIC PARTICIPATION - None
2. APPROVAL OF MINUTES FROM JULY 19, 2021

Action: Motion was made by Director Harrison and seconded by President Raley to approve the meeting minutes from July 19, 2021, as presented. The motion carried 2-0-0 with all Board members present voting in the affirmative.

Ayes: Raley, Harrison

Noes: -

Abstain: -

Absent: -Williams, Longville

3. DESIGNATION OF BOARD OF DIRECTORS

Director Harrison suggested deferral of redesignating Director Williams in his absence until the next Board Meeting to confirm his desire to continue on the Board for three years. The Board concurred.

Action: Motion was made by Director Harrison and seconded by President Raley to re-designate John Longville to a subsequent three-year term of office. The motion carried 3-0-0 with all Board members present voting in the affirmative.

Ayes: Raley, Harrison, Longville
Noes: -
Abstain: -
Absent: Williams

Action: Motion was made by Director Harrison and seconded by Director Longville to approve the correction to March 15, 2018 minutes, with Agenda Item 2 revised to reflect that the Board of Directors term was approved for three years instead of two. The motion carried 3-0-0 with all Board members present voting in the affirmative.

Ayes: Raley, Longville, Harrison
Noes: -
Abstain: -
Absent: Williams

Action: Motion was made by Director Longville and seconded by Director Harrison to defer re-designation of Paul Williams to the Board until the next Board meeting. The motion carried 3-0-0 with all Board members present voting in the affirmative.

Ayes: Raley, Longville, Harrison
Noes: -
Abstain: -
Absent: Williams

4. APPOINTMENT OF OFFICERS

Action: Motion was made by Director Longville and seconded by Director Harrison to re-appoint the current officers for another term: David Raley, President; John Longville, Vice President; Daniel Cozad, Secretary. The motion carried 3-0-0 with all Board members present voting in the affirmative.

Ayes: Raley, Longville, Harrison
Noes: -
Abstain: -
Absent: Williams

5. REVIEW DRAFT AUDIT REPORT AND CONSIDER APPROVAL

This item was taken out of order. Scott Manno, RAMS, introduced himself. He stated RAMS performed the audit of the Conservation Trust for fiscal year 2020/2021 using Generally Accepted Auditing Standards. As auditors, their job is to express an opinion and provide reasonable but not absolute insurance of the financial statements based on review of a sample of the Trust's transactions. He briefly explained the auditing process and reviewed several pages in the audit report. No internal control issues were found this year, in keeping with results from previous Trust audits. He explained that management is responsible for the numbers, with the auditors providing review and guidance. No issues were found with the financial statements. The Auditor's responsibility is currently more discrete and specific than in the past.

Auditor's Opinion is now the opening statement in the audit. No significant changes were noted on the balance sheet, but there were significant changes in realized and unrealized gain on investments. Unlike government agencies which are limited to their investment options and have seen a decrease due to low rates, the Trust was able to benefit by its less restrictive investment policy. Mr. Manno also pointed out a large contribution was made by Cemex per the Wash Plan MOU.

Action: Motion was made by Director Harrison and seconded by President Raley to approve the FY 2020/2021 Audit Report as presented. The motion carried 2-0-0 with all Board members present voting in the affirmative.

Ayes: Raley, Harrison

Noes: -

Abstain: -

Absent: Williams, Longville

6. FINANCIAL STATUS UPDATE

Daniel Cozad provided a brief overview of the financial status report. On package page 25, there were no significant changes to the cash account balance with California Credit Union, which is currently \$861,087. He noted that the deposit and withdrawal of \$65,511 to Cemex was due to Cemex's error in paying the Trust instead of the District. The investment's earnings are positive, reflecting the Trust's ability to legally invest without the restrictions of government code requirements for public agencies. Accounts receivable are the endowment amounts for Cemex and Robertson's which will be paid once they request their mining Certificates of Inclusion. We could receive their payments in increments depending on whether Cemex and Robertson's decide to mine all or part of the specified land. Most of the liabilities due are for Wash Plan permitting expenses. The remainder is unearned mitigation credits from entities that have Mitigation Deposit Agreements with the Trust. We provide services to help them with mitigation needs for their projects. Discussion ensued.

Action: Motion was made by Director Harrison and seconded by Vice President Longville to approve the quarterly financial status as presented. The motion carried 3-0-0 with all Board members present voting in the affirmative.

Ayes: Raley, Longville, Harrison

Noes: -

Abstain: -

Absent: Williams

7. WASH PLAN IMPLEMENTATION PROGRESS UPDATE

Ms. Miller presented this item and stated there are several current actions of note. Results of data collected this past spring are being reviewed to inform the management actions recommended for 2022. Consultant proposals are being reviewed for three projects, including one that is required in the first three years of Wash Plan implementation. It is important that contracts are in place so that work can begin as soon as the rains come. A draft protocol for surveying SBKR has been sent to technical advisors and the regulatory agencies for review. SBKR surveys are tentatively scheduled for surveys in September but USFWS may want us

to complete them in the spring. We will be preparing the annual report and its associated database. Once completed, Ms. Miller will be drafting a Natural Resource Management Plan for the preserve. Some milestones have been met regarding remaining permits. We have responded to questions from the Corp of Engineers (Corp) and the Regional Water Quality Control Board (RWQCB) on our submittal and we have a commitment from CDFW to issue a maintenance permit (Lake and Streambed Alteration Agreement) by November 1st. This agreement will be specific to the operation of the District's Santa Ana River facilities. The RWQCB has provided us a formal letter stating they will provide an agreement for all Wash Plan covered activities by Dec 2nd, but they may request an extension for up to a one year. We are hopeful we will receive the permit within the next couple of months. We continue to wait for dates on the remaining permits.

Mr. Cosgrove advised that we are waiting on the Bureau of Land Management (BLM) land exchange appraisal. He expects further discussions with BLM about the right-of-way later in the week. President Raley inquired if the Trust is fulfilling its obligations under the Wash Plan. Ms. Miller confirmed that endowment returns are being utilized to complete the required tasks. This item was received and filed.

8. SAN BERNARDINO COUNTY TRANSPORTATION AUTHORITY'S COMMUNITY MITIGATION UPDATE

Ms. Miller provided and reviewed a flow chart of the CDFW incidental take permit requirements that have been and will be completed specific to recording the conservation easement and receiving endowment funds for this project. The team is working to submit materials for CDFW's review of the conservation easement by the end of the day. This item was received and filed.

9. QUARTERLY MEETING DATE REVIEW

Mr. Cozad stated there are some conflicts with the first Monday of the month as the regularly scheduled Trust meeting date. Discussion ensued.

Action: A motion was made by Vice President Longville and seconded by Director Harrison to change the regular quarterly meeting date to the first Wednesday of the month. The motion carried 3-0-0 with all Directors present voting in the affirmative.

Ayes: Raley, Longville, Harrison

Noes: -

Abstain: -

Absent: Williams

10. ADJOURN MEETING – 2:42 pm.

Action: A motion was made by Director Harrison and seconded by Vice President Longville to adjourn the meeting. The next regular Board of Director's meeting will be held on Wednesday, January 05, 2022, at 1:30 pm via teleconference and Zoom. The motion carried 3-0-0 with all Directors present voting in the affirmative.

Ayes: Raley, Longville, Harrison

Noes: -

Abstain: -

Absent: Williams



Daniel B. Cozad
Secretary/CFO