

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

**Monday, July 13, 2020 – 1:30 pm**

CALL TO ORDER –1:35 p.m. (Via teleconference and Zoom)

ROLL CALL

David E. Raley, SBV Water Conservation District (District)  
Paul Williams, IE Resource Conservation District (Absent, Retired)  
John Longville, SBV Water Conservation District  
Gil Navarro, 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  
Mandy Parkes, IERCD

1. PUBLIC PARTICIPATION -Bob Stewart, SBV Water Conservation District
2. APPROVAL OF MINUTES FROM APRIL 20, 2020

**Action:** Motion was made by Director Navarro and seconded by Director Longville to approve the meeting minutes from April 20, 2020, as presented. The motion carried 3-0 with all Board members present voting in the affirmative.

Ayes: Raley, Longville, Navarro

Noes:

Absent:

Abstain:

3. DESIGNATION OF BOARD OF DIRECTORS

Mr. Cozad indicated the Trust's appreciation for Paul Williams' service on the Board. Mr. Williams chose to retire from the Board in May 2020. Mr. Cozad and Mandy Parkes from IERCD discussed finding his replacement. Ms. Parkes indicated she would provide a possible candidate for the Board to consider and, if they wish, nominate to replace Mr. Williams. Mr. Cozad noted that we had worked closely with IERCD as an organization, and both organizations have the expertise for the kind of transactions and management efforts the Trust will encounter. We utilized many of IERCD's agreements as templates during the creation of the Trust. It is in the Trust's best interest to have a member from IERCD on the Board if they have one available. Ms. Parkes thanked the District for their on-going support and partnership in mitigation efforts and their water conservation programming. She stated

IERCDC does have a Board member, Rick Gomez, who would like to serve on the Trust's Board. She provided a brief background on Mr. Gomez's service history and education and recommended him as an excellent addition to the Board. The Board agreed to receive and review Mr. Gomez's resume and create an action item to appoint him at the next Board meeting if satisfied with his resume. The Board considered adding a 5<sup>th</sup> Board member. President Raley opposed additional member at this time. The Board agreed.

#### 4. APPOINTMENT OF OFFICERS

President Raley presented this item. He stated there is a vacancy in the Vice President position and requested recommendations. Director Navarro nominated Director Longville to be the new Vice President. Director Longville accepted the nomination.

**Action:** Motion was made by Director Navarro and seconded by President Raley to appoint Director Longville as the new Vice President. The motion carried 3-0 with all Board members present voting in the affirmative.

Ayes: Raley, Longville, Navarro

Noes:

Absent:

Abstain:

#### 5. FINANCIAL STATUS UPDATE

Mr. Cozad reviewed the financial status reports on package pages 7-8. He noted Wash Plan participants must pay approximately \$11 million to have their projects covered under the Wash Plan. Most have paid except for Robertson's and CEMEX. Director Navarro inquired as to when the miners must pay and if we know why they haven't yet. Mr. Cozad stated there is not a specific date in which they must pay, but there is a requirement that they must pay before they mine on any of the new lands. They will likely pay portions as they phase in their work. They will decide though as to whether they pay the full endowment on the entire acreage they intend to mine or if they will pay over time. Paying over time is convenient, but the downside is they don't have the certainty of an issued Certificate of Inclusion (COI). Mr. Cozad believes given regulatory uncertainty for kangaroo rat and other covered species, the miners will pay the full amount within the next year. This fits with the timing of their COI application submission and approval. Mr. Cosgrove added that the Conservation District is in negotiations for a new lease renewal with CEMEX and one of the conditions upon the District signing the renewal is that CEMEX pay, at minimum, their issuance costs. Ms. Miller stated Robertson's has already submitted their COI application, and they are anxious to get started. Payment will have to be made for them to move forward. President Raley asked if the Trust will have any issues paying to maintain the mitigated lands if the miners don't pay their portion. Mr. Cozad explained the amount of land we have to manage and make improvements on is related to the amount of take: the land used and species being taken. They can't use any land until they pay their costs, which remains in sync with how much land is mitigated. There will be less interest from our investments to work with if they don't pay, but we will still have enough to comply with our permit. President Raley asked if the land will decrease in value over time if it is not maintained. Mr. Cozad explained active intrusions of people destroying species and habitat could cause a decrease in land value, so there could be interim costs, but it is probably sufficient to wait a few years. In general, the land does well on its own and recovers over time. Mr. Cozad continued reviewing the

financial statements. With minimal activity, we are still able to show each transaction essentially through California Credit Union. US Bank holds our investments. Year-to-date totals show they earned about \$55,500 with expenses of roughly \$11,000, resulting in a net gain of \$47,924. There was a significant dip in the market value in February and March, but it came back fairly quickly. Just as a reminder, these funds are invested in a 70/30 bond fund, which is relatively aggressive, especially compared to public agency investments. We are aiming for about a 6% return, so we can extract 4% each year even on a down cycle. The Trust holds some money that it owes to the District for land purchased or work done by District staff, which is shown as a liability. The District can request those funds at any time. Pro-rata interest is shared, so it makes sense for both entities to keep the funds there for as long as is important. Mr. Cozad reviewed the Mitigation Agreement balances. He stated he believes Woodbridge is currently stalled due to their tentative track map expiring, so they are trying to figure out what to do with their project. President Raley requested a further breakdown of investment fees at the next meeting. This item was received and filed.

## 6. WASH PLAN PROGRESS UPDATE

Ms. Miller reported the Wash Plan was District Board approved last week. The posting of the Record of Decision on USFWS's website is expected at any time. We are also expecting to receive our Biological Opinion (BO), Implementing Agreement (IA), and Incidental Take Permit (ITP) very soon. Mr. Cozad announced the fully executed IA and ITP were just received at 1:52 pm. Ms. Miller stated with that exciting news, we are actually done, and we can transition to implementation.

We have received our first Certificate of Inclusion application from Robertson's, which will be reviewed next week. Proposals are also being received from WP Task Force members who wish to participate in a joint permit for state environmental permits and potentially federal water permits, which are not included in the ITP. A Request for Proposals was sent out about a month ago for assistance to obtain these permits. Some very well-known and reputable firms have submitted proposals so far, and the deadline for submittal is today at 5 pm. Interviews will be conducted later this month. Our goal is to bring a recommendation to the District board in August. Ms. Miller stated she will now be looking at Year 1 habitat conservation tasks and determine who will be doing what, when, and with what money. Mr. Cozad added that the District's Plunge Creek Conservation Project is set to do some of its preliminary surveying and environmental work to begin actual construction on August 3. This project will be the first WP project to be implemented. A section 7 process was completed to move forward with the project to meet grant deadlines, which were moving ahead of Wash Plan approval. We received a Safe Harbor Agreement (SHA) for our state permitting process, which is the first SHA in Southern CA history. David Cosgrove advised the Board proposals have been solicited to perform the appraisal for the land being exchanged with BLM for the WP under federal legislation, which is due by July 17. Director Navarro commended Ms. Miller for her work. This item was received and filed.

## 7. SAN BERNARDINO COUNTY TRANSPORTATION AUTHORITY'S COMMUNITY MITIGATION UPDATE

Ms. Miller stated two of our tasks had been completed for SBCTA's 210 freeway widening project in which SBCTA purchased mitigation property from the District to be managed by the Trust and hired the Trust to act in a consultant capacity for specific items under their state

permit. We received official confirmation from CDFW that the Trust can serve as both the interim and long-term Land Manager for the sites conserved under the project and as the Endowment Manager. We are currently working on the conservation easement language, which has benefitted from Mr. Cosgrove's expertise. A second prepaid agreement from SBCTA was received in April for \$52,500, and we amended our sub-consultants agreement. About half of the funds will stay with the Trust, and half will be a pass-through to sub-consultants for work related to SBKR. We have been approached by another developer who owns property adjacent to District lands and may want to bring the Trust on in a similar capacity, but there have been no formal requests at this time. Mr. Cosgrove stated that the conservation easement is held up due to some dueling bureaucracy requirements, but we are doing our best to bring the deal together. This item was received and filed.

8. ADJOURN MEETING – 2:15 pm.

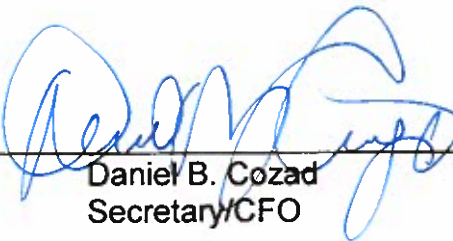
*Action:* A motion was made by Director Longville and seconded by Director Navarro to adjourn the meeting. The next regular Board of Director's meeting will be held on Wednesday, October 7, 2020, at 1:30 pm via teleconference and Zoom. The motion carried 3-0 with all Directors present voting in the affirmative.

Ayes: Raley, Longville, Navarro

Noes:

Absent:

Abstain:



Daniel B. Cozad  
Secretary/CFO