

MINUTES FOR BUDGET WORKSHOP
OF
SAN BERNARDINO VALLEY CONSERVATION TRUST,
a California Nonprofit Public Benefit Corporation

Thursday, February 29, 2024 – 2:00 pm

CALL TO ORDER –2:04 p.m.

ROLL CALL

David E. Raley, SBV Water Conservation District (District)
John Longville, SBV Water Conservation District
Paul Kielhold, SBV Municipal Water District
Brad Buller, IE Resource Conservation District (Absent)

Milan Mitrovich, SBV Water Conservation District
Angie Quiroga, SBV Water Conservation District
Bob Stewart, SBV Water Conservation District

1. PUBLIC PARTICIPATION -None
2. SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
PROMISSORY NOTE

Milan Mitrovich reminded the Board that we introduced the Promissory Note (Note) in draft form at our January Board meeting. Today we will populate the Note with what is owed back to the District. The Note is what creates the mechanism to pay back the District for costs incurred both in-kind and contractual tied to implementation of the Wash Plan since its finalization in July 2020. The District has been providing staff and contract services that will be formally paid back with this Note. A slide presentation was provided which included highlights of the Note requirements as well as pictures of some of the endangered species that are being protected within the Wash Plan HCP such as the slender-horned spineflower. Director Kielhold asked about the relationship between the Trust and the Wash Plan HCP. Mr. Mitrovich explained that the Trust is an independent, 501(c)3 nonprofit public benefit corporation that was created to oversee much of the conservation in the San Bernardino Valley. The Trust was created and is recognized by both CDFW and USFWS to principally hold endowments and manage those endowments (funds) while also holding conservation easements for the HCP and any other conservation initiatives. Through the creation of the Trust, the District has a reliable partner to meet the goals and objectives of the Wash Plan through its 30-year implementing term. Additional relationship history was provided. Mr. Mitrovich advised that as of January 31, 2024, the balance due to the District is \$929,760 which is the principle balance of the Note. He reviewed the terms and conditions of the Note highlighting the repayment schedule of 10% each year for ten years beginning June 30, 2024, 0% interest through June 30, 2033, and a balloon payment of any outstanding balance

due on the maturity date (June 30, 2033). There is flexibility in the repayment schedule. The Trust could pay less each year and there is the possibility of additional costs incurred which would increase the final balloon payment. If the Trust is unable to make payment under these terms, a provision is included that enables the term to extend with interest. Discussion ensued regarding rounding the annual 10% payment from \$92,976 to \$93,000 for cleaner auditing purposes.

Action: Motion was made by Vice President Longville and seconded by President Raley to approve the terms and conditions of the Promissory and the stated amount owed to the District with the suggested rounding up of the annual payment. The motion carried 3-0-1 with all members present voting in the affirmative.

President Raley: Yes

Vice President Longville: Yes

Director Kielhold: Yes

Director Buller: Absent

3. STATUS OF ENDOWMENT

Mr. Mitrovich stated the endowment is one of the principle missions of the Trust: to manage the funds so that the appropriate amount is allocated each year to support Wash Plan implementation. The current balance is \$2,038,756. The interest earned off the corpus, core amount of just over \$1.8 million, is used to complete implementation tasks. Currently there is interest earned of \$216,819. The Promissory Note (Note) and agreement to pay back the District is not the first time money has been paid to the District for services performed. A payment was made in September 2023 of \$351,154. The Note addresses the remaining liability balance. The next payment to the District of \$93,000, will be made on June 30, 2024 per the Note. Mr. Mitrovich reminded the Board that the endowment is not full, has only been funded about 20% and has been since its inception in 2020. We are still waiting on the miners to make their substantial contribution. They are not obligated to make their payments until they actually begin to mine consistent with the Wash Plan. We are going through a state permitting process with them now so they can begin mining. Upon issuance, Robertson's Ready Mix will owe \$4,003,481 and Cemex will owe \$6,005,221. These amounts have been adjusted for inflation. We are projecting an estimated endowment balance by the beginning of the next fiscal year, July 1, 2024, of \$11,988,462. Director Kielhold inquired as to who is the lead agency for the miners' reclamation plans. Mr. Mitrovich advised he would have to look into that further. Discussion ensued. This item was received and filed.

4. TRUST BUDGET FOR FISCAL YEAR 2024-2025

Mr. Mitrovich provided a brief overview of the Trust's budget for fiscal year 2024-2025. He restated the estimated endowment balance of \$11,988,462. The estimated amount of annual return at 4% is \$479,538. Per the Wash Plan a 4% annual return on our investments is what is needed for Wash Plan implementation. This return is what governs the finances of the Trust. We do expect overall annual returns of 6.5% to account for inflation of 2% and the additional percentage to cover investment management fees. Recognizing our fiscal year runs from July 1, 2024-June 30, 2025, our second Note payment will be made on June 30, 2025 rounding up to \$93,000. Based on estimated returns and Note payment, our estimated budget to spend on

implementation is \$375,000 for services provided by District staff and contractors. More detail will be provided at the next meeting. Vice President Longville suggested the Note payment be \$100,000 per year. Mr. Mitrovich advised there is flexibility in the Note agreement and the payment can go up or down if desired. Discussion ensued. This item was received and filed.

5. ADJOURN MEETING –2:33 pm.

Action: A motion was made by Vice President Longville and seconded by Director Kielhold to adjourn the meeting. The next Board of Director’s meeting will be held on Wednesday, April 17, 2024, at 2:00 pm at 1630 W. Redlands Blvd., Redlands, CA, via teleconference and Zoom. The motion carried 3-0 -1 with all Directors present voting in the affirmative.

President Raley: Yes
Vice President Longville: Yes
Director Kielhold: Yes
Director Buller: Absent



Milan Mitrovich
Executive Officer/Secretary