

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

Wednesday, January 17, 2024 – 2:00 pm

CALL TO ORDER –2:16 p.m.

ROLL CALL

David E. Raley, SBV Water Conservation District (District)(Arrival 2:23 pm)  
John Longville, SBV Water Conservation District  
Paul Kielhold, SBV Municipal Water District (Absent)  
Brad Buller, IE Resource Conservation District

Milan Mitrovich, SBV Water Conservation District  
Angie Quiroga, SBV Water Conservation District  
David Cosgrove, SBV Water Conservation District  
Kelvin Moore, West Valley Water District  
Sarah Hart, PFM Asset Management(remote)

1. PUBLIC PARTICIPATION -None
2. APPROVAL OF MINUTES FROM OCTOBER 18 AND OCTOBER 24, 2023

Action: Motion was made by Vice President Longville and seconded by Director Buller to approve the meeting minutes from October 18 and October 24, 2023. The motion carried 3-0-1 with all members present voting in the affirmative.

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

3. FINANCIAL STATUS UPDATE

This item was taken out of order. Angie Quiroga presented the financial status update starting on package page 10. She stated the only expense incurred for the quarter out of California Credit Union was a payment to RAMS, LLC for auditing services in the amount of \$2,275.00. Revenue for the quarter, including accrued income, interest, and dividends as well as unrealized and realized gains and losses in our US Bank investment account increased \$310,038. Quarterly expenses from this account included US Bank Administrative fees and PFM Advisory fees totaling \$2,764.64 leaving a total account balance of \$3,395,429.47. Liabilities increased \$102,989.33 to the District in which a portion of that, \$20,065.29, is State Permitting fees that will be reimbursed by Wash Plan participants. Work completed by the District against the Community Mitigation Agreements deposits totals \$11,637.23 during

October-December 2023 will be paid in January 2024. Mitigation Agreement Balances were provided on package page 11 totaling \$168,129.56.

Action: Motion was made by President Raley and seconded by Director Buller to approve the quarterly financial report as presented. The motion carried 3-0-1 with all members present voting in the affirmative.

President Raley: Yes

Vice President Longville: Yes

Director Kielhold: Absent

Director Buller: Yes

#### 4. PFM INVESTMENT PERFORMANCE REVIEW UPDATE FOR QUARTER ENDED DECEMBER 31, 2023

Sarah Hart, PFM Asset Management Director, provided a fourth quarter and annual review noting the full annual performance report is not quite ready at this time. She stated there was a huge upswing in the market providing double digit returns, ending the year very positive. Even with negative returns across the board in the third quarter, we roughly estimate a 10-15% return for the full year. As of December 29th, on the last day of trading, the account value was \$3,359,677.83. After a large withdrawal of funds for expenses, the balance yesterday was \$2,361,329.95. The fourth quarter report will be sent over as soon as it is completed. David Cosgrove highlighted that the \$1,000,000 withdrawal from the account was part of the \$1,125,000 payment back to the District for issuance costs paid by Wash Plan members as established in the Wash Plan MOU and repayment notated in the October 5, 2017 Contract for the Provision of Administrative Services agreement between the District and the Trust. This item was received and filed.

#### 5. SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT PROMISSORY NOTE

Milan Mitrovich directed the Board to the draft Promissory Note agreement (Note) on package page 12. He advised this agreement creates a mechanism for the Trust to pay back the District for costs incurred tied to implementation of the Wash Plan since its finalization in July 2020. The proceeds of the loan, represented by the Note, combines both in-kind and contractual obligations provisioned by the District on behalf of the Trust pursuant to the terms of the Administrative Services agreement between the Trust and the District dated October 5, 2017. Mr. Cosgrove advised that the Trust has a running obligation to the District for the utilization of District personnel for the provision of habitat mitigation services the Trust has as the Habitat Manager of the Wash Plan HCP. The Trust does not have to utilize the District based on the October 2017 agreement but has at this point for most services including some of the contracting for habitat services. The growing liability to the District has been provided in the unaudited financial reports at each Board meeting and in the Annual Audit Reports. He advised we do not have final numbers yet but are introducing this construct today as a means to maintain legal separation between the Trust and the District and to properly document all of these transfers. The Trust would take the value of the services provided from the District and ultimately pay it back with what is essentially a loan document. It is currently written interest free and to have a balloon payment due June 30, 2033. It is a highly beneficial contract for the Trust but has not gone to the District Board for approval yet. The District may want different terms and/or interest on the loaned funds. Mr. Cosgrove stated the Note is being proposed by

him, as legal counsel for both the District and the Trust, for consideration by both Boards in this manner because the District has public benefit and enhancement to its Wash Plan efforts by having the Trust in a financial position to complete its obligations and time to grow. It is expected we will come back to the Board in April with a promissory note along these lines for approval. Vice President Longville suggested the Board construct an arrangement between the District and the Trust that has an ongoing default condition in which no additional specific action is required by the Trust for use of other possible contractors since there is a strong overlap of interests with great public benefit between the Trust and District. Mr. Cosgrove advised the October 2017 agreement essentially does that and that District staff fulfills most of the services and it is only when staffing can't be met that outside assistance is requested. Director Buller asked if Mr. Cosgrove was confident the District Board would approve the Note. Mr. Cosgrove stated he is not totally confident because it is an extraordinary business term but there is a logic to it. Mr. Mitrovich added that the Trust is in a position to make annual payments to pay down the loan over the ten-year agreement. Director Buller commended the proposed Note. This item was received and filed.

#### 6. BLM FUELS MANAGEMENT GRANT UPDATE

Mr. Mitrovich stated we were able to move forward in December with our contractors to start treating the grasses/fuels with the federal dollars provided to us by BLM. We expect to have 120 acres treated along the corridor in the wash by the end of January. BLM walked and approved this area and recognized the habitat value as well. We are feeling good about the progress that we are making. This item was received and filed.

#### 7. ADJOURN MEETING –2:40 pm.

Action: A motion was made by Vice President Longville and seconded by Director Buller 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: Absent  
Director Buller: Yes



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Milan Mitrovich  
Executive Officer/Secretary