



**San Bernardino Valley
Water Conservation District**

Helping Nature Store Our Water

BOARD OF DIRECTORS MEETING AGENDA

Wednesday, November 18, 2020 – 1:30 p.m.

In accordance with [Governor Newsom's Executive Order N-25-20 and N-29-20](#), this meeting is being conducted via teleconference/Zoom. Anyone wishing to join the meeting can join via

Zoom: Call in (669) 900-6833, Meeting ID: 894 0283 5336

To join the Zoom Meeting online: <https://zoom.us/j/89402835336>

Note: Copies of staff reports and other documents relating to the items on this agenda are on file at the District office and are available for public review during normal District business hours. New information relating to agenda topics listed, received, or generated by the District after the posting of this agenda, but before the meeting, will be made available upon request at the District office and in the Agenda Package on the Districts website. It is the intention of the San Bernardino Valley Water Conservation District to comply with the Americans with Disabilities Act (ADA) in all respects. If you need special assistance with respect to the agenda or other written materials forwarded to the members of the Board for consideration at the public meeting, or if as an attendee or a participant at this meeting you will need special assistance, the District will attempt to accommodate you in every reasonable manner. Please contact Athena Monge at (909) 793-2503 at least 48 hours prior to the meeting to inform her of your particular needs and to determine if accommodation is feasible. Please advise us at that time if you will need accommodations to attend or participate in meetings on a regular basis.

**CALL TO ORDER
PLEDGE OF ALLEGIANCE
ROLL CALL**

1. PUBLIC PARTICIPATION

Members of the public may address the Board of Directors on any item that is within the jurisdiction of the Board; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) Section 54954.2 of the Government Code.

2. ADDITIONS/DELETIONS TO AGENDA

Section 54954.2 provides that a legislative body may take action on items of business not appearing on the posted agenda under the following conditions: (1) an emergency situation exists, as defined in Section 54956.5; (2) a need to take immediate action and the need for action came to the attention of the District subsequent to the agenda being posted; and (3) the item was posted for a prior meeting occurring not more than five calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

3. CONSENT CALENDAR

- A. Approval of Board Minutes, October 14, 20205
- B. Approval of Special Board Minutes, October 19, 2020 11
- C. Approval of Expenditure Report, October 2020 15

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BOARD OF DIRECTORS

Division 1:
Richard Corneille

Division 2:
David E. Raley

Division 3:
Robert Stewart

Division 4:
John Longville

Division 5:
Melody McDonald

GENERAL MANAGER

Daniel B. Cozad

4. COMMITTEE REPORTS /ACTION ITEMS

Committee Reports

- A. 1st QUARTER FINANCIALS FOR 2020-2021 - 5 minutes (M#1743)23
Presenter: Finance & Administration Chair, Director David Raley
Recommendation: The Finance & Administration Committee recommends the Board approve the 1st Quarter Financials for 2020-2021 as presented.

Action Items

- B. UNAUDITED FINANCIAL REPORTS, October 2020 - 5 minutes (M#1744)29
Presenter: Daniel Cozad
Recommendation: Review and approve the unaudited financials for October 2020.
- C. ENGINEERING INVESTIGATION PLAN FOR 2021 - 5 minutes (M#1746)36
Presenter: Daniel Cozad
Recommendation: Staff is requesting that the Board review, discuss and recommend any changes to the Engineering Investigation Report Plan (EI Report plan) and consider approval of the 2021 EI Report plan.
- D. ROBERTSON’S READY MIX PURCHASE AND SALE AGREEMENT - 10 minutes (M#1747).....43
Presenter: Daniel Cozad
Recommendation: Review, and consider approval of a Purchase and Sale Agreement (PSA) for the Plunge Creek Quarry Site to facilitate the implementation of the Plunge Creek Active Recharge Transfer Project on terms summarized below.
- E. COLLABORATIVE AGREEMENT FOR ENHANCED RECHARGE AMENDMENT - 10 minutes (M#1748)76
Presenter: Daniel Cozad
Recommendation: Review and consider approval of the Amendment to the Agreement to Develop and Operate Enhanced Recharge Facilities to address Wash Plan Land Exchange Issues.
- F. 2021 BOARD MEETING CALENDAR REVIEW- 5 minutes (M#1745)167
Presenter: Daniel Cozad
Recommendation: Review, revise and consider approval of the proposed District Board Meeting Calendar for calendar year 2021.

5. INFORMATION ITEMS:

- A. Wash Plan Implementation and State Permitting Update – 5 Minutes
- B. General Manager’s Report and Monthly Recharge Report – 5 Minutes169
- C. Proclamation for Clare Henry Day179
- D. Future Agenda Items & Staff Tasks

6. MONTHLY BOARD MEMBER MEETING REPORTS, AND/OR BOARD MEMBER COMMENTS

- A. Consider Changing Time of December 9th Board Meeting
- B. Board Member Meeting Reports – 15 minutes

7. **UPCOMING MEETINGS:**

***Please note: All future District meetings may be held remotely via zoom. See Agendas for detailed information.**

- | | |
|--------------------------------------|--|
| A. November 26-27, 2020 | Office Closed in Observance of Thanksgiving |
| B. December 1, 2020 | San Bernardino Valley Municipal Water District Board Meeting, 2:00 p.m., Zoom |
| C. December 2-3, 2020 | ACWA Virtual Fall Conference (Deadline to register, November 20) |
| D. December 8, 2020 | Wash Plan Task Force Meeting, 1:00 p.m. via Zoom |
| E. December 9, 2020 | Board of Directors Meeting, 9:00 a.m. at Conservation District (Zoom) |
| F. December 15, 2020 | San Bernardino Valley Municipal Water District Board Meeting, 2:00 p.m. at Valley Municipal |
| G. December 17, 2020 | San Bernardino Valley Municipal Water District Resources Committee Workshop, 2:00 p.m. at Valley Municipal |
| H. December 24-25, 2020 | Office Closed in Observance of Christmas Eve and Christmas Day |
| I. December 31, 2020-January 1, 2021 | Office Closed in Observation of New Year's Eve and New Year's Day |
| J. January 14, 2020 | Advisory Commission on Water Policy, 6:30 p.m. at Valley Municipal |

8. **CLOSED SESSION**

1. The Board will meet in Closed Session under authority of Government Code §54956.9 (a), in order to discuss existing litigation, Endangered Habitats League et al. vs. U.S. Army Corps of Engineers, Central District Court Case no. Case No.: 2:16-cv-09178-MWF-E.
2. The Board may convene in Closed Session for Conference to discuss Real Property Negotiations pursuant to Government Code §54956.8; Owner: Southern California Edison East End Hydroelectric Generation Plant property located on various parcels and easements in Mill Creek and Santa Ana River Canyons, Negotiator: Daniel Cozad and David Cosgrove Owner: Southern California Edison Negotiators Allison, Bahen, Property Manager and Steven Powell, Vice President.
3. The Board may convene in Closed Session for Conference to discuss Real Property Negotiations pursuant to Government Code §54956.8; Owner: Robertsons Ready Mix for property located on parcel No. 0167011170000. Negotiators: Daniel Cozad and David Cosgrove Owner: Robertsons's Anthony Edwards.

4. The Board may convene in Closed Session for Conference to discuss Real Property Negotiations pursuant to Government Code §54956.8; Owner: San Bernardion County Flood Control District for parcels or easements as part of the Active Recharge Transfer Projects. Negotiators: Daniel Cozad and David Cosgrove Owner: SBCFCD David Doublet.

9. **ADJOURN MEETING.** The next regularly scheduled Board of Directors Meeting will be on December 9, 2020 at 9:30 a.m.,location to be determined.

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS MEETING

MINUTES OF October 14, 2020
1:30 p.m.

President Corneille called the meeting of the Board of Directors to order at 1:30 p.m. by teleconference and Zoom meeting; all those in attendance stood for the pledge of allegiance led by President Corneille.

ROLL CALL:

BOARD MEMBERS PRESENT:

Richard Corneille, President
Melody McDonald, Vice President
David E. Raley, Director
Robert Stewart, Director
John Longville, Director

BOARD MEMBERS ABSENT:

None

GENERAL COUNSEL PRESENT:

David Cosgrove, Rutan & Tucker

STAFF PRESENT:

Daniel Cozad, General Manager
Betsy Miller, Land Resources Manager/Assistant General Manager
Athena Monge, Administrative Specialist
Katelyn Scholte, Assistant Engineer

GUESTS PRESENT:

T. Milford Harrison, San Bernardino Valley Municipal Water District
June Hayes, San Bernardino Valley Municipal Water District
David E. Smith, East Valley Water District
Clayton Larkin, Tetra Tech

1. PUBLIC PARTICIPATION

President Corneille announced that any person present, who so desired, may make an oral presentation to the Board of Directors. There being none, the meeting continued with the posted agenda items.

2. ADDITIONS/DELETIONS TO AGENDA

There were none.

3. CONSENT CALENDAR

It was moved by Vice President McDonald and seconded by Director Longville to approve the Consent Calendar: Item A: Board Minutes, September 9, 2020 and Item B: Expenditure Report, September 2020. The motion carried 5-0 with all Board members present voting in the affirmative.

**President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Stewart: Yes**

4. COMMITTEE REPORTS/ACTION ITEMS

A. 2020 AUDIT REPORT

Mr. Cozad reviewed this item and noted its inclusion in the package on page 22. He indicated that it was a clean audit; there were no recommendations or findings. He briefly reviewed the reserve balances shown on package page 44. Director Raley said that the auditor was pleased with staff's cooperation and the audit. Director Longville expressed his appreciation for staff.

It was moved by Director Longville and seconded by Director Raley to approve the 2020 Audit Report as presented. The motion carried 5-0 with all Board members present voting in the affirmative.

**President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Stewart: Yes**

B. OPERATIONS COMMITTEE VERBAL UPDATE

President Corneille provided a verbal update of the Operations Committee held on September 16. Manuel Colunga, Field Supervisor, provided a field update to the Committee, including an overview of the Borrow Pit cleaning and other maintenance activities. An update was provided on the Plunge Creek construction, Active Recharge Transfer Projects, Enhanced Recharge Project, and the Mentone Shop. The Mentone Shop work has been delayed due to staff performing construction inspection on the Plunge Creek project. A needs analysis study was requested by the Operations Committee, which will confirm the location and space needs of the Shop, will be available soon for review by the Operations Committee. The Mill Creek project and permitting was discussed and may be complete in June 2021. Vice President McDonald indicated that sometimes projects moving slower will end up in a better result. Director Stewart spoke in support of the shop needs analysis.

C. UNAUDITED FINANCIAL REPORTS, SEPTEMBER 2020

Mr. Cozad introduced this item for discussion, noting its inclusion on package pages 95 to 100.

It was moved by Vice President McDonald and seconded by Director Longville to approve the Unaudited Financial Reports for September 2020. The motion carried 5-0 with all Board members present voting in the affirmative.

**President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Stewart: Yes**

D. CONFLICT OF INTEREST CODE

Mr. Cozad noted this item's inclusion on package page 101. The 2020 Biennial notice of the Code is required by the San Bernardino Clerk of the Board of Supervisors. There are no changes to the current code.

It was moved by Vice President McDonald and seconded by Director Longville to approve the Conflict of Interest Code and Resolution No. 539 with revisions to resolution. The motion carried 5-0 with all Board members present voting in the affirmative.

**President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Stewart: Yes**

E. CALPERS UNFUNDED ACTUARIAL LIABILITY AND RESERVE LEVEL TARGETS AND ALLOCATIONS

Mr. Cozad presented this item for discussion. He noted this item's inclusion on package page 112. The recommended payment to the Unfunded Actuarial Liability (UAL) is \$387,402. Staff recommends increasing the reserve level for the Compensated Absences Reserve to \$175,000. Director Raley suggested deferring this item to the Finance & Administration Committee. The UAL is an estimated amount based on a full set of assumptions from CalPERS. President Corneille said that he would like additional clarification on the numbers within the report. He said that he was not comfortable with taking action today. He suggested the full Board should hear a more comprehensive presentation at a Board meeting dedicated to this topic. Mr. Cozad said that the UAL is not due, but interest is accrued daily on the UAL. Director Raley said that he would like an in-depth review of the Valuation Reports, UAL, and reserves to know how to budget this item correctly. Mr. Cozad indicated that he can review this item in depth or the District may hire a firm to obtain a more in depth analysis. Vice President McDonald asked why CalPERS is charging 7.15% interest. Mr. Cozad said that is the rate at which CalPERS is estimating their long-term investment returns. It was the consensus of the Board to defer this item to a Special Board Meeting to allow for an in-depth review.

It was moved by Director Longville and seconded by Vice President McDonald to defer this item to a Special Board Meeting to be held on October 19. The motion carried 5-0 with all Board members present voting in the affirmative.

**President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Stewart: Yes**

F. FIELD EQUIPMENT CAPITAL PURCHASE OF FORD F-150 PURCHASE

Mr. Cozad introduced this item for discussion. He indicated that field staff was rear-ended in an accident on September 8, and a claim was filed with ACWA/JPIA. The District took possession of the replacement vehicle last week. Through this process, the General Manager reviewed the budget, where the District planned to purchase a replacement vehicle for the 2007 Ford F-350. Having already received quotes, he recommended replacing this vehicle in an amount not to exceed \$38,000. Staff would trade in 2007 Ford F-350 and purchase a second, identical F-150.

It was moved by Vice President McDonald and seconded by Director Stewart to approve the purchase of a Ford F-150 in an amount not to exceed \$38,000. The motion carried 5-0 with all Board members present voting in the affirmative.

**President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Stewart: Yes**

5. INFORMATION ITEMS

A. WASH PLAN IMPLEMENTATION UPDATE

Ms. Miller indicated that staff continues to work with AECOM on remaining permitting, and a desktop review has been completed of the covered activities. There are meetings and field visits scheduled over the next few weeks. Ms. Miller has reviewed the permitting requirements for the State Endangered Species Act and will be drafting an application. Staff is continuing to work with BLM on the Land Exchange and has provided all pertinent information. Ms. Miller is working on continuing the one-year implementation efforts. Mr. Cosgrove stated that efforts continue related to the appraisal of the Land Exchange. Ms. Miller provided a verbal update of the San Diego Zoo translocation of the San Bernardino Kangaroo Rat (SBKR). They have been translocated to San Jacinto and are being monitored. Photos were shown of the SBKR. This item was received and filed.

B. PLUNGE CREEK UPDATE

Ms. Miller provided a verbal update on this item in the absence of Mr. Fogerson. She said that Plunge Creek construction had been completed. The Notice of Completion to the County was submitted on September 17. The original bid and contract amount was \$387,632 for Phase 1 and 2 with a ten percent

contingency. The final amount of the contract was \$413,167.51; this includes mitigation measures required for wildlife permits, mostly fencing. The project has a Habitat Management and Monitoring Program, which allows us to gain habitat credits with the U.S. Army Corps of Engineers. Ms. Miller thanked the Inland Empire Resources Conservation District for their support on this project, primarily Aaron Echols. A video was shown of the Plunge Creek Project. Ms. Miller expressed her appreciation for Ms. Scholte and Mr. Fogerson for their hard work and dedication to the project. Director Longville thanked staff for the video that was shown. This item was received and filed.

C. ACTIVE RECHARGE TRANSFER PROJECT UPDATE

President Corneille noted the Status Report inclusion in the Board package on package page 148. The Operations Committee reviewed this item on September 16, and the Active Recharge Transfer Project (ARTP) Policy Committee reviewed and approved this item on October 8. Mr. Cozad said that the ARTP also reviewed and approved the ARTP Policy Principles and endorsed the purchase and sale agreement for the Plunge Creek Quarry and the San Bernardino County Flood Control-Conservation District Planning MOU principles

D. GENERAL MANAGER'S REPORT AND MONTHLY RECHARGE REPORT

Mr. Cozad indicated that the written General Manager's Report was included in the Board package on pages 152 through 155. He said that the Groundwater Council (GC) met on October 12, where the equitable allocation model was accepted. He said he expects the City of Redlands to join the council in the next couple of months. The GC proposed a Full Participation Plan, which is aimed at non-members of the GC. A brief discussion ensued regarding GC efforts. Staff is also looking into adding a recharge or sustainability component to the Groundwater Charge. Staff is working closely with San Bernardino Valley Municipal Water District on the Enhanced Recharge Project and their Jurisdictional Delineation related to Waters of the State. The Conservation Trust met on October 7 where the Audit Report was approved. Mr. Cozad noted a District Commendation from a member of the Redlands Municipal Advisory Commission, shown on package page 156. The Monthly Recharge Report was included on package page 158. Director Longville expressed his appreciation for staff and the leadership of Mr. Cozad. This item was received and filed.

E. FUTURE AGENDA ITEMS AND STAFF TASKS

These were noted within the General Manager's Report.

6. MONTHLY BOARD MEMBER MEETING REPORTS, AND/OR BOARD MEMBER COMMENTS

President Corneille attended the Redlands Chamber of Commerce meeting on September 10, Operations Committee on September 16, and the Advisory Commission agenda planning meeting on September 17.

Director Stewart attended the Conservation Trust meeting on October 7.

Director Raley attended the Ad Hoc Audit Committee on September 24, the Valley Municipal Board meeting on October 6, and Big Bear Watermaster Committee on October 13. He attended the Valley Municipal Policy Workshop on October 8.

Director Longville attended the Valley Municipal Board meetings on September 15 and October 6. He attended the Conservation Trust on October 7, Ad Hoc Audit Committee on September 24, and met with staff to complete audit paperwork on October 9.

Vice President McDonald attended the Valley Municipal Engineering Workshop on October 13, Valley Municipal Policy Workshop on October 8, and Valley Board meeting on October 6. She attended the Valley Municipal Resources Workshop on October 1, Operations Committee on September 16, Valley Municipal Board meeting on September 15, and Valley Municipal Policy Workshop on September 10.

7. UPCOMING MEETINGS

There were none discussed.

8. CLOSED SESSION

It was moved by Director Longville and seconded by Vice President McDonald to adjourn to Closed Session. The motion carried with all directors present voting in the affirmative.

**President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Stewart: Yes**

General Counsel announced that the meeting would adjourn to Closed Session under all items on the published agenda.

At 4:12 p.m., the meeting reconvened into Open Session. Mr. Cosgrove noted while in Closed Session under Government Code section 54957.1 that there was no reportable action.

9. ADJOURN MEETING

It was moved by Director Longville and seconded by Vice McDonald Corneille to adjourn. The motion carried 5-0 with all Directors present voting in the affirmative.

**President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Stewart: Yes**

At 4:12 p.m., the meeting adjourned to the Special Board meeting scheduled for 1:30 p.m. on October 19, 2020, via Zoom.

Daniel B. Cozad
General Manager

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
SPECIAL BOARD OF DIRECTORS MEETING

MINUTES OF October 19, 2020
1:30 p.m.

President Corneille called the meeting of the Board of Directors to order at 1:37 p.m. by teleconference and Zoom meeting; all those in attendance stood for the pledge of allegiance led by Vice President McDonald.

ROLL CALL:

BOARD MEMBERS PRESENT:

Richard Corneille, President
Melody McDonald, Vice President
David E. Raley, Director (Departed 2:52 p.m.)
Robert Stewart, Director

BOARD MEMBERS ABSENT:

John Longville, Director

GENERAL COUNSEL PRESENT:

David Cosgrove, Rutan & Tucker

STAFF PRESENT:

Daniel Cozad, General Manager
Betsy Miller, Land Resources Manager/Assistant General Manager
Erwin Fogerson, Senior Engineer/Project Manager
Athena Monge, Administrative Specialist
Katelyn Scholte, Assistant Engineer

GUESTS PRESENT:

T. Milford Harrison, San Bernardino Valley Municipal Water District
Cindy Saks, San Bernardino Valley Municipal Water District
David E. Smith, East Valley Water District

1. PUBLIC PARTICIPATION

President Corneille announced that any person present, who so desired, may make an oral presentation to the Board of Directors. There being none, the meeting continued with the posted agenda items.

2. ACTION ITEMS

A. CALPERS UNFUNDED ACTUARIAL LIABILITY AND RESERVE LEVEL TARGETS AND ALLOCATIONS

Mr. Cozad presented this item for discussion. He noted that the hyperlinks to other agencies CalPERS assessments are included in the memo on package page 3 for comparison. He delivered a PowerPoint presentation included in the package on pages 6 to 21. Mr. Cozad provided background information on CalPERS. He indicated that there are three funding sources: employer contributions, employee contributions, and investment returns. The history of CalPERS returns was reviewed for the period from 1993 to current. CalPERS began lowering the discount rate gradually in 2004 from 8.25% to 7%; this increases the Unfunded Actuarial Liability (UAL). In 2013, CalPERS implemented the Public Employee Pension Reform Act (PEPRA), which limited options to new CalPERS employees. In 2017 the pre-PEPRA fund was 68% fully funded, and in 2018 the fund was 71% funded. CalPERS data received is behind by two years to account for the time needed to close their investments for the year, pay debts, and reconcile and audit the data, resulting in an approximately eighteen month lag in providing valuation reports to member agencies.

The future benefit cost estimates are based on an estimate of an individual's life expectancy, investment returns of the plan, wage increases, years of life after retirement, inflation, and specifics related to the benefit plan. The District currently has five employees in the Classic Plan and four employees in the PEPRA Plan. Mr. Cozad indicated that for those employees who have worked for multiple CalPERS agencies, those costs are shared among those agencies. The normal costs and UAL costs were reviewed from the report. The UAL is adjusted annually based on the previous five-year experience. The District budgets the pension liability based on the table shown on package page 16, which represents the CalPERS five year forecast of normal cost and UAL included in their annual valuation reports.

President Corneille asked if the Classic Plan and PEPRA Plan employee and employer rates were blended to get a percentage budgeted. Mr. Cozad indicated that for Classic Plan members they are paying half of the employee contribution, but the PEPRA Plan members pay the full amount of their employee contribution as required by PEPRA. The PEPRA plan rates are set by CalPERS, and the normal cost for the Classic Plan fluctuates depending on the actual cost of the plan. The reason the District does not have a blended rate is because staff makes estimates based on each individual employees' plan rate and projected salary for the year. The pool funding status was reviewed. Mr. Cozad indicated that the District's share of the pools accrued liability decreases as it pays off its UAL.

Budget options for UAL payment are shown on package page 19. These options are provided by CalPERS to each member agency. Mr. Cozad said that another option not listed within the amortization schedule is to pay off all or most of the UAL with a lump sum payment. Mr. Cozad reviewed the budget implications shown on package page 20. The Classic Plan valuation report is included on package page 22, and the PEPRA Plan valuation report is included on package page 51.

Mr. Cozad said that the sidenote from CalPERS was paid off in 2015 was about \$720,000. This was a separate debit and not part of what is identified as UAL being discussed here today. The memo from 2015 is included on package page 81. Director Raley asked what the District is saving by paying off the UAL. Mr. Cozad said that if the District continues to pay the 17-year amortization, it is \$5,000 to \$60,000 annual cost range with a total of \$358,000; the change to 15 year amortization would be a \$51,321/year interest cost, \$320,000; and the change to 10-year amortization schedule would be \$66,550/year interest cost, \$215,000. If we pay off the UAL, the District saves an estimated \$2,682/month on interest. Staff is proposing to pay down the \$387,402 rather than risk a future overfund situation. Future year returns may

improve as COVID recedes. The District's share of the pooled UAL goes down if the District pays off its UAL.

It was moved by President Corneille and seconded by Vice President McDonald to authorize staff to payoff the Unfunded Actuarial Liability of \$387,402. The motion carried 4-0 with all Board members present voting in the affirmative, and Director Longville noted absent from the vote.

**President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Absent
Director Raley: Yes
Director Stewart: Yes**

Discussion ensued regarding reserve levels. President Corneille expressed concern over the large deficit in the Land Resource Enterprise due to the land purchase made last year and now with the payment of the UAL. He indicated by selling conservation easements, the District may replenish its reserve levels. Mr. Cozad said once "Robertson's mines under their lease they will release the prepayment requirement and those funds would be a Land Resource Enterprise asset.

It was moved by President Corneille and seconded by Director Stewart to increase the Compensated Absences Reserve from \$120,227 to \$175,000. The motion carried 4-0 with all Board members present voting in the affirmative, and Director Longville noted absent from the vote.

**President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Absent
Director Raley: Yes
Director Stewart: Yes**

3. ADJOURN MEETING

It was moved by Vice President McDonald and seconded by Director Stewart to adjourn. The motion carried 3-0 with all Directors present voting in the affirmative and Directors Raley and Longville noted absent from the vote.

**President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Absent
Director Raley: Absent
Director Stewart: Yes**

At 2:55 p.m., the meeting adjourned to the regular Board meeting scheduled for 1:30 p.m. on November 18, 2020, via Zoom.

Daniel B. Cozad
General Manager

San Bernardino Valley Water Conservation District
Expenditure Report
October 2020

Num	Date	Name	Account	Class	Original Amount
	10/02/2020	Year End Adjustments	1012 · Citizens Busine...		0.00
AJE #7	06/30/2020	Year End Adjustments	2000 · Accounts Payable	4-General Fund Ent.	-41,520.96
TOTAL					-41,520.96
QB Intuit	10/27/2020	Intuit	1012 · Citizens Busine...		-385.70
			6030 · Office Supplies	4-General Fund Ent.	308.55
			6030 · Office Supplies	1-Groundwater Ent.	19.29
			6030 · Office Supplies	2-Redlands Plaza/...	38.57
			6030 · Office Supplies	3-Land Resources	19.29
TOTAL					385.70
PC 10.07.20	10/07/2020	Paychex	1012 · Citizens Busine...		-105.34
			6042 · Payroll Processing	4-General Fund Ent.	105.34
TOTAL					105.34
PC 10.21.20	10/21/2020	Paychex	1012 · Citizens Busine...		-109.37
			6042 · Payroll Processing	4-General Fund Ent.	109.37
TOTAL					109.37
22578	10/06/2020	Redlands Ford-Ken Gr...	1012 · Citizens Busine...		-37,547.77
	10/05/2020		7230 · Field Equipment ...	1-Groundwater Ent.	37,547.77
TOTAL					37,547.77
22579	10/13/2020	ACWA JPIA - Workers ...	1012 · Citizens Busine...		-3,906.03
	10/08/2020		6120 · Workers' Comp. ...	4-General Fund Ent.	507.78
			6120 · Workers' Comp. ...	1-Groundwater Ent.	1,757.71
			6120 · Workers' Comp. ...	2-Redlands Plaza/...	156.25
			6120 · Workers' Comp. ...	3-Land Resources	390.60
			6120 · Workers' Comp. ...	5-Wash Plan	273.42
			6120 · Workers' Comp. ...	6-Active Recharge ...	820.27
TOTAL					3,906.03
22580	10/13/2020	ACWA/JPIA	1012 · Citizens Busine...		-31,037.23
	10/01/2020		6320 · General Liability ...	4-General Fund Ent.	1,551.86
			6320 · General Liability ...	1-Groundwater Ent.	23,277.92
			6320 · General Liability ...	2-Redlands Plaza/...	4,655.59
			6320 · General Liability ...	3-Land Resources	1,551.86
TOTAL					31,037.23

San Bernardino Valley Water Conservation District Expenditure Report October 2020

Num	Date	Name	Account	Class	Original Amount
22581	10/13/2020	ACWA/JPIA-Health	1012 · Citizens Busine...		-18,777.39
	10/06/2020		6110 · Vision Insurance	4-General Fund Ent.	27.68
			6110 · Vision Insurance	1-Groundwater Ent.	95.82
			6110 · Vision Insurance	2-Redlands Plaza/...	8.52
			6110 · Vision Insurance	3-Land Resources	21.29
			6110 · Vision Insurance	5-Wash Plan	44.72
			6110 · Vision Insurance	6-Active Recharge ...	14.91
			6130 · Dental Insurance	4-General Fund Ent.	113.81
			6130 · Dental Insurance	1-Groundwater Ent.	393.97
			6130 · Dental Insurance	2-Redlands Plaza/...	35.02
			6130 · Dental Insurance	3-Land Resources	87.55
			6130 · Dental Insurance	5-Wash Plan	183.85
			6130 · Dental Insurance	6-Active Recharge ...	61.28
			6150 · Medical Insurance	4-General Fund Ent.	2,299.57
			6150 · Medical Insurance	1-Groundwater Ent.	7,960.03
			6150 · Medical Insurance	2-Redlands Plaza/...	707.56
			6150 · Medical Insurance	3-Land Resources	1,768.90
			6150 · Medical Insurance	5-Wash Plan	3,714.68
			6150 · Medical Insurance	6-Active Recharge ...	1,238.23
TOTAL					18,777.39
22582	10/13/2020	Brownstein Hyatt Farbe...	1012 · Citizens Busine...		-14,609.00
	10/13/2020		5122 · Wash Plan Profe...	5-Wash Plan	14,609.00
TOTAL					14,609.00
22583	10/13/2020	California Special Distri...	1012 · Citizens Busine...		-55.00
	10/02/2020		6435 · Conf/Seminar R...	4-General Fund Ent.	55.00
TOTAL					55.00
22584	10/13/2020	Castro Landscaping Se...	1012 · Citizens Busine...		-250.00
	09/30/2020		6026 · Redlands Plaza ...	2-Redlands Plaza/...	250.00
TOTAL					250.00
22585	10/13/2020	City of Redlands -Muni...	1012 · Citizens Busine...		-1,815.50
	10/08/2020		6026 · Redlands Plaza ...	2-Redlands Plaza/...	1,815.50
TOTAL					1,815.50
22586	10/13/2020	Edison - 8812	1012 · Citizens Busine...		-335.40
	10/02/2020		5420 · Electricity	4-General Fund Ent.	93.91
			5420 · Electricity	1-Groundwater Ent.	67.08
			5420 · Electricity	2-Redlands Plaza/...	174.41
TOTAL					335.40
22587	10/13/2020	Edison - Redlands Plaza	1012 · Citizens Busine...		-225.87
	10/02/2020		6026 · Redlands Plaza ...	2-Redlands Plaza/...	225.87
TOTAL					225.87

San Bernardino Valley Water Conservation District
Expenditure Report
October 2020

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Class</u>	<u>Original Amount</u>
22588	10/13/2020	Empire Disposal	1012 · Citizens Busine...		-171.67
	09/30/2020		5460 · Water / Trash / S...	4-General Fund Ent.	85.83
			5460 · Water / Trash / S...	1-Groundwater Ent.	68.67
			5460 · Water / Trash / S...	3-Land Resources	17.17
TOTAL					171.67
22589	10/13/2020	Frontier-4860	1012 · Citizens Busine...		-483.02
	09/28/2020		5440 · Telephone	4-General Fund Ent.	236.62
			5440 · Telephone	1-Groundwater Ent.	101.41
			5470 · Internet Services	4-General Fund Ent.	72.50
			5470 · Internet Services	1-Groundwater Ent.	43.50
			5470 · Internet Services	2-Redlands Plaza/...	7.25
			5470 · Internet Services	3-Land Resources	21.74
TOTAL					483.02
22590	10/13/2020	Home Depot Credit Ser...	1012 · Citizens Busine...		-215.98
	09/28/2020		5230 · Field Tools	1-Groundwater Ent.	163.61
			5210 · Equipment Maint...	1-Groundwater Ent.	52.37
TOTAL					215.98
22591	10/13/2020	Lowe's Companies, Inc.	1012 · Citizens Busine...		-61.36
	09/25/2020		5210 · Equipment Maint...	1-Groundwater Ent.	61.36
TOTAL					61.36
22592	10/13/2020	Mikael Romich	1012 · Citizens Busine...		-18,773.48
	10/08/2020		5124 · Plunge Creek Pr...	3-Land Resources	18,773.48
TOTAL					18,773.48
22593	10/13/2020	Netsteller	1012 · Citizens Busine...		-450.00
	10/01/2020		5160 · IT Support	4-General Fund Ent.	180.00
			5160 · IT Support	1-Groundwater Ent.	225.00
			5160 · IT Support	3-Land Resources	45.00
TOTAL					450.00
22594	10/13/2020	NoHo Constructors	1012 · Citizens Busine...		-42,943.32
	10/01/2020		7055 · Plunge Creek Ex...	3-Land Resources	42,943.32
TOTAL					42,943.32
22595	10/13/2020	O'Reilly	1012 · Citizens Busine...		-122.52
	10/01/2020		5210 · Equipment Maint...	1-Groundwater Ent.	122.52
TOTAL					122.52

San Bernardino Valley Water Conservation District Expenditure Report October 2020

Num	Date	Name	Account	Class	Original Amount
22596	10/13/2020	Pat's Pots	1012 · Citizens Busine...		-255.00
	09/30/2020		5460 · Water / Trash / S...	4-General Fund Ent.	127.50
			5460 · Water / Trash / S...	1-Groundwater Ent.	102.00
			5460 · Water / Trash / S...	3-Land Resources	25.50
TOTAL					255.00
22597	10/13/2020	Rutan & Tucker	1012 · Citizens Busine...		-16,370.61
	09/23/2020		5180 · Legal	4-General Fund Ent.	1,162.08
			5180 · Legal	1-Groundwater Ent.	1,162.08
			5180 · Legal	2-Redlands Plaza/...	271.16
			5180 · Legal	3-Land Resources	2,725.29
			5175 · Legal - Wash Plan	5-Wash Plan	9,600.00
			5120 · Misc. Profession...	3-Land Resources	1,450.00
TOTAL					16,370.61
22598	10/13/2020	Smart & Final	1012 · Citizens Busine...		-191.62
	10/01/2020		6019 · Janitorial Supplies	4-General Fund Ent.	15.83
			6019 · Janitorial Supplies	1-Groundwater Ent.	10.55
			6030 · Office Supplies	4-General Fund Ent.	6.88
			6030 · Office Supplies	1-Groundwater Ent.	0.43
			6030 · Office Supplies	2-Redlands Plaza/...	0.86
			6030 · Office Supplies	3-Land Resources	0.43
			6004 · Meeting Expenses	4-General Fund Ent.	78.32
			6004 · Meeting Expenses	3-Land Resources	78.32
TOTAL					191.62
22599	10/13/2020	Stanley Convergent Se...	1012 · Citizens Busine...		-401.22
	10/01/2020		6026 · Redlands Plaza ...	2-Redlands Plaza/...	401.22
TOTAL					401.22
22600	10/13/2020	Terminix	1012 · Citizens Busine...		-81.00
	09/14/2020		6026 · Redlands Plaza ...	2-Redlands Plaza/...	81.00
TOTAL					81.00
22601	10/13/2020	WEX Bank-Shell	1012 · Citizens Busine...		-113.95
	10/06/2020		5320 · Fuel	1-Groundwater Ent.	113.95
TOTAL					113.95
22602	10/13/2020	Wilbur's	1012 · Citizens Busine...		-671.37
	09/30/2020		5215 · Property Mainten...	1-Groundwater Ent.	197.49
			5215 · Property Mainten...	3-Land Resources	49.37
	10/08/2020		5210 · Equipment Maint...	1-Groundwater Ent.	424.51
TOTAL					671.37

San Bernardino Valley Water Conservation District
Expenditure Report
October 2020

Num	Date	Name	Account	Class	Original Amount
22603	10/27/2020	Brownstein Hyatt Farbe...	1012 · Citizens Busine...		-766.00
	10/13/2020		5122 · Wash Plan Profe...	5-Wash Plan	766.00
TOTAL					766.00
22604	10/27/2020	California Special Distri...	1012 · Citizens Busine...		-7,253.00
	10/01/2020		6093 · Memberships	4-General Fund Ent.	7,253.00
TOTAL					7,253.00
22605	10/27/2020	Citizens Business Bank	1012 · Citizens Busine...		-1,523.45
	10/14/2020		6001 · General Adminis...	4-General Fund Ent.	396.12
			6001 · General Adminis...	1-Groundwater Ent.	90.12
			6002 · Website Adminis...	4-General Fund Ent.	484.97
			6009 · Licenses	4-General Fund Ent.	23.20
			6009 · Licenses	1-Groundwater Ent.	92.80
			6027 · Computer Softw...	4-General Fund Ent.	56.25
			6027 · Computer Softw...	1-Groundwater Ent.	3.75
			6027 · Computer Softw...	2-Redlands Plaza/...	7.50
			6027 · Computer Softw...	3-Land Resources	7.50
			6039 · Postage and Ov...	4-General Fund Ent.	61.21
			6039 · Postage and Ov...	1-Groundwater Ent.	27.82
			6039 · Postage and Ov...	2-Redlands Plaza/...	11.13
			6039 · Postage and Ov...	3-Land Resources	11.13
			6060 · Outreach	4-General Fund Ent.	5.00
			6060 · Outreach	1-Groundwater Ent.	2.00
			6060 · Outreach	3-Land Resources	3.00
			6090 · Subscriptions/Pu...	4-General Fund Ent.	139.95
			6093 · Memberships	4-General Fund Ent.	100.00
TOTAL					1,523.45
22606	10/27/2020	DMV Renewal	1012 · Citizens Busine...		-27.00
	10/19/2020	SBVWCD:General Admi...	5310 · Vehicle Mainten...	1-Groundwater Ent.	27.00
TOTAL					27.00
22607	10/27/2020	Edison - 5552	1012 · Citizens Busine...		-349.73
	10/10/2020		5420 · Electricity	4-General Fund Ent.	97.92
			5420 · Electricity	1-Groundwater Ent.	69.95
			5420 · Electricity	2-Redlands Plaza/...	181.86
TOTAL					349.73
22608	10/27/2020	Edison - 7241	1012 · Citizens Busine...		-54.44
	10/13/2020		5420 · Electricity	4-General Fund Ent.	15.24
			5420 · Electricity	1-Groundwater Ent.	10.89
			5420 · Electricity	2-Redlands Plaza/...	28.31
TOTAL					54.44
22609	10/27/2020	Erwin Fogerson	1012 · Citizens Busine...		-1,800.00
	10/21/2020		2102 · Pers Retirement ...	4-General Fund Ent.	1,800.00
TOTAL					1,800.00

San Bernardino Valley Water Conservation District
Expenditure Report
October 2020

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Class</u>	<u>Original Amount</u>
22610	10/27/2020	Frontier-7275	1012 · Citizens Busine...		-155.14
	10/19/2020		5440 · Telephone	4-General Fund Ent.	56.10
			5440 · Telephone	1-Groundwater Ent.	24.05
			5470 · Internet Services	4-General Fund Ent.	37.50
			5470 · Internet Services	1-Groundwater Ent.	22.50
			5470 · Internet Services	2-Redlands Plaza/...	3.75
			5470 · Internet Services	3-Land Resources	11.24
TOTAL					155.14
22611	10/27/2020	ICF Jones & Stokes, Inc	1012 · Citizens Busine...		-7,529.00
	10/20/2020		7055 · Plunge Creek Ex...	3-Land Resources	7,529.00
TOTAL					7,529.00
22612	10/27/2020	Image Source	1012 · Citizens Busine...		-193.21
	10/13/2020		6033 · Office Equipmen...	4-General Fund Ent.	144.91
			6033 · Office Equipmen...	1-Groundwater Ent.	9.66
			6033 · Office Equipmen...	2-Redlands Plaza/...	28.98
			6033 · Office Equipmen...	3-Land Resources	9.66
TOTAL					193.21
22613	10/27/2020	Institue for Ecological ...	1012 · Citizens Busine...		-500.00
	10/08/2020		6093 · Memberships	4-General Fund Ent.	500.00
TOTAL					500.00
22614	10/27/2020	Manuel Colunga	1012 · Citizens Busine...		-587.60
	10/20/2020		5210 · Equipment Maint...	1-Groundwater Ent.	91.50
			6051 · Uniforms	4-General Fund Ent.	148.83
			6051 · Uniforms	1-Groundwater Ent.	347.27
TOTAL					587.60
22615	10/27/2020	Michael Guizar	1012 · Citizens Busine...		-82.30
	10/26/2020		6051 · Uniforms	4-General Fund Ent.	24.69
			6051 · Uniforms	1-Groundwater Ent.	57.61
TOTAL					82.30
22616	10/27/2020	Mikael Romich	1012 · Citizens Busine...		-6,631.40
	10/13/2020		5120 · Misc. Profession...	3-Land Resources	6,631.40
TOTAL					6,631.40
22617	10/27/2020	NoHo Constructors	1012 · Citizens Busine...		-41,316.75
	10/20/2020		7055 · Plunge Creek Ex...	3-Land Resources	41,316.75
TOTAL					41,316.75

San Bernardino Valley Water Conservation District Expenditure Report October 2020

Num	Date	Name	Account	Class	Original Amount
22618	10/27/2020	O'Reilly	1012 · Citizens Busine...		-18.84
	10/14/2020		5210 · Equipment Maint...	1-Groundwater Ent.	11.84
			5210 · Equipment Maint...	1-Groundwater Ent.	7.00
TOTAL					18.84
22619	10/27/2020	Patton Sales Corp	1012 · Citizens Busine...		-18.58
	10/20/2020		5210 · Equipment Maint...	1-Groundwater Ent.	18.58
TOTAL					18.58
22620	10/27/2020	Redlands Ford-Ken Gr...	1012 · Citizens Busine...		-31,547.77
	10/20/2020		7230 · Field Equipment ...	1-Groundwater Ent.	37,547.77
TOTAL					37,547.77
22621	10/27/2020	The Gas Company	1012 · Citizens Busine...		-6.76
	10/13/2020		5450 · Natural Gas	4-General Fund Ent.	4.06
			5450 · Natural Gas	1-Groundwater Ent.	2.70
TOTAL					6.76
22622	10/27/2020	U.S. Bank Equipment F...	1012 · Citizens Busine...		-336.18
	10/09/2020		6033 · Office Equipmen...	4-General Fund Ent.	252.13
			6033 · Office Equipmen...	1-Groundwater Ent.	16.81
			6033 · Office Equipmen...	2-Redlands Plaza/...	50.43
			6033 · Office Equipmen...	3-Land Resources	16.81
TOTAL					336.18
100259N	10/15/2020	PERS	1012 · Citizens Busine...		-9,558.77
			6170 · PERS Retirement	4-General Fund Ent.	1,242.64
			6170 · PERS Retirement	1-Groundwater Ent.	4,301.45
			6170 · PERS Retirement	2-Redlands Plaza/...	382.35
			6170 · PERS Retirement	3-Land Resources	955.88
			6170 · PERS Retirement	5-Wash Plan	2,007.34
			6170 · PERS Retirement	6-Active Recharge ...	669.11
TOTAL					9,558.77
100260N	10/28/2020	PERS	1012 · Citizens Busine...		-9,558.77
			6170 · PERS Retirement	4-General Fund Ent.	1,242.64
			6170 · PERS Retirement	1-Groundwater Ent.	4,301.45
			6170 · PERS Retirement	2-Redlands Plaza/...	382.35
			6170 · PERS Retirement	3-Land Resources	955.88
			6170 · PERS Retirement	5-Wash Plan	2,007.34
			6170 · PERS Retirement	6-Active Recharge ...	669.11
TOTAL					9,558.77

San Bernardino Valley Water Conservation District
Director Fees Expenditure Payroll Report
October 2020

Pay Date	Name	For Period	Director Fees	Taxes Withheld	Check Amt
10/7/2020	McDonald, M	Sep-20	\$ 1,848.00	\$ 181.20	\$ 1,666.80
10/21/2020	McDonald, M	Oct-20	\$ 1,155.00	\$ 99.91	\$ 1,055.09
10/21/2020	Corneille, R	Sep-20	\$ 924.00	\$ 93.46	\$ 830.54
10/21/2020	Longville, J	Jul-20	\$ 462.00	\$ 205.01	\$ 256.99



**San Bernardino Valley
Water Conservation District**

Helping Nature Store Our Water

Memorandum No. 1743

To: Board of Directors

From: General Manager, Daniel Cozad

Date: November 18, 2020

Subject: 1st Quarter Financials for 2020-2021

RECOMMENDATION

The Finance & Administration Committee recommends the Board approve the 1st Quarter Financials for 2020-2021 as presented.

BACKGROUND

The Finance & Administration Committee met November 18, 2020 to review the First Quarter Unaudited Financials. No changes were recommended.

DISCUSSION

Groundwater Council revenue is slightly under budget but payment from remaining participants is expected soon. Payment from the City of Redlands will be received if the City decides to become a GW Council member. Total groundwater revenue is anticipated to be in line with the budget. Redlands Plaza and Redlands Plaza CAM revenue is under budget due to lease extensions allotted for the pandemic but is anticipated to be partially recovered by fiscal yearend. Plunge Creek IRWMP Grant revenue will be invoiced this month with payment expected sometime in the Spring. Expenses are as expected.

FISCAL IMPACT

There is no fiscal impact from reporting the financial status of the District.

POTENTIAL MOTIONS

1. Move approval of the First Quarter Financials for FY 2020-2021 as presented.
2. Move to request this item be tabled and referred to Finance & Administration Committee for reconsideration of specific issues discussed.

ATTACHMENTS OR MATERIALS

2020-2021 1st Quarter Rolled Up Budget Worksheet

SBVWCD Quarterly Investment Report

GL ACCT:	1ST QUARTER		Expended/ Received to Date as of 09/30/20	Actual Over/Under Budget	Projected Annual Costs (7/1/20- 6/30/21)	Notes	GENERAL FUND			GROUNDWATER RECHARGE ENTERPRISE		REDLANDS PLAZA & LEASED PROPERTY- MENTONE HOUSE		LAND RESOURCE		ACTIVE RECHARGE TRANSFER PROJECTS		WASH PLAN	
	GL DESCRIPTION:						2020-2021 Budget	2020 BUDGET:	% BUDGET	BASIS:	2020 BUDGET:	% BUDGET	2020 BUDGET:	% BUDGET	2020 BUDGET:	% BUDGET	2020 BUDGET	% BUDGET	2020 BUDGET:
2020-2021 Budget																			
INCOME:																			
4012-15	INTEREST INCOME	581,614.43	19,572.35	-562,042.08	581,614.43														
4021-23	GROUNDWATER	1,129,721.79	505,199.46	-624,522.33	1,129,721.79														
4021	GROUNDWATER CHARGE-AG	128,045.00	41,680.26	-86,364.74	128,045.00														
4023	GROUNDWATER CHARGE-NON AG	331,676.79	242,064.20	-89,612.59	331,676.79														
4024	GROUNDWATER COUNCIL REVENUE	670,000.00	221,455.00	-448,545.00	670,000.00														
4031-34	MINING	634,000.00	191,693.23	-442,306.77	634,000.00														
4032	CEMEX - ROYALTY/LEASE	586,000.00	183,693.23	-402,306.77	586,000.00														
4036,40,80	MISCELLANEOUS	100,000.00	9,114.77	-90,885.23	100,000.00														
4036	AGGREGATE MAINTENANCE	60,000.00	0.00	-60,000.00	60,000.00														
4050	PROPERTY TAX	124,588.24	0.00	-124,588.24	124,588.24		100.00%	+5%											
4055	SBVMWD LEASE AGREEMENT	423,344.11	0.00	-423,344.11	415,202.87		45.00%	+1.4% CPI											
4062-66	RENTALS	234,263.92	33,657.07	-200,606.85	234,263.92														
4080	EXCHANGE PLAN	30,000.00	0.00	-30,000.00	30,000.00														
4025	WASH PLAN REVENUE *Reserve CIP #5	220,000.00	118,589.47	-101,410.53	220,000.00														
4086	PLUNGE CREEK IRWMP	200,000.00	0.00	-200,000.00	319,796.80														
	TOTAL INCOME:	3,790,032.48	877,826.35	-2,912,206.13	3,901,688.05														
EXPENSES:																			
5000	MISCELLANEOUS	4,000.00	4,281.93	281.93	4,281.93		100.00%	LAFCO Changes											
5100	PROFESSIONAL SERVICES	719,865.00	229,224.72	-490,640.28	722,315.00														
5120	MISC. PROFESSIONAL SERVICES	130,000.00	88,567.88	-41,432.12	130,000.00		30.00%	Includes GSC Support											
5122	WASH PLAN PROFESSIONAL SERVICES	245,000.00	46,125.00	-198,875.00	245,000.00			Per Wash Plan Budget											
52-53	FIELD OPERATIONS	191,306.36	44,893.49	-146,412.87	192,556.36														
5400	UTILITIES	31,069.82	7,444.38	-23,625.44	31,069.82														
6000	GENERAL ADMINSTRATION	302,506.64	31,763.84	-265,742.80	302,606.64														
6100	BENEFITS:	489,815.11	108,307.01	-381,508.10	489,815.11														
6160	PAYROLL TAXES - EMPLOYER	81,796.00	14,464.27	-67,331.73	81,796.00		13.00%	Consolidated costs 2014											
6170	PERS RETIREMENT	235,124.31	74,571.86	-160,552.45	235,124.31		13.00%	Noticed Increase											
6170.01	PERS EMPLOYEE CONTRIBUTION	-44,054.08	-29,499.47	14,554.61	-44,054.08		13.00%												
	SALARIES:																		
6200	SALARIES	1,141,880.19	230,112.95	-911,767.24	1,141,880.19														
	INSURANCE:																		
6300	INSURANCE	36,700.00	13,923.63	-22,776.37	36,700.00														
6400	DIRECTOR'S EXPENSES	214,361.31	7,098.01	-207,263.30	212,361.31		100.00%	5% increase option included											
6500	ADMINISTRATIVE/STAFF EXPENSES	16,335.00	4,217.79	-12,117.21	16,335.00														
8010	Capital Reserve GWE/Rate Stabilization	0.00	0.00	0.00	0.00		0.00%												
	TOTAL EXPENSES:	3,836,839.42	747,462.58	-3,089,376.84	3,838,921.36														
	Operating Revenue	3,790,032.48	877,826.35	-2,912,206.13	3,901,688.05														
	NET OPERATING REVENUE	-46,806.94	130,363.77	177,170.71															
	OVERHEAD																		
	NET GENERAL FUND ANNUAL																		

GL ACCT:	1ST QUARTER		Expended/ Received to Date as of 09/30/20	Actual Over/Under Budget	Projected Annual Costs (7/1/20- 6/30/21)	Notes	GENERAL FUND			GROUNDWATER RECHARGE ENTERPRISE		REDLANDS PLAZA & LEASED PROPERTY- MENTONE HOUSE		LAND RESOURCE		ACTIVE RECHARGE TRANSFER PROJECTS		WASH PLAN	
	GL DESCRIPTION:						2020-2021 Budget	2020 BUDGET:	% BUDGET	BASIS:	2020 BUDGET:	% BUDGET	2020 BUDGET:	% BUDGET	2020 BUDGET:	% BUDGET	2020 BUDGET	% BUDGET	2020 BUDGET:
	2020-2021 Budget																		
	Multiyear Capital projects					Cost-To-Date													
7010	MATERIALS	12,000.00	0.00	-12,000.00	12,000.00		0.00			6,000.00	50.00%	0.00		6,000.00	50.00%	0.00		0.00	
7055	PLUNGE CREEK PROJECT CIP #2 LAND & BUILDINGS	500,000.00	365,452.72	-134,547.28	500,000.00	0.00	0.00	Net of Grant Funds \$710 K Total		200,000.00	40.00%	0.00		300,000.00	60.00%	0.00		0.00	
7100	CAPITAL REPAIRS	807,000.00	22,722.32	-784,277.68	829,722.32		0.00			500,000.00		0.00		282,000.00		0.00		0.00	
7110	PROPERTY - CAPITAL REPAIRS	315,000.00	0.00	-315,000.00	315,000.00		0.00			170,000.00		0.00		145,000.00		0.00		0.00	
7120	PROPERTY - LAND PURCHASE	0.00	22,722.32	22,722.32	22,722.32		0.00			0.00	60.00%	0.00	0.00%	0.00		0.00		0.00	
7130	MENTONE PROPERTY (HOUSE) CAPITAL R	25,000.00	0.00	-25,000.00	25,000.00		0.00			0.00		25,000.00	100.00%	0.00		0.00		0.00	
7140	MENTONE PROPERTY (SHOP) CIP #3	330,000.00	0.00	-330,000.00	330,000.00	Per Operations Commitment	0.00			330,000.00	100.00%	0.00		0.00		0.00		0.00	
7160	MENTONE PROPERTY CIP #9 #12 EQUIPMENT & VEHICLES	137,000.00	0.00	-137,000.00	137,000.00		0.00				100.00%	0.00		137,000.00	100.00%	0.00		0.00	
7200	EQUIPMENT & VEHICLES	89,000.00	11,097.39	-77,902.61	89,000.00		7,250.00			62,250.00	91.70%	0.00		18,500.00		0.00		1,000.00	
7150	MILL CREEK DIVERSION PROJECT CIP #1	1,100,000.00	0.00	-1,100,000.00	1,100,000.00	172,997.75	0.00	MultiYear Total comitment \$750K		1,100,000.00	100.00%	0.00		0.00	0.00%	0.00		0.00	
7438	ENGINEERING SERVICES-OTHER	125,000.00	0.00	-125,000.00	125,000.00		0.00	CIP #4 and #7 Partial		20,000.00	16.00%	0.00		87,500.00	70.00%	17,500.00	14%	0.00	
	CAPITAL EXPENSE	3,133,000.00	399,272.43	-2,733,727.57	3,155,722.32		7,250.00			1,888,250.00		25,000.00		694,000.00		517,500.00		1,000.00	
	CAPTIAL REVENUE	444,000.00					0.00			108,000.00		20,000.00		316,000.00				0.00	
	CAPITAL SUBTOTAL ANNUAL NET	-2,171,500.00					-7,250.00			-1,780,250.00		-5,000.00		-378,000.00				-1,000.00	
	RESERVE CONTRIBUTION OR (-USE)	-2,218,306.94		-2,562,307	TOTAL		-209,725.41			-1,783,024.08	io Capital Pri	13,792.37		-384,578.88				-198,770.94	

San Bernardino Valley Water Conservation District

Quarterly Investment Report

Investment Instruments	Beginning Balance as of Jul 1, 2020	1st Quarter Balance ending Sept 30, 2020	Yield	Cumulative Unrealized Gain (Loss)
Pooled Money Investment Accounts				
LAIF	\$ 128,186.22	\$ 428,653.94	0.17%	\$ -
CalTRUST Short-Term Fund	\$ 3,213,064.41	\$ 3,216,224.18	0.18%	\$ (3,182.57)
Investment Accounts				
UBS Financial Services CDs	\$ 1,713,551.94	\$ 1,462,870.58	2.57%	\$ 29,753.65
Cash Dep Acct	\$ 211,763.88	\$ 4,933.70		
California Credit Union 24 Mo. CD cashed out	\$ 257,565.81	\$ -		
CAMP Investment Pool	\$ 18,725,746.48	\$ 18,740,598.99	0.31%	
OPEB-Other Postemployment Benefits				
CERBT-CA Employers' Retiree Benefit Trust	\$ 502,075.68	\$ 529,600.29	5.20%	\$ 27,524.61
TOTAL	\$ 24,751,954.42	\$ 24,382,881.68		\$ 54,095.69

Net Change **\$ (369,072.74)**
-1.51%

Banking Institutions	Beginning Balance as of July 1, 2020	4th Quarter Balance ending Sept 30, 2020
Citizen's Business Bank	\$ 904,184.54	\$ 1,066,888.11
Cash and Cash Equivalents	\$ 904,184.54	\$ 1,066,888.11
Change in Value		\$ 162,703.57

Description	NAV	Annual Yield	Average Maturity	Shares
LAIF	N/A	1.43%		
CalTrust Short-Term Fund	\$10.10	1.34%	.78 years (284.7 days)	318,438.038
CERBT	\$18.39			28,795.870
UBS-CD's	see below			

UBS Investments

Certificates of Deposit (CDs)	Price	Rate	Maturity	Shares	Purchase Price	Market Value as of 09/30/20	CD Length
1. Ally Bank UT US RT fixed rate CD (ZVIBY)	\$1.000	3.20%	12/13/2021	245,000	\$245,000.00	\$254,155.65	3 yr
2. UBS BK USA SALT LA UT US fixed rate CD (Cusip: 90348JLY4)	\$1.000	2.45%	6/21/2021	245,000	\$245,000.00	\$249,211.55	2 yr
3. American Express Natl UT US fixed rate CD (Cusip: 02589AAD4)	\$1.028	3.00%	6/19/2021	245,000	\$245,000.00	\$250,206.25	3 yr
4. Capital One NA VA US fixed rate CD (Cusip: 14042RKF7)	\$1.000	2.00%	11/16/2020	200,000	\$200,000.00	\$200,508.00	3 yr
5. Discover BK GREENW DE US fixed rate CD (Cusip: 254673JS6)	\$1.005	2.20%	12/28/2020	245,000	\$245,000.00	\$246,298.50	3 yr
6. Morgan Stanley Bank UT fixed rate CD (Cusip: 61690UEV8)	\$1.000	2.80%	2/28/2022	245,000	\$245,000.00	\$254,373.70	3 yr
Average	\$1.01	2.61%	Total Interest Withdrawals	\$0.00		\$8,116.93	accrued interest
			TOTAL		\$1,425,000.00	\$1,462,870.58	



**San Bernardino Valley
Water Conservation District**

Helping Nature Store Our Water

Memorandum No. 1744

To: Board of Directors
From: General Manager, Daniel Cozad
Date: November 18, 2020
Subject: Unaudited Financial Reports, October 2020

RECOMMENDATION

Review and approve the unaudited financials for October 2020.

BACKGROUND

Each month staff presents the unaudited financials for the District. The reports submitted with this Board Letter have a closing date of October 31, 2020.

DISCUSSION

Groundwater Council revenue is below budget as three members' payments have not been received, totaling \$332,229. All payments are expected to be received before the end of the year. Valley District has been invoiced for the Enhanced Recharge agreement, and payment is expected in November. Capital expenditures increased with the construction completion of the Plunge Creek Conservation Project. These costs reduced the cash position in the report but will be somewhat offset by grant funds when paid.

Additionally capital expenses were incurred for the purchase of two 2020 Ford F-150 trucks for field staff. The cost of one truck is offset by the insurance and salvage value of the 2018 Ford F-150. The cost of the other truck was offset by the trade-in of the 2007 Ford F-350.

FISCAL IMPACT

There is no fiscal impact from reporting the financial status of the District.

POTENTIAL MOTIONS

1. Move approval of the Unaudited Financials for October 2020 as presented.
2. Move to request this item be tabled and referred to the Finance & Administration Committee to reconsider specific issues discussed.

ATTACHMENTS OR MATERIALS

Graph Financials for October 2020

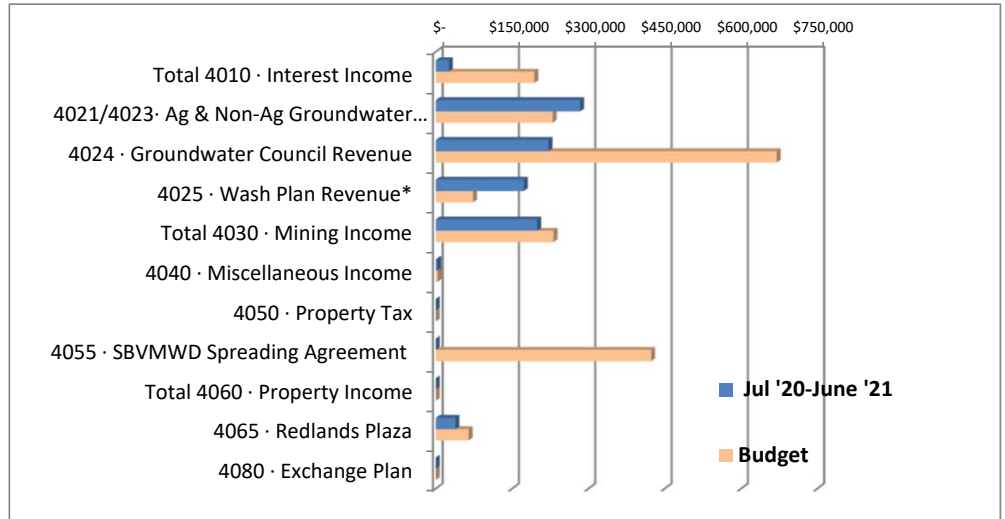
Profit & Loss to Date vs. Annual Budget

SBVWCD - All Enterprises Budget and Actual

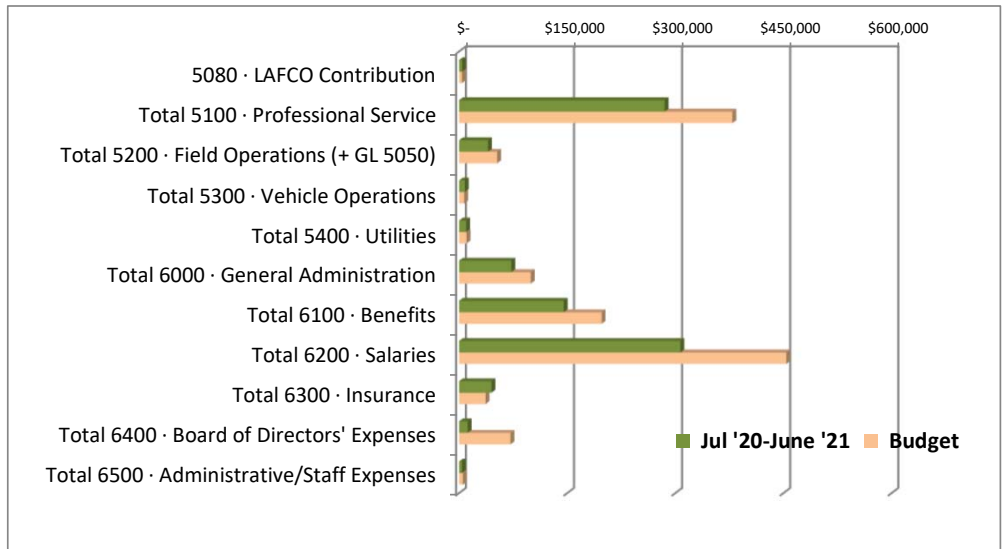
October 2020

REVENUE	Jul '20-June '21	Budget
Total 4010 · Interest Income	\$ 25,514	\$ 193,671
4021/4023· Ag & Non-Ag Groundwater Charge	\$ 283,744	\$ 229,861
4024 · Groundwater Council Revenue	\$ 221,455	\$ 670,000
4025 · Wash Plan Revenue*	\$ 173,293	\$ 73,333
Total 4030 · Mining Income	\$ 199,406	\$ 231,333
4040 · Miscellaneous Income	\$ 2,711	\$ 3,333
4050 · Property Tax	\$ -	\$ -
4055 · SBVMWD Spreading Agreement	\$ -	\$ 423,344
Total 4060 · Property Income	\$ 100	\$ 100
4065 · Redlands Plaza	\$ 38,640	\$ 64,548
4080 · Exchange Plan	\$ -	\$ -
Total Revenue	\$ 944,864	\$ 1,889,524

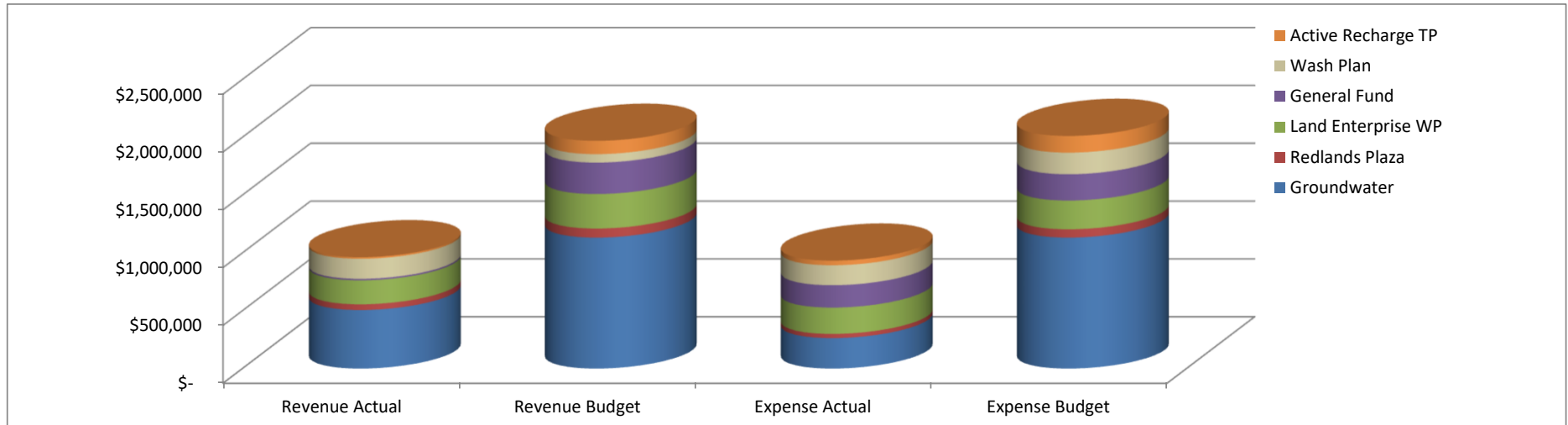
*District loans to the WP



EXPENSES Operating and Capital	Jul '20-June '21	Budget
5080 · LAFCO Contribution	\$ 4,282	\$ 4,000
Total 5100 · Professional Service	\$ 285,278	\$ 379,225
Total 5200 · Field Operations (+ GL 5050)	\$ 40,201	\$ 52,852
Total 5300 · Vehicle Operations	\$ 7,902	\$ 7,247
Total 5400 · Utilities	\$ 9,832	\$ 10,354
Total 6000 · General Administration	\$ 72,495	\$ 99,535
Total 6100 · Benefits	\$ 145,189	\$ 197,850
Total 6200 · Salaries	\$ 306,981	\$ 454,145
Total 6300 · Insurance	\$ 44,961	\$ 36,700
Total 6400 · Board of Directors' Expenses	\$ 11,878	\$ 71,454
Total 6500 · Administrative/Staff Expenses	\$ 4,218	\$ 5,442
Total Expense	\$ 933,217	\$ 1,318,804



Enterprises to Date (October 2020)



Enterprise	Actual	Budget	% of Budget
Groundwater Revenue	\$ 506,414	\$ 1,132,700	45%
Groundwater Expense	\$ 263,573	\$ 451,672	58%
Revenue -Expense	\$ 242,841	\$ 681,028	
Redlands Plaza Revenue	\$ 49,334	\$ 78,155	63%
Redlands Plaza Expense	\$ 36,049	\$ 71,440	50%
Revenue -Expense	\$ 13,286	\$ 6,715	
Land Enterprise Revenue	\$ 207,577	\$ 298,567	70%
Land Enterprise Expense	\$ 227,550	\$ 249,070	91%
Revenue -Expense	\$ (19,973)	\$ 49,497	
General Fund Revenue *	\$ 12,823	\$ 271,926	5%
General Fund Expense	\$ 193,628	\$ 227,406	85%
Revenue -Expense	\$ (180,805)	\$ 44,520	
Wash Plan Revenue	\$ 173,293	\$ 73,333	236%
Wash Plan Expense	\$ 172,776	\$ 186,730	93%
Revenue-Expense	518	(113,397)	
Active Recharge TP Revenue	\$ 13,392	\$ 114,750	12%
Active Recharge TP Expense	\$ 39,642	\$ 144,485	27%
Revenue-Expense	\$ (26,250)	\$ (29,735)	
Total All Revenue - Expense	\$ 29,616	\$ 638,627	

Cash Status	As of 7/1/2020	As of 10/31/20
LAIF	\$ 128,186.22	\$ 429,474.46
Cal Trust	\$ 3,213,064.41	\$ 3,218,112.76
Citizens Bank	\$ 904,498.58	\$ 893,508.84
UBS Financial Services	\$ 1,925,315.82	\$ 1,468,034.25
US Bank-CAMP	\$ 18,725,746.48	\$ 18,743,601.91
Total Cash	\$ 24,896,811.51	\$ 24,752,732.22
Less Prepaid Royalty	\$ (5,000,000.00)	\$ (5,000,000.00)
Less ARTP obligation	\$ (18,437,500.00)	\$ (18,534,947.55)
Cash Position	\$ 1,459,311.51	\$ 1,217,784.67

Increase (decrease) of -\$241,526.84
 Percent Increase -16.6%

* General Fund Revenue shown here does not include overhead

San Bernardino Valley Water Conservation District
 Profit & Loss To Date vs. Annual Budget

	<u>Jul - Oct 20</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Interest Income				
4012 · LAIF	855.73	2,400.00	-1,544.27	35.66%
4013 · Caltrust Investment Income	5,048.35	79,822.43	-74,774.08	6.32%
4014 · CalCredit Union Interest Income	0.00	3,672.00	-3,672.00	0.0%
4015 · UBS Interest Income	1,754.83	36,720.00	-34,965.17	4.78%
4016 · Interest Income ARTP	17,855.43	459,000.00	-441,144.57	3.89%
Total 4010 · Interest Income	<u>25,514.34</u>	<u>581,614.43</u>	<u>-556,100.09</u>	<u>4.39%</u>
4020 · Groundwater Charge				
4021 · Assessments - Ag	41,680.26	128,045.00	-86,364.74	32.55%
4023 · Assessments - Non-Ag	242,064.20	331,676.79	-89,612.59	72.98%
4024 · Groundwater Council Revenue	221,455.00	670,000.00	-448,545.00	33.05%
Total 4020 · Groundwater Charge	<u>505,199.46</u>	<u>1,129,721.79</u>	<u>-624,522.33</u>	<u>44.72%</u>
4025 · Wash Plan Revenue	173,293.24	220,000.00	-46,706.76	78.77%
4030 · Mining Income				
4031 · Plant Site - CEMEX	8,000.00	48,000.00	-40,000.00	16.67%
4032 · Cemex - Royalty / Lease	183,693.23	586,000.00	-402,306.77	31.35%
4036 · Aggregate Maintenance	7,712.98	60,000.00	-52,287.02	12.86%
Total 4030 · Mining Income	<u>199,406.21</u>	<u>694,000.00</u>	<u>-494,593.79</u>	<u>28.73%</u>
4040 · Miscellaneous Income				
4041 · Reimbursed Expenses	1,260.78	0.00	1,260.78	100.0%
4040 · Miscellaneous Income - Other	1,450.00	10,000.00	-8,550.00	14.5%
Total 4040 · Miscellaneous Income	<u>2,710.78</u>	<u>10,000.00</u>	<u>-7,289.22</u>	<u>27.11%</u>
4050 · Property Tax	0.00	124,588.24	-124,588.24	0.0%
4055 · SBVMWD Spreading Agreement Reim	0.00	423,344.11	-423,344.11	0.0%
4060 · Property Income				
4062 · Mentone Property	100.00	100.00	0.00	100.0%
Total 4060 · Property Income	<u>100.00</u>	<u>100.00</u>	<u>0.00</u>	<u>100.0%</u>
4065 · Redlands Plaza	38,640.11	193,643.56	-155,003.45	19.95%
4066 · Redlands Plaza CAM	10,548.49	40,520.36	-29,971.87	26.03%
4080 · Exchange Plan	0.00	30,000.00	-30,000.00	0.0%
4086 · Plunge Creek IRWMP	0.00	200,000.00	-200,000.00	0.0%
4998 · Rate Stabilization From Reserve	0.00	0.00	0.00	0.0%
4999 · Trust Reimbursement-Wash Plan	0.00	142,500.00	-142,500.00	0.0%
Total Income	<u>955,412.63</u>	<u>3,790,032.49</u>	<u>-2,834,619.86</u>	<u>25.21%</u>
Gross Profit	955,412.63	3,790,032.49	-2,834,619.86	25.21%
Expense				
5040 · Regional Programs				
5080 · LAFCO Contribution	4,281.93	4,000.00	281.93	107.05%
Total 5040 · Regional Programs	<u>4,281.93</u>	<u>4,000.00</u>	<u>281.93</u>	<u>107.05%</u>
5050 · Basin Cleaning	35,742.50	50,000.00	-14,257.50	71.49%
5100 · Professional Service				
5120 · Misc. Professional Services	26,772.33	130,000.00	-103,227.67	20.59%
5122 · Wash Plan Professional Services	61,500.00	245,000.00	-183,500.00	25.1%
5123 · Habitat Management-WP	0.00	142,500.00	-142,500.00	0.0%
5124 · Plunge Creek Prof Services	119,046.99	150,000.00	-30,953.01	79.37%
5125 · Engineering Services	0.00	18,000.00	-18,000.00	0.0%
5130 · Aerial Photography & Surveying	0.00	1,000.00	-1,000.00	0.0%
5155 · WP Trails Professional Services	0.00	25,000.00	-25,000.00	0.0%
5160 · IT Support	3,345.00	7,210.00	-3,865.00	46.39%
5170 · Audit	22,605.00	26,155.00	-3,550.00	86.43%
5175 · Legal - Wash Plan	39,262.72	20,000.00	19,262.72	196.31%
5180 · Legal	12,745.61	175,000.00	-162,254.39	7.28%
Total 5100 · Professional Service	<u>285,277.65</u>	<u>939,865.00</u>	<u>-654,587.35</u>	<u>30.35%</u>
5133 · Regional River HCP Contribution	0.00	25,000.00	-25,000.00	0.0%
5200 · Field Operations				
5210 · Equipment Maintenance	3,268.82	6,556.36	-3,287.54	49.86%
5215 · Property Maintenance	1,026.22	42,000.00	-40,973.78	2.44%
5225 · Field Clean Up-Illegal dumping	0.00	60,000.00	-60,000.00	0.0%
5230 · Field Tools	163.61			
Total 5200 · Field Operations	<u>4,458.65</u>	<u>108,556.36</u>	<u>-104,097.71</u>	<u>4.11%</u>
5223 · Temp. Field Labor	0.00	11,000.00	-11,000.00	0.0%
5300 · Vehicle Operations				
5310 · Vehicle Maintenance	1,949.95	8,000.00	-6,050.05	24.37%
5320 · Fuel	5,951.92	13,750.00	-7,798.08	43.29%
Total 5300 · Vehicle Operations	<u>7,901.87</u>	<u>21,750.00</u>	<u>-13,848.13</u>	<u>36.33%</u>

San Bernardino Valley Water Conservation District
Profit & Loss To Date vs. Annual Budget

	<u>Jul - Oct 20</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
5400 · Utilities				
5410 · Alarm Service	718.75	1,500.00	-781.25	47.92%
5420 · Electricity	2,940.51	10,000.34	-7,059.83	29.4%
5430 · Mobile Phone	1,620.01	5,265.00	-3,644.99	30.77%
5440 · Telephone	2,149.48	8,000.00	-5,850.52	26.87%
5450 · Natural Gas	6.76	1,134.58	-1,127.82	0.6%
5460 · Water / Trash / Sewer	1,371.74	2,438.00	-1,066.26	56.27%
5470 · Internet Services	1,024.91	2,731.82	-1,706.91	37.52%
Total 5400 · Utilities	9,832.16	31,069.74	-21,237.58	31.65%
6000 · General Administration				
6001 · General Administration - Other	668.09	4,500.00	-3,831.91	14.85%
6002 · Website Administration	1,627.94	6,000.00	-4,372.06	27.13%
6003 · Property Tax	0.00	0.00	0.00	0.0%
6004 · Meeting Expenses	212.31	2,060.00	-1,847.69	10.31%
6006 · Permits	50.00	10,000.00	-9,950.00	0.5%
6007 · Inter District Costs	0.00	10,000.00	-10,000.00	0.0%
6009 · Licenses	116.00	1,630.53	-1,514.53	7.11%
6010 · Surety Bond	1,210.00	1,900.00	-690.00	63.68%
6012 · Office Maintenance	68.32	3,275.40	-3,207.08	2.09%
6013 · Office Lease Payment	20,000.00	60,000.00	-40,000.00	33.33%
6015 · Mentone House Maintenance	437.38	5,000.00	-4,562.62	8.75%
6016 · Redlands Plaza Maintenance	0.00	40,000.00	-40,000.00	0.0%
6018 · Janitorial Services	2,940.00	9,108.89	-6,168.89	32.28%
6019 · Janitorial Supplies	105.63	515.00	-409.37	20.51%
6020 · Vacancy Marketing-Redlands Plaz	0.00	1,500.00	-1,500.00	0.0%
6026 · Redlands Plaza CAM expenses	10,544.91	32,290.50	-21,745.59	32.66%
6027 · Computer Software	75.00	600.00	-525.00	12.5%
6030 · Office Supplies	952.71	3,750.67	-2,797.96	25.4%
6033 · Office Equipment Rental	2,528.18	9,500.00	-6,971.82	26.61%
6036 · Printing	0.00	1,100.00	-1,100.00	0.0%
6039 · Postage and Overnight Delivery	234.42	1,200.00	-965.58	19.54%
6042 · Payroll Processing	770.19	2,775.85	-2,005.66	27.75%
6045 · Bank Service Charges	76.11	1,575.00	-1,498.89	4.83%
6051 · Uniforms	637.66	2,750.00	-2,112.34	23.19%
6060 · Outreach	20.00	60,000.00	-59,980.00	0.03%
6087 · Educational Reimbursement	0.00	5,000.00	-5,000.00	0.0%
6090 · Subscriptions/Publications	1,297.81	1,232.00	65.81	105.34%
6091 · Public Notices	0.00	3,200.00	-3,200.00	0.0%
6093 · Memberships	27,922.83	22,042.80	5,880.03	126.68%
Total 6000 · General Administration	72,495.49	302,506.64	-230,011.15	23.97%
6100 · Benefits				
6110 · Vision Insurance	851.76	3,090.02	-2,238.26	27.57%
6120 · Workers' Comp. Insurance	3,906.03	19,834.77	-15,928.74	19.69%
6130 · Dental Insurance	3,313.48	13,265.60	-9,952.12	24.98%
6150 · Medical Insurance				
6150.01 · Medical Employee Contribution	-9,752.94	-28,597.42	18,844.48	34.1%
6150 · Medical Insurance - Other	70,755.88	256,353.45	-185,597.57	27.6%
Total 6150 · Medical Insurance	61,002.94	227,756.03	-166,753.09	26.78%
6160 · Payroll Taxes-Employer	18,339.40	97,451.74	-79,112.34	18.82%
6170 · PERS Retirement				
6170.01 · PERS Employee Contributions	-35,913.53	-44,054.08	8,140.55	81.52%
6170 · PERS Retirement - Other	93,689.40	280,127.11	-186,437.71	33.45%
Total 6170 · PERS Retirement	57,775.87	236,073.03	-178,297.16	24.47%
Total 6100 · Benefits	145,189.48	597,471.19	-452,281.71	24.3%
6200 · Salaries				
6230 · Regular Salaries	306,981.23	1,362,433.86	-1,055,452.63	22.53%
Total 6200 · Salaries	306,981.23	1,362,433.86	-1,055,452.63	22.53%
6300 · Insurance				
6310 · Property/ Auto Insurance	4,209.65	4,400.00	-190.35	95.67%
6320 · General Liability Insurance	40,751.21	32,300.00	8,451.21	126.17%
Total 6300 · Insurance	44,960.86	36,700.00	8,260.86	122.51%
6400 · Board of Directors' Expenses				
6401 · Directors' Fees				
6401.5 · Payroll Taxes-Directors	2,248.74	0.00	2,248.74	100.0%
6401 · Directors' Fees - Other	9,003.82	94,861.31	-85,857.49	9.49%
Total 6401 · Directors' Fees	11,252.56	94,861.31	-83,608.75	11.86%

San Bernardino Valley Water Conservation District
 Profit & Loss To Date vs. Annual Budget

	<u>Jul - Oct 20</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
6410 · Mileage	0.00	4,000.00	-4,000.00	0.0%
6415 · Air Fare	0.00	2,500.00	-2,500.00	0.0%
6420 · Other Travel	0.00	500.00	-500.00	0.0%
6425 · Meals	9.10	3,500.00	-3,490.90	0.26%
6430 · Lodging	0.00	4,000.00	-4,000.00	0.0%
6435 · Conf/Seminar Registrations	616.00	5,000.00	-4,384.00	12.32%
6440 · Election Fees / Re-Districting	0.00	100,000.00	-100,000.00	0.0%
Total 6400 · Board of Directors' Expenses	11,877.66	214,361.31	-202,483.65	5.54%
6500 · Administrative/Staff Expenses				
6510 · Mileage	952.39	2,500.00	-1,547.61	38.1%
6515 · Air Fare	0.00	3,000.00	-3,000.00	0.0%
6520 · Travel, Other (rental car, taxi)	0.00	1,050.00	-1,050.00	0.0%
6525 · Meals	36.40	2,035.00	-1,998.60	1.79%
6530 · Lodging	0.00	3,750.00	-3,750.00	0.0%
6535 · Conf/Seminar Registrations	3,229.00	4,000.00	-771.00	80.73%
Total 6500 · Administrative/Staff Expenses	4,217.79	16,335.00	-12,117.21	25.82%
9999 · Contribution to Capital Maint.	0.00	444,000.00	-444,000.00	0.0%
Total Expense	933,217.27	4,165,049.10	-3,231,831.83	22.41%
Net Ordinary Income	22,195.36	-375,016.61	397,211.97	-5.92%
Other Income/Expense				
Other Expense				
7000 · Construction				
7010 · Materials	0.00	12,000.00	-12,000.00	0.0%
7055 · Plunge Creek Expansion	420,696.51	500,000.00	-79,303.49	84.14%
Total 7000 · Construction	420,696.51	512,000.00	-91,303.49	82.17%
7100 · Land & Buildings				
7110 · Property Capital Repairs	0.00	315,000.00	-315,000.00	0.0%
7120 · Property-Land Purchase	22,722.32	0.00	22,722.32	100.0%
7126 · ARTP Engr/Prof Services	0.00	500,000.00	-500,000.00	0.0%
7130 · Mentone Property (House)-CapRep	0.00	25,000.00	-25,000.00	0.0%
7140 · Mentone Property (Shop)-CapRep	0.00	0.00	0.00	0.0%
7150 · Mill Creek Diversion	0.00	1,100,000.00	-1,100,000.00	0.0%
7160 · Mendoza Property	0.00	467,000.00	-467,000.00	0.0%
Total 7100 · Land & Buildings	22,722.32	2,407,000.00	-2,384,277.68	0.94%
7200 · Equipment & Vehicles				
7210 · Computer Hardware-Capital Purch	3,157.15	5,000.00	-1,842.85	63.14%
7220 · Computer Software	10,940.24	10,000.00	940.24	109.4%
7230 · Field Equipment / Vehicles	39,441.00	72,500.00	-33,059.00	54.4%
7240 · Office Equipment	0.00	1,500.00	-1,500.00	0.0%
Total 7200 · Equipment & Vehicles	53,538.39	89,000.00	-35,461.61	60.16%
7400 · Professional Services Capital				
7438 · Engineering Services-Other	0.00	125,000.00	-125,000.00	0.0%
Total 7400 · Professional Services Capital	0.00	125,000.00	-125,000.00	0.0%
Total Other Expense	496,957.22	3,133,000.00	-2,636,042.78	15.86%
Net Other Income	-496,957.22	-3,133,000.00	2,636,042.78	15.86%
Net Income	-474,761.86	-3,508,016.61	3,033,254.75	13.53%



**San Bernardino Valley
Water Conservation District**

Helping Nature Store Our Water

Memorandum No. 1746

To: Board of Directors

From: Assistant Engineer, Katelyn Scholte

Date: November 18, 2020

Subject: Engineering Investigation Plan for 2021

RECOMMENDATION

Staff is requesting that the Board review, discuss and recommend any changes to the Engineering Investigation Report Plan (EI Report plan) and consider approval of the 2021 EI Report plan.

BACKGROUND

Approximately seven years ago, staff prepared an EI Report Plan after receiving considerable input and discussion with the BTAC and other parties in the Basin. Staff has updated the plan to incorporate changes and revisions identified from the production of the EI Report in 2012. Additionally, staff has made non-substantive changes to the plan and report to streamline the document and reduce the burden of publication. Once again, SBVMWD has indicated they are willing to assist the District in completing the plan as needed and assisting with comparing the results with those from their groundwater model. Staff will also provide the updated Groundwater Charge Rate Change procedures should the Board consider changes to the rates.

FISCAL IMPACT

The cost to develop the EI agreement is included in the approved Groundwater Enterprise budget. The overall cost of the EI has been reduced in recent years. Currently, staff intends to prepare the report with in-house staff.

ATTACHMENTS

2021 Engineering Investigation Report Plan

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Melody McDonald

**GENERAL
MANAGER**

Daniel B. Cozad

Engineering Investigation 2019-2020 Report Plan

1 Goals

The 2019-2020 EI will continue to follow the format from the prior year to achieve several goals for the report:

1. Provide a report which contains accurate statements of the statute required estimates based on sound science, judgment, and policy
2. Reduce effort to prepare the report to reduce the cost to the groundwater users
3. Utilize ongoing collaborative mechanisms to provide early opportunities to help plan the report and to help review the report before the hearing process and have the process support other needs in the region. Eventually, this will transition to a regional report in combination with others.
4. Create a clearer understanding of the report and options the District should consider and gain feedback before generating the report.
5. Make the report summary understandable to the public and available to all via the web.

2 Assumptions

This plan uses the general process and assumptions used in the 2018 to 2019 report. This plan would utilize the BTAC and USAWRA as a review and feedback process to ensure broad feedback on the plan and the needs of the basin managers and users are met. This plan is intended to be revised based on comments from the USAWRA and BTAC.

2.1 Water Year

As required by Water Code section 75574, the following water years will be included in the report:

Preceding Water Year (July 1st, 2019 to June 30th, 2020)

Current Water Year (July 1st, 2020 to June 30th, 2021)

Ensuing Water Year (July 1st, 2021 to June 30th, 2022)

Some issues arise due to different water years, surface water year October 1st to September 30th, groundwater year Fall to Fall (last readings commonly in November), etc. Other years used by the region will be identified, and data will be included and summarized for comparison and clarity while preserving the required EI Water Year.

3 Process and Tasks

The following process and tasks are outlined for the report preparation to allow review prior to report preparation to allow the completion of the statutory requirements for the EI shown below:

75574. The board shall, before the levy of the groundwater charge, find and determine all of the following:

- (a) The average annual overdraft for the immediate past ten water years.*
- (b) The estimated annual overdraft for the current water year.*
- (c) The estimated annual overdraft for the ensuing water year.*
- (d) The accumulated overdraft as of the last day of the preceding water year.*
- (e) The estimated accumulated overdraft as of the last day of the current water year.*



- (f) *The estimated amount of agricultural water to be withdrawn from the groundwater supplies of the District for the ensuing water year.*
- (g) *The amount of water other than agricultural water to be drawn from the groundwater supplies of the District for the ensuing water year.*
- (h) *The estimated amount of water necessary for surface distribution for the ensuing water year.*
- (i) *The amount of water which is necessary for the replenishment of the groundwater supplies of the District.*
- (j) *The amount of water the District is obligated by contract to purchase.*

The District intends to use the collective capacity of the agencies in the basin to prepare the report and reduce costs. The main elements of the EI are shown below for review.

3.1 Data Request

Request agencies provide formatted digital data:

Cities of Colton, Devore, Loma Linda, Redlands, Rialto, Riverside, & San Bernardino; EVWD, EVMWD (Meeks & Daley), WVWD, SBVMWD, Riverside-Highland Water Company, Fontana Water Company, Gage Canal, Big Bear Valley Mutual, USGS, Southern California Edison, Lockheed Martin via Tetra Tech, Others include SBVMWD and Steve Mains (Watermaster Services) for comparison. If the data is available in an aggregated format due to Watermaster or other groups' work, it will be used.

An appendix will be prepared, which lists the sources of each data element that goes into the report. The list will be reported by the source and agency/contact person. Examples follow:

- Rainfall station C, Chris O'Neil, USGS
- Water production Santa Ana A1, Bob Martin, BBWM table Z
- Stream Diversion X, SBVWCD (report A, table X)
- Stream Diversion Y, USGS station # XXXXXXXX

Estimated or questionable data will be flagged.

3.2 Assess Water Elevation for Change in Storage Assessment (Appendix A):

As in prior reports, the Change in Storage reporting will represent **Fall 2019 to the Fall 2020 time period**. In this task, the District would use the same process as in 2019 and endeavor to collect and include **Fall 2019 to Fall 2020 (Current) water level data**. This will require fall water level to be reported by February 3rd at the latest for inclusion in the report; **otherwise, District will default to the prior year with changes**.

3.3 Accumulated Change in Storage for the last day of the preceding year ending June 2020

This section will include a 15-year summary table.

Appendix B will contain BTAC recommend Key Wells, which are actively measured. Key Wells are needed for several wells that are no longer monitored, especially in the farthest western areas of the Bunker Hill Basin. The District will use existing Key Wells as performed in 2018-2019 EI (last year).

3.4 Estimate of Annual Change in Storage for Ensuing Water Year (July 1st, 2021 to June 30th, 2022)

The District will continue to collect data from the historic precipitation stations. This data is used for the Regression Analysis, which will forecast the estimated annual change in storage. This data will be updated in Appendix D.



3.5 Average Annual Change in Storage for the Immediate Past 15 Water Years.

Ten years as reported in previous reports and required by water code will be covered at a minimum, and if no significant work is needed to complete for 15 years, the additional information will be included.

3.6 Estimated Amount of Agricultural Water and Non-Agricultural to be withdrawn for the Ensuing Water Year (July 1st, 2021 to June 30th, 2022)

The District has used its Groundwater Assessment database for calculating preceding water year's Agriculture and Non-Agricultural uses. The District proposes to continue to use this data; however, because the data is not compiled by month, it introduces error due to differing water years. Providers of this data summarize it for the first six months and the second six months only. The report would continue to estimate future uses based on **Preceding Water Year (July 1st, 2019 to June 30th, 2020)**. No users of the report requested the District require data from the producers every month.

3.7 Estimated Amount of Water for Surface Water Diversions (Table 8): (Compiled from Daily Flow Reports)

The Surface water diversion will use the existing data compiled by area agencies with a review of compiled numbers during the January timeframe to ensure any new diversions are reflected. **These will be calculated up to June 30th, 2020.** For information only, if complete data is available, diversions will also be reported as of **September 30th, 2020**, based on last year's reporting method.

3.8 Estimated Amount of Water for Replenishment of Groundwater Supplies for Ensuing Water Year (July 1st, 2021 to June 30th, 2022) No Change

Water Quality Data: The District has historically requested and received TDS and Nitrate data along with the other Water elevations and monthly active well production values. This has not been included in any reports since 2005. The District will collect existing water quality data provided by participants. The District will not use the data for reporting into the EI Report.

4 Analysis Methods

4.1 GIS Analysis

The District will utilize Excel spreadsheets with GIS compatible field naming conventions based on SBVMWD's existing well database or other standard information to allow geo-referencing. The District has also begun requesting coordinate data for wells as of the 2018 report to update the GIS database.

4.2 Calculation of Change in Storage Analysis

The District will continue the methodology historically used for estimating the Change in Storage based on averaging the wells reported for each subbasin. The District uses wells by subbasins that are somewhat different than are in the groundwater model that SBVMWD uses. We will work with SBVMWD to run the basin wells we use once the data is compiled and validated, as was done last year.

4.3 Cross-Check Calculation Spreadsheet

The District will again use the cross-check spreadsheet to integrate all entered data and calculations for users of the report to check calculations in the preliminary state without the entire report being drafted.



5 Proposed Table of Contents

This shown proposed table of contents is similar to last year's document

- 1.0 Executive Summary
- 2.0 Introduction
- 2.1 Purpose and Scope
 - 2.2 Location, Topography, and Climate
 - 2.3 Definition of Terms
 - 2.4 Sources of Data
- 3.0 **Fall 2019 and Fall 2020** Groundwater Elevation Contours
- 3.1 Hydrographs for Key Wells in the Bunker Hill Basin
- 4.0 Task 1 Annual Change in Storage (**Fall 2019 to Fall 2020**)
- 4.1 Hydrologic Sub-Areas
 - 4.2 Area and Storativity
 - 4.3 Groundwater level Elevation Changes
 - 4.4 Change in Groundwater Storage
- 5.0 Task 2 – Accumulated Change in Storage 30 Year Trend (**Fall 1990 to Fall 2020**)
- 6.0 Task 3 – Total Groundwater Production for the **Preceding Water Year (July 1st, 2019 to June 30th, 2020)**
- 7.0 Task 4 – **Estimate** of the Annual Change in Storage for the **Current Water Year (July 1st, 2020 to June 30th, 2021)**
- 8.0 Task 5 – **Estimate** of the Annual Change in Storage for the **Ensuing Water Year (July 1st, 2021 to June 30th, 2022)**
- 9.0 Task 6 – Average Annual Change in Storage for the Immediate Past ten Years (**Fall 2010 to Fall 2020**)
- 10.0 Task 7 – **Estimated** Amount of Agricultural Water and Other Than Agricultural Water to be Withdrawn for the **Ensuing Water Year (July 1st, 2021 to June 30th, 2022)**
- 11.0 Task 8 – **Estimated** Amount of Water for Surface Distribution for the **Ensuing Water Year (July 1st, 2021 to June 30th, 2022)**
- 12.0 Task 9 - Estimated Amount of Water for Replenishment of the Groundwater Supplies for the **Ensuing Water Year (July 1st, 2021 to June 30th, 2022)**
- 13.0 Estimated Groundwater use in the District
- 14.0 General Findings
- 15.0 Conclusions

6 Document Compilation and Distribution

Other notes on document preparation and distribution

- Document content will be based on analysis results with the addition of early review draft information from the BTAC and USAWRA for efficiency
- Map updates based on last year's nine maps other graphs
- Appendices will be similar to last year but posted on-line only
- Appendices will be included as links to documents on the District Website to reduce production cost and allow ease of reference and update.
- Cross-Check spreadsheet and draft document compilation review steps will be utilized
- Final document printing as a summary only for board review all other publication via website

7 Quality Assurance and Quality Control



Virtually all information is provided by other programs and agencies that have their own QA/QC processes, and the EI relies on them for providing accurate data. Therefore, this section will briefly discuss the QA/AC process and standards for the following topics:

- Process and Method
- Data Accuracy
- Calculation Accuracy
- Comparability
- Approval

8 Schedule

Engineering Investigation 2018- TIMELINE

November 4, 2020 - March 4, 2021*



*Schedule assumes Change in Storage Calculations will use 2019-2020 water elevation comparisons as done prior to 2014-2015 report

X:\Engineering Investigation\2021 EI\Schedule

9 Water-Year Comparisons

For reference, the plan provides this overview of Water Year for the EI report



Engineering Investigation Report (EI 2019-2020)



X:\Engineering Investigation\2021 EI\Schedule



**San Bernardino Valley
Water Conservation District**

Helping Nature Store Our Water

Memorandum No. 1747

To: Board of Directors

From: Daniel Cozad, General Manager/David B. Cosgrove, General Counsel

Date: November 18, 2020

Subject: Robertson's Ready Mix Purchase and Sale Agreement for Plunge Creek Quarry Site Acquisition.

RECOMMENDATION

Review, and consider approval of a Purchase and Sale Agreement (PSA) for the Plunge Creek Quarry Site to facilitate the implementation of the Plunge Creek Active Recharge Transfer Project on terms summarized below.

BACKGROUND AND DISCUSSION

The District has an existing lease agreement with Robertson's Ready Mix (RRM) for sand and gravel mining lease and the payment of royalties on various portions of the District's land holdings in the Santa Ana River Wash. The Partnership Agreement for Active Recharge Transfer Project provided for the transfer of Conceptual Plunge Creek Recharge Basins 1 and 2, proposed to be located on land owned by the Flood Control District, to the District for design and implementation. As an alternative to the Conceptual Basins on Flood Control lands, the District proposed to RRM locating recharge basins on RRM Fee Title lands slated for mining in the Wash Plan HCP. RRM was willing to sell the property, and is willing to excavate to the approved specifications of the District, if allowed to continue to mine aggregate to an acceptable depth..

With the completion of the Wash Plan, District staff and representatives RRM met to work out details of an agreement to effectuate the acquisition of the lands shown in the exhibit attached to the agreement. The PSA allows the District to acquire the lands for recharge, allow RRM to benefit from increased aggregate materials and reduce habitat impacts to areas already designated for mining in the Wash Plan HCP. A summary of the terms of the PSA are included as an attachment to this letter. The PSA is undergoing finalization and staff requests approval include non-substantive changes acceptable to the General Manager and District Counsel.

The ARTP Policy Committee, reviewed the agreement and recommended its approval.

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Melody McDonald

**GENERAL
MANAGER**

Daniel B. Cozad

FISCAL IMPACT

The purchase costs and costs for engineering, design, permitting, and construction are part of the Active Recharge Transfer Project Partnership (ARTP) Agreement funding. These funds are allocated specifically for these capital projects. Direct costs of \$5,100. and all indirect costs are allocated to the ARTP Account and funded by the ARTP Reserve.

POLICY OPTIONS

1. Approve the PSA as presented with non-substantive changes approved by the General Manager and District Counsel and authorize the General Manager to execute the PSA and related administrative documents required.
2. Defer approval of the Amendment, with directions to staff to renegotiate some or all of its terms.
3. Table and defer action to a future meeting or committee.

ATTACHMENTS OR MATERIALS

PSA Summary

PSA Agreement and Exhibits.

SBVWCD / RRM Purchase and Sale Agreement Summary

(Includes aspects of ARTP tasks and project development)

Purpose and Extent

1. The Agreement covers the land sale to the District for Five Thousand Dollars (\$5,000.00) with the seller retaining the right to mine the Property under *profit a prendre*. Effectively, it gives the District low-cost ownership of 40 acres of future facilities sites, in exchange for cooperation on securing interim mining permits for Robertson's, to bridge production until Wash plan mining areas are fully permitted.
2. Robertson's Ready Mix (RRM) reserves a *profit a prendre* for aggregate to a depth of approximately 40 feet below grade. SMARA and CUP changes are needed due to the difference in final use and depth.
3. The aggregate mining to create the basins 1 and 2 commence immediately upon closing, last for five years unless extended by both parties. Basin three will be completed after mining in other areas has been completed, and RRM takes action to mine under the plant site unless the District pays the reasonable cost to relocate.
4. Close of Escrow will occur no later than December 31, 2020
5. Removal of material shall be consistent with the concept plans (design) contained in the Agreement.
6. Both parties agreed to continue the cooperative effort in acquiring regulatory and statutory permits.

SBVWCD Rights and Requirements

1. Pay One Hundred Dollars (\$100.00), which shall apply to the Purchase Price but shall be non-refundable to District as independent consideration for the rights granted to District under this Agreement.
2. Pay Five Thousand Dollars (\$5,000.00) at least one (1) day before the Close of Escrow
3. The District shall have a 30 day Due Diligence Period to examine, inspect, and investigate the Property Documents and the Property.
4. The District has the right to request RRM to move their plant before the mining is complete but is required to pay reasonable relocation costs.

RRM Rights and Requirements

1. Once the aggregate mining is complete, all remaining materials are the Property of the District, and the Seller shall remove all improvements, equipment, and personnel and in a clean and safe condition.
2. RRM has five days to provide Property Documents (environmental reports or site assessments, reports or notices relating to hazardous materials monitoring and/or and remediation of the Property; all engineering, soils, environmental, geologic, groundwater, grading and architectural reports, studies, and surveys of the Property and any actual or alleged violation of any applicable federal, state, or local laws, rules, or regulations) for district evaluation.
3. RRM is not required to provide a Title Report, but the District will obtain a report and insurance at its cost.

**PURCHASE AND SALE AGREEMENT AND
JOINT ESCROW INSTRUCTIONS**

This PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (“**Agreement**”) is entered into this _____ day of _____, 2020 (“**Effective Date**”), by and among a ROBERTSON’S READY MIX, LP., a California limited partnership with its principal place of business in Corona, California (“**Seller**”), and the SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT, a California Water Conservation District formed and existing under Water Code sections 74000 et seq. (“**District**”).

RECITALS

A. Seller is the owner of that certain real property comprised of approximately _____ acres, described as San Bernardino County Assessor Parcel(s) Nos. _____ located in San Bernardino County, State of California (“**Larger Parcel**”). The Larger Parcel is more specifically described and depicted in the legal description, and plat map, depicted in **Exhibits 1 and 2**, respectively, hereto.

B. In connection with the District’s development of groundwater storage and recharge facilities for the enhancement and protection of regional groundwater supplies, District desires to construct and operate a spreading basin for the purposes of groundwater recharge on the Property (“**Project**”). District desires to acquire from Seller the Larger Parcel, subject to Seller’s reservation of a *profit a prendre* for such sand, gravel, commercially exploitable aggregate, and kindred material located between the surface elevation of the Larger Parcel at _____ feet above sea level, and to a depth forty (40) feet below (“**Reserved Material**”), and able to be removed consistent with the Project Concept Plan (defined below.). The Larger Parcel, less the Reserved Material, is collectively referred to herein as the “Property.”

C. The implementation of the Project Concept Plan will be phased with Phase 1 (two west basins) occurring as soon as possible after close of escrow and Phase 2 (existing plant site) occurring at the time seller would naturally remove the plant to mine the area below the plant site unless the District requests early removal and agrees to cover the reasonable cost of moving the plant.

AGREEMENT

Based upon the foregoing Recitals, which are incorporated herein by this reference, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller and District agree as follows:

1. PURCHASE AND SALE OF PROPERTY

1.1.1 Agreement to Purchase and Sell; Independent Consideration. Subject to all of the terms, conditions, and provisions of this Agreement, and for the consideration set forth herein, Seller agrees to sell to District, and District agrees to purchase from Seller, the Property. The Property shall consist of the Larger Parcel, subject to a *profit a prendre* reserved to the Seller in the Reserved Material. Immediately upon the Effective Date, District shall deliver to Seller the

sum of One Hundred Dollars (\$100.00), which shall be applicable to the Purchase Price but shall be non-refundable to District as independent consideration for the rights granted to District under this Agreement.

1.1.2 Profit a Prendre. Seller's reserved *profit a prendre* shall include the Seller's right to come on to and occupy the Larger Parcel, to place thereon such material, equipment and personnel necessary or convenient to remove therefrom all Reserved Material, provided such removal is consistent with plans and specifications provided by District for the permanent configuration, slopes, depth, and scarification of the Property after removal of the Reserved Material, such that the Property is left suitable as determined by District, in its discretion, for District's use of the Property for water storage, spreading, and groundwater recharge purposes. District's specifications for same have been formulated in concept fashion, and have been reviewed by, and approved by, Seller. District's concept plan, approved by Seller, is attached hereto as Exhibit "3". ("**Project Concept Plan**") The parties understand and acknowledge that the Project Concept Plan is preliminary, and subject to future revision per their future written mutual agreement as site conditions, engineering considerations, or market considerations may warrant. Such *profit a prendre* likewise includes the Seller's right to keep, operate, and maintain Seller's existing sand and gravel processing plant and access roads to and from such plant, in their present configuration or as may be subject to mutually agreeable minor modifications over the duration of the *profit a prendre*. Such *profit a prendre* likewise includes the Seller's right to pass on, over, or through the Larger Parcel as may be necessary or convenient to haul, transport, and remove such Reserved Material for stockpiling, processing, and commercial sale, including the right to establish roadways, pathways, or haul routes over same, provided that Seller shall not at any time store, refuel, or service vehicles or other equipment anywhere thereon. Such *profit a prendre* shall not include the right to place silts, fines, or any impermeable materials anywhere upon the Larger Parcel, and Seller shall, at all times following the Closing (defined below), be prohibited for doing so. The *profit a prendre* shall commence immediately upon occurrence of the Closing, and shall remain in full force and effect for a period of 5 years thereafter, unless specifically extended in writing by agreement of both parties. Once the *profit a prendre* expires, all Reserved Materials shall thereupon become and be the property of the District. Upon expiration of the *profit a prendre*, Seller shall remove all improvements, equipment and personnel therefrom, and shall leave the Property in a clean and safe condition.

1.2 Purchase Price

1.2.1 Amount of Purchase Price. The total purchase price which Seller agrees to accept and District agrees to pay for the Property and all interests therein is the sum of Five Thousand Dollars (\$5,000.00).

1.2.2 Payment of Purchase Price. At least one (1) day prior to the Close of Escrow, District shall deposit the Purchase Price into Escrow by a wire transfer of funds, cashier's or certified check drawn on or issued by the offices of a financial institution located in the State of California, or cash.

2. INSPECTIONS AND REVIEW

2.1 Seller's Delivery of Property Documents. No later than five (5) business days after the Effective Date of this Agreement, Seller shall deliver to District copies of any of the following documents in Seller's possession or control ("**Property Documents**"): any environmental reports or site assessments related to the Property, including any reports or notices relating to the existence of any hazardous materials monitoring and/or and remediation of the Property; all engineering, soils, environmental, geologic, ground water, grading and architectural reports, studies and surveys of the Property; and all information and documents relating to pending or threatened proceedings by, before, or in any governmental agency or court relating to the Property's actual or alleged violation of any applicable federal, state, or local laws, rules, or regulations.

2.2 Natural Hazard Disclosure. The parties hereby instruct Escrow Holder to obtain and deliver to District within seven (7) days after the Opening of Escrow a Natural Hazard Disclosure Statement disclosing whether the Property is located within any of the following: (a) a special flood hazard area designated by the Federal Emergency Management Agency; (b) an area of potential flooding; (c) a very high fire hazard severity zone; (d) an earthquake fault or special studies zone; or (e) a seismic hazard zone.

2.3 Right of Entry; and District's Investigations. District and its agents, contractors, consultants, employees, representatives, engineers, and designees (collectively, "**District's Agents**") shall have reasonable access to the Property at all reasonable times from the Effective Date until the Closing (or earlier termination of this Agreement), during normal business hours, for the purpose of conducting tests and inspections of the Property, including surveys and architectural, engineering, geotechnical and environmental inspections and tests, or conducting any pre-construction or actual construction activities in connection with the Project. As a condition to any such entry, inspection or testing, District shall comply with the following: (a) notify Seller in advance of the date and purpose of the intended entry; (b) comply with all applicable laws and governmental regulations; (c) keep the Larger Parcel free and clear of all mechanic's liens and material men's liens, *lis pendens* and other liens arising out of the entry and work performed by or on behalf of District. District shall indemnify, defend and hold harmless Seller from and against any damages, liability or expense arising from damage or injury to the Larger Parcel caused by the entries of District and District's Agents upon the Larger Parcel, provided, however, the indemnity shall not extend to protect Seller from any damages, liability or expense caused by or arising out of any pre-existing physical conditions merely discovered by District (e.g., latent environmental contamination).

2.4 Due Diligence Notice. District shall have until the last day of the Due Diligence Period to examine, inspect, and investigate the Property Documents and the Property and, in District's sole and absolute discretion, determine whether the Property is acceptable to District. As used herein, the "**Due Diligence Period**" shall mean the thirty (30) day period following the delivery by Seller of the Property Documents to District, or the Effective Date of this Agreement, whichever is later. No later than 5:00 p.m., Pacific Time, on the last day of the Due Diligence Period, District may deliver written notice to Seller of its election to continue with the purchase of the Property subject to the satisfaction of the Closing conditions ("**Continuation Election**

Notice”). If District fails to deliver a Continuation Election Notice, then District shall be deemed to have elected to terminate this Agreement.

2.5 Review of Title; Approved Title Exceptions. On or before the expiration of the Due Diligence Period, District shall notify Seller in writing of any objections District may have to the title exceptions contained in a Preliminary Title Report for the Property to be issued by _____ Title _____ (“**Title Company**”) and obtained by District, and any survey District may elect to obtain for the Property (“**Title Report**”). On or before the end of the Due Diligence Period, District shall advise Seller, in writing, of any exceptions to title disapproved by District. If District disapproves the condition of title to the Property, Seller shall have five (5) days from receipt of District’s disapproval notice to notify District whether Seller will cure any disapproved title matter to the satisfaction of District prior to the Close of Escrow; provided, however, that Seller agrees to remove, at Seller’s sole cost, any monetary liens or encumbrances affecting the Fee Parcel at or prior to the Close of Escrow, Buyer may not disapprove the condition of title based on such exception, and Seller shall have no right to elect not to remove the same. If Seller notifies District that Seller is unable or unwilling to cure to District’s satisfaction any of said title defects, District shall have the right to elect to waive its title objections and purchase the Property subject to the objectionable items, or to terminate this Agreement. Upon the issuance of any amendment or supplement to the Title Report which adds additional exceptions, the foregoing right of review and approval shall also apply to said amendment or supplement (provided that the period for District to review such amendment or supplement shall be the later of the expiration of the Due Diligence Period or ten (10) days from receipt of the amendment or supplement) and Escrow shall be deemed extended by the amount of time necessary to allow such review and approval in the time and manner set forth above.

3. ESCROW

3.1 Opening of Escrow. Within three (3) business days after the Effective Date of this Agreement, the parties shall open an escrow (“**Escrow**”) with _____ Title _____ (“**Escrow Holder**”) at its offices located at _____, by delivering to Escrow Holder a fully executed copy of this Agreement. Upon receipt of a fully executed copy of this Agreement, Escrow Holder shall execute the Escrow Holder’s acceptance attached hereto and deliver a copy to Seller and District.

3.2 Close of Escrow; Closing Date. The Close of Escrow shall occur within ten (10) days after the date the Seller Closing Conditions and the District Closing Conditions in Sections 4.1 and 4.2 (other than the conditions on the delivery of documents and funds into Escrow, which shall occur during said 10 day period) are satisfied or waived by the benefited party, but in no event later than December 31, 2020 (“**Closing Date**”). If a party is not in a position to know that a condition precedent has been satisfied or has not been satisfied, then the party that is aware of the status of the condition shall immediately notify the other party. The terms “**Close of Escrow**” and “**Closing**” shall mean the date the Grant Deed (defined below) and this Agreement are filed for record in the Official Records of Orange County, California.

3.3 Escrow Instructions. This Agreement, together with any standard instructions of Escrow Holder, shall constitute the joint escrow instructions of District and Seller to Escrow Holder as well as an agreement between District and Seller. In the event of any conflict between

the provisions of this Agreement and Escrow Holder's standard instructions, this Agreement shall prevail.

3.4 Deliveries by Seller. No later than one (1) business day preceding the Closing Date, Seller shall deliver the following to Escrow Holder:

(a) a grant deed in the form attached hereto as Exhibit "3" ("**Grant Deed**") conveying to District fee simple title to the Property, duly executed and acknowledged by Seller, and otherwise in a condition to record;

(b) an additional amendment ("**Second Amendment**") to the "Lease Agreement for Mineral Excavations" between District and Seller dated October 5, 1992 ("**Original Lease**") and as previously modified by the "Agreement" between District and Seller dated August 11, 2003 ("**Lease Amendment**"). The Lease and Lease Amendment do not encompass the Larger Parcel, but instead pertain to other property as more specifically described therein. The amendment of this lease arrangement between the parties hereto, on such other property, is part of the overall consideration for the conveyance of the Property hereunder, however. The Second Amendment shall provide that once excavation of any of the Premises or the Robertson's WPA Allocation under the Original Lease or the Lease Amendment has reached the point of the Phase 1 Minimum Extraction Amount, all royalty payments by Seller to District pursuant to such leases shall be at a fair market royalty rate thereafter, which fair market royalty rate shall be determined as provided therein. .

(c) an original Certificate of Non-Foreign Status in the form required by applicable law ("**Non-Foreign Affidavit**") and an original California Form 593-C Real Estate Withholding Exemption Certificate ("**California Residency Affidavit**"), each executed by Seller; and

(d) all other sums and documents reasonably required by Escrow Holder to carry out and close the Escrow pursuant to this Agreement.

3.5 Deliveries by District. No later than one (1) business day preceding the Closing Date, District shall deliver the following to Escrow Holder the following:

(a) the Certificate of Acceptance to be attached to the Grant Deed, duly executed and acknowledged by District;

(b) the Second Amendment, duly executed and acknowledged by District;

(c) the Purchase Price; and

(d) all other sums and documents reasonably required by Escrow Holder to carry out and close the Escrow pursuant to this Agreement, including the Escrow fee.

3.6 Closing Statement. No later than three (3) business days prior to the Closing Date, Escrow Holder shall deliver an estimated closing statement to District and Seller.

3.7 Closing, Recording and Disbursements. On the Closing Date and when all of the conditions precedent to the Close of Escrow set forth in Section 4 of this Agreement have been satisfied, or waived in writing by the benefited party, Escrow Holder shall take the actions set forth in this Section 3.7.

(a) **Recording.** Escrow Holder shall cause the Grant Deed and the Second Amendment, as well as a copy of the Agreement, in the Official Records of San Bernardino County, California.

(b) **Disbursement of Purchase Price.** Escrow Holder shall disburse to Seller the Purchase Price.

(c) **Delivery of Documents.** Within two (2) days of the Closing Date, Escrow Holder shall deliver to Seller one original of the fully executed Second Amendment. Within two (2) days of the Closing Date, Escrow Holder shall deliver to District the originals of the Non-Foreign Affidavit, California Residency Affidavit, and one original each of the fully executed Second Amendment, and any other documents or copies thereof deposited by Seller with Escrow Holder pursuant to this Agreement. The original of the Grant Deed and the Second Amendment shall be returned to District after recordation. The Title Policy referred to in Section 4.2(b) of this Agreement shall be delivered to District within twenty (20) days after the Closing Date.

3.8 Payment of Costs. District shall pay the Escrow fee, recording costs, any documentary transfer taxes, and all title insurance premiums for the District's Title Policy. Seller shall pay the costs required to remove any monetary liens and encumbrances affecting the Larger Parcel and any other title exceptions Seller agreed to remove pursuant Section 2.5 of this Agreement. Except as may pertain to any mandatory arbitration proceedings on determination of royalty rates, which shall be governed by the Second Amendment, Seller and District shall each be responsible for their respective attorneys' fees and costs.

3.9 Real Property Taxes. District is a public entity and is not required to pay property taxes. Seller shall pay all property taxes and assessments which may be assessed during the period of Seller's ownership. Seller may apply for a refund for any portion of taxes and assessments paid by Seller and allocated to any period after the Closing Date, in accordance with the applicable provisions of the Revenue and Taxation Code. Seller shall be responsible for any possessory interest takes arising from the reserved *profit a prendre*.

3.10 Possession. Seller shall deliver the Larger Parcel to District at the Close of Escrow, subject to Seller's reserved rights pursuant to the reserved *profit a prendre*, free and clear of all tenancies, lessees, occupants, licensees, and all possessory rights of any kind or nature other than the title exceptions approved by District in accordance with Section 2.5 of this Agreement.

3.11 Escrow Cancellation. If Escrow fails to close due to a party's Default (as defined herein), the defaulting party shall pay all fees, charges and expenses actually charged by Escrow Holder and the Title Company to the parties in connection with the cancellation of the Escrow and the title order, if any. If Escrow fails to close for any other reason, each party shall pay one-half of all such charges.

4. CONDITIONS TO CLOSE OF ESCROW

4.1 Seller Closing Conditions. In addition to any other condition set forth in this Agreement in favor of Seller, Seller shall have the right to condition its obligation to convey the Property to the District, and close the Escrow, upon the satisfaction, or written waiver by Seller, of each of the following conditions precedent on the Closing Date or such earlier time as provided for herein (collectively, the “**Seller Closing Conditions**”):

(a) **District Deliveries Made.** District has deposited with Escrow Holder all sums and documents required of District by this Agreement, including the Second Amendment, executed and in a condition for recording. .

(b) **District Approval of Larger Parcel Condition.** District shall have provided its Continuation Election Notice approving the physical condition of the Property.

(c) **No Default.** District shall not be in Default of any of its obligations under this Agreement, and all representations and warranties of District contained herein shall be true and correct in all material respects.

4.2 District Closing Conditions. In addition to any other condition set forth in this Agreement in favor of District, District shall have the right to condition its obligation to purchase the Property and close the Escrow upon the satisfaction, or written waiver by District, of each of the following conditions precedent on the Closing Date or such earlier time as provided for herein (collectively, the “**District Closing Conditions**”):

(a) **Seller Deliveries Made.** Seller has deposited with Escrow Holder all documents required of Seller by this Agreement to close Escrow, including the Grant Deed and Second Amendment, executed and in a condition for recording.

(b) **Title Policy.** The Title Company is unconditionally and irrevocably committed to issue to District at Closing a CLTA standard coverage owner’s title policy, or, upon District’s request, an ALTA extended coverage owner’s policy of title insurance, insuring District’s title to the Fee Parcel and an easement across the TCE Parcel in the amount of the Purchase Price, subject only to the standard exceptions and exclusions from coverage contained in such form of the policy and title exceptions that District approved pursuant to Section 2.5 of this Agreement.

(c) **Continuation Election Notice.** District shall have delivered the Continuation Election Notice and this Agreement shall not have terminated pursuant to Sections 2.4 or 2.5.

(d) **Property Condition.** No material adverse change shall have occurred to the condition of the Property or any part thereof from and after the expiration of the Due Diligence Period.

(e) **No Rights to Use or Possess Fee Parcel.** The Larger Parcel is free from any tenant leases, tenancies, licenses, or other agreements allowing any person or entity the right to

use or possess the Fee Parcel, except rights granted to the District under this Agreement, or reserved to the Seller under the *profit a prendre*.

(f) **Bankruptcy.** There shall not have occurred at any time on or before the Closing Date the making by Seller of any general assignment for the benefit of creditors, or the filing against Seller of a petition to have Seller adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy, or the appointment of a trustee or receiver to take possession of substantially all of the interest of Seller in the Property, or the attachment, execution or judicial seizure of substantially all the assets of Seller or the interests of Seller in the Property or any legal proceeding in which Seller is adjudicated as being, or stipulates to being, insolvent or unable to pay its debts as they come due.

(g) **No Default.** Seller shall not be in Default of any of its obligations under this Agreement, and Seller's representations and warranties contained herein shall be true and correct in all material respects as of the date of this Agreement and the Closing Date.

4.3 Satisfaction of Conditions. Where satisfaction of any of the foregoing conditions requires action by District or Seller, each party shall use its diligent efforts, in good faith, and at its own cost, to satisfy such condition.

4.4 Waiver of Conditions to Closing. Seller may at any time or times, at its election, waive any of the conditions set forth in Section 4.1 above to its obligations hereunder, but any such waiver shall be effective only if contained in a writing signed by Seller and delivered to District and Escrow Holder. District may at any time or times, at its election, waive any of the conditions set forth in Section 4.2 above to its obligations hereunder, but any such waiver shall be effective only if contained in a writing signed by District and delivered to Seller and Escrow Holder.

4.5 Termination. In the event each of the Seller Closing Conditions set forth in Section 4.1 is not fulfilled by the outside date for the Closing Date, or such earlier time period as provided for herein or waived by Seller pursuant to Section 4.4, and provided Seller is not in Default of this Agreement, Seller may at its option terminate this Agreement and the Escrow opened hereunder. In the event that each of the District Closing Conditions set forth in Section 4.2 is not fulfilled by the outside date for the Closing Date, or such earlier time period as provided for herein or waived by District pursuant to Section 4.4, and provided District is not in Default of this Agreement, District may at its option terminate this Agreement and the Escrow opened hereunder. In the event this Agreement is terminated, all closing documents and funds delivered by Seller to District or Escrow Holder shall be returned immediately to Seller, and all closing documents and funds delivered by District to Seller or Escrow Holder shall be returned immediately to District. In such event, the Grant Deed and Second Amendment shall not be recorded, and shall be of no further force or effect. No termination under this Agreement shall release any party then in Default from liability for such Default. In the event of such termination or any other termination hereunder, the parties agree neither this Agreement, nor any of the negotiations leading up to it, shall constitute nor serve as evidence of any unreasonable delay or other unreasonable precondemnation conduct by District, in the event District opts to pursue acquisition of the Larger Parcel by eminent domain.

5. REPRESENTATIONS AND WARRANTIES

5.1 Seller's Representations and Warranties. Seller hereby makes the following representations, covenants and warranties are and will be true as of the time of Closing, and acknowledges that the execution of this Agreement by District has been made and the acquisition by District of the Property will have been made in material reliance by District on such covenants, representations and warranties:

(a) Seller is now and at all times between the date hereof and Closing, inclusive, will be the owner of the entire right, title and interest in and to the Property.

(b) There are no leases or other agreements relating to the right of possession or occupancy of the Fee Parcel.

(c) No approvals are required from any tenants of the Larger Parcel or any other parties with whom Seller is under contract with for the right of access granted to District to perform Due Diligence hereunder, for the Second Amendment, for Seller's exercise of the *profit a prendre* consistent with the Project Concept Plan, or for the conveyance of the Property to District.

(d) Seller is not a party to, and has no knowledge of any, management agreements, maintenance or service contracts, or other agreements relating to the Property which would be binding on the Property or the District as of the Closing.

(e) This Agreement and all other documents to be executed by Seller hereunder will, upon execution and delivery thereof, have been duly executed by Seller and will constitute legal, valid and binding obligations of Seller, and neither the execution of this Agreement nor the performance of Seller's obligations hereunder will result in a Default by Seller under any agreement or contract to which Seller is a party.

(f) Seller is not a party to any bankruptcy, insolvency or receivership proceeding of any kind, whether voluntary or involuntary.

(g) Seller has not entered into any agreements with any other party to sell or convey the Property or any portion thereof, and the Property is not subject to any options or rights of first refusal.

(h) Except as otherwise set forth in the Property Documents, Seller has not received from any governmental authority any written notification indicating that the Property, or any portion or aspect thereof, or any operations occurring thereon, are in violation of any applicable law, rule, statute, building code, regulation, or ordinance and, to Seller's knowledge, no such violations exist.

(i) To Seller's knowledge, and except as otherwise set forth in the Property Documents or the Title Report, the Property has not at any time been used for the purposes of storing, manufacturing, releasing or dumping Hazardous Materials or Substances, and is in compliance with all Environmental Laws (as hereinafter defined) and no underground storage tanks, pipelines or clarifiers have been or are located on the Property. "Hazardous Materials" or "Substances" shall mean (ii) hazardous wastes, hazardous materials, hazardous substances,

hazardous constituents, toxic substances or related materials, whether solids, liquids or gases, including, but not limited to, substances deemed as “hazardous wastes,” “hazardous materials,” “hazardous substances,” “toxic substances,” “pollutants,” “contaminants,” “radioactive materials,” or other similar designations in, or otherwise subject to regulation under, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (“CERCLA”), 42 U.S.C. § 9601, et seq.; the Toxic Substance Control Act (“TSCA”), 15 U.S.C. § 2601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 1802; the Resource Conservation and Recovery Act (“RCRA”), 42 U.S.C. § 9601, et seq.; the Clean Water Act (“CWA”), 33 U.S.C. § 1251, et seq.; the Safe Drinking Water Act, 42 U.S.C. § 300, et seq.; the Clean Air Act (“CAA”), 42 U.S.C. § 7401, et seq.; the Hazardous Waste Control Law, California Health and Safety Code § 25025, et seq., the Carpenter-Presley-Tanner Hazardous Substance Account Act, California Health and Safety Code, Division 20, Chapter 6.8, the Hazardous Materials Release Response Plans and Inventory Act, California Health and Safety Code, Division 20, Chapter 6.95, The Underground Storage of Hazardous Substances Act, “Hazardous Substances” as defined in California Health and Safety Code § 33459; Division 20, Chapter 6.7, the Porter-Cologne Act, California Water Code § 13050, et seq., and in any permits, licenses, approvals, plans, rules, regulations or ordinances adopted, or other criteria and guidelines promulgated pursuant to the preceding laws or other similar federal, state or local laws, regulations, rules or ordinances now or hereafter in effect relating to environmental matters (collectively the “Environmental Laws”); and (ii) any other substances, constituents or wastes subject to any applicable federal, state or local law, regulation, ordinance or common law doctrine, including any Environmental Law, now or hereafter in effect, including, but not limited to, (A) petroleum, (B) refined petroleum products, (C) waste oil, (D) waste aviation or motor vehicle fuel, (E) asbestos, (F) lead in water, paint or elsewhere, (G) radon, (H) polychlorinated biphenyls (PCB’s) and (I) ureaformaldehyde.

All representations and warranties contained herein shall be true and correct on the date hereof and on the Closing Date and Seller’s liability from misrepresentation of or breach of warranty, representation or covenant, wherever contained in this Agreement, shall survive the execution and delivery of this Agreement and the Closing for a period of two (2) years. References to the “knowledge” of Seller shall refer only to the actual knowledge of Seller and shall not be construed, by imputation or otherwise, to refer to the knowledge of any affiliate of Seller or any prior principals of Seller (or any of their affiliates), or to any other agent, manager, representative or employee of Seller or any affiliate thereof, nor to impose upon Seller any duty not otherwise imposed by law to investigate the matter to which such actual knowledge or the absence thereof pertains. If Seller becomes aware of any act or circumstance which would change or render incorrect, in whole or in part, any representation or warranty made by Seller under this Agreement, whether as of the date given or any time thereafter through the Closing Date and whether or not such representation or warranty was based upon Seller’s knowledge and/or belief as of a certain date, then Seller will give immediate written notice of such changed fact or circumstance to District. Seller shall not take or authorize, directly or indirectly, any action which would prevent Seller from representing and warranting as to the truth and accuracy of the statements in Section 5.1 as of the Closing Date.

6. DEFAULTS

In the event of a default by any party under this Agreement, the non-defaulting party shall provide written notice to the defaulting party of the existence of such default, and the defaulting

party shall have a period of ninety (90) days after receipt of such written notice to cure such default; provided, however, if such default cannot reasonably be cured within ninety (90) days, the defaulting party shall not be in default if such party commences to cure the default within such ninety (90) day period and diligently and in good faith continues to cure the same thereafter. As used in this Agreement, the term “**Default**” shall refer to a default by party hereto that is not timely cured as set forth above. In the event of a Default by any party under this Agreement, the non-defaulting party shall have all rights and remedies for such breach available at law or in equity, including without limitation the remedy of specific performance.

7. RELEASE AND WAIVER

Other than the District’s obligations under this Agreement, the Second Amendment, and the License Agreements, effective upon the Close of Escrow, Seller, for itself and its agents, successors, assigns, and all entities related to any of the foregoing, (collectively the “**Releasor**”), fully releases, acquits and discharges District and its officers, officials, employees, attorneys, and agents (all of the foregoing, collectively, the “**Released Parties**”), from all rights, claims, demands, actions or causes of action that Releasor has or may have against the Released Parties arising out of or related to District’s acquisition of the Property or the displacement of Releasor from the Property, including, but not limited to Releasor’s property rights and interest (except for the *profit a prendre* reservation hereunder), any relocation benefits and assistance, all leasehold interests and rights of tenancy or occupancy, all improvements, furniture, fixture, and equipment, business goodwill, lost income (past or future), lost rental income or sublease or license income, severance damages, damages for impairment of use or access, economic or consequential damages, litigation expenses, professional consultant fees, attorney’s fees and costs, expert witness fees and costs, interest, all other costs, and any and all compensable interests, and/or damages, and/or claims, of any kind and nature, claimed or to be claimed, suffered or to be suffered, by Releasor, by reason of District’s acquisition of the Property. as well as Releasor’s ultimate displacement from the Property. Releasor intends that the waiver and release contained herein relates to both known and unknown claims that Releasor may have, or claim to have, against the District with respect to the claims and rights released and waived hereby (together “**Released Claims**”). By releasing and forever discharging the Released Claims both known and unknown which are related to or which arise under or in connection with the Released Claims, Releasor expressly waives any rights under California Civil Code Section 1542, which provides:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

SELLER’S INITIALS: _____

DISTRICT’S INITIALS: _____

8. MISCELLANEOUS

8.1 Notices. All notices required to be delivered under this Agreement to a party must be in writing and shall be effective (a) when personally delivered by the other party or messenger or courier thereof; (b) three (3) business days after deposit in the United States mail, registered or certified; (c) twenty-four (24) hours after deposit before the daily deadline time with a reputable overnight courier or service; or (d) upon receipt of an e-mail transmission confirmed by the recipient. In the case of hard copy notices, such notices in each case postage fully prepaid and addressed to the respective parties as set forth below or to such other address and to such other persons as a party may hereafter designate by written notice to the other party hereto:

To District: San Bernardino Valley Water Conservation District
1630 West Redlands boulevard, Suite A
Redlands, CA 92373
Attn: General Manager
E-mail: dcozad@sbvwcd.dst.ca.us

Copy to: Rutan & Tucker, LLP
Attn: David B. Cosgrove, Esq.
611 Anton Boulevard, Suite 1400
Costa Mesa, CA 92626
E-mail: dcosgrove@rutan.com

To Seller:
Attn:
E-mail:

Copy to:
Attn:
E-mail:

8.2 Legal Expenses. Each party shall be responsible for its own legal fees and expenses incurred in connection with the negotiation and preparation of this Agreement.

8.3 Assignment. No party shall assign this Agreement or any right or privilege that party might have under this Agreement without the prior written consent of the other party, which may be granted or withheld in that party's sole discretion.

8.4 Commissions. Seller and District each represent and warrant to the other that no real estate brokerage commission is payable to any person or entity in connection with the transaction contemplated hereby on account of or due to the acts or omissions of such representing party, and each agrees to and does hereby indemnify, defend and hold the other harmless from and against the payment of any commission to any other person or entity claiming by, through or under Seller or District, as applicable. This indemnification shall extend to any and all claims, liabilities,

costs and expenses (including reasonable attorneys' fees and litigation costs) arising as a result of such claims and shall survive the Closing.

8.5 Time of the Essence. Time is of the essence with respect to each of the terms, covenants, and conditions of this Agreement.

8.6 Binding on Heirs. This Agreement shall be binding upon the parties hereto and their respective heirs, representatives, transferees, successors, and assigns.

8.7 Non-Liability of Officials and Employees of District. No officer, official, member, employee, agent, representative, or volunteer of District shall be personally liable to Seller or any successor in interest of Seller, in the event of any Default or breach by District or for any amount which may become due to Seller or its successors, or on any obligations under the terms of this Agreement.

8.8 Entire Agreement, Waivers, and Amendments. This Agreement and its exhibits incorporate all of the terms and conditions mentioned herein, or incidental hereto. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the party to be charged. Any amendment or modification to this Agreement must be in writing and executed by Seller and District.

8.9 Governing Law; Venue. This Agreement shall be construed according to its fair meaning and as if prepared by all parties hereto. This Agreement shall be construed in accordance with the laws of the State of California, without regard to conflict of law principles. All legal actions must be instituted and maintained in the Superior Court of the County of San Bernardino, State of California, or in any other appropriate court with jurisdiction in that County.

8.10 Severability. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Agreement.

8.11 Covenants to Survive Escrow. The covenants and agreements contained in this Agreement which are intended by their express terms to survive the Close of Escrow shall survive the Close of Escrow and shall not be merged with the Grant Deed.

8.12 Execution in Counterpart. This Agreement may be executed in any number of counterparts, each of which shall be effective only upon delivery, and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, for the same effect as if all parties hereto had signed the same signature page.

8.13 Exhibits. Exhibits "1," "2," "3," and "4," attached to this Agreement are incorporated herein by this reference and made a part hereof. Said Exhibits are identified as follows:

- Exhibit "1" Legal Description and Depiction of Larger Parcel 1
- Exhibit "2" Project Concept Plan 1
- Exhibit "3" Grant Deed

Exhibit "4" Second Amendment

IN WITNESS WHEREOF, Seller and District have entered into this Agreement to be effective as of the Effective Date.

"SELLER"

**ROBERTSON'S READY MIX, LTD.,
a California limited partnership**

By: _____
Name:
Title:

APPROVED AS TO FORM:

Counsel for Seller

[Signatures continued on next page]

"BUYER"

**SAN BERNARDINO VALLEY WATER
CONSERVATION DISTRICT, a California
Water Conservation District**

By: _____
Name:
Its:

ATTEST:

Name:
Its: District Secretary

APPROVED AS TO FORM:

RUTAN & TUCKER, LLP

By: _____

David B. Cosgrove
General Counsel

ACCEPTANCE BY ESCROW HOLDER

The undersigned hereby acknowledges that it has received a fully executed copy of the foregoing Purchase and Sale Agreement and Joint Escrow Instructions and agrees to act as Escrow Holder thereunder and to be bound by and perform the terms thereof as such terms apply to Escrow Holder.

The escrow number assigned to this transaction is _____.

_____ **TITLE**

Date: April _____, 2020

By: _____

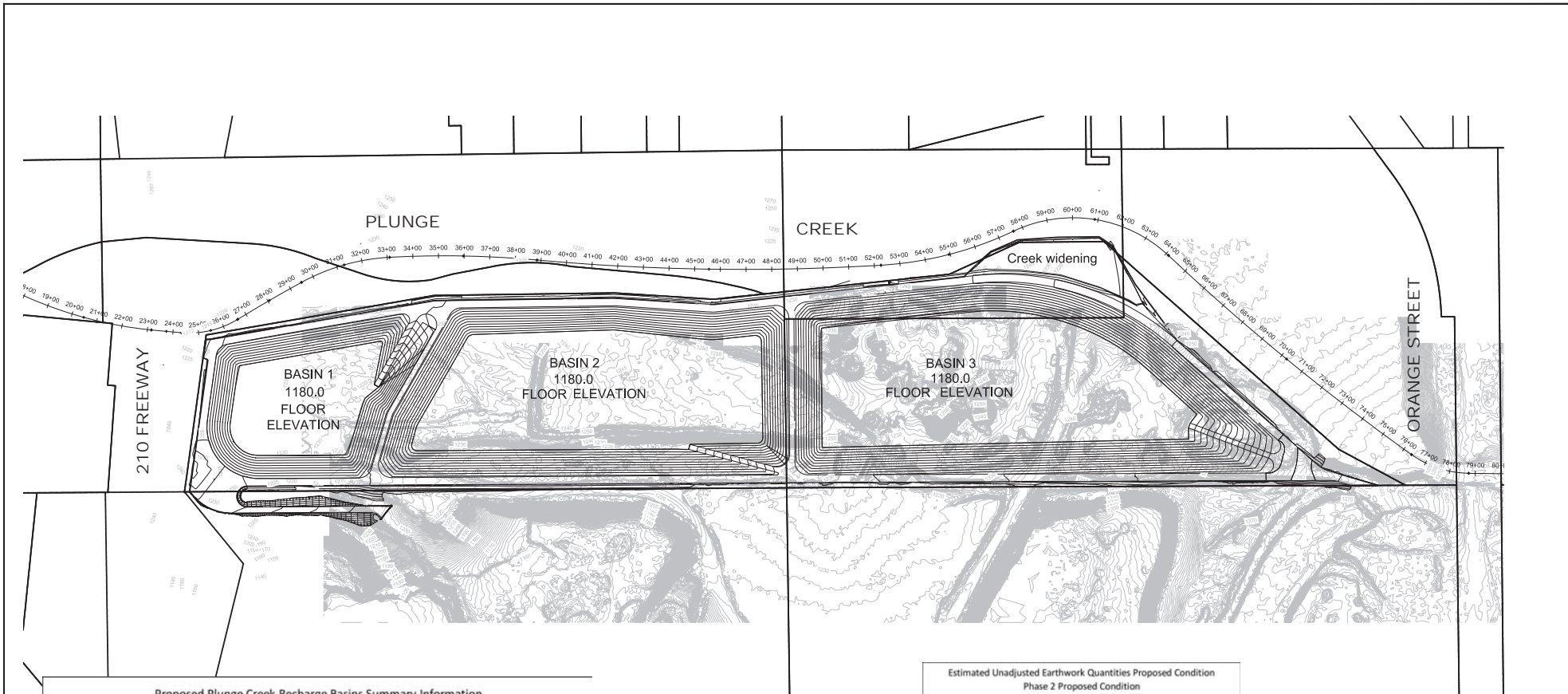
Name:

Title:

EXHIBIT 1
TO PURCHASE AGREEMENT

LEGAL DESCRIPTION AND DEPICTION OF LARGER PARCEL

[Attached]

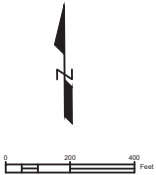


Proposed Plunge Creek Recharge Basins Summary Information

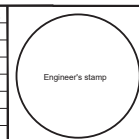
Basin No.	Basin Floor Elevation (ft)	Minimum Top of Slope Elevation (ft)	Maximum Top of Slope Elevation (ft)	Lowest Adjacent Elevation (ft)	Maximum Ponding Elevation (ft)	Maximum Ponding Depth (ft)	Bottom Area (ft ²)	Highwater Area (ft ²)	Maximum Storage Volume (acre-ft)
1	1180	1220	1232	1213	1219	39	200411	371726	256
2	1180	1232	1234	1219	1225	45	564299	905231	759
3	1180	1232	1250	1223	1230	50	631067	1046916	963
Total Storage Volume									1978

Cut (cubic yards)	Fill (cubic yards)	potential mined material (cubic yards)
4,051,400	128,200	3,923,200

Cut (cubic yards)	Fill (cubic yards)	potential mined material (cubic yards)
1,900,000	123,000	1,877,000



NO.	DATE	REVISIONS	APPROVED	DATE
1				
2				
3				
4				
5				
6				
7				



Prepared under the supervision of: _____
 DRAWN BY: _____
 DESIGNED BY: _____
 CHECKED BY: _____



SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

Plunge Creek Basins - Phase 2
Overall Plan with Summary Information

PROJECT NO. SBVWCD-XXX
 SHEET X
 OF XX

EXHIBIT 3
TO PURCHASE AGREEMENT

GRANT DEED

WHEN RECORDED MAIL TO:

San Bernardino Valley Water
Conservation District
Redlands Boulevard, Suite A
Redlands, CA 92373
Attn: District Clerk

(Space Above for Recorder's Use)

**EXEMPT FROM RECORDATION FEE
PURSUANT TO GOV. CODE § 27383**

DOCUMENTARY TRANSFER TAX IS \$0

**SAN BERNARDINO VALLEY WATER CONSERVATION
DISTRICT IS ACQUIRING TITLE TO THE PROPERTY
AND NO TRANSFER TAX IS DUE PURSUANT TO THE
EXEMPTION IN REVENUE AND TAXATION CODE
§ 11922; AND GOVERNMENT CODE SECTION 6103.**

GRANT DEED

(with reserved profit)

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, ROBERTSON'S READY MIX LP., a California limited partnership, hereby grants to the SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT, a California water conservation district, that certain real property located in the City of Highland, County of San Bernardino, State of California, described in the legal description attached hereto as Exhibit "1" and incorporated herein by this reference.

RESERVING UNTO THE GRANTOR Seller's reserved *profit a prendre* shall include the Seller's right to come on to and occupy the Larger Parcel, to place thereon such material, equipment and personnel necessary or convenient to remove therefrom all Reserved Material, provided such removal is consistent with plans and specifications provided by District for the permanent configuration, slopes, depth, and scarification of the Property after removal of the Reserved Material to an average depth of forty (40) feet, and to so excavate and use the property such that the Property is left suitable as determined by District, in its discretion, for District's use of the Property for water storage, spreading, and recharge purposes. District's specifications for same have been formulated in concept fashion, and have been reviewed by, and approved by, Seller. District's concept plan, approved by Seller, is attached hereto as Exhibit "2". ("**Project Concept Plan**") The parties understand and acknowledge that the Project Concept Plan is

preliminary, and subject to future revision per their future written mutual agreement as site conditions, engineering considerations, or market considerations may warrant. Such *profit a prendre* likewise includes the Seller's right to keep, operate, and maintain Seller's existing sand and gravel processing plant and access roads to and from such plant, in their present configuration or as may be subject to mutually agreeable minor modifications over the duration of the *profit a prendre*. Such *profit a prendre* likewise includes the Seller's right to pass on, over, or through the Property as may be necessary or convenient to haul, transport, and remove such Reserved Material for stockpiling, processing, and commercial sale, including the right to establish roadways, pathways, or haul routes over same, provided that Seller shall not at any time store, refuel, or service vehicles or other equipment anywhere thereon. Such *profit a prendre* shall not include the right to place silts, fines, or any impermeable materials anywhere upon the Larger Parcel, and Seller shall, at all times following the Closing (defined below), be prohibited for doing so. The *profit a prendre* shall commence immediately upon occurrence of the Closing, and shall remain in full force and effect for a period of five (5) years thereafter, unless specifically extended in writing by agreement of both parties. Once the *profit a prendre* expires, all Reserved Materials shall thereupon become and be the property of the District. Upon expiration of the *profit a prendre*, Seller shall remove all material, equipment and personnel therefrom, and shall leave the Property in a clean and safe condition.

**ROBERTSON'S READY MIX, LTD.,
a California limited partnership**

Dated: April _____, 2020

By: _____
Name:
Title:

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____, 2020, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

(Seal)

EXHIBIT "1"
TO GRANT DEED
LEGAL DESCRIPTION AND DEPICTION OF PROPERTY

[Attached]

EXHIBIT 4
TO PURCHASE AGREEMENT

SECOND AMENDMENT

WHEN RECORDED MAIL TO:

San Bernardino Valley Water
Conservation District
Redlands Boulevard, Suite A
Redlands, CA 92373
Attn: District Clerk

(Space Above for Recorder's Use)

**EXEMPT FROM RECORDATION FEE
PURSUANT TO GOV. CODE § 27383**

SECOND AMENDMENT

This Second Amendment (“Waiver”) is entered into as of this ____ day of _____, 2020 (“Effective Date”) by and between the SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT, a California Water Conservation District formed and existing under Water Code sections 74000 et seq., (“District”), and ROBERTSON’S READY MIX , LP a California Limited Partnership, with its principal place of business in Corona, California (Robertson’s”). This Waiver is entered into in consideration of all of the following:

RECITALS

A. District and Robertson’s entered into that certain “Lease Agreement for Mineral Excavations” dated October 5, 1992 (“Original Lease”) under which District leased to Robertson’s various property for the conduct of sand and gravel extraction and processing activities. Under the Original Lease, Robertson’s had the obligation to secure all required permits to conduct the contemplated mining activities. As part of the Original Lease, Robertson’s paid to District the sum of Five Million Dollars (\$5,000,000.00), entitled the Phase 1 Payment, which in essence was contemplated to secure excavation of twelve million (12,000,000) tons of material, once permits for the mining activity were obtained, and actual removal of material from the premises was initiated.

B. The Original Lease anticipated that permits to mine the premises thereunder would be obtained within a period of four (4) years following release of a borrow easement on the premises condemned by the County of San Bernardino, in connection with the Seven Oaks Dam. For a variety of reasons, not the fault of either party, the permits for mining the premises under the Original Lease could not be obtained in that time frame, or for a considerable time thereafter. First, the borrow easement on the premises when it was originally leased was not released until 2002.

Second, the San Bernardino Kangaroo Rat (SBKR) was listed as an endangered species, and SBKR habitat existed on the premises. In response, District initiated a multi-agency cooperative plan to coordinate a series of public and private projects contemplated for the Upper Santa Ana River Wash Area, effectuate land exchanges with the federal Bureau of Land Management, and secure incidental take permits to coordinate the mitigation requirements for all covered activities with the United States Fish and Wildlife Service, the California Department of Fish and Wildlife, and other agencies with regulatory jurisdiction. This effort came to be known as the “Wash Plan.”

C. Both District and Robertson’s perceived benefit in pursuit of the Wash Plan, beyond the deadlines stated in the Original Lease for permitting. Toward that end, the parties entered into that certain “Agreement” dated August 11, 2003, (“Lease Amendment”). Under the Lease Amendment, the parties agreed that the premises under the Original Lease would be shifted to that portion of the mining areas defined under the Wash Plan to be included for mining permits under its comprehensive permitting scheme, as allocated between Robertson’s and another mining operator also partnering in the Wash Plan, Cemex Construction Materials, LP. Robertson’s share of that area was termed the “Robertson’s WPA Allocation”. The parties also agreed that the time frames for Robertson’s obligations for securing permits under the Original Lease would be suspended as long as both parties continued to pursue the Wash Pan in good faith. The parties do both continue in this Wash Plan effort, and those permit obligations remain suspended, to this day.

D. Unfortunately, due to delays in Wash Plan processing and requirements imposed by regulatory agencies in connection therewith, Robertson’s has mined most of its other permitted mining reserves, and has enlisted the assistance of District in attempting to secure advance permitting, ahead of final Wash Plan approval, of additional reserves on certain real property comprised of approximately 40 acres, described as San Bernardino County Assessor Parcel(s) Nos. **0167011170000, (need to verify)** located in San Bernardino County State of California (“Larger Parcel”). The Larger Parcel is more specifically described and depicted in the legal description, and plat map, depicted in Exhibits 1 and 2, respectively, hereto.

E. In connection with the District’s development of groundwater storage and recharge facilities for the enhancement and protection of regional groundwater supplies, District desires to construct and operate a spreading basin for the purposes or groundwater recharge on the Property (“Project”). District desires to acquire from Seller the Larger Parcel, subject to Seller’s reservation of a *profit a prendre* for sand, gravel, commercially exploitable aggregate, and kindred material located between the surface elevation of the Larger Parcel at ___ feet above sea level, and to a depth approximately forty (40) feet below (“Reserved Material”). The Larger Parcel, less the Reserved material, is collectively referred to herein as the “Property.”

F. District investigated the acquisition of the Property to assist groundwater recharge and habitat preservation goals. The parties identified mutual benefit in use of the Larger Parcel for interim mining of sand and gravel reserves thereon, pending final implementation of the new mining permits contemplated to be achieved under the Wash Plan. Such discussions led to the PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS, of which this Second Amendment is a part.

NOW, THEREFORE, IN LIGHT OF ALL OF THE FOREGOING, THE PARTIES DO HEREBY AGREE AS FOLLOWS:

1. Recitals True and Correct. The foregoing recitals are true and correct, and are incorporated herein by reference.

2. Amendment and Restatement of Paragraph 4.04 of the Original Lease. As partial consideration for the District's payment of the purchase price for the Property under the PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTION, and District's continuing cooperation with Robertson's in securing mining permits for the Larger Parcel, Robertson's and District agree to amend and replace paragraph 4.04 of the Original Lease, which shall now read as follows:

4.04. Phase II Royalty.

A. Determination of Phase II Royalty. Starting with the month following the achievement of the Phase I Minimum Extraction Completion Date, and continuing every month thereafter while the Lease remains in effect, Lessee shall pay to Lessor a monthly, per ton, Phase II Royalty. The amount of the Phase II Royalty shall be the "fair market royalty rate " of the rock remaining to be excavated, as of the Phase I Minimum Extraction Completion Date, subject to future adjustment in accordance with Section 4.04(B) and (C). As used herein, the "fair market royalty rate" shall be the most probable royalty rate paid to a willing mining lessor, being willing to lease but under no particular urgent need to do so, nor obliged to lease, by a willing mining lessee being ready, willing, and able to lease but under no particular necessity for so doing, each dealing with the other at arm's length and with full knowledge of the material available on the leased property, and markets for such material. The original "fair market royalty rate" shall be as determined without regard to the fifty cents (0.50) to fifty five cents (0.55) per ton limit in Section 4.04(A) of the Original Lease. "Fair Market Royalty Rate" shall mean the most probable royalty rate price, to be paid by a hypothetical third party buyer to a hypothetical third party seller, as of the defined date of value, both with full knowledge of the Premises and its potential uses. The original Fair Market Royalty Rate" shall be determined pursuant to the procedure as follows: Beginning no later than thirty days after the Phase 1 Extraction level hits eleven million (11,000,000) tons, both parties shall meet and confer, in an attempt to come to an agreement on the Fair Market Royalty Rate for the Phase II Royalty. The parties shall provide, one to the other, any and all market analyses, appraisals, or other valuation materials or opinions upon which their proposed Fair Market Royalty Rate is based. If no agreement is reached within thirty (30) days of the parties' exchange of such information, the matter shall be submitted to binding arbitration, as provided for herein. The arbitrator shall select either one or the other of the parties' Fair Market Royalty Rate proposals, and the Fair Market Royalty rate so selected shall be the royalty rate paid by Lessee to the District for the following ten (10) years, subject to any Index adjustment. . The costs of all services of the arbitrator shall be borne by the party whose proposed Fair Market Royalty Rate is not selected by the arbitrator.

B. Index Adjustment. The Phase II Royalty shall be adjusted annually, on each anniversary of the Phase I Extraction Completion Date, by any percentage of change in the Producer Price Index Industry data for Construction Sand and Gravel, West, Not

Seasonally Adjusted, for the West Census Region, (PCU 21232121232104) (“Index”), (or if such Index is no longer published or kept, such similar index as may be agreed to by the parties), using the year of the Phase I Extraction Completion Date as the as the base year. In no event, however, shall such change in any one year amount to a change in the Phase II Royalty Rate more than fifty percent (50%), higher or lower, than the immediately preceding rate. Such fifty percent limitation shall operate only to serve as the cap for upward change or floor for downward change for the year in which the change in the Index results in a change in the Royalty Rates or rent of 50% or more, and not to change prospectively the Index calculation for succeeding years.

C. Phase II Royalty Adjustment. The Phase II Royalty shall be redetermined every ten (10) years, utilizing the same procedure as specified in subparagraph A for the original determination of the Phase II Royalty Rate, except the “meet and confer” process for redetermination of the Phase II Royalty Rate shall begin no later than six (6) months before the tenth anniversary of the Phase I Extraction Completion Date triggering the Phase II Royalty Rate redetermination.

D. This provision replaces and supersedes the entirety of Paragraph 4.04 of the Original Lease, which as of the Effective Date is no longer of any force or effect.

3. Remainder of Original Lease and Lease Amendment Unaffected. In the event of any conflict between the Original Lease, the Lease Amendment, or either or both, and this Second Amendment, this Second Amendment shall govern. Except as specifically amended by this Second Amendment, however, the Original Lease and Lease Amendment shall remain unaffected, and in full force and effect.

4. Corporate Authority. Robertson’s represents and warrants to the District that the person executing this Waiver on behalf of Robertson’s is fully authorized to act on behalf of Robertson’s, and when executed, will be valid and enforceable against Robertson’s in accordance with its terms. No additional approval, consent, order or authorization of, or designation, registration or declaration with, any public or private authority is required in connection with the valid execution and delivery of and compliance with this Waiver by Robertson’s.

5. Binding on Successors and Assigns. It is specifically intended by the parties that this Second Amendment shall be binding on successors and assigns of Robertson’s and District, and shall constitute a covenant running with the land, with the Larger Parcel being the burdened parcel, and the Property being the benefitted parcel, as those terms are used in the PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS, of which this Second Amendment is a part.. The parties likewise declare their mutual intention that this Second Amendment be enforceable, and binding on successors and assigns, as an equitable servitude.

6. Entire Agreement; Severability. This Waiver, along with the PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS, of which this Waiver is a part, incorporate all of the terms and conditions mentioned herein, or incidental hereto. All waivers or amendments of the provisions of this Waiver must be in writing and signed by the appropriate authorities of the party to be charged. If any term, provision, covenant, or condition of this Waiver

is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Waiver shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Waiver.

IN WITNESS WHEREOF, Robertson's and District have entered into this Waiver to be effective as of the Effective Date.

“ROBERTSON’S”

**ROBERTSON’S READY MIX, LTD.,
a California limited partnership**

By: _____
Name:
Title:

APPROVED AS TO FORM:

Counsel for Robertson’s

[Signatures continued on next page]

“DISTRICT”

**SAN BERNARDINO VALLEY WATER
CONSERVATION DISTRICT, a California
Water Conservation District**

By: _____

Name:

Its:

ATTEST:

Name:

Its: District Secretary

APPROVED AS TO FORM:

RUTAN & TUCKER, LLP

By: _____

David B. Cosgrove
General Counsel

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____, 2020, before me, _____,
Notary Public, personally appeared _____, who proved to me
on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.
I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____, 2020, before me, _____,
Notary Public, personally appeared _____, who proved to me
on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
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foregoing paragraph is true and correct.

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Signature _____

(Seal)

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State of California)
County of _____)

On _____, 2020, before me, _____,
Notary Public, personally appeared _____, who proved to me
on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.
I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

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State of California)
County of _____)

On _____, 2020, before me, _____,
Notary Public, personally appeared _____, who proved to me
on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.
I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)



**San Bernardino Valley
Water Conservation District**

Helping Nature Store Our Water

Memorandum No. 1748

To: Board of Directors

From: General Manager, Daniel Cozad, and District Counsel, David Cosgrove

Date: November 18, 2020

Subject: Collaborative Agreement for Enhanced Recharge - Amendment

RECOMMENDATION

Review and consider approval of the Amendment to the Agreement to Develop and Operate Enhanced Recharge Facilities to address Wash Plan Land Exchange Issues.

BACKGROUND

The Collaborative Agreement to Develop and Operate Enhanced Recharge Facilities was approved by the boards of the San Bernardino Valley Water Conservation District, (Conservation District) Western Municipal Water District (Western), and San Bernardino Valley Municipal Water District (Valley District) in October 2012. This Agreement has an initial term of twenty-five years.

All parties have fulfilled the terms of the agreements for the last eight years. Additionally, the parties have worked closely to review the design and permitting issues for facilities to expand local groundwater recharge capabilities. Since the effective date of the Agreement, the Conservation District has recharged water during all available seasons of diversion of the various parties, maximizing existing facilities and water available in the Santa Ana River. This recharge benefits the San Bernardino Basin Area water producers as well as the parties.

Under the Agreement, the Conservation District made available lands it owns and lands it has the existing rights to conduct water conservation activities upon owned by the Bureau of Land Management (BLM). While the overall portion of lands covered by the Enhanced Recharge Agreement and owned by BLM is small, a significant portion of the lands for the Enhanced Recharge project construction are located on lands designated by the Congressional Act ordering the exchange, (“Land Exchange Act”) to become owned by BLM. These lands would be subject to the same Conservation District rights for water conservation as other BLM lands after the exchange is executed. The Land Exchange Act is now being actively processed by BLM, to assure the land can be exchanged and ensure the activities undertaken are permitted by BLM.

1630 W. Redlands Blvd, Suite A
Redlands, CA 92373
Phone: 909.793.2503
Fax: 909.793.0188
www.sbvwd.org Email: info@sbvwd.org

**BOARD OF
DIRECTORS**

Division 1:
Richard Corneille

Division 2:
David E. Raley

Division 3:
Robert Stewart

Division 4:
John Longville

Division 5:
Melody McDonald

**GENERAL
MANAGER**

Daniel B. Cozad

DISCUSSION

In reviewing the activities and the preliminary title report, BLM identified an issue with the Enhanced Recharge Agreement. The original Exchange Agreement contains broad lease language regarding the use by the parties of Conservation District lands, and lands of BLM over which the Conservation District has rights, for Enhanced Recharge purposes. BLM acknowledges the Conservation District's rights for recharge activities over lands BLM owns, but is concerned that such rights be limited to exercise through the Conservation District, for purposes limited to the nature of the Conservation District's rights on BLM properties. It has expressed concern that the broad grant of rights under the leasing provisions of the Enhanced Recharge Agreement could be read as expanding the rights of other parties, perhaps beyond their historically perfected scope. BLM and their solicitor, have suggested that any activities over those portions of the Land Exchange to go to BLM by parties other than the Conservation District, and beyond the scope of historical rights, may require additional grants of right of way. Such a process could easily consume years.

To avoid the delay associated with a BLM Right of Way and keep the land transfer moving, BLM and District legal counsel identified a solution. We therefore propose to amend the Enhanced Recharge Agreement, to make clear the leased rights to Valley and Western are to be limited to the exercise of those rights the Conservation District has over BLM lands, and any such exercise would occur through the Conservation District. This limitation eases BLM fears that the Enhanced Recharge Agreement might somehow be used to expand existing rights, or the range of parties who may exercise them.

In addition, the amendment does no violence to the intent of the original Enhanced Recharge Agreement, for two reasons. First, the Conservation District could not by definition convey rights it does not have, and no one expected otherwise. Second, BLM has concurred that the Enhanced Recharge projects included under the Wash Plan as Covered Activities are consistent with such rights. Because those Covered Activities were the animating motivation for the Enhanced Recharge Agreement in the first instance, assuring them fulfills the Agreement's original purpose, while avoiding years of delays and costs that might otherwise attend having to process additional BLM rights of way.

This approach was agreed upon in principle by BLM, and its DOI solicitor. District Counsel drafted the Amendment, which is attached for approval. BLM and the DOI solicitor are reviewing the amendment text to be sure it fulfills its intended purpose. Western and Valley District have expressed conceptual support and are also reviewing the Amendment and preparing to take it to their boards for approval.

Staff and District Counsel recommend the Board approve the Amendment, including non-substantive changes as approved by the General Manager and District Counsel, that may be needed to accommodate the parties or BLM.

FISCAL IMPACT

The cost to develop the Amendment is included in the approved budget for the Land Enterprise. The overall impact of the Amendment is revenue neutral to all parties. The cost savings to Western and Valley District from not having to develop and submit a Right of Way application with BLM is anticipated to be substantial, in the nature of hundreds of thousands of dollars. Additional savings from avoided delays on

the Enhanced Recharge Project and Wash Plan Land Exchange are also significant, but unquantified. Perhaps most important, the year-over-year impact of these efforts moving forward sooner will significantly benefit the groundwater basin.

POTENTIAL MOTIONS

1. Approve the Amendment as presented with non-substantive changes approved by the General Manager and District Counsel and authorize the District President to execute the Amendment.
2. Defer approval of the Amendment, with directions to staff to renegotiate some or all its terms.
3. Table and defer action to a future meeting or committee.

ATTACHMENTS OR MATERIALS

Enhanced Recharge Agreement

Amendment to the Enhanced Recharge Agreement



DENNIS DRAEGER
ASSESSOR – RECORDER – CLERK

P Counter

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Doc#: 2013-0445782

Titles: 1 Pages: 81



Fees	0.00
Taxes	0.00
Other	0.00
PAID	0.00

SAN BERNARDINO VALLEY WATER
CONSERVATION DISTRICT
1630 West Redlands Boulevard, Suite A
Redlands, CA 92373-8032
Attention: General Manager

SPACE ABOVE THIS LINE FOR RECORDER'S
USE

EXEMPT GOVERNMENT AGENCY Per Government Code Sec. 6103

By _____
District Secretary, San Bernardino Valley Water Conservation District

AGREEMENT TO DEVELOP AND OPERATE ENHANCED RECHARGE FACILITIES

This Agreement to Develop and Operate Enhanced Recharge Facilities ("**Agreement**") is entered into and effective this 1st day of October, 2012 by and among the San Bernardino Valley Water Conservation District (the "**Conservation District**"), the San Bernardino Valley Municipal Water District ("**Valley District**") and Western Municipal Water District of Riverside County ("**Western**"). The Conservation District, Valley District and Western are each sometimes referred to as a "**Party**" and are collectively sometimes referred to as the "**Parties.**"

Recitals

A. General Purposes.

(1) The Parties each hold water rights to the waters of the Santa Ana River and each own and operate facilities that serve to divert and/or store the waters of the Santa Ana River. Furthermore, each Party possesses critical assets and unique skills that the other Parties do not possess.

28 (2) The Parties wish to collaboratively use all of their respective assets and
29 skills, including but not limited to water rights and facilities necessary or useful for the diversion
30 and storage of water, to improve the reliability of local water supplies for their respective
31 constituents by establishing a collaborative partnership to coordinate the use of their separate
32 resources for mutual advantage.
33

34 (3) The Parties specifically wish to collaborate by increasing opportunities to
35 recharge local surface water supplies, as well as State Project Water, in the San Bernardino Basin
36 Area (the "SBBA"); by reducing the time and cost required to permit and construct essential
37 public infrastructure (such as spreading basins); and by working together to achieve an efficient
38 division of labor in the operation and maintenance of water infrastructure.
39

40 (4) The Parties acknowledge that their water resource management activities
41 in the Santa Ana River wash area proceed in concert with other uses of the lands in that area,
42 including the mining of sand and gravel mineral deposits pursuant to existing leases, and habitat
43 conservation and management, pursuant to a series of multi-agency cooperative initiatives
44 involving local, state, and federal resource management and control agencies. The Parties' goal
45 is to harmonize their water resource activities with these other uses, for the optimization of
46 coordinated use by all.
47

48 (5) The Parties wish to memorialize their joint understandings by means of
49 this Agreement.
50

51 B. Findings.
52

53 (1) The Parties agree that they must increase groundwater storage in the
54 SBBA in order to meet current and future demands for water among their constituents.
55

56 (2) In the past, reasonable disagreements among the Parties have added
57 unintentional and undesirable costs and complexity to the planning and permitting of important
58 water resources projects in the region.
59

60 (3) The Parties believe that it is in their best interests, and the best interest of
61 the public they serve, to cooperate in increasing the available water supply by establishing a new
62 and more productive working relationship.
63

64 (4) In certain years, wet weather conditions and increased availability of State
65 Project Water can create a limited opportunity to improve the reliability of local water supplies
66 by increasing recharge and storage to groundwater. These favorable conditions are temporary
67 and perishable. Therefore, time is of the essence. New inter-agency operating agreements
68 should be established immediately in order to make the most of this and future opportunities
69 because they occur on an irregular and unpredictable basis.
70

71 (5) Because of the limited and sporadic opportunities to augment local water
72 supplies, the Parties intend for this Agreement to continue for a long period, thereby allowing the
73 utilization of such limited water supplies.
74

75
76 Agreements
77

78 1. *Term.* The term of this Agreement shall commence on the Effective Date first written
79 above and shall continue for a term of twenty five (25) years ("Initial Term") , unless
80 terminated earlier as provided in this Agreement. This Agreement may be extended by
81 written agreement among all parties for up to five additional, consecutive five year terms
82 ("Extension Terms"), on the same terms and conditions stated herein, provided that prior
83 to the expiration of the term then in effect, all parties agree in writing to the applicable
84 extension, by action of their legislative bodies, to extend the Agreement for another term.

85 2. *Duties of the Conservation District.*

86 a. *Lease of Facilities for the Purpose of Groundwater Recharge to Valley District*
87 *and Western.* The Conservation District hereby leases to Valley District and
88 Western, for the term of this Agreement and on the terms specified herein, the
89 surface of the lands shown on Exhibit 1 during the term of this Agreement
90 ("**Leased Property**"). Exhibit 1A provides the legal description for the lands
91 owned in fee by the Conservation District and Exhibit 1B provides the legal
92 description of lands made available under existing easements under ownership by
93 the Bureau of Land Management. Exhibit 1 is attached hereto and incorporated
94 herein by reference. Valley District and Western shall have the right to enter
95 upon and use the Leased Property, and any reasonably necessary subsurface areas
96 incident thereto. Such entry and use shall be only for the purpose of recharging,
97 storing or conveying water from any source (collectively "**recharging of water**"
98 herein) into or through the percolation basins and other facilities owned or
99 controlled by the Conservation District, whether existing as of the effective date
100 of this Agreement, or as may be constructed pursuant to the terms of this
101 Agreement, as such existing and contemplated future facilities are depicted in
102 Exhibit 2, which is attached hereto and incorporated herein by reference). The
103 Conservation District reserves all rights in and to the Leased Property not
104 expressly conveyed as a part of this lease. Specific terms of this lease are as
105 follows:

106 (1) Valley District and Western may construct, operate, maintain, repair,
107 reconstruct and rehabilitate diversion facilities, recharge basins, pumps
108 and other ancillary facilities or equipment located within the Leased
109 Property as Valley District and Western may reasonably deem
110 necessary for the recharging of water on the Leased Property,

111 recognizing that the Parties intend that the Conservation District shall
112 be responsible for the operation and maintenance of such facilities.

113 (2) Included within this lease are all rights of reasonable ingress and egress
114 as may be useful or necessary, in Valley District and/or Western's sole
115 discretion, for the purpose of the recharging of water on the Leased
116 Property, provided that such activities shall not interfere with: (i) any
117 conservation easements that may now exist, or may be established
118 consistent with the Conservation District's Upper Santa Ana River
119 Wash Land Management and Habitat Conservation Plan, on said lands,
120 or (ii) other easements existing as of the effective date of this
121 Agreement.

122 (3) The designs for any such facilities or other tenant improvements must
123 be approved, in advance by the Conservation District, which approval
124 shall not be unreasonably withheld or delayed, and are subject to any
125 limitations on the Conservation's District's holding of the Leased
126 Property. The Conservation District shall cooperate reasonably with
127 Valley District and Western to obtain local, state, or federal permits that
128 may be required to construct or operate such facilities approved by the
129 Conservation District.

130 (4) The Conservation District will utilize its best efforts under all existing
131 and future lease agreements and easements with other individuals,
132 organizations or entities operating on the Leased Property to harmonize
133 the objective of Valley District and Western making full use of the
134 facilities on the Leased Property for the recharge of water, consistent
135 with the hydrological design limitations of these facilities, with any
136 competing uses of the properties on which such facilities are or may be
137 located.

138 (5) The Parties recognize that the Conservation District has negotiated lease
139 agreements with mining companies that allow the Conservation District
140 to engage in recharge of water that may periodically interfere with or
141 prevent mining, without liability on the part of the Conservation
142 District, which agreements are attached hereto as Exhibits 3 and 4. The
143 Conservation District represents and warrants that these are the only
144 current agreements that authorize mining on the Leased Property, and
145 represents and warrants that the copies of these agreements attached as
146 Exhibits 3 and 4 are true and correct copies of those agreements. Based
147 on those representations, the Parties believe that they can
148 collaboratively manage the recharge of water to avoid liability arising
149 from any incompatibility between the recharging of water and any

150 activities otherwise authorized under the mining leases. Toward this
151 end, the Parties agree as follows:

152 (a) During the winter season (from October 1 to March 31), the Parties
153 will consult with each other on a regular basis to determine the
154 quantity of water that may be recharged without interfering with
155 mining operations.

156 (b) In the event that the recharging of water threatens to substantially
157 limit or interfere with mining operations, the Parties shall
158 immediately confer to determine how to maximize the recharge
159 without unduly interfering with mining activity. Towards this end,
160 the parties acknowledge that the Conservation District has the
161 right, from time to time and as it deems necessary in the exercise
162 of its reasonable discretion, to utilize all or any portion of the areas
163 subject to the mining leases for its water recharge, conservation,
164 spreading, and other operations, provided such activities are
165 undertaken utilizing best efforts to avoid storing water so as to
166 require temporary use of the mining lease areas. In connection
167 with the exercise of their activities on the Leased Property
168 hereunder, Valley District and Western shall assist the
169 Conservation District to make every effort to minimize the time of
170 any interruption of the mining lessees' activities on the Leased
171 Property, to permit sufficient time for the Conservation District to
172 observe all requirements for notice to mining lessees required
173 under the applicable leases in the event of conflicts, and to
174 harmonize their recharge of water with the then-current and
175 anticipated immediate future excavation and other activities of the
176 mining lessees, with the overall goal that the mining activity and
177 the water conservation activity can harmoniously exist, without
178 interruption to either.

179 (c) Any decisions about the proper scope, location, or amount of
180 recharging of water after such consultation with appropriate
181 agencies shall be made solely by the Conservation District in the
182 exercise of its reasonable discretion, consistent with paragraph 4(d)
183 (2) below, and consistent with the principle of ensuring that the
184 optimum quantity of water possible is replenished within the San
185 Bernardino Basin Area.

186 In the event the Conservation District determines, in the exercise
187 of its reasonable discretion, that portions of the Leased Property
188 cannot be made available to Valley District and Western, and such
189 determination is made at a time when water supplies are otherwise

190 immediately available to Valley District and Western for recharge
191 into facilities on the leased land; Conservation District will not
192 object, directly or indirectly, to efforts by Valley District and/or
193 Western to deliver water supplies that cannot be spread on the
194 Leased Property to other locations, *provided that* in determining
195 where to deliver such water supplies, Valley District and Western
196 act consistent with the priority of first delivering water for direct
197 delivery or spreading within the SBBA, then delivering water for
198 direct delivery or spreading within the boundaries of Valley
199 District, then delivering water for direct delivery, spreading or
200 storage within Western, and then delivering water for direct
201 delivery, spreading or storage outside of Western.

202 In such event, the parties shall meet and confer in good faith, under
203 the auspices of the Joint Operations Committee provided for in
204 paragraph 4(b) below, regarding whether some proportional refund
205 to Valley District, Western, or both of a portion the gross lease fee
206 paid for the given year in which the Leased Premises were
207 unavailable for the recharge of water may be appropriate, and if so,
208 in what amount.

209 b. *Operation and Maintenance of Spreading Basins.* The Conservation District shall
210 operate and maintain all new and existing facilities, located on the areas depicted
211 in Exhibit 2 hereto, in good working condition, to ensure that the recharge of
212 water continues efficiently, in accordance with a mutually-agreed schedule of
213 regular maintenance and any supplemental agreements governing special or
214 emergency maintenance responsibilities. The Conservation District shall set aside
215 a portion of the gross lease fee provided for in Paragraph 3(a) below received
216 from Valley and Western, in accordance with the Conservation District's Reserve
217 Policy, to ensure sufficient funds are available to meet the agreed maintenance
218 obligations.

219 c. *Ownership of New Facilities* Upon expiration or other proper termination of this
220 Agreement, however, improvements made on land owned or controlled by the
221 Conservation District shall become Conservation District property, to be used by
222 the Conservation District for water management and the recharge of water.

223 d. *Groundwater Charge.* All parties producing water in the Conservation District's
224 jurisdictional boundaries shall be subject to all then-applicable groundwater
225 charges, and this Agreement shall not exempt nor excuse any party, including
226 Valley District and Western, from the levy or payment thereof. Notwithstanding,
227 the parties recognize that they do not intend that groundwater charges would be
228 required to be paid on production of water pursuant to measures taken for the
229 emergency alleviation of high groundwater conditions, or the implementation of

230 other basin management objectives as may be approved by the Basin Technical
231 Advisory Commission (“BTAC”) or other similar organization including all of
232 the parties hereto that may perform a substantially similar role under any
233 Conjunctive Use Plan that may be implemented for the SBBA. The Conservation
234 District agrees to consider implementing reasonable measures to reduce or
235 eliminate groundwater charges for groundwater production devoted to such
236 agreed purposes, whether by exemption, or refund of charges otherwise paid, as
237 may be consistent with applicable law.

238 3. *Duties of Valley District and Western.*

239 a. *Gross Lease Fee.* Valley District and Western shall together pay to the
240 Conservation District a gross lease fee of \$350,000/year for the right to the
241 recharge of water through the existing percolation basins and other facilities
242 owned by the Conservation District, and the right to construct and have operated
243 additional recharge and conveyance facilities on the Leased Property. The parties
244 acknowledge and affirm that the gross lease fee is a lease payment for access to
245 and use of the Leased Property, only, and for partial offset to the costs of
246 operation and maintenance of facilities thereon same by the Conservation District.
247 The gross lease fee does not include, and is not intended to replace or offset, any
248 charges for the acquisition, conveyance, storage, or production of water, that may
249 otherwise apply by or among the parties, or third parties, whether now or in the
250 future.

251 b. Valley District and Western, or either of them, shall pay the gross lease fee, in
252 advance, by October 1st of each year, which sum may be apportioned by the
253 Conservation District to its Groundwater Enterprise and other funds.

254 (1) Valley District and Western shall annually adjust the gross lease fee to
255 account for inflation using the U.S. Bureau of Labor Statistics
256 Consumer Price Index (CPI-U) for the Los Angeles District. The base
257 year for such payments will be 2012.

258 (2) In the event that Valley District and/or Western construct new
259 percolation basins or other facilities useful or necessary for the recharge
260 of water, the Parties shall adjust the gross lease fee proportionally to
261 reflect the additional operation and maintenance costs that will be
262 incurred by the Conservation District in operating and maintaining
263 those new facilities, as may be agreeable to the Parties.

264 c. *Permitting for New or Augmented Spreading Basins.* Valley District and Western
265 shall be responsible for obtaining all federal, state and local permits (including
266 conducting environmental review under the California Environmental Quality Act
267 or the National Environmental Policy Act) that may be required to construct

268 additional facilities for the recharge of water supplied by Valley and Western. If,
269 after 10 years, Valley and Western have been unable to obtain the necessary
270 permits, either or both may terminate this lease agreement subject to the
271 provisions of paragraph 9.c. below. Valley District and Western shall bear all
272 costs associated with protecting, repairing or replacing the material infrastructure
273 improvements (including pipelines, gates, valves, weirs, fencing, gauges, etc.)
274 installed by Valley District and Western on lands owed by the Conservation
275 District.

276 d. *Resource Management.*

277 (1) Valley District and Western shall coordinate their operations to
278 harmonize with mineral resource extractions, to avoid any potential
279 liability under mineral leases, or other uses authorized by the
280 Conservation District on the Leased Property.

281 (2) Valley District and Western shall negotiate supplemental payments to
282 the Conservation District where unusual and unforeseen circumstances
283 necessitate extraordinary maintenance expenses that are in excess of the
284 budget prepared and approved by the Joint Operations Committee.

285 (3) Valley District and Western shall cooperate with the Conservation
286 District in developing a long-term resource management plan to govern
287 multiple-use activities in Reach 5 of the Santa Ana River wash (i.e., the
288 Upper Santa Ana River Wash Land Management and Habitat
289 Conservation Plan).

290 4. *Duties of All Parties*

291 a. *No Rights to Other Party(ies)' Water or Facilities.* Except as provided for in
292 paragraph 2(c) above, the Conservation District will not assert any claim to own
293 or control the new facilities constructed, or the additional water recharged by,
294 Valley District and Western under the terms of this Agreement, provided that
295 these activities occur in conformance with this Agreement. Valley District and
296 Western will not assert any claim to own or control any water that is percolated in
297 the new or existing recharge basins that is not supplied by Valley District or
298 Western, nor make any attempt to acquire or control land or facilities owned by
299 the Conservation District.. Valley District and Western acknowledge and
300 represent to Conservation District that this Agreement provides for and constitutes
301 "compatible use" of the Conservation District's property and facilities, as that term
302 is utilized in California Code of Civil Procedure sections 1240.510 et seq.,
303 thereby eliminating any need for any exercise of eminent domain by any party to
304 acquire any additional interest in the Leased Property from any other party.

305 b. *Establishment of Joint Operations Committee.* The Parties shall establish and
306 participate in a Joint Operations Committee (the "JOC") to serve in an advisory
307 capacity to the Conservation District, which shall assist the Conservation District
308 to develop a schedule and budget for planned operation and maintenance
309 activities relating to the recharge of water on the Leased Property, and perform
310 other functions as otherwise specified herein, under such rules and procedures as
311 it shall formulate and unanimously approve. The JOC shall meet at least twice a
312 year to plan water recharge, review financial and water accounting matters
313 implicated hereunder, and review performance.

314 c. *Joint Reporting.* The Parties shall jointly provide planning documents,
315 monitoring reports, and other records that may be requested by authorized
316 agencies to demonstrate compliance with federal, state or local laws and
317 regulations. Specifically, the Parties shall continue to cooperate in the preparation
318 and submission of annual reports to the California State Water Resources Control
319 Board, which reports will follow the format used by the Parties in reporting the
320 use of water for calendar year 2010. A copy of the report filed with the California
321 State Water Resources Control Board is attached hereto as Exhibit 5 and
322 incorporated herein by reference.

323 d. *Water Resources Management.*

324 (1) The Parties will continue to coordinate all recharge of water with one
325 another to protect and enhance the safe yield in the SBBA.
326 Specifically, the Parties will: (i) jointly develop the Regional
327 Conjunctive Use Plan (or its equivalent) through the Basin Technical
328 Advisory Committee, (ii) seek additional opportunities to increase safe
329 yield in the SBBA by engaging in cooperative joint development of new
330 water supply projects or conservation programs in the region, and (iii)
331 cooperate with one another to document the water resource
332 management benefits accrued by establishing and implementing this
333 Agreement.

334 (2) The parties agree to dedicate and use the water made available pursuant
335 to their respective water rights in and to the Santa Ana River to give
336 priority to preserving the safe yield of the SBBA, as part of the
337 reasonable and prudent management of their entire portfolio of water
338 resources. All parties shall refrain from contesting any water rights
339 claimed or held by one another at any time during the term of this
340 Agreement, so long as such water rights are exercised in the manner
341 consistent with this Agreement.

342 (3) The Parties will not export native water from the SBBA, or recharge
343 water on behalf of agencies located outside the SBBA, except as

344 provided for by the 1969 *Western* Judgment and/or by the Regional
345 Conjunctive Use Plan (or its equivalent).

346 5. *Amendments.* The Parties will negotiate amendments, including but not limited to areal
347 expansion of the scope of activities, to this Agreement in good faith and not unreasonably
348 withhold consent.

349 6. *Liberal Construction.* The Parties shall construe all terms and conditions in this
350 Agreement in a manner which most favors increasing available water supplies by
351 encouraging greater recharge of water in the area.

352 7. *Indemnification*

353 a. *Generally.* Each Party shall indemnify, defend and hold harmless the other
354 Parties, their directors, officers, employees and agents from and against all
355 damages, liabilities, claims, actions, demands, costs and expenses (including, but
356 not limited to, costs of investigations, lawsuits and any other proceedings whether
357 in law or in equity, settlement costs, attorneys' fees and costs), and penalties or
358 violations of any kind, which arise out of, result from, or are related to a Party's
359 performance of its obligations under this Agreement. In extending such
360 indemnification, however, no party hereto waives any sovereign or governmental
361 immunities, privileges, or rights that they may have or enjoy under any applicable
362 law, including but not limited to California Government Code sections 810 et
363 seq., and except as otherwise specifically provided for hereunder, and each party
364 reserves all such immunities, privileges and rights, and any claims or other
365 procedures applicable to same, that may presently exist or hereafter be created, to
366 themselves, as against each of the other parties, and as against any third party.

367 b. *Indemnification Procedures.* Any Party that is an indemnified party (the
368 "**Indemnified Party**") that has a claim for indemnification against the other Party
369 (the "**Indemnifying Party**") under this Agreement, shall promptly notify the
370 Indemnifying Party in writing, specifying the nature of the claim, the grounds
371 upon which the Indemnified Party believes the Indemnifying Party is liable in
372 whole or in part for the liability or other obligation asserted under the claim, and
373 including any appropriate demand for defense or indemnification, or both. No
374 delay on the part of the Indemnified Party in notifying the Indemnifying Party
375 shall relieve the Indemnifying Party from any obligation unless (and then solely to
376 the extent) the Indemnifying Party is prejudiced. Further, the Indemnified Party
377 shall promptly notify the Indemnifying Party of the existence of any claim,
378 demand, or other matter to which the indemnification obligations apply, and shall
379 give the Indemnifying Party a reasonable opportunity to defend the same at its
380 own expense and with counsel of its own selection, *provided* that the Indemnified
381 Party shall at all times also have the right to fully participate in the disputed
382 matter at its own expense. If the Indemnifying Party refuses to provide the

383 indemnity, or within a reasonable time after written notice from the Indemnified
384 Party, fails to defend a claim, demand or other matter to which the
385 indemnification obligations apply, the Indemnified Party shall have the right, but
386 not the obligation, to undertake the defense of, and to compromise or settle
387 (exercising reasonable business judgment), the claim or other matter, on behalf, or
388 for the account, and at the risk, of the Indemnifying Party. If the claim is one that
389 cannot by its nature be defended solely by the Indemnifying Party, then the
390 Indemnified Party shall make available all information and assistance to the
391 Indemnifying Party that the Indemnifying Party may reasonably request. In the
392 event of any dispute between the Indemnified party and the Indemnifying Party as
393 to whether the claim is one to which the indemnification obligations apply, the
394 matter shall be resolved in the manner of resolution of disputes, as provided in
395 paragraph 9 hereunder. Except as specifically provided otherwise in Paragraph
396 9(b) (4) below with respect to tolling of limitations periods, the notice provided
397 for hereunder shall be in addition to, and not in place of, any other notice that may
398 be provided for or otherwise required under law.

399 8. *Force Majeure.* In addition to any other specific provisions of this Agreement, a Party
400 hereto shall not be deemed to be in default under this Agreement where failure or delay in
401 performance of any of such Party's obligations under this Agreement is caused by floods,
402 earthquakes, winds, other Acts of God, power outages, equipment failure, acts of
403 vandalism, fires or other casualties, wars, riots or similar hostilities, strikes and other
404 labor difficulties beyond the Party's control, (including the Party's employment force),
405 enactment of new or conflicting, laws or regulations, including any new listing of
406 endangered species or designation of critical habitat for endangered species, court actions
407 (such as restraining orders or injunctions), judicial actions such as issuance of restraining
408 orders and injunctions, or other causes beyond such Party's control. If any one or more of
409 such events occur, the term of this Agreement and the time for performance by any Party
410 of any of its obligations hereunder shall be extended by the period of time that such one
411 or more events prevented or delayed such performance, provided that the term of this
412 Agreement shall not be extended under any circumstances for more than five (5) years.
413 In the event that said period of time must be extended by more than five years, this
414 Agreement shall automatically terminate.

415 9. *Administration of Agreement*

416 a. *Books and Records.* Each Party shall have access to and the right to examine any
417 of the other Party's pertinent books, documents, papers or other records
418 (including, without limitation, records contained on electronic media) relating to
419 the performance of that Party's obligations pursuant to this Agreement. Each
420 Party shall retain all such books, documents, papers or other records to facilitate
421 such review in accordance with that Party's record retention policy. Access to
422 each Party's books and records shall be during normal business hours only.

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Nothing in this paragraph shall be construed to operate as a waiver of any applicable privileges.

b. *Disputes.* The Parties recognize that there may be disputes regarding the obligations of the Parties or the interpretation of this Agreement. The Parties agree that they may attempt to resolve disputes as follows:

- (1) *Statement Describing Alleged Violation of Agreement.* A Party or Parties alleging a violation of this Agreement (the "**Initiating Party(ies)**") shall provide a written statement describing all facts that it believes constitute a violation of this Agreement to the Party(ies) alleged to have violated the terms of this Agreement (the "**Responding Party(ies)**").
- (2) *Response to Statement of Alleged Violation.* The Responding Party(ies) shall have sixty days from the date of the written statement to prepare a written response to the allegation of a violation of this Agreement and serve that response on the Initiating Party(ies) or to cure the alleged violation to the reasonable satisfaction of the Initiating Party(ies). The Initiating Party(ies) and the Responding Party(ies) shall then meet within thirty days of the date of the response to attempt to resolve the dispute amicably.
- (3) *Mediation of Dispute.* If the Initiating Party(ies) and the Responding Party(ies) cannot resolve the dispute within ninety days of the date of the written response, they shall engage a mediator, experienced in water-related disputes, to attempt to resolve the dispute. Each Party shall ensure that it is represented at the mediation by a Director or Councilperson. These representatives of the Initiating Party(ies) and the Responding Party(ies) may consult with staff and/or technical consultants during the mediation and such staff and/or technical consultants may be present during the mediation. The costs of the mediator shall be divided evenly between the Initiating Party(ies) and the Responding Party(ies).
- (4) *Prior to Claims Under California Tort Claims Act.* The Parties agree that the procedure described in this paragraph represents an effort to resolve disputes without the need for a formal claim under the California Tort Claims Act or other applicable law. The period of time for the presentation of a claim by one Party against another shall be tolled for the period from the date on which the Initiating Party(ies) file a written statement until the date upon which the mediator renders a decision.

461 (5) *Reservation of Rights.* Nothing in this paragraph shall require a Party to
462 comply with a decision of the mediator and, after the completion of the
463 mediation process described above, each Party shall retain and may
464 exercise at any time all legal and equitable rights and remedies it may
465 have to enforce the terms of this Agreement; provided, that prior to
466 commencing litigation, a Party shall provide at least five calendar days'
467 written notice of its intent to sue to all Parties.

468 c. *Termination of Agreement*

469 (1) *Failure to Obtain Permits.* The Parties recognize and acknowledge that
470 the implementation of this Agreement may require one or more Parties
471 to obtain permits or other regulatory approvals from one or more local,
472 state or federal regulatory agencies, including but not limited to the
473 Regional Water Quality Control Board, the California Department of
474 Fish & Game and the U.S. Fish & Wildlife Service or the U.S. Army
475 Corps of Engineers. Because of the significant regulatory uncertainties
476 associated with obtaining these permits or regulatory approvals, the
477 Parties agree that, if Valley District and Western have not received all
478 regulatory permits or approvals required or useful for groundwater
479 replenishment on the Leased Property within ten years from the
480 effective date of this Agreement, Valley District and/or Western may
481 terminate this Agreement at any time by providing the Conservation
482 District with one-year's written notice of such termination. In the event
483 that Valley District or Western, but not both wish to terminate this
484 Agreement, the Party wishing to terminate this Agreement shall be
485 allowed to terminate the Agreement as to itself and the remaining two
486 Parties may continue the Agreement on such terms as they deem to be
487 equitable.

488 (2) *Material Breach.* If one Party deems that another Party has materially
489 breached one of the provisions of this Agreement, the Parties shall use
490 the dispute resolution procedures set forth in paragraph 9. b. above in
491 an effort to resolve the dispute amicably. If, the dispute resolution
492 process described in paragraph 9. b. above is not successful in
493 resolving the dispute, any Party may terminate this Agreement for
494 material breach thereof, and may seek any remedy that it would
495 otherwise be entitled to in a court of law.

496 d. *Recordation of Agreement.* All Parties agree that this Agreement constitutes a
497 lease of certain lands by the Conservation District to Valley District and Western
498 for the purpose of constructing, operating, maintaining, repairing and
499 rehabilitating percolation basins and ancillary facilities on the Leased Property,
500 and consequently, all Parties agree that this Agreement should be recorded in the

501 Official Records of the County of San Bernardino. Valley District shall, within
502 ten days of the effective date of this Agreement, cause this agreement to be
503 recorded in the Official Records of the County of San Bernardino and shall
504 promptly provide the Conservation District and Western with recorded copies of
505 this Agreement upon receipt of such copies from the County of San Bernardino.

506 10. *General Provisions.*

507 a. *Authority.* Each signatory of this Agreement represents that s/he is authorized to
508 execute this Agreement on behalf of the Party for which s/he signs. Each Party
509 represents that it has legal authority to enter into this Agreement and to perform
510 all obligations under this Agreement.

511 b. *Amendment.* This Agreement may be amended or modified only by a written
512 instrument executed by each of the Parties to this Agreement.

513 c. *Jurisdiction and Venue.* This Agreement shall be governed by and construed in
514 accordance with the laws of the State of California, except for its conflicts of law
515 rules. Any suit, action, or proceeding brought under the scope of this Agreement
516 shall be brought and maintained to the extent allowed by law in the County of San
517 Bernardino, California.

518 d. *Headings.* The paragraph headings used in this Agreement are intended for
519 convenience only and shall not be used in interpreting this Agreement or in
520 determining any of the rights or obligations of the Parties to this Agreement.

521 e. *Construction and Interpretation.* This Agreement has been arrived at through
522 negotiations and each Party has had a full and fair opportunity to revise the terms
523 of this Agreement. As a result, the normal rule of construction that any
524 ambiguities are to be resolved against the drafting Party shall not apply in the
525 construction or interpretation of this Agreement.

526 f. *Entire Agreement.* This Agreement constitutes the entire agreement of the Parties
527 with respect to the subject matter of this Agreement and, save as expressly
528 provided in this Agreement, supersedes any prior oral or written agreement,
529 understanding, or representation relating to the subject matter of this Agreement.

530 g. *Partial Invalidity.* If, after the date of execution of this Agreement, any provision
531 of this Agreement is held to be illegal, invalid, or unenforceable under present or
532 future laws effective during the term of this Agreement, such provision shall be
533 fully severable. However, in lieu thereof, there shall be added a provision as
534 similar in terms to such illegal, invalid or unenforceable provision as may be
535 possible and be legal, valid and enforceable.

- 536 h. *Successors and Assigns.* This Agreement shall be binding on and inure to the
537 benefit of the successors and assigns of the respective Parties to this Agreement.
538 No Party may assign its interests in or obligations under this Agreement without
539 the written consent of the other Parties, which consent shall not be unreasonably
540 withheld or delayed.
- 541 i. *Waivers.* Waiver of any breach or default hereunder shall not constitute a
542 continuing waiver or a waiver of any subsequent breach either of the same or of
543 another provision of this Agreement and forbearance to enforce one or more of
544 the rights or remedies provided in this Agreement shall not be deemed to be a
545 waiver of that right or remedy.
- 546 j. *Attorneys' Fees and Costs.* The prevailing Party in any litigation or other action
547 to enforce or interpret this Agreement shall be entitled to reasonable attorneys'
548 fees, expert witnesses' fees, costs of suit, and other and necessary disbursements
549 in addition to any other relief deemed appropriate by a court of competent
550 jurisdiction.
- 551 k. *Necessary Actions.* Each Party agrees to execute and deliver additional
552 documents and instruments and to take any additional actions as may be
553 reasonably required to carry out the purposes of this Agreement.
- 554 l. *Compliance with Law.* In performing their respective obligations under this
555 Agreement, the Parties shall comply with and conform to all applicable laws,
556 rules, regulations and ordinances.
- 557 m. *Third Party Beneficiaries.* This Agreement shall not create any right or interest in
558 any non-Party or in any member of the public as a third party beneficiary.
- 559 n. *Counterparts.* This Agreement may be executed in one or more counterparts,
560 each of which shall be deemed to be an original, but all of which together shall
561 constitute but one and the same instrument.
- 562 o. *Notices.* All notices, requests, demands or other communications required or
563 permitted under this Agreement shall be in writing unless provided otherwise in
564 this Agreement and shall be deemed to have been duly given and received on: (i)
565 the date of service if served personally or served by facsimile transmission on the
566 Party to whom notice is to be given at the address(es) provided below, (ii) on the
567 first day after mailing, if mailed by Federal Express, U.S. Express Mail, or other
568 similar overnight courier service, postage prepaid, and addressed as provided
569 below, or (iii) on the third day after mailing if mailed to the Party to whom notice
570 is to be given by first class mail, registered or certified, postage prepaid

571

- 572 **Table of Exhibits**
- 573 Exhibit 1 Leased Property including Exhibit 1A and 1B
- 574 Exhibit 2 Existing and Future Facilities
- 575 Exhibit 3 CEMEX Lease
- 576 Exhibit 4 Robertson's Ready Mix Lease
- 577 Exhibit 5 2010 State Water Rights Filing

WESTERN MUNICIPAL WATER
DISTRICT
"Western"


Donald D. Galleano
President
Board of Directors

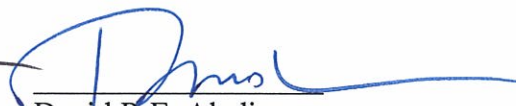
Approved as to form only:


Jeff Ferre
Best, Best & Krieger

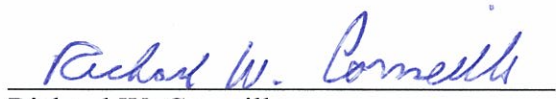
SAN BERNARDINO VALLEY MUNICIPAL
WATER DISTRICT
"Valley District"


C. Patrick Milligan
President
Board of Directors


Approved as to form only:


David R.E. Aladjem
Special District Counsel

SAN BERNARDINO VALLEY WATER
CONSERVATION DISTRICT
"Conservation District"


Richard W. Corneille
President
Board of Directors

Approved as to form only:


David B. Cosgrove
General Counsel

State of California)
County of Riverside)

On Dec 19, 2012, before me, Teresa Van Scyoc,
(insert name and title of the officer)

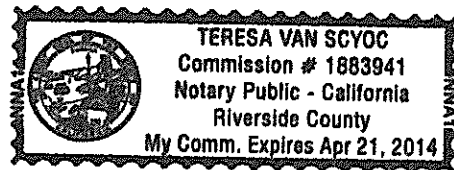
Notary Public, personally appeared Donald D. GALLEANO,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/~~she~~/~~they~~ executed the same
in his/~~her~~/~~their~~ authorized capacity(ies), and that by his/~~her~~/~~their~~ signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Teresa Van Scyoc

(Seal)



State of California)
County of San Bernardino)

On Dec. 12, 2012, before me, M. Galvez, Notary Public,
(insert name and title of the officer)

Notary Public, personally appeared Richard W. Corneille and no one else,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is/are~~
subscribed to the within instrument and acknowledged to me that ~~he/she/they~~
in ~~his/her/their~~ authorized capacity(ies), and that by ~~his/her/their~~ signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature 

(Seal)



State of California)
County of San Bernardino)

On Dec 17, 2012, before me, L. Jaramillo Notary Public
(insert name and title of the officer)

Notary Public, personally appeared C. Patrick Mulligan,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

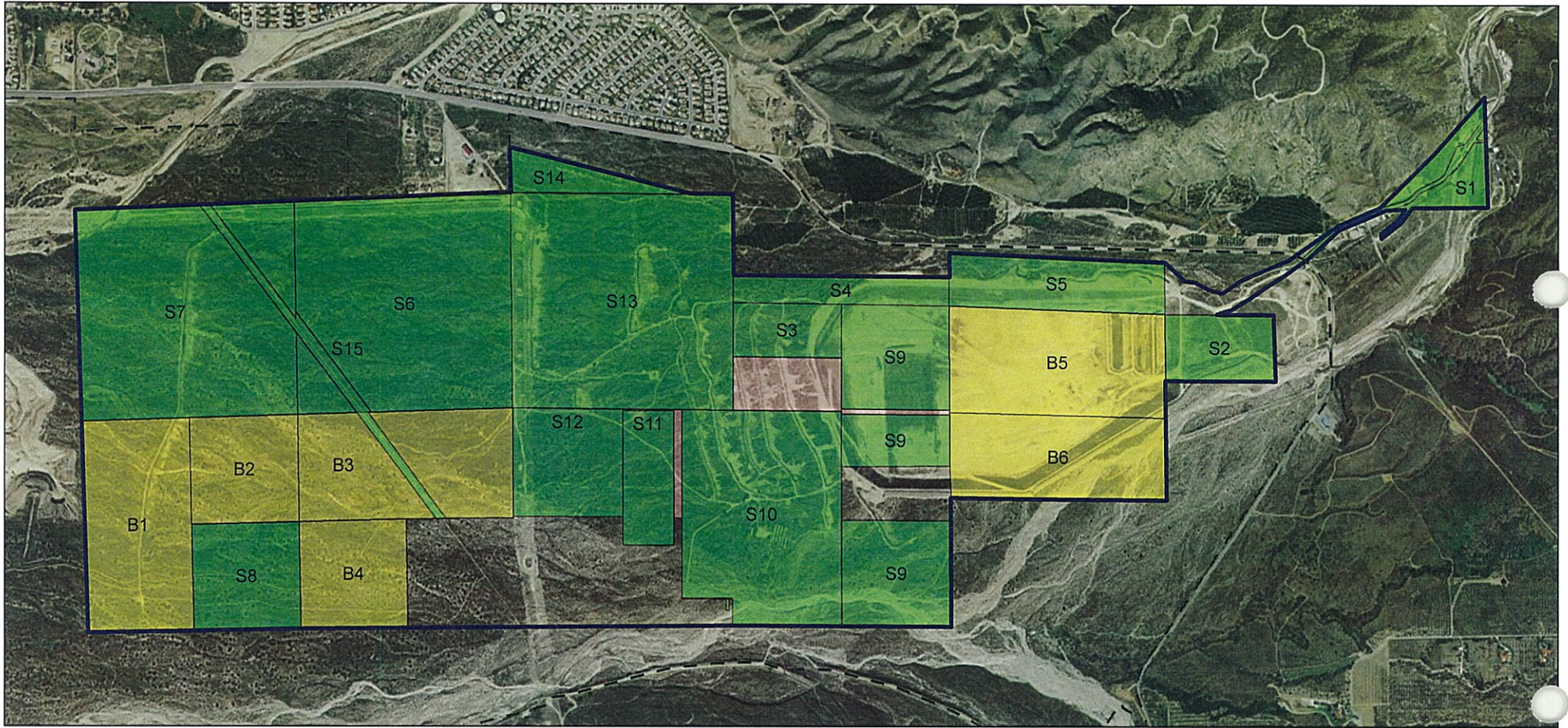
WITNESS my hand and official seal.

Signature L. Jaramillo



(Seal)

EXHIBIT 1



- - - - Wash Plan Area Boundary
- SAR Recharge Area (1485 Acres)
- SBVWCD Lands (952 Acres)
- BLM Property Access (513 Acres)
- Other Ownership Limited Access

Exhibit 1



C. Brudin
14 Sept 2012

M:\2011 Projects\Land Ownership District_Exhibit1_Edits.mxd



EXHIBIT 1A
LEGAL DESCRIPTION
SBVWCD LANDS

THOSE PORTIONS OF SECTIONS 4, 6, 7 AND 8, TOWNSHIP 1 SOUTH, RANGE 2 WEST, SAN BERNARDINO MERIDIAN AND THOSE PORTIONS OF SECTION 12, TOWNSHIP 1 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF HIGHLAND, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

PARCEL S1: (A.P. NO. 0297-041-07)

THAT PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 4, SAID PORTION LYING SOUTHEASTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT THE NORTHEAST CORNER OF SAID SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER; THENCE SOUTHWESTERLY TO THE SOUTHWEST CORNER OF SAID SECTION 4.

PARCEL S2: (A.P. NO. 0297-061-01)

THE NORTH HALF OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 8.

PARCEL S3: (A.P. NO. 0297-051-06)

THE NORTH HALF OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 7, COMPRISING 20 ACRES, MORE OR LESS.

PARCEL S4: (A.P. NO. 0297-051-05)

THE SOUTH 20 ACRES OF THE NORTH OF THE NORTHEAST QUARTER OF SAID SECTION 7.

PARCEL S5: (A.P. NO. 0297-061-03)

THE SOUTH HALF OF THE NORTH HALF OF THE NORTHWEST QUARTER OF SAID SECTION 8, COMPRISING 40 ACRES, MORE OR LESS.

PARCEL S6: (A.P. NO. 0291-151-02)

THE NORTHEAST QUARTER OF SAID SECTION 12, EXCEPT RAILROAD RIGHT-OF-WAY AND EXCEPT STATION AT APLIN AND COMPRISING 157 ACRES, MORE OR LESS.

PARCEL S7: (A.P. NO. 0291-151-01)

THE NORTHWEST QUARTER OF SAID SECTION 12, EXCEPT RAILROAD RIGH-OF-WAY.

PARCEL S8: (A.P. NO. 0291-161-04)

THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 12.

PARCEL S9: (A.P. NO. 0297-051-07, 0297-051-08, 0297-051-09, 0297-051-10, 0297-071-09, 0297-071-10, 0297-071-13, 0297-071-14, 0297-071-16, 0297-071-17)

LOTS 1 THROUGH 6 AND LOTS 9 THROUGH 12 OF VAN BUREN TRACT, AS SHOWN ON A MAP RECORDED IN BOOK 8, PAGE 69 OF MAP IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL S10: (A.P. NO. 0297-071-08)

THE WEST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 7, COMPRISING 80 ACRES, MORE OR LESS.

LEGAL DESCRIPTION (Continued)

PARCEL S11: (A.P. NO. 0297-071-02, 0297-071-03, 0297-071-04)
LOTS 4 THROUGH 15 OF CHICAGO SUBDIVISION TO REDLANDS, AS SHOWN ON A MAP RECORDED
IN BOOK 12, PAGE 52 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL S12: (A.P. NO. 0168-311-06)
THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 7.

PARCEL S13: (A.P. NO. 0297-051-01 AND 0297-051-02)
THE NORTHWEST QUARTER OF SAID SECTION 7.

PARCEL S14: (A.P. NO. 0297-011-07)
THAT PORTION OF THE SOUTHWEST QUARTER OF SAID SECTION 6, LYING SOUTH OF THE SOUTH
LINE OF THE EXISTING METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA PIPELINE
RIGHT OF WAY AS THE SAME NOW EXISTS. EXCEPT THAT PORTION THEREOF CONVEYED TO THE
NORTHFORK WATER COMPANY BY DEED RECORDED MARCH 7, 1909 IN BOOK 388 OF DEEDS, PAGE
120, RECORDS OF SAID COUNTY.

PARCEL S15: (A.P. NO. 0291-151-05)
PARCEL 1 OF THAT CERTAIN DEED RECORDED JUNE 28, 1984 AS INSTRUMENT NO. 84-152554 OF
OFFICIAL RECORDS, RECORDS OF SAID COUNTY.

SUBJECT TO ALL RESERVATIONS, RESTRICTIONS, EASEMENTS, OFFERS OF DEDICATIONS, RIGHTS
AND RIGHT OF WAYS OF RECORD.

This legal description was prepared by me or under
my direction.

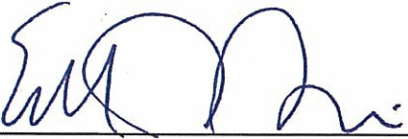
By: 
Edward J. Bonadiman, P.L.S.
Date: 09/17/2012 L. S. #:7529



EXHIBIT 1B
LEGAL DESCRIPTION
BLM PROPERTY ACCESS

THOSE PORTIONS OF SECTION 8, TOWNSHIP 1 SOUTH, RANGE 2 WEST, SAN BERNARDINO MERIDIAN AND THOSE PORTIONS OF SECTION 12, TOWNSHIP 1 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF HIGHLAND, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

PARCEL B1: (A.P. NO. 0297-161-05)
THE WEST HALF THE SOUTHWEST QUARTER OF SAID SECTION 12.

PARCEL B2: (A.P. NO. 0297-161-06)
THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 12.

PARCEL B3: (A.P. NO. 0297-161-01)
THE NORTH HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 12.

PARCEL B4: (A.P. NO. 0297-161-03)
THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 12.

PARCEL B5: (A.P. NO. 0297-061-02)
THE SOUTH HALF OF THE NORTHWEST QUARTER OF SAID SECTION 8.

PARCEL B6: (A.P. NO. 0297-061-02)
THE NORTH HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 8.

SUBJECT TO ALL RESERVATIONS, RESTRICTIONS, EASEMENTS, OFFERS OF DEDICATIONS, RIGHTS AND RIGHT OF WAYS OF RECORD.

This legal description was prepared by me or under my direction.

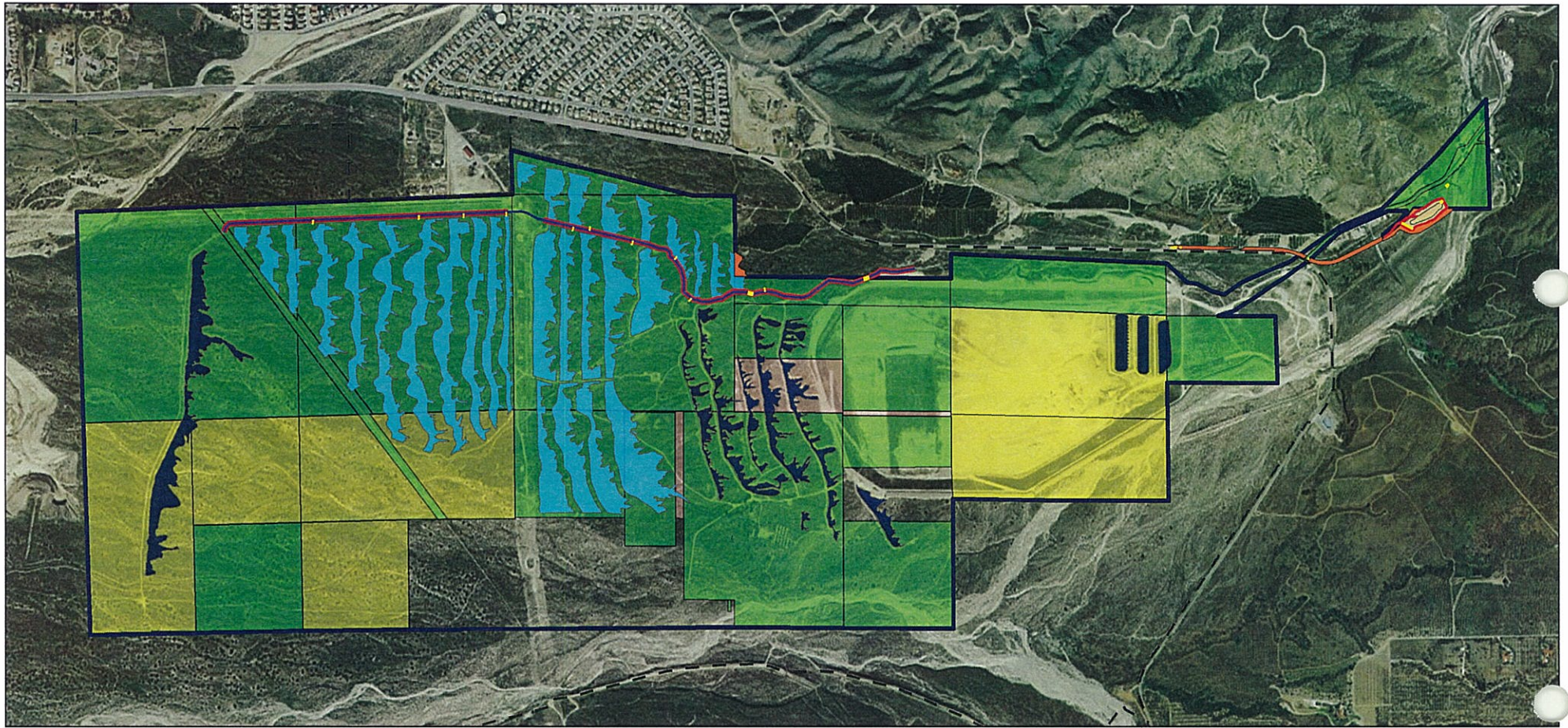
By: _____

Edward J. Bonadiman, P.L.S.

Date: 09/17/2012 L. S. #:7529



EXHIBIT 2



Legend

- | | | | |
|-----------|-------------------------|-------------|---------------------------------|
| --- | Wash Plan Area Boundary | Orange | Pipeline Easement |
| Yellow | Structures | Blue | Planned Improvements |
| Dark Blue | Canal | White | SAR Recharge Area (1485 Acres) |
| Red | Access Road | Light Green | SBVWCD Lands (952 Acres) |
| Dark Blue | Existing Basins | Yellow | BLM Property Access (513 Acres) |
| Tan | Sedimentation Basins | Pink | Other Ownership Limited Access |

Exhibit 2



C. Brudin
14 Sept 2012

M:\2011 Projects\Land Ownership District_Exhibit1.mxd



Exhibit 3

Cemex Lease

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

San Bernardino Valley Water
Conservation District
1630 West Redlands Boulevard
Suite A
Redlands, CA 92373-8032

Attn: General Manager

FREE RECORDING REQUESTED
UNDER GOVERNMENT CODE
SECTION 6103

THIS SPACE FOR RECORDER'S USE ONLY

MINERAL LEASE FOR EXTRACTION OF SAND AND GRAVEL MATERIALS

THIS MINERAL LEASE FOR EXTRACTION OF SAND AND GRAVEL MATERIALS ("Lease") is entered into this 1 day of November, 2011, by and between SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT ("District") and CEMEX CONSTRUCTION MATERIALS PACIFIC, LLC ("Lessee"). This Lease is entered into in consideration of all of the following:

A. District is a California Water Conservation District, duly formed and existing under California Water Code section 74000 et seq. District has the authority to enter into leases of property it owns pursuant to provisions of California Water Code section 74550, and other provisions of law. Lessee is a limited liability corporation, with its principal place of business located in El Dorado Hills, California. Lessee is the successor-in-interest to a prior lease agreement between the District and C. L. Pharris Sand & Gravel, Inc.

B. District's and Lessee's predecessor-in-interest, C. L. Pharris Sand & Gravel, Inc., entered into a "Lease Agreement" dated September 10, 1979. That Lease Agreement authorized various excavation and sale of sand, gravel, and related material from property owned by the District, on terms and conditions stated therein, and incorporating prior leases between the parties (collectively "Original Lease").

C. The Original Lease was amended variously between the parties over time, culminating on a "Lease Amendment" dated July 10, 1997. Under the "Lease Amendment," the term of the lease was defined as an initial term ending June 1, 2011, with nine (9) additional successive five (5) year options to renew. The Lease Amendment required renewal notices to be in writing, made no later than six (6) months prior to the expiration of the then-existing term. The parties followed these procedures through the first five (5)-year extension of the term.

D. A dispute then arose between Lessee and the District regarding Lessee's expressed intent to enter an additional five (5)-year term under the lease. District rejected Lessee's attempt to exercise an additional five (5)-year option as untimely, and considers the lease effectively terminated as of June 1, 2011. Lessee believes that the option for an additional five (5)-year period under the lease was properly exercised, and that the term of the original lease, as modified by the Lease Amendment, continues until June 1, 2016.

E. The parties have met and conferred pursuant to a "Tolling Agreement Re Lease Dispute," they entered into on or about June 1, 2011 and extended on August 31, 2011 to resolve their differences. Pursuant to such discussions, the parties have now determined to enter into a new lease, defining new terms, and replacing, superseding, and rendering of no further effect the Original Lease, the Lease Amendment, and all previous agreements between District and Lessee with respect to lease of the District's property.

NOW, THEREFORE, in consideration of all of the foregoing, the parties do hereby set forth the terms of their new and sole lease agreement as follows:

1.0 Definitions. As used herein, the following terms shall have the following defined meanings:

1.1. "DISTRICT" shall mean the San Bernardino Valley Water Conservation District.

1.2. "LESSEE" shall mean Cemex Construction Materials Pacific, LLC, and its successors and assigns.

1.3. "PREMISES" shall mean all those properties owned by DISTRICT, more specifically described in the legal description attached hereto as Exhibit "A" and as more specifically depicted in the plat map attached hereto as Exhibit "B," with the exception of the northeasterly one-quarter of Section 12, which shall not be included within the PREMISES.

1.4. "MATERIAL" shall mean sand, rock, gravel, and kindred substances, lying on or under the PREMISES, and suitable for commercial extraction, processing, and sale, and any saleable by-products from same.

1.5. "Ton" shall mean a measurement of 2,000 pounds of material aggregate, by weight.

1.6. "INDEX" shall mean the Bureau of Labor Statistics Producer Price Index for Mining (Except Oil and Gas): NAICS 212, or if such index is no longer published or kept, such similar index as may be agreed to by the parties.

1.7. "FAIR MARKET ROYALTY" shall mean the prevailing market royalty rate being paid for Material within the markets served or able to be served by Material from the Premises, and such markets as may be reasonably comparable thereto, as of a then-present data value.

1.8. "WASH PLAN" shall mean the Upper Santa Ana River Wash Land Management and Habitat Conservation Plan, a comprehensive land use, property exchange, and mining and related permitting effort undertaken by District, Lessee, and a number of other public and private entities for realignment of prior leases for sand and gravel extraction, and for accommodation of water conservation and species habitat preservation.

1.9. "TRANSFER PREMISES" shall mean those properties which District and Lessee agree are appropriate for replacement of any portion of the Premises which may be exchanged to the federal government, Bureau of Land Management, or other entity, under the implementation and effectuation of the Wash Plan, or otherwise rendered unavailable for extraction, processing, and sale of Material. The parties contemplate that the Transfer Premises will consist of a portion of those properties already proposed to be exchanged from the Bureau of Land Management to the District under the Wash Plan, or otherwise transferred from the federal government to the District for the purposes of making such transferred areas available for mining. District and Lessee agree, however, that availability of, and the specific areas of the Transfer Premises cannot be determined precisely at this time, and that the exact areas, locations and parameters of the Transfer Premises will have to be determined in connection with the ultimate approvals that might be obtained through the Wash Plan.

1.10. "COMMENCEMENT DATE" shall be the date this Lease becomes effective, November 1, 2011.

1.11. "LEASE YEAR" shall mean the year following the commencement date in the first year of this Lease, and for every subsequent year, the period beginning each year on the anniversary of the Commencement Date, and continuing one (1) year thereafter.

1.12. "ORANGE STREET PLANT SITE" shall mean that area generally described in the legal description and depicted on the plat map collectively attached as Exhibit "D" hereto, consisting of approximately 100 acres, on which Lessee has, as of the Commencement Date, established and maintains a mining processing plant.

1.13. "REDLANDS AGGREGATES SITE" shall mean the area generally described in the legal description and depicted on the plat map collectively attached as Exhibit "E" hereto.

2.0 Lease of Premises and Rights Conferred.

2.1. Under this Lease, District hereby grants to Lessee the right to come onto the Premises, and to dig, excavate, transport, wash, process, crush, convey, stockpile, and sell all Material on the Premises, consistent with any applicable federal, state, or local regulations, and conditions of any permits that may be applicable thereto. This Lease includes the right to maintain all processing plants, structures, facilities, and equipment legally established by Lessee and existing on the Premises as of the Commencement Date, as are necessary or suitable for the defined purposes of the Lease. Lessee may also establish such other plants, buildings, paved roadways, structures, or other permanent improvements, or any silt ponds or places for the deposition of impermeable materials (collectively "Improvements") on the Premises, as may be necessary or appropriate for accomplishment of the purposes of the Lease, subject to the prior

written approval of the District as to the location, extent, specifications, and composition of such improvements. District's approval shall not be unreasonably withheld, conditioned or delayed. District's approval of Lessee's Improvements shall be directed to District's reserved water spreading and other reserved rights in, to, and for the Premises under this Lease, and the compliance and consistency of such Improvements with the terms and conditions of this Lease, and shall not be directed to the suitability of such Improvements for Lessee's purposes, nor the design, effectiveness, safety, nor engineering suitability of such Improvements, except insofar as District may, but is not required to, confirm that such Improvements as proposed meet otherwise applicable legal requirements and standards. Lessee shall not undertake any construction of such improvements without prior District review and approval of the plan for the location and other specifications for such improvements. District shall have a period of 45 days after submission of the complete construction plans and working drawings by Lessee of any proposed improvement construction to approve, conditionally approve, or disapprove such proposed improvements. Any disapproval by District shall be accompanied by written statement of the reasons therefor, including an explanation of what would be required for approval. Upon District's failure to approve, conditionally approve, or disapprove the Improvements construction within the 45 day period, the plans shall be deemed approved as submitted, so long as they are consistent with all other applicable legal requirements and standards. Lessee may relocate any Improvements located on the Premises, subject to District's approval, in the same manner as for Lessee's original establishment of Improvements. District may require Lessee to remove any Improvements placed on the Premises for which Lessee failed to provide the 45 day notice and opportunity for review and approval of District called for hereunder to the extent such Improvements violate applicable legal requirements, without any liability of District to Lessee. Such Improvements so constructed shall be the property of Lessee during the duration of the Lease, and shall be removed by Lessee upon the expiration or earlier termination of this Lease; provided, however, District may in writing elect to permit Lessee to leave any or all of the Improvements on the Premises after expiration of the Lease, in which case all such Improvements shall become the property of the District. Lessee shall assume all maintenance and insurance responsibilities for any Improvements constructed on the Premises. In addition, Lessee shall provide District no less than forty-five (45) days' notice before Lessee establishes any staging areas, processing areas, unpaved but graded and compacted haul routes, and equipment servicing areas which do not otherwise fit the definition of Improvements provided above, though such facilities shall not require District's prior approval before Lessee may be permitted to place them on the Premises. Further, Lessee shall provide to District no less than fifteen (15) days' notice before Lessee establishes any portable crushing or processing sites, which do not otherwise fit the definition of Improvements provided above, though such facilities shall likewise not require District's prior approval before Lessee may be permitted to place them on the Premises.

2.2. Premises Leased in "As Is" Condition. Lessee acknowledges that it is granted lease rights to the Premises, and the right to move Material therefrom, on an "as is" basis, and Lessee takes and operates the Premises without reliance on any representation by the District, or any of its officers, employees, agents, or representatives, or any other person, concerning the extent or quality of the Material on the Premises, its fitness for Lessee's intended use, or any particular purpose or use, its income producing history, potential, or capabilities, its value, or any other promise, representation, or inducement not expressly set forth in writing in

this Lease. District represents and warrants that it has not caused nor is aware of any environmental conditions relating to the Premises.

2.3. No Warranty. Lessee acknowledges that neither the District, nor any of its officers, employees, agents, or representatives, has made any written or oral representation, promise, or warranty, express or implied, arising out of or in connection with the Material on the Premises, or the transfer of Premises, if any, its fitness for Lessee's intended use, or any purpose or use, its income producing history, potential or capabilities, its value, the likely success or outcome of the Wash Plan, or any other matter not expressly set forth in writing in this Lease. Lessee acknowledges it has inspected, and occupied, the Premises prior to the execution of this Lease. Lessee acknowledges it takes and accepts the Premises in the condition in which the Material on the Premises (or lack thereof) exists as of the Commencement Date this Lease. Lessee assumes that any and all change in the condition of the rock on the Premises either before the Commencement Date or during the term of this Lease.

3.0 Lease Term.

3.1. Original Term. This lease shall begin on the Commencement Date, and shall continue in full force and effect for a period of four (4) years thereafter.

3.2. Options to Renew and Right of First Refusal. So long as Lessee shall not be in material breach of this Lease, Lessee shall have one (1) additional, successive six -year option to renew ("Option to Renew"). The renewal shall be on the terms of this Lease, or such additional or revised terms as the parties may then agree to.

3.3. Procedure for Exercise of Options.

(a) Initial Option. In the event Lessee elects to exercise the Option to Renew, Lessee shall provide written notice to District in writing. Such Option to Renew shall be made no later than one hundred eighty (180) days prior to the expiration of the Original Term of this Lease, to the person and in the manner set forth herein for the provision of Notices in Section 14.1 below.

(b) Exclusive Negotiation Period. In the event Lessee fails to exercise the six (6) year option provided for above, this Lease shall terminate as of the expiration of the initial four-year term. In the event Lessee does exercise the six (6) year option, Lessee shall have an Exclusive Negotiation Period with the District to meet and confer with District regarding the terms and conditions of a renewal or replacement lease for the Premises. Such Exclusive Negotiation Period shall run concurrently with the final ninety (90) days of the six (6) year option period so exercised by Lessee. The Exclusive Negotiation Period shall arise only upon the expiration of the exercised six (6) year option term; there shall be no Exclusive Negotiation Period upon the termination of the Lease, for whatever reason, or in the event of a Lessee default. During the Exclusive Negotiation Period, District shall not make any effort to sell, lease, offer, market, or solicit proposals with or from any party for the excavation, processing, or sale of Material from the Premises, except Lessee. Neither District nor Lessee shall be

obligated to enter into any type of an agreement during or as a result of the Exclusive Negotiation Period, but the parties shall meet and confer in good faith to discuss and explore the possibility of entering into such an agreement, should the parties determine that doing so would be in their mutual benefit.

(c) Right of First Refusal. In the event the Exclusive Negotiation Period occurs, and fails to result in an agreement between District and Lessee, and only in such event, Lessee shall have a Right of First Refusal upon any offer District may make to any other party for the right to excavate, process, or sell Material from all or any part of the Premises. Such Right of First Refusal shall entitle Lessee to priority acceptance of any such offer District may make to any other party, on the identical terms, conditions, requirements, and stipulations as the District makes, and is willing to accept, from any other party. The Right of First Refusal shall begin on the expiration of the Exclusive Negotiation Period, and shall continue for a period of three (3) years thereafter. District shall, prior to making or soliciting any offer for the right to excavate, process, or sell Material from the Premises advise the party or parties with whom it is dealing of the Lessee's Right of First Refusal. District shall require any offer it receives from any party to excavate, process, or sell Material from all or a portion of the Premises, and which it is prepared to accept and is authorized by its legislative body to accept, to be reduced to writing, and shall within thirty (30) days of any such offer, provide a written copy to Lessee, to the person and in the manner provided for in Section 14.1, Notices, below. Lessee shall have thirty (30) days thereafter to accept or reject the offer. In the event Lessee accepts the offer, District and Lessee shall enter into an agreement, on the identical terms as proposed to District and conveyed to Lessee. In the event Lessee rejects the offer, the Right of First Refusal shall thereupon terminate, and be of no further force and effect.

4.0 Royalty and Rental Payments.

4.1. Orange Street Plant Site Rent. Lessee shall pay to District, throughout the entire term of this Lease and any holdover period, the sum of Four Thousand Dollars (\$4,000.00) per month for the lease of the Orange Street Plant Site ("Orange Street Plant Site Rent"). Such rent shall be in addition to, and shall not be credited against, any royalty amounts due, including guaranteed annual minimum royalty, which may be otherwise due and owing under this Lease.

4.2. Royalty. In addition to the plant site rent, Lessee shall pay a royalty to District, for every ton of Material removed from the Premises, as measured by State certified truck scales and recorded by a standardized, nationally recognized ticketing system whose mechanics and accuracy are disclosed and available to, and verifiable by, District. Lessee shall keep true, complete, and accurate records of all Material excavated on and removed from the Premises, and an accounting of all Material excavated and removed from the Redlands Aggregates Site. . Lessee shall report such figures, under penalty of perjury, to District on a monthly basis, in a form as District may reasonably specify and require. The parties shall track, calculate, and collect the royalty due on the excavated Material based on the amount of tonnage of Material sold or otherwise removed from the Premises and the Redlands Aggregates Site.

Any differences between the amount of Material excavated and the amount of Material sold or otherwise removed from the Premises shall be reconciled by way of a biannual audit. On or before ninety (90) days following the execution of this Agreement by both parties, District and Lessee shall jointly select and retain a party to perform a baseline aerial topographic survey of the Premises and the Redlands Aggregates Site. The parties shall share equally in the expense of the baseline aerial topographic survey, and once it is generated and delivered, the parties shall meet and confer to work out any issues or disagreements they may have regarding it, and both shall indicate in writing their approval of same, once any issues with the baseline survey that may arise are resolved. Once approved by both parties, the baseline aerial topographic survey shall serve as the beginning survey for later aerial topographic surveys to be performed under this Lease, for volumetric calculations of material excavated, inventoried, deposited into silt ponds, and removed from the premises by deduction. The volumetric results will be used to assess, compare, and reconcile the truck scale weight measurements. Based upon the results of the area topographic survey, Lessee and District shall reconcile the amounts paid on the tonnage sold or otherwise removed from the Premises and the Redlands Aggregates Site, and make any necessary adjustments to account for differences in the royalties due for Material from the Premises, and that from the Redlands Aggregates Site, and reconcile any amounts due or any credit for any amounts that may be overpaid during the immediately preceding twenty-four (24) month period. In the event the parties are unable to come to an agreement on such reconciliation, the matter shall be submitted to binding arbitration, as provided for herein.

4.3. Royalty Rate. For the first twelve (12) month period following the Commencement Date, the royalty rate shall be set at Fifty-Five Cents (\$0.55) per ton. As of the first anniversary of the Commencement Date, the royalty rate shall be the Fair Market Royalty. On or before ninety (90) days prior to the first anniversary of the Commencement Date, the parties shall meet and confer, in an attempt to come to an agreement on the Fair Market Royalty. The parties shall provide, one to the other, any and all market analyses, appraisals, or other valuation Materials or opinions upon which their proposed Fair Market Royalty is based. If no agreement is reached within thirty (30) days of the parties' exchange of such information, the matter shall be submitted to binding arbitration, as provided for herein. The arbitrator shall select either one or the other of the parties' original Fair Market Royalty proposals, and the Fair Market Royalty rate so selected shall be the royalty rate paid by Lessee to the District for the remainder of the term, subject to any Index adjustment. The arbitrator shall not have the authority or discretion to compromise between the two parties' proposals, nor to come to an independent determination of the Fair Market Royalty rate. In the arbitration, no party may rely on, or submit to the arbitrator, any Material which was not originally exchanged pursuant to the exchange of Fair Market Royalty proposals ninety (90) days before the Commencement Date. The arbitrator shall only select one of the parties' Fair Market Royalty rates, which he or she determines most accurately determines the appropriate Fair Market Royalty.

4.4. Index Adjustment. All royalty rates shall be adjusted annually, on each anniversary of the Commencement Date, by any change in the Index, using 2012 as the base year. In no event, however, shall such change in any one year amount to a change in the applicable royalty rate more than fifty percent (50%), higher or lower, than the immediately preceding Fair Market Royalty rate. Such fifty percent limitation shall operate only to serve as the cap or floor for the year in which the change in the Index results in a change in the royalty rate of 50% or more, and not to change prospectively the Index calculation for succeeding years.

4.5. Guaranteed Annual Royalty; Orange Street Plant Site Material as Recovery of Credits.

(a) Guaranteed Annual Royalty Payments. Notwithstanding the level of excavation or sale of Material from the Premises, Lessee shall pay to District a guaranteed annual royalty, in addition to the Orange Street Plant Site rent. Such guaranteed annual royalty shall be in the amount of One Hundred Fifty Thousand Dollars (\$150,000.00) for the first year of the Lease, and shall increase by an additional One Hundred Thousand Dollars (\$100,000.00) on each anniversary of the Commencement Date thereafter; provided, however, such guaranteed annual royalty shall not exceed \$550,000.00 annually. Such guaranteed annual royalty shall be paid in equal monthly installments, and shall be submitted along with all reporting by Lessee of its excavation and sales activities on the Premises and the Redlands Aggregate Site, comparing the amounts of guaranteed annual royalty paid, against the actual amount of Material excavated, and the actual amount of Material sold or otherwise removed from the Premises. The guaranteed annual royalty amount shall be paid by Lessee to the District; provided, however, to the extent District has Annual Royalty Credits in excess of Three Million Four Hundred Thousand Dollars (\$3,400,000.00) ("Royalty Credits Cap"), Lessee's obligation to pay Guaranteed Annual Royalty Payments shall be suspended until such time as the Annual Royalty Credits are reduced below the Royalty Credits Cap., All per-ton royalty rates applicable to Material excavated by Lessee in excess of the guaranteed annual royalty rate shall be paid at the then-prevailing royalty rate, in addition to guaranteed annual royalty.

(b) Guaranteed Annual Royalty Credits. To the extent the per-ton royalty rate paid by Lessee in any given Lease Year is less than the amount of guaranteed annual royalty, Lessee shall be credited for the difference against any per-ton royalties otherwise due in any succeeding Lease Years above the guaranteed annual royalty due in such Lease Year, until all such credits have been offset against per-ton royalties in excess of applicable guaranteed annual rental. In no event shall such credit ever diminish or decrease the amount of guaranteed annual royalty due.

(c) Orange Street Plant Site Holdover to Retire Guaranteed Annual Royalty Credits. Except in the event of a Lessee default under Section 10.1 below, should this Lease expire or otherwise terminate prior to the time Lessee's guaranteed annual royalty credits have been retired, Lessee shall have the right, but not the obligation, to hold over and continue to occupy the Orange Street Plant site only, to remove any Improvements or other equipment or operations thereon, and to excavate and sell Material from such site. Such holdover right shall begin on the date the Lease expires or is terminated for any reason, including Lessee's exercise of its right of termination under Section 10.3 below. No guaranteed annual royalty or other royalty amounts shall be paid to District on the Material excavated and sold by Lessee from the Orange Street Plant Site during the holdover period, and such amounts of such per-ton royalties as would otherwise be applicable to the Material, as adjusted by the Index through and

including the holdover period, shall be applied to reduce the credits for guaranteed annual royalty payments made in excess of royalties paid on a per-ton basis. Lessee shall pay the Orange Street Plant site rent for all time that Lessee occupies the Orange Street Plant site during such holdover period, and such Orange Street Plant Site rental shall be adjusted by the Index, using the Effective Date as the base period and the beginning of the holdover period as the adjustment date for application of the Index adjustment. Thereafter, on each anniversary date of the beginning of the holdover period, the Orange Street Plant Site rent shall be adjusted again, per the Index. Such Orange Street Plant Site rent shall not be offset against or reduced to retire any guaranteed annual royalty credits. Lessee's right to hold over on the Orange Street Plant site shall continue only until the per-ton royalty amounts applicable to such Material excavated and sold by Lessee from the Orange Street Plant Site during the holdover period are equal to the sum total of guaranteed annual royalty credits for Lessee's payments of guaranteed annual royalty in excess of per-ton royalty, which accrued prior to the holdover period, but in no event longer than five (5) years from the time of the Lease's expiration or earlier termination. Any guaranteed annual royalty credits not retired within the applicable holdover period shall be lost, and forfeited without any further liability from District to Lessee.

4.6. Late Payments. Any payment due hereunder shall be made within thirty (30) days of the expiration of the month during which the excavations occurred, or the sales or other transfers occurred. Late payments shall incur a one and one-half percent per month late charge, which charge shall be added to, and considered to be additional, rent.

5.0 Permits.

5.1. Wash Plan Processing. As of the Commencement Date the parties are cooperating as part of the Upper Santa Ana River Wash Land Management and Habitat Conservation Plan Task Force ("Task Force") to process and secure approval of the Wash Plan. Under the agreement forming the Task Force, each of the participants was assigned a certain percentage of allocation for the overall costs of the Wash Plan. Beginning on the Commencement Date, and continuing until the Wash Plan gets final approval, or either parties' participation in the Task Force agreement shall have been finally terminated, either as provided in paragraph 23 of that agreement, or upon dissolution of the Task Force pursuant to paragraph 22 of the Task Force agreement, Lessee shall advance to District one-half of District's share of the Wash Plan processing and consultant costs, under the allocation as defined in the Task Force agreement. All such advanced costs shall be credited against any guaranteed annual royalty otherwise owing from Lessee to District, and to the extent such advanced costs exceed the amount of guaranteed annual royalty, shall be credited against future years' guaranteed annual royalty, until the entire amount of such advanced costs has been retired.

5.2. Lessee's Obligation to Secure Permits. Notwithstanding the parties' mutual efforts to effectuate the Wash Plan, it is and shall be the Lessee's sole responsibility to secure any and all land entitlements, SMARA permits or approvals, conditional use permits, or any and all discretionary permits required for Lessee to operate and maintain its operations on the Premises for the excavation, processing, removal, and sale of Material therefrom, including

any reclamation plans, or requirements, from all applicable federal, state and local jurisdictions (collectively "permits" herein). In the event the Wash Plan fails to result in the grant of such permits, Lessee shall diligently and continuously take all other actions necessary to obtain all permits required to accomplish the Material excavation purposes set forth herein, and shall obtain such permits at Lessee's sole cost and expense. Lessee shall submit to District, no less than forty five (45) days prior to submission of any permit application, or forty five (45) days prior to accepting any conditions that may be imposed on any such permit, all information, studies, applications, and other information relative to the permit or the proposed terms and conditions proposed to be imposed on same, for District's prior, written approval. District's review shall be limited to such permit applications, and / or permit conditions that the District determines, in the exercise of its reasonable discretion, could impair its ability to perform its water storage, conservation or spreading activities, or District's other reserved rights and uses in the Premises under this Lease, and / or impact the Premises beyond the term of this Lease. District shall not unreasonably disapprove the permit nor the conditions thereto. Lessee shall not finalize the permit, nor take any action in furtherance of conducting activities pursuant to any permit, until the District has approved the permit and any conditions thereto. In the event District fails to approve or disapprove any permit submitted to it by Lessee, provided that all proposed conditions have been documented and forwarded to District, within forty five (45) days from District's receipt of same from Lessee, the permit and conditions thereto shall be deemed approved by the District.

5.3. District Cooperation With Permits. District agrees that within the bounds of its reasonable discretion as reserved in Section 5.2 above, it will reasonably cooperate with Lessee and Lessee's efforts to obtain applicable permits and land use entitlements to allow Lessee to fulfill the purposes of this Lease, including, but not limited to, execution of petitions, applications or authorizations for applications. No consent given under this Lease by the District shall affect or limit Lessee's obligations under this Lease, nor shall any approvals or consents given by the District, in its capacity as the owner of the Premises, be deemed to be approval as to compliance or conformance of any application or any permit with applicable governmental codes, laws, orders, rules, or regulations.

5.4. Habitat Mitigation Dedications. District and Lessee acknowledge that effectuation of the Wash Plan, or potentially other permits should the Wash Plan not come fruition, may require the dedication by District of various areas, within or without the Premises, for endangered or threatened species habitat preservation or management. Notwithstanding this, however, District and Lessee agree to cooperate reasonably in an effort to effectuate the Wash Plan, as consistently as possible with the identified mitigation areas from the Final Environmental Impact Report for the Wash Plan certified by the District in 2008. The parties acknowledge the need to meet and confer, between themselves and other members of the Task Force, regarding the proper identification of any such required mitigation areas, the degree of reserved water conservation activity the District may require as a result of any encumbrance of District property for such purposes, and the nature and cost of habitat management strategies appropriate for such areas, none of whose specifics is presently known at this time. District and Lessee agree to cooperate reasonably on such subjects, in an attempt to effectuate the purposes of the Wash Plan and the purposes of this Lease.

5.5. Lessee Indemnification re Permit Challenges. Except at to such permits as may be obtained by the parties pursuant to the Wash Plan, Lessee shall indemnify, defend and hold the District harmless from any action, judicial or otherwise, contesting the validity of any permit granted to Lessee by the District or any other permitting jurisdiction, and Lessee shall promptly pay any judgment or award against the District in any such action, and shall take all other measures necessary to diligently defend and resolve any challenge to the validity of any such permit.

5.6. Transfer of Permits. Upon the expiration or earlier termination of this Lease, all transferable permits applicable to the Premises shall immediately transfer to the District, and Lessee shall take all actions required to complete such transfer, and otherwise cooperate fully with the District in accomplishing everything required to complete such transfer.

6.0 Use and Operation of Premises.

6.1. Safeguards. Lessee shall, at all times during this Lease, maintain proper and adequate safeguards on the Premises to assure its orderly use, and to prevent intrusion from trespassers, playing children and vandals.

6.2. No Waste or Nuisance. Lessee shall not maintain, commit or permit the maintenance of or commission of any waste or any nuisance (as defined in California Civil Code section 3479) within the premises. Lessee shall not use or permit the use of the Premises for any unlawful purpose.

6.3. Hazardous Materials Lessee shall not cause, permit or suffer the release or dumping of any Hazardous Materials on the Premises at any time. As used in this Lease, the term "Hazardous Materials" shall mean:

(a) Hazardous wastes, hazardous materials, hazardous substances, hazardous constituents, toxic substances or related materials, whether solids, liquids or gases, including but not limited to, substances deemed as "hazardous wastes," "hazardous materials," "hazardous substances," "toxic substances," "pollutants," "contaminants," "radioactive materials," or other similar designations in, or otherwise subject to regulation under, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), 42 U.S.C. §§ 9601 *et seq.*; the Toxic Substance Control Act ("TSCA"), 15 U.S.C. § 2601, *et seq.*; the Hazardous Materials Transportation Act, 49 U.S.C. § 1802; the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. § 9601, *et seq.*; the Clean Water Act ("CWA"), 33 U.S.C. § 1251, *et seq.*; the Safe Drinking Water Act, 42 U.S.C. § 300, *et seq.*; the Clean Air Act ("CAA"), 42 U.S.C. § 7401, *et seq.*; the Hazardous Waste Control Law, California Health & Safety Code § 2025, *et seq.* and Health & Safety Code § 33349; the Carpenter-Presley-Tanner Hazardous Substance Account Act, California Health & Safety Code Div. 20, Ch. 6.8; the Hazardous Materials Release Response Plans and Inventory Act, California Health & Safety Code Div. 20, Ch. 6.95; the Underground Storage of Hazardous Substances Act, California Health & Safety Code Div. 20, Ch. 6.7; the Porter-Cologne Act, California Water

Code § 13050, *et seq.*; and in any permits, licenses, approvals, plans, rules, regulations, or ordinances adopted, or other criteria and guidelines promulgated pursuant to, the preceding laws (collectively, the “Environmental Laws”); and

(b) Any other substances, constituents or wastes subject to any applicable federal, state or local law, regulation or ordinance, including any Environmental Law now in effect, including but not limited to petroleum, refined petroleum products, waste oil, waste aviation or motor vehicle fuel, asbestos, lead in water, paint or elsewhere, radon, polychlorinated biphenyls (PCBs), and ureaformaldehyde.

Lessee shall defend, indemnify, and hold District harmless for any release of any Hazardous Materials on the Premises caused by or arising from Lessee’s possession of the Premises, or any of its activities undertaken thereunder except cause by the negligence or willful misconduct of District or any breach of District’s warranties. Such indemnification shall include promptly paying any and all costs for site characterization, remediation, and any and all judgments for damages to persons or property, including any penalties, regulatory fines, or any other liabilities which may arise out of the Hazardous Materials released.

6.4. Maintenance and Perimeter Controls. Lessee shall, to the satisfaction of the District, keep and maintain the Premises and all improvements of any kind thereon in a state of good repair, clean, safe, and in compliance with all regulatory standards, laws, ordinances, statutes, and regulations applicable thereto, and any licenses or permits in connection therewith. Lessee shall maintain, and repair, fencing around the exterior boundaries of any active excavation on the Premises, so as to prevent purposeful or accidental intrusion by unauthorized persons or parties; provided, however, Lessee shall not be responsible or liable for maintenance, repair, or fencing around any portion of the Premises devoted to District’s water spreading facilities on which no active excavation occurs. District shall be given keys, combinations, or other means of access through any such gates that may be connected or maintained pursuant to this requirement. Lessee and District shall each indemnify the other for any claims, liabilities, losses, or damages to persons or property caused by the indemnifying party’s negligence or willful misconduct regarding such perimeter controls.

6.5. Mining Controls. In addition to complying with the conditions of any mining permit or other governmental approval relating to its mining activities, Lessee shall conduct its mining activities on the Premises subject to the following conditions and limitations:

(a) Timing. Lessee will notify the District in writing regarding which specific areas of the Lease Property will be mined, and at what times. Such notice shall be for the purpose of permitting the District to utilize portions of the Premises which are not actively being mined by Lessee, for water spreading activities or other activities which do not unreasonably inhibit or interfere with Lessee’s proposed mining activity, which right is specifically granted to and reserved by the District. District and Lessee agree to reasonably coordinate their respective activities to minimize any interference with both groundwater recharge activities and mining activities.

(b) Mining Within Acceptable Distance to Groundwater.

(i) For all mining areas, Lessee shall establish, at its own cost, groundwater monitoring wells, at such times, and in such locations and numbers, as may be reasonably required by District to determine groundwater levels in the vicinity of active mining areas. Such wells shall be established in numbers and at locations sufficient to provide information regarding groundwater levels throughout the full extent of Lessee's active mining operations. District shall at all times have access to such wells, and may utilize such wells at any time to monitor or characterize groundwater levels; provided, however, District shall promptly replace or repair any damage caused by the District to the monitoring wells. Lessee does not warrant or confirm the accuracy of the monitoring wells and the District assumes all risk in utilizing the information obtained from the monitoring wells. District shall operate and maintain such wells, provided that Lessee shall not conduct any operations on the Premises which could damage or destroy such monitoring wells. Lessee shall promptly repair or replace any wells damaged by Lessee's mining or other activities, at Lessee's cost.

(ii) In the event groundwater levels in or around Lessee's mining operations rise to a point that is within twenty feet (20') of any active excavation, all such operations shall thereupon immediately be halted by Lessee, until such time as the groundwater table level drops to a point more than twenty feet (20') below the level of any active mining operations. Lessee shall be released from any payment obligations which accrue during any period in which Lessee is required to halt excavation activities under this subsection (ii). In addition, Lessee's Guaranteed Annual Royalty shall be reduced proportionally based on the number of days Lessee is required to cease excavation activities.

(iii) In the event of any unplanned cessation of mining activity by Lessee because of groundwater levels, District shall use its best efforts to redirect surface water recharge to areas which will not exacerbate high groundwater conditions in areas of active mining operations, and shall continue to do so until 1) the high groundwater conditions have abated, and mining activities can resume within the necessary twenty foot (20') separation between mining activities and groundwater levels in the affected area of active mining operations, or 2) it appears that District's operations are not affecting groundwater levels in the affected area of active mining operations, or 3) District has no reasonable alternative to spreading water in or around the areas of active mining operations.

(c) Depths. The Premises shall be mined in phased depths, as follows:

(i) In the initial phase, all of the Premises may be mined to a maximum depth of seventy-five feet (75').

(ii) In the second phase, all of the Premises may be mined to an additional depth of twenty-five feet (25'), provided:

(a) No more than fifteen percent (15%) of reserves are available to Lessee in the Premises above the Phase I depth limit of seventy-five feet (75') (excluding any reserves that are located at the Orange Street Plant Site which), lands are being utilized for processing, shipping, and storage of Materials; and

(b) Groundwater monitoring well information indicates such additional twenty-five foot depth can be achieved without posing an unreasonable risk of contamination, evaporation, or other risk, to groundwater.

(iii) The third phase will permit mining of the Lease Property to an additional depth of twenty feet (20'), provided:

(a) No more than fifteen percent (15%) of reserves are available to Lessee in the Premises above the Phase II depth limit of one hundred feet (100') (excluding any reserves that are located at the Orange Street Plant Site), which lands are being utilized for processing, shipping, and storage of Materials; and

(b) Groundwater monitoring wells indicate such additional depth can be achieved without posing an unreasonable risk of contamination, evaporation, or other risk, to groundwater.

(d) Side Slopes. For all portions of the Premises which are located in Section 12, mining shall be conducted in such manner that the ultimate side slope excavations and pit bottoms are never at any time steeper than 3:1 as measured from permitted setbacks. For those portions of the Premises located in Section 9, 10, and 11, side slopes shall be no steeper than 2:1 except existing slopes mined prior to the Effective Date left a finished slope steeper than 2:1, and the parties agree that Lessee has no obligation to correct those slopes. The ultimate side slopes, except at the Northwest corner of the Redlands Aggregate North parcel (south ½ of the northeast ¼ of Section 11, T1S, R3W, SBBM), and except where such side slopes were already in their final configuration as of the Effective Date of the July 10, 1997 Lease Amendment, shall be maintained in their natural condition, not reconstructed or recompacted.

6.6. Silt Deposits. District agrees that Lessee may deposit silt or impermeable lines within the Premises, only as follows:

(a) Alabama Pit No. 2 may be filled to its full capacity.

(b) The existing silt located along the north edge of the Johnson South Parcel and the existing silt pond on the Johnson North Parcel (consisting of the 80 acre parcel located in the South one-half of the Northwest one-quarter of

Section 11, T1S, R3W, SBBM), as shown and delineated in Exhibit "C" hereto, may remain, and effective on the Effective Date District waives any demand or claim for removal of silts deposited in such area by Lessee. District's waiver is of District's right, if any, to demand removal of such silts under its contractual rights as Lessor, and District makes no further representation or warranty regarding Lessee's ability to maintain any silts already deposited or whether such deposits comply with any applicable laws, statutes, regulations, or permit conditions of any kind. In addition, Lessee may use the Johnson North Parcel (but no portion of the Johnson South Parcel) for future deposit of silts or impermeable fines. Lessee shall not conduct any mining activity on the Premises north of the existing Johnson North parcel silt pond, except as may ultimately be allowed under the Wash Plan. The existing silt pond on the Johnson North Parcel (consisting of the 80 acre parcel located in the South one-half of the Northwest one-quarter of Section 11, T1S, R3W, SBBM), may remain. In addition, Lessee may use this area for future deposit of silts or impermeable fines. Lessee shall not conduct any mining activity on the Premises north of the existing Johnson North parcel silt pond.

(c) For both the Alabama Pit No. 2 and the Johnson North Parcel silt ponds, Lessee shall reclaim the areas by grading the top level of such silts or impermeable Materials according to the reasonable specifications of District, and by backfilling with non-silt, pervious earth Material of at least ten feet (10') of depth, and construct shallow water percolation basins and dikes thereon above the ten feet of pervious Material, all to the reasonable specifications of the District, so as to make the reclaimed land usable for spreading water in shallow surface ponds. Lessee shall not be responsible for payment of royalty for any Material excavated exclusively for such purposes.

(d) All pit bottoms shall be scarified to a depth of two feet (2'), as part of Lessee's reclamation activities, prior to quitting any mining site.

6.7. Lessee Production of Water. In addition to the groundwater monitoring wells provided for in Section 6.5 (2) (i), Lessee may sink such groundwater wells, or otherwise produce water from the Premises, as may be reasonably required in the quarrying, processing, and transportation of Material excavated and sold or removed from the Premises. Any wells established by Lessee on the Premises shall be considered improvements, and shall be subject to the requirements of Section 2.1 above. Lessee shall, in addition to any and all other payments due under this Lease, pay any groundwater charges associated with production of groundwater from the Premises, at then-applicable rates, and shall pay any and all other permitting or other charges required to establish and operate such wells. In connection with such wells, Lessee shall, upon reasonable request by the District, provide such information regarding groundwater levels, or water quality, produced from such wells, as Lessee otherwise does or is required to produce as a well operator, at no additional charge to District

7.0 District's Reservations.

7.1. District's Reservation for Water Conservation Activities. District reserves the right, from time to time and as it deems necessary in the exercise of its reasonable discretion, to utilize all or any portion of the Premises for its water recharge, conservation, spreading, and other operations. In connection with the exercise of this reserved right, the Conservation District shall make every effort to harmonize its water conservation activities with the then-current and anticipated immediate future excavation and other activities of Lessee, with the goal that the mining activity and the water conservation activity can harmoniously exist, without interruption to either. In the exercise of these reserved conservation rights, District shall do all of the following:

(a) Provide Lessee no less than forty-eight (48) hours' notice of its need to utilize portions of any active excavation areas, or areas of active haul road or other transport of excavated Material to and from areas of excavation and the plant site or stockpiling sites utilized in connection with the same.

(b) District shall not take all then-permitted portions of the Premises, which at that time Lessee is or could actively mine, out of production.

(c) Except in circumstances of sudden threatening precipitation, threat of immediate flooding from dam releases or other causes, or other immediate danger to persons or property, District shall meet and confer with Lessee to determine the appropriate areas for the exercise of the District's reserved water spreading rights as they impact active areas of excavation or other Lessee activities, to harmonize the need for areas of spreading with the needs of portions of the Premises for the activities permitted or authorized by this lease.

7.2. No Liability. Notwithstanding the procedural restrictions above, District shall have no liability to Lessee for any interruptions to excavations, or any other activities Lessee may undertake on the Lease, from the exercise of its reserved water spreading rights except as otherwise provided herein.

7.3. Inspection and Monitoring. District shall have the right, at all times during the pendency of this Lease, and at its own expense, to have an inspector remain on the Premises, including any plant site, scales, or sales areas, to observe, monitor, and inspect all aspects of Lessee's operations, and to confirm the validity and accuracy of Lessee's record keeping with respect to excavation and sale and removal of Material, and Lessee's compliance with all other aspects of the Lease. Such inspector shall be required to have all reasonable safety clearances or certifications required to access such areas of the Premises as District desires to monitor, as may be required under federal, state, or local statute, ordinance, or regulation. In addition, the inspector shall comply with Lessee's reasonable operating procedures and regulations, and shall undertake its monitoring activities in such a way as not to unduly disrupt, delay, or interfere with Lessee's operations.

7.4. Periodic Inspections. Whether or not District exercises its right to have an inspector on the Premises, District may, at any time during the pendency of this Lease, and upon no less than twenty four (24) hours' notice, come on to the Premises to assure compliance with permit conditions, conditions of the Lease, or the proper counting of tonnages excavated or sold.

7.5. Confidentiality of Information. All information received by the District pursuant to any inspection it maintains on the Premises, or any of its periodic inspections, shall be used solely for the purpose of assuring compliance with the terms of the Lease, and shall be considered confidential to Lessee, and kept confidential by District to the full extent permitted by the law. In connection with the receipt of such information, both District and Lessee specifically intend that the information is considered to be protected under Government Code section 6254(e), and shall not constitute a public record.

7.6. Audit. District may, no more frequently than once every two (2) years, and at its own expense require a full audit of Lessee's books, records, receipts, accounts, and any or all other information pertinent to the payment of plant site rent, royalties, or guaranteed annual royalty hereunder, including tonnages of Material excavated, sold, or otherwise transferred from the Premises the Redlands Aggregates Site, or both. Lessee shall reasonably and promptly cooperate with any and all requests made by District in connection with such audit, and any and all information received by the District in connection with such audit shall be considered confidential, as provided in the immediately preceding Section. To the extent the audit reveals any discrepancies between the amounts of plant site rent, royalty, or guaranteed annual royalties due, or any claimed offsets for Wash Plan processing costs or other items that may be agreed to between the parties as a legitimate offset to any amounts otherwise owing under the Lease, the party from whom either payment or refund is owing shall promptly pay the amount indicated by the audit. In the event of any disagreement as to the accuracy or results of the audit, the matter shall be submitted to binding arbitration, as provided for herein.

8.0 Binding Arbitration. In the event of any dispute arising under this Lease, including but not limited to disputes with respect to tonnages of Material excavated or sold or otherwise removed from the site, amounts of plant site rent, per-ton royalty, or guaranteed annual royalty, advanced costs for Wash Plan processing, or other amounts claimed due from one party to the other under this Lease, the determination of Fair Market Royalty, or any other controversy or dispute arising under this Lease, the matter shall be submitted to binding arbitration. To the extent not otherwise provided herein, any party wishing to submit any disagreement or alleged breach or noncompliance with any of the covenants or other provisions of this Lease shall first make demand upon the other party, in writing, specifying the issue, the amounts claimed due if known, and the steps it requires of the other party to resolve the dispute. Following such written notice, the parties shall, unless a different time period is specifically provided for otherwise herein, meet and confer in an attempt to resolve the dispute for a period of fourteen (14) days thereafter. In the event parties are unable to come to resolution, either party may demand that the matter may be submitted to binding arbitration. If such a demand is made, both parties shall, within five (5) business days of the receipt of the written demand to submit to arbitration, submit to the other a list of three (3) proposed arbitrators. Following exchange of such lists, the parties shall attempt to mutually select a single arbitrator to arbitrate the dispute. In the event the parties are unable to do so, each of the parties shall strike two arbitrators from the list of the other party, and the two remaining listed arbitrators shall thereupon decide upon a third arbitrator, who shall be someone other than the three originally listed by either party. Arbitrations regarding Fair Market Royalty shall proceed as provided for in Section 4.3 above. Arbitrations on all other subjects shall proceed according to such rules as the parties may reasonably agree to, and in the absence of their ability to agree, upon such rules as may be imposed by the single selected arbitrator. The decision of the arbitrator shall be final and binding, with each party waiving any

right to jury or other judicial determination of the dispute, except that the award may be corrected, or vacated, as provided by Code of Civil Procedure sections 1280 et seq. Notwithstanding Code of Civil Procedure section 1286.4 and 1286.8, the award may also be vacated or corrected if it is clearly contrary to law. Each party shall initially bear its own costs and fees in connection with the prosecution and hearing of the arbitration, and shall pay one-half (1/2) of the costs of the arbitrator. The advanced share of the arbitrator's costs and expenses, and attorneys' fees, expert witness fees, and the fees of any audit shall be considered as recoverable costs of the arbitration, and the reasonable costs thereof shall be recoverable by the prevailing party, in addition to any other relief that might be awarded.

9.0 Insurance. Lessee shall maintain, and keep in effect, all of the following policies of insurance at all times it occupies the Premises:

9.1. Workers' Compensation Insurance. By signature hereunder, Lessee certifies that Lessee is aware of the provisions of Section 3700 of the Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and Lessee will comply with such provisions before commencing the performance or the work of this Agreement.

9.2. Workers' Compensation and Employer's Liability Insurance. Lessee, its agents, and its sub-contractors shall cover or insure under the applicable laws relating to workers' compensation insurance, all of their employees employed directly by them or through subcontractors in carrying out the work contemplated under this Agreement, all in accordance with the Workers' Compensation and Insurance Act, Division IV of the Labor Code of the State of California and any Acts amendatory thereof. Lessee shall provide employer's liability insurance in the amount of, at least, \$1,000,000 per accident for bodily injury and disease.

9.3. Liability Insurance. Lessee shall provide and maintain at all times during the performance of this Agreement, the following commercial general liability insurance:

(a) Coverage. Coverage shall be at least as broad as the following:

(1) Commercial General Liability. Commercial General Liability coverage (Occurrence Form CG 0001) in the amount of two million dollars (\$2,000,000) per occurrence for bodily injury, personal injury, and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2501 or insurer's equivalent endorsement provided to the District) or the general aggregate limit shall be twice the required occurrence limit.

(2) Required Provisions. All policies specified hereunder shall state or be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days (10 days for nonpayment of premium) prior written notice by U.S. mail has been given to the District.

(3) Required Format. All of the liability insurance shall be provided on policy forms satisfactory to the District. All insurance

correspondence, notations, certificates, or other documents from the insurance carrier or agent/broker shall each separately reference the District project number.

(4) Deductibles and Self-Insured Retention. Any deductible or self-insurance retention must be declared to and approved by the District. At the option of the District, the insurer shall reduce or eliminate such deductibles or self-insured retention.

(5) Acceptability of Insurers. Insurance is to be placed with insurers having a current A.M. Best's rating of no less than A-:VII or equivalent or as otherwise approved by the District.

(6) Evidences and Cancellation of Insurance. Prior to execution of this Agreement, Lessee shall file with the District evidence of insurance satisfactory to the District. The insurer will give by U.S. mail written notice to the District at least thirty (30) days prior to the effective date of any cancellation, except for nonpayment of premium for which ten (10) days prior written notice will be given. Lessee shall, upon demand of the District, deliver to the District all such policy or policies of insurance and the receipts for payment of premiums thereon.

9.4. Subcontractors. In the event that Lessee employs other contractors as part of the services covered by this Agreement, it shall be the Lessee's responsibility to confirm that each subcontractor meets the minimum insurance requirements specified above.

10.0 Default or Termination.

10.1. Default by Lessee. Each and every covenant and agreement contained in this Lease is declared to be a condition to the Lease, and to the rights hereby granted to Lessee. Lessee shall be considered to have materially breached this Lease, giving the District the remedies set forth in Section 10.2 below, in the event that any one or more of the following occur:

(a) Lessee fails or refused to pay to the District any royalties or other rentals due hereunder when due, and such royalty or rent remains unpaid for thirty (30) days after written notice by the District to Lessee; or

(b) Lessee defaults in the performance of or breaches any covenant, condition, or provision contained in this requirement other than set forth in Section 10.1 (a) hereinabove, and such default or breach is not cured within thirty (30) days after written notice thereof is served by the District on Lessee, or if such cure is physically impossible to cure within thirty (30) days, Lessee has begun and diligently prosecuted such cure.

(c) Lessee becomes insolvent. For the purposes of this Lease, Lessee shall be conclusively presumed to have become insolvent if (i) a receiver is appointed to take possession of all or substantially all of Lessee's property

because of insolvency; or (ii) Lessee makes a general assignment for the benefit of creditors; or (iii) Lessee allows any judgment against Lessee to remain unsatisfied or unbonded for a period of thirty (30) days or longer; or (iv) an attachment or execution is levied upon or against any or all of Lessee's right, title, or interests in or under this Lease, and the same shall not have been released within thirty (30) days from the date thereof; or (v) proceedings or receivership in bankruptcy have been instituted against Lessee; or (vi) Lessee is adjudicated bankrupt.

(d) Any disagreement between the parties as to whether a default has occurred shall be decided by binding arbitration, as provided for herein.

10.2. Remedies on Lessee's Default. Should Lessee breach this Lease, the District may, in addition to any other remedy given the District by law or in equity:

(a) Continue this Lease in effect by not terminating Lessee's right to possession of the Premises, in which event District shall be entitled to enforce all of the District's rights and remedies under this Lease, including the right to recover the royalties and other rental payments specified herein, as such royalties and payments become due under this Lease; or

(b) Terminate this Lease and Lessee's right to possession of the Premises;

(c) In the event Lessee becomes insolvent, the District may, by giving thirty (30) days' written notice to Lessee or to the person appointed to manage Lessee's affairs at the address for such person appearing in the official records of the court that appointed such person, terminate this Lease and forfeit Lessee's rights under the Premises and in any Improvements or facilities on or appurtenant to the Premises.

The remedies herein shall not be exclusive, but shall be cumulative and in addition to any and all of the remedies now or hereafter allowed by law or otherwise authorized in this Lease, and the exercise of one or more of said rights, powers, elections, or remedies shall not impair the District's right to exercise any other right, power, election, or remedy.

10.3. Lessee's Right of Termination. Lessee may terminate this Lease, with or without cause, at any time after the first anniversary of the Commencement Date, by providing District no less than one hundred and eighty (180) days' written notice. Upon giving such notice, and until the one hundred eighty day period passes, the Lease shall remain in effect, and Lessee shall fulfill all obligations of Lessee hereunder which accrues during the one hundred eighty (180) days, including the payment of Orange Street Plant Site rent, guaranteed annual royalty and any per-ton royalty amounts.

10.4. Surrender of Possession. At the expiration or termination of this Lease, for whatever reason, Lessee shall execute, acknowledge, and deliver to the District a Quitclaim Deed conveying all right, title, and interest of the Lessee to the Premises, both land and improvements. Thereafter, Lessee shall promptly, but in any event no later than six (6) months

following the expiration or earlier termination of the Lease, remove all Improvements (unless the requirements for such removal has been waived in writing by District), portable buildings, equipment, and personal property placed on the Premises by Lessee, and clear the Premises of all debris, and otherwise surrender to the District the Premises in good order and clean condition.

10.5. Quiet Enjoyment. District represents, covenants and warrants that Lessee, upon paying the rent and performing the covenants herein provided, shall peacefully and quietly have, hold and enjoy the Premises, subject to District's reserved rights hereunder.

11.0 Encumbrance, Assignment, and Subletting.

11.1. Hypothecation.

(a) Lessee shall have the right at any time, from time to time, and subject to prior written approval of the District (except to the extent any Improvements are subject to an encumbrance prior to the execution of this Lease), to subject the leasehold estate and any or all Improvements placed or to be placed on the Premises to one or more deeds of trust or other security instruments (collectively "Leasehold Deed of Trust" herein) as security for a loan or loans or other obligation of Lessee, provided that:

(i) The Leasehold Deed of Trust and all rights acquired under it shall be subject and subordinate to each and all of the covenants, conditions, and restrictions stated in this Lease, and to all rights and interest of the District except as otherwise provided herein, and

(ii) Lessee shall give District prior notice of any such Leasehold Deed of Trust, and shall accompany the notice with a true copy of the note and deed of trust.

11.2. Assignment and Sublease; Transfer Restrictions. Lessee may assign or sublease all or a portion of its interest hereunder to any other entity, but only with the prior written permission of the District. For the purposes of this Lease, an "assignment" shall include a transfer to any person or group of persons acting in concert, of more than twenty-five percent (25%) of the present ownership and/or control of Lessee in the aggregate, taking all transfers into account on a cumulative basis, except transfers of such ownership or control interest between members of the same immediate family, or transfer to a trust, testamentary or otherwise, in which the beneficiaries are limited to members of the transferor's immediate family. In the event Lessee or its successor is a corporation or trust, such transfer shall refer to the transfer of the issued and outstanding capital stock of Lessee, or of the beneficial interests of such trust; in the event that Lessee or its successor is a limited or general partnership, such transfer shall refer to the transfer of more than twenty-five percent (25%) of the limited or general partnership interest; in the event that Lessee or its successor is a joint venture, such transfer shall refer to the transfer of more than twenty-five percent (25%) of the ownership and/or successor control of any such joint venture partner, taking all transfers into account on a cumulative basis.

11.3. Licenses. Lessee shall have the right to grant licenses for ingress and egress to the Premises in connection with any assignment or sublease, provided such licenses are

made specifically subject to the covenants contained in this Lease, and do not extend beyond the term of this Lease. Upon any assignment, the assigning Lessee shall have no further obligation or liability under this Lease with respect to the portion assigned, except for such obligations that arose from the period of such assigning Lessee's occupancy of the Premises, and the new Lessee shall agree in writing to be bound by all terms and conditions hereof.

12.0 Transfer Premises. The parties agree to cooperate reasonably in defining the Transfer Premises, either before or upon the final approval of the Wash Plan, if the Wash Plan becomes effectuated. The Transfer of Premises shall be identified by way of appropriate legal description and plat maps, and shall be incorporated as Premises to which this Lease applies by way of a written amendment to this Lease. The Transfer of Premises shall not be replaced for any portion of the Premises without the mutual agreement of District and Lessee.

13.0 Condemnation. If during the term of this Lease, all or any portion of the Premises is acquired for public use by the use of eminent domain, or transfer under threat of eminent domain, the following shall apply:

(a) District shall be entitled to all compensation awarded for the taking of the Premises, including any leasehold bonus value, except that Lessee shall be entitled to any portion of the award representing the value of its leasehold improvements (less any reversionary value allocable to District upon the scheduled end of the lease term), moveable equipment, inventory, moving expenses or relocation benefits, any award for loss of Lessee's business goodwill, and any separately-assessed attorneys fees or costs which are awarded solely to Lessee.

(b) If the entire Premises are taken pursuant to any condemnation proceeding, or acquisition under threat of condemnation, the Lease shall terminate in its entirety, effective on the date the acquiring entity takes actual possession of the Premises. If only a part of the Premises is taken pursuant to any condemnation proceeding, or acquisition under threat of condemnation, and the part taken is so essential that the remainder Premises subject to the Lease is no longer suitable for the purposes of the Lease, Lessee shall have the option to terminate this Lease. Such option shall be exercised in writing, no later than: (1) thirty (30) days after the filing of any complaint in eminent domain and service of same upon Lessee; or (2) within thirty (30) days of Lessee being notified, by District or any other party, of the acquiring entity's intent to acquire by eminent domain, accompanied by a legal description or other detailed indication of the specific area and property interests the acquiring entity proposes to take, whichever of the two occurs earlier. Any dispute between the District and Lessee as to whether a part taking taken is so essential that the remainder Premises subject to the Lease is no longer suitable for the purposes of the Lease shall be submitted to binding arbitration as provided herein if no condemnation action is then pending, and if such an action is pending, by the court hearing and determining such action.

(c) If only a part of the Premises is taken pursuant to a condemnation proceeding or acquisition under threat of condemnation, and there is either (1) no such material impairment of Lessee's use of the remaining portion of the Premises, or (2) Lessee otherwise elects not to terminate this Lease as provided in this Section, then the Lease shall terminate only as to the portion taken, effective on the date the acquiring entity takes actual possession of the portion taken, and the Lease shall continue in full force and effect as to the remaining portion of the Premises.

(d) If any portion of the plant site is taken as part of a partial taking, the plant site rent shall be reduced, in a percentage equal to the percentage the land taken area from the plant site bears to the total area of the plant site before the taking, such reduction to be effective on the date the Lease terminates as to the portion of the plant site taken. There shall be no reduction to the guaranteed annual royalty or the per-tonnage royalty, however.

14.0 Assignment and Transfer. The qualifications and identity of Lessee are of particular concern to District. It is because of those qualifications and identity that District has entered into this Agreement with Lessee. Accordingly, except as expressly set forth herein, Lessee shall not, whether voluntarily, involuntarily or by operation of law, assign, transfer or convey all or any part of this Agreement or any rights hereunder or in this Lease or the Premises without District's prior written approval, which shall not be unreasonably withheld, delayed or conditioned on items not related to the prospective assignee's financial ability to perform Lessee's requirements and obligations under this Lease, or the prospective assignee's ability to comply with the terms, conditions, or requirements of any applicable permit, entitlement, development condition, or provision of law governing the mining activities to be carried out on the premises under this Lease. Notwithstanding the foregoing, Lessee may assign its interest in this Lease to (a) an entity whose majority interest is owned or controlled by Lessee; or (b) a limited partnership or limited liability company whose general partner or managing member is Lessee. The term "control," as used in the immediately preceding sentence, means, with respect to a person that is a corporation, the right to exercise, directly or indirectly, at least 50% of the voting rights attributable to the shares of the controlled corporation, and, with respect to a person that is not a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled person

If District approves the assignment, the approval shall be subject to the satisfaction of the following conditions ("**Transfer Conditions**"):

(a) All of the obligations of this Lease shall have been assumed by the transferee pursuant to a written assignment and assumption agreement(s) in a form reasonably approved by District's legal counsel.

(b) The organizational documents of the transferee and a good standing certificate of the transferee shall have been submitted to District.

(c) There shall be no default of Lessee of this Agreement and no event has occurred that would constitute a default with the giving of notice or the passage of time.

15.0 Miscellaneous Provisions.

15.1. Notices. As expressly provided to the contrary herein, any notice, consent, report, demand document, or other such item to be given, delivered, furnished, or received hereunder, shall be deemed given, delivered, furnished, or received when given in writing and personally delivered to an authorized agent of the applicable party, or upon delivery by United States Postal Service, first class registered or certified mail, postage prepaid, return receipt requested, or by national "overnight courier," such as Federal Express, at the time of delivery shown upon receipt, and in any case, delivered to the address, addresses, and persons as each party may from time to time, by written notice designate to the other, and who initially are:

If to District: San Bernardino Valley Water Conservation District
1630 West Redlands Boulevard
Suite A
Redlands, California 92373
Attn: General Manager

With a Copy to: Rutan & Tucker
611 Anton Boulevard
Suite 1400
Costa Mesa, CA 92626
Attn: David B. Cosgrove

If to Lessee: Cemex Construction Materials Pacific, LLC
5180 Golden Foothills Parkway
Suite 200
El Dorado Hills, CA
Attn: Tom Powell

With a Copy to: Cemex
920 Memorial City Way, Suite 100
Houston, TX 77024

Attn: General Counsel

15.2. Interpretation. The terms of this Lease shall be construed in accordance with the meaning of the language used, and shall not be construed for or against either party by reason of authorship. This lease contains the full agreement of the parties with respect to the subject matter contained herein, and supersedes all prior leases, negotiations, agreements, and/or representations, whether oral or written. Specifically, this Lease supersedes the "Lease Agreement" dated September 10, 1979, between the District and C. L. Pharris Sand and Gravel, Inc., the "Lease Amendment" dated July 10, 1997 between the District and C. L. Pharris Sand

and Gravel, Inc., dba Sunwest Materials, and any other prior lease agreements between the parties with respect to any portion of the Premises. All such prior lease agreements are superseded and replaced by this Lease Agreement, including any options, rights of first refusal, or other rights that may arise thereunder, all of which are of no force or effect. This Lease constitutes the entire lease agreement between District and Lessee.

15.3. Amendment. This Lease may be amended at any time by mutual agreement of the parties, by an instrument in writing, signed by both parties, and referencing that it is an amendment to this Lease.

15.4. Corporate Authority. The persons executing this Lease on behalf of the parties hereto warrant that (i) the party on whose behalf the signature appears is duly organized and existing; (ii) such party is authorized to execute and deliver this Lease on behalf of such party; (iii) by so executing this Lease, such party is bound to the provisions of this Lease; and (iv) by entering into this Lease, such party does not violate any provision to any other agreement to which said party is bound. .

15.5. Binding on Successors. Subject to the transfer restrictions stated elsewhere in this Lease, this Lease shall be binding upon each party's respective successors and assigns.

15.6. Time is of the Essence. Time is of the essence in this Lease. Failure to comply with any requirement, including but not limited to any time requirement of this Lease shall constitute a material breach of the Lease.

15.7. Severability. The invalidity or illegality of any provision of this Lease shall not affect the remainder of the Lease. The parties hereby declare that it is their intent that, in the event one or more portions of the Lease is declared invalid or unenforceable, they intend that the remainder of the Lease continue to bind both parties, unless the severed remainder is so essential to the terms of this Lease that additional performance of the Lease is impossible or so uncertain as to render meaningful performance impossible or unrealistic.

15.8. Force Majeure. The time limits provided herein for performance of any actions required hereunder shall be extended during any time, but only during such time, as a party is unable to perform obligations to war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, casualties, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, inaccessibility of transportation or critical infrastructure, governmental restrictions or priority litigation, acts of God, or other similar causes beyond the control of, and without the fault of, the party charged to perform. The party to perform shall continue to exercise reasonable diligence to minimize the period of delay during any period of force majeure. An extension of time for any such cause shall be limited to the period of the delay, and shall commence to run from the time of the commencement of the force majeure, provided notice by the party be to perform claiming such extension is sent to the other party within ten (10) days of the commencement of the cause.

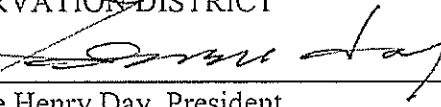
15.9. Attorneys' Fees. In the event of any suit to enforce any provision of this Lease, or to prevent or to correct any breach of this agreement, the prevailing party in such

action or proceeding, in addition to any other relief which may be granted, legal or equitable, shall be entitled to reasonable attorneys' fees. As used herein, "attorneys' fees" shall include costs for legal services, and all other reasonable costs for investigating the action, including the taking of depositions and discovery, and any other recoverable costs. All such fees shall be deemed accrued on the commencement of such action, and shall be enforceable whether or not such action is prosecuted to final judgment. The court in any such action shall be requested to name a prevailing party.

15.10. Counterparts. This Lease may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

Dated: _____

SAN BERNARDINO VALLEY WATER
CONSERVATION DISTRICT

By: 
Clare Henry Day, President

APPROVED AS TO FORM:


RUTAN & TUCKER, LLP



By: David B. Cosgrove
General Counsel

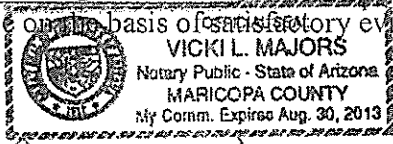
Dated: _____

CEMEX CONSTRUCTION MATERIALS
PACIFIC, LLC

By: 
V.P. _____

Arizona
State of ~~California~~
County of ~~Orange~~ Maricopa

Subscribed and sworn to (or affirmed) before me on this 23rd day
of October, 2011, by OSCAR FRIAS,
proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

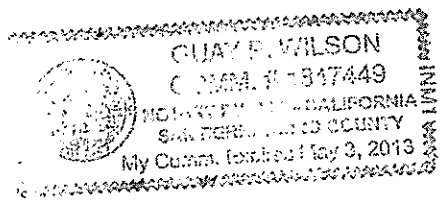


Seal: _____
Signature Vicki L. Majors

State of California
County of ~~Orange~~ San Bernardino

Subscribed and sworn to (or affirmed) before me on this 21 day
of October, 2011, by Clara Reyes Diaz,
proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Seal: GUAY P WILSON
Signature G P Wilson



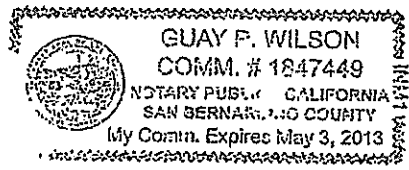
State of California

County of ~~Orange~~ ^{San} Bernardino

Subscribed and sworn to (or affirmed) before me on this 31 day of October, 2011, by Chris Perry proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Seal: Guay P Wilson

Signature G P Wilson



State of California

County of ~~Orange~~ San Bernardino

Subscribed and sworn to (or affirmed) before me on this _____ day of _____, 2011, by _____ proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Seal: _____

Signature _____

Exhibit "A"

Legal Descriptions of: "PREMISES" Properties

	<u>Approx. Acres</u>
<u>Parcel I-1:</u> (Portion of WCD Parcel 11-2) North one-half of the North one-half of Section 11, T. 1 S. R. 3 W., SBB&M, excepting therefrom the North 40 feet.	155
<u>Parcel I-2:</u> (Portion of WCD Parcel 11-1) South one-half of the Southeast Quarter of Section 11, T. 1 S., R. 3 W., SBB&M	80
<u>Parcel I-3:</u> (WCD Parcels 12-2 and 12-3) North one-half of Section 12, T. 1 S., R. 3 W., SBB&M, except that portion lying northeasterly of the southwesterly right-of-way of the AT&SFe Railroad.	143
<u>Parcel I-3a:</u> (WCD Parcel 12-3) Three rights-of-way 80 feet wide across the AT&SFe right-of-way in the Southwest Quarter of the Northeast Quarter of said Section 12, as described in the deed from Charles Elliott to the San Bernardino & Eastern Railway Company	
	Recorded December 15, 1891 Book 144, page 16 of Records of San Bernardino County, California.
<u>Parcel II-A:</u> (Portion of WCD Parcel 11-2) East one-half of the South one-half of the North one-half of Section 11, T. 1 S., R. 3 W., SBB&M	80
<u>Parcel II-B:</u> (WCD Parcel 11-3) North one-half of the Northwest Quarter of the Southwest Quarter of Section 11, T. 1 S., R. 3 S., SBB&M	20
<u>Parcel II-C:</u> (WCD Parcel 11-4) Northeast Quarter of the Southwest Quarter of Section 11, T. 1 S., R. 3 W., SBB&M	40

Saving and excepting from the above parcels the main canal of lessor which crosses the property in an east-west direction and reserving unto lessor an easement 40 feet wide across the property adjacent to the Southerly boundary.

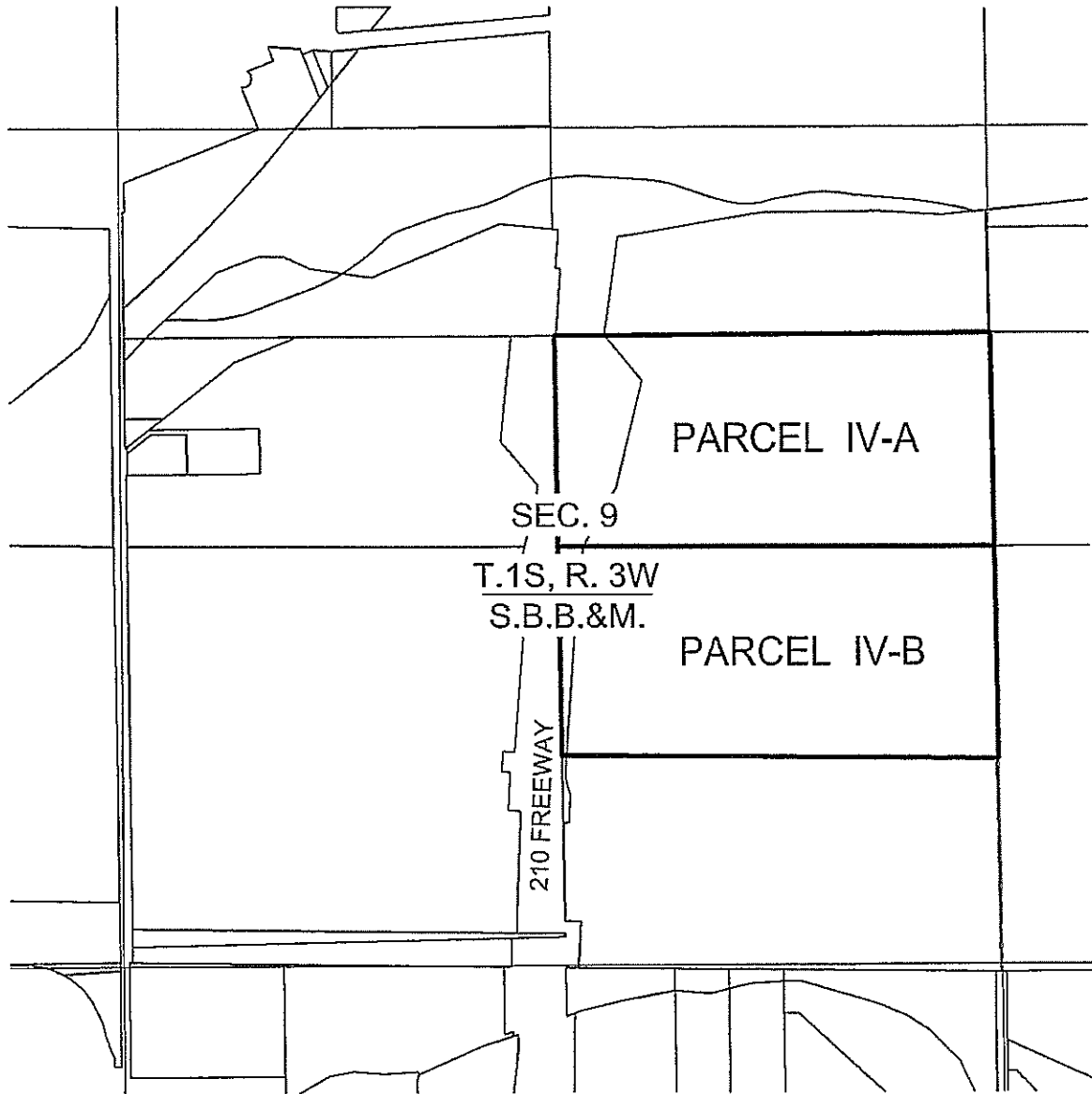
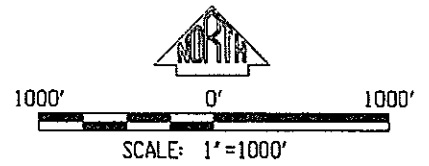
Parcel II-D: (Portion of WCD Parcel 10-2)
A non-exclusive easement across the North 60 feet of the North one-half of the Southeast Quarter of Section 10, T. 1 S., R. 3 W., SBB&M.

	<u>Approx. Acres</u>
<u>Parcel II-E:</u> (Portion of WCD Parcel 11-2) West one-half of the South one-half of the North one-half of Section 11, T. 1 S., R. 3 W., SBB&M	80
<u>Parcel III-A:</u> (Portion of WCD Parcel 11-1) The North one-half of the Southeast Quarter of Section 11, T. 1 S., R. 3 W., SBB&M	80
<u>Parcel III-B:</u> (WCD Parcel 10-2) The North one-half of the Southeast Quarter of Section 10, T. 1 S., R. 3 W., SBB&M, except the westerly 130+ feet thereof.	75
<u>Parcel IV-A:</u> (WCD Parcel 9-2) South one-half of the Northeast Quarter of Section 9, T. 1 S., R. 3 W., SBB&M.	80
<u>Parcel IV-B:</u> (Portion of WCD Parcel 9-1) North one-half of the Southeast Quarter of Section 9, T. 1 S., R. 3 W., SBB&M.	80

EXHIBIT "B"

NOV. 15, 2011

SHEET 1 OF 4



SEE SHEET 2 OF 4



JOSEPH E. BONADIMAN & ASSOCIATES INC.
consulting engineers land surveyors

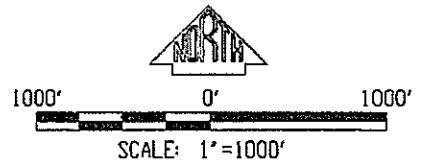
234 N. Arrowhead Ave., San Bernardino, CA. 92408
Phone: (909)885-3806 Fax: (909)381-1721

EXHIBIT "B"

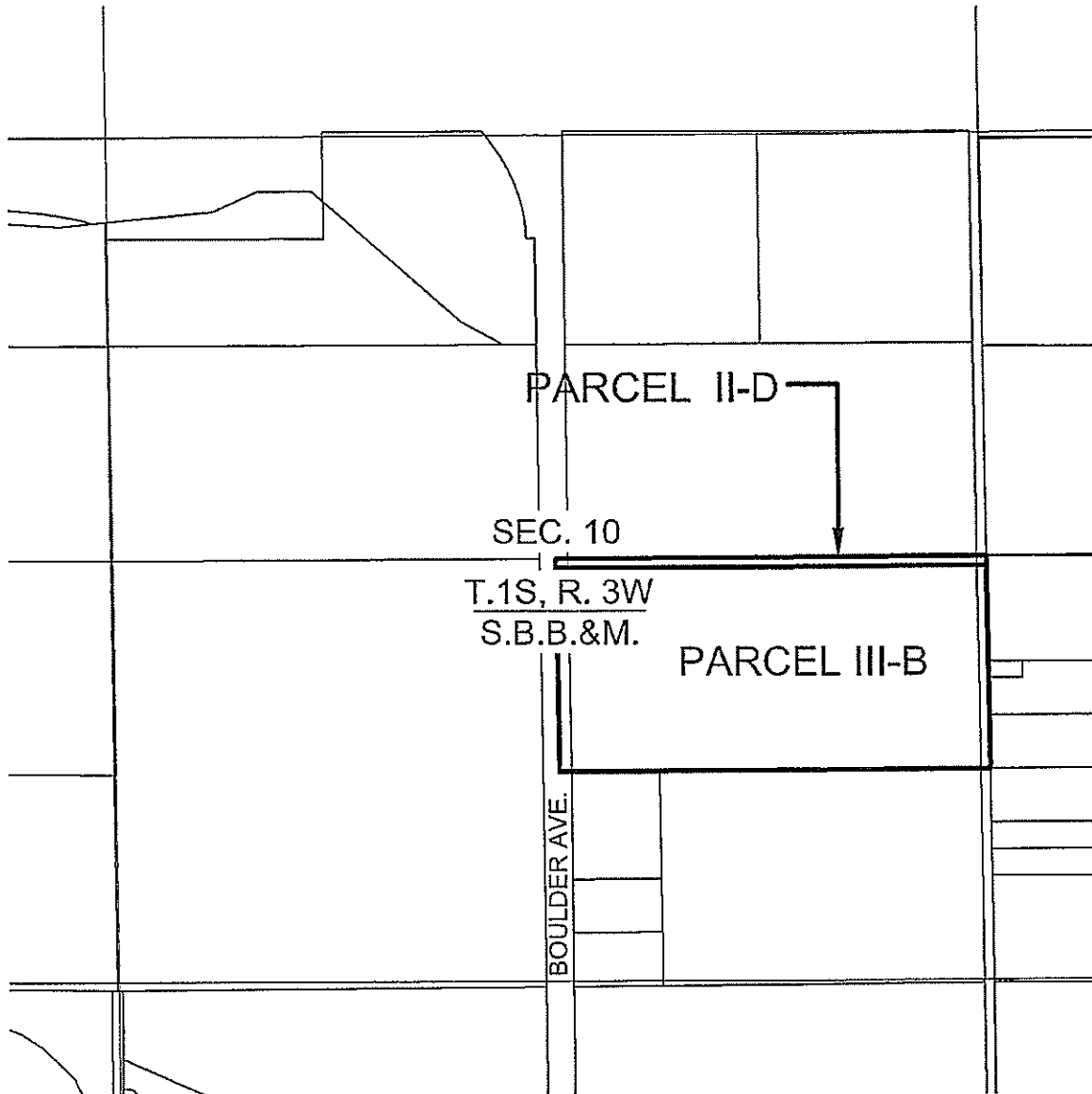
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NOV. 15, 2011

SHEET 2 OF 4



SEE SHEET 1 OF 4



SEE SHEET 3 OF 4



JOSEPH E. BONADIMAN & ASSOCIATES INC.
consulting engineers land surveyors

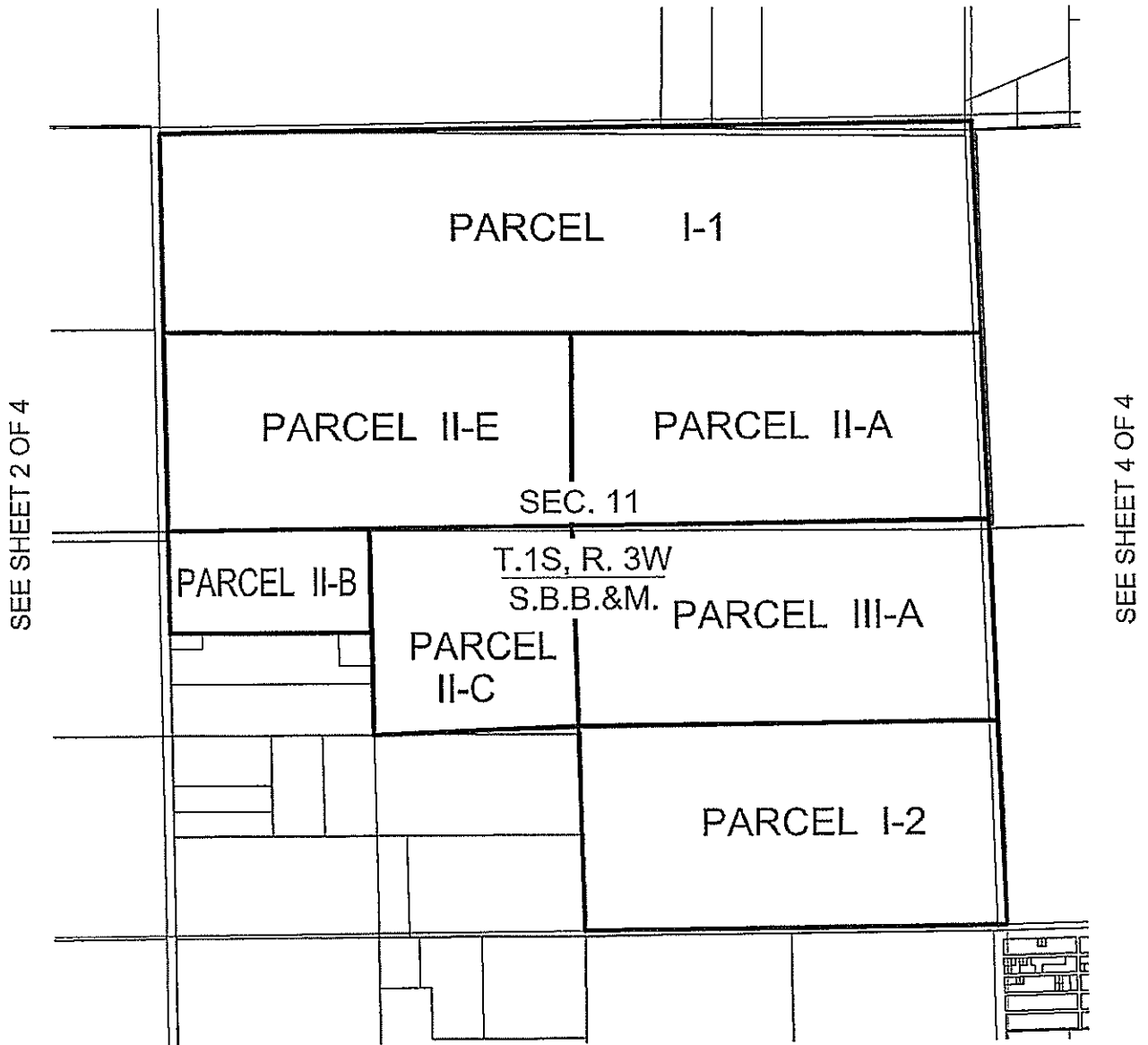
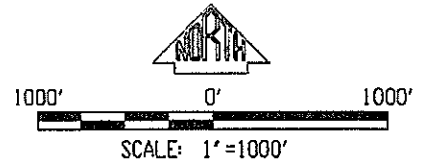
234 N. Arrowhead Ave., San Bernardino, CA. 92408
Phone: (909)885-3806 Fax: (909)381-1721

EXHIBIT "B"

(CONTINUED)

NOV. 15, 2011

SHEET 3 OF 4



JOSEPH E. BONADIMAN & ASSOCIATES INC.
consulting engineers land surveyors

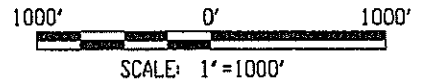
234 N. Arrowhead Ave., San Bernardino, CA. 92408
Phone: (909)885-3806 Fax: (909)381-1721

EXHIBIT "B"

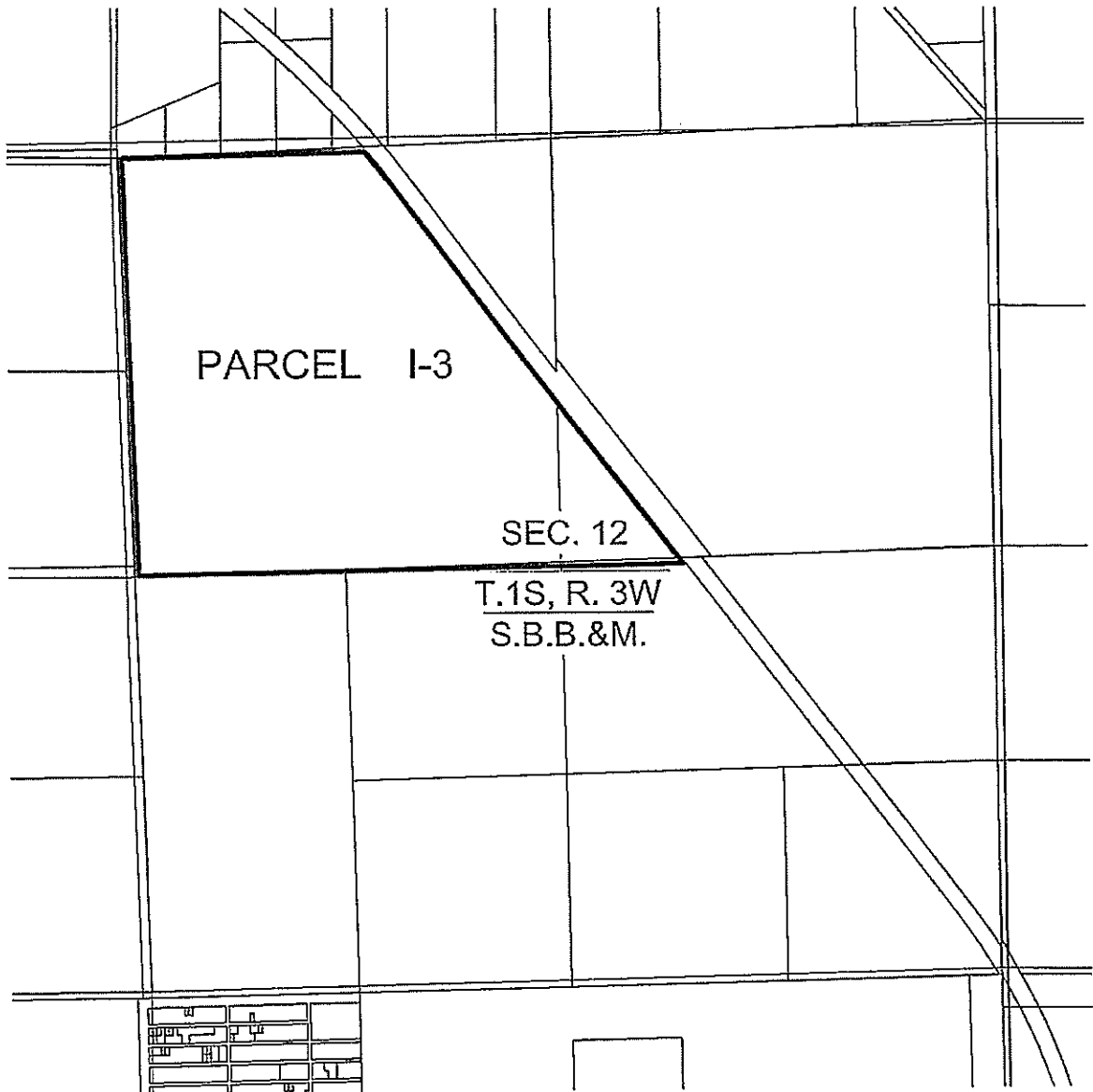
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NOV. 15, 2011

SHEET 4 OF 4



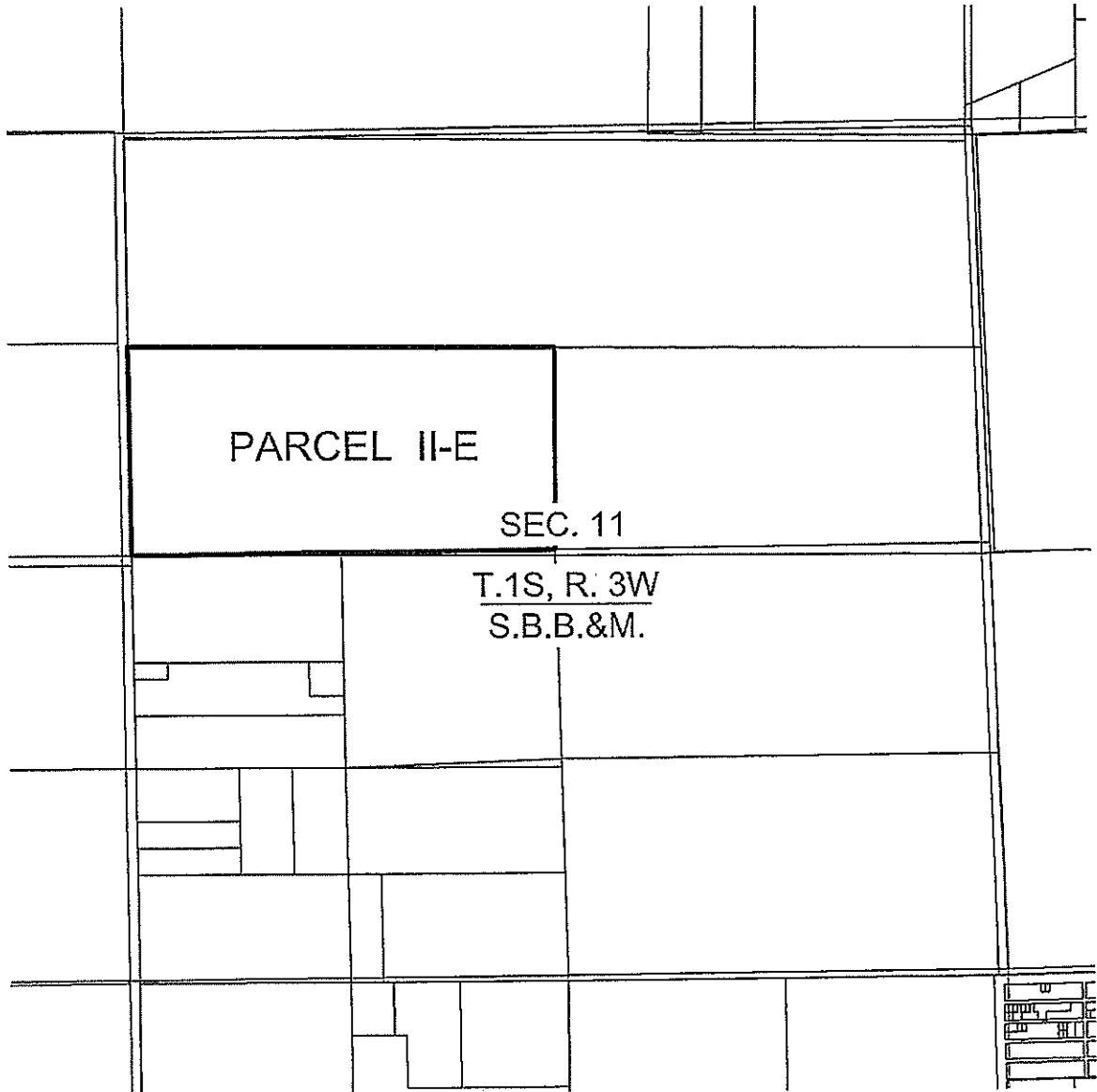
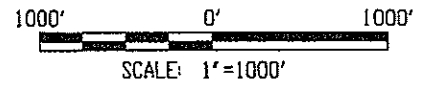
SEE SHEET 3 OF 4



JOSEPH E. BONADIMAN & ASSOCIATES INC.
consulting engineers land surveyors

234 N. Arrowhead Ave., San Bernardino, CA. 92408
Phone: (909)885-3806 Fax: (909)381-1721

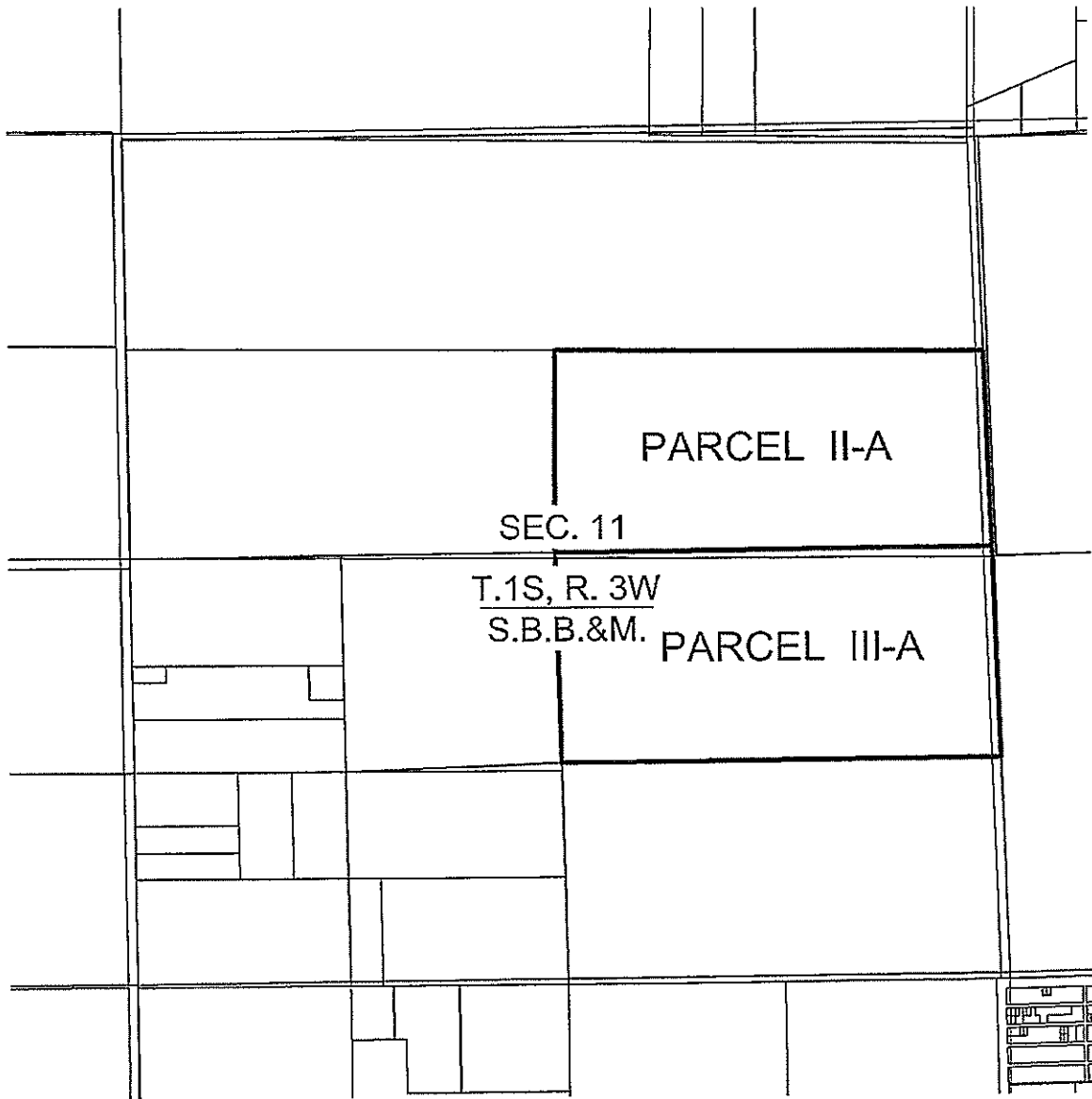
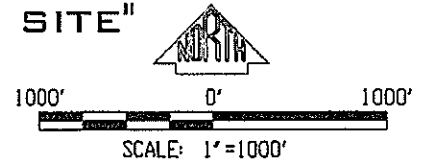
EXHIBIT "C"
"SILT DEPOSIT AREA"
NOV. 15, 2011



JOSEPH E. BONADIMAN & ASSOCIATES INC.
consulting engineers land surveyors

234 N. Arrowhead Ave., San Bernardino, CA. 92408
Phone: (909)885-3806 Fax: (909)381-1721

EXHIBIT "E"
"REDLANDS AGGREGATES SITE"
NOV. 15, 2011



JOSEPH E. BONADIMAN & ASSOCIATES INC.
consulting engineers land surveyors

234 N. Arrowhead Ave., San Bernardino, CA. 92408
Phone: (909)885-3806 Fax: (909)381-1721

Exhibit 4

Roberton's Ready Mix

Lease

AGREEMENT

This Agreement is made on this 11th day of August, 2003, by and between San Bernardino Valley Water Conservation District ("District") and Robertson's Ready Mix, Ltd., ("Robertson's"), together "Parties" or individually, "Party".

RECITALS

A. District is a California water conservation district duly formed and operating under Sections 74000, et seq., of the California Water Code, and operating as a water conservation district, having as a purpose the recharge of ground water supply and maintenance of groundwater basins underlying its jurisdiction area.

B. Robertson's is a California limited partnership, duly formed and organized pursuant to the laws of the State of California, with its principal place of business in Corona, California. Robertson's engages in the business of excavating, processing, and selling rock, sand, gravel and other like substances ("Aggregates").

C. On or about October 5, 1992, the Parties entered into a Lease Agreement for Mineral Extractions ("Cone Camp Lease") pursuant to which Robertson's, on the satisfaction of certain conditions, would have the right to extract Aggregates from that property defined as the "Premises" in the Cone Camp Lease, and commonly referred to as "Cone Camp Quarry." A copy of the Cone Camp Lease is appended hereto, denoted Exhibit "A".

D. Some time in or about 1993, the Parties, together with other entities interested in mining, flood control, resource management and conservation, and municipalities, formed the Santa Ana River Wash Area Coordinated Planning Activities Committee ("Wash Committee") to address land use issues related to the Upper Santa Ana River Wash ("Wash").

E. The Wash Committee examined the most appropriate manner in which to use the Wash for the benefit of all landowners without regard to the existing interests in real property situated in the Wash. The Wash Committee determined that there should be a balance of land uses to accommodate the varied and competing concerns. The Wash Committee further determined that in order to achieve land use balance, the existing and potential uses must be reallocated among specific portions of the Wash.

F. Deliberations of the Wash Committee resulted in the drafting, circulation, and approval of a "Proposed Land Management and Habitat Conservation Plan for the Upper Santa Ana River Wash" ("Concept Plan"), which sets out concepts for realignment of mining, water conservation, recreation, habitat preservation, and other uses in the Santa Ana River Wash and was conceptually endorsed by all members of the Wash Committee, including the Parties. A copy of the Concept Plan as presently conceived is attached as Exhibit "B." This Concept Plan is subject to revision as the parties impacted continue to refine and negotiate its parameters. Implementation of the Concept Plan, as it may evolve over time, will require the formation of a Task Force, of which the Parties shall be members, to fund studies for environmental review of proposed mining, transfer of various property ownerships and lease interests, habitat conservation plans, recreational facilities, regional infrastructure, and water supply and conservation activities, and to implement such activities. A Task Force Agreement has been

prepared and circulated among applicable Wash Committee members, including the Parties, to guide and fund implementation of the Concept Plan. It has been reviewed and approved by the Parties, in the form attached hereto as Exhibit "C," and shall be executed by the Parties upon or prior to execution of this Agreement.

G. The Parties have found and determined that it is in their individual best interests to join together with other members of the Task Force to manage activities in connection with the planning, environmental review, and implementation of the Concept Plan (collectively the "Project").

H. The Cone Camp Lease requires that Robertson's "diligently and continuously take all actions necessary to obtain any and all licenses, permits, or other governmental entitlements.... required to accomplish the excavation purpose set out [therein]". There is currently pending before the city of Highland Robertson's application ("Cone Camp Application") for entitlements to mine Aggregates from the Cone Camp Quarry.

I. Robertson's has represented to the District that it has reached an agreement with Cemex Construction Materials, LP ("Cemex"), an entity engaged in business similar to that in which Robertson's is engaged, concerning the allocation, between Robertson's and Cemex, of the right to extract Aggregates from property which is contemplated for the excavation of Aggregates under the Concept Plan.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS CONTAINED HEREIN THE PARTIES AGREE AS FOLLOWS:

Section 1. Definitions.

In addition to capitalized terms defined elsewhere in this Agreement, the following terms shall be defined as follows:

1.1 "Effective Date" shall mean the date on which both Parties have executed the Task Force Agreement and this Agreement.

1.2 "Section," except as may be qualified to refer to the Cone Camp Lease, shall be deemed to be a reference to a portion of this Agreement.

1.3 "WPA" shall mean the Wash Planning Area, as that term is used and defined in the Concept Plan.

1.4 "Robertson's WPA Allocation" shall mean that portion of the WPA which is allocated, through written agreement between Robertson's and Cemex attached as Exhibit "D", to Robertson's for the mining of Aggregates. Robertson's agrees it must obtain approval from District for any substantial changes to this allocation prior to such changes being effective. Any change within the land acreage specifically dimensioned in Exhibit "D" as 1847' x 1303', that does not change the amount allocated to Robertson's for mining by more than 50% of the area of that dimensioned parcel, shall not constitute a substantial change; all other changes to the allocation agreement shall be considered substantial. The "Robertson's WPA Allocation" specifically excludes the real property located within the WPA and owned by Robertson's,

and/or its affiliate RRM Properties, Ltd., A California limited partnership, in fee as of the Effective Date.

1.5 “Premises Transfer Date” shall occur upon transfer of ownership of interest to the District of those portions of the WPA that fall within Robertson’s WPA Allocation, and which, as of the date of this Agreement, are owned by the United States, through the Bureau of Land Management.

1.6 “Concept Plan Termination Date” shall mean any date prior to the Premises Transfer Date upon which either Party’s participation in the Task Force Agreement shall have been finally terminated, as provided in Paragraph 23 of the Task Force Agreement, or upon dissolution of the Task Force pursuant to Paragraph 22 of the Task Force Agreement. Upon occurrence of the Premises Transfer Date, there shall be no Concept Plan Termination Date.

1.7 “Concept Plan Term” shall mean the period between the Effective Date and the occurrence of the earlier of the (1) Concept Plan Termination Date; or (2) Premises Transfer Date.

Section 2. Obligations During Concept Plan Term.

2.1 Prosecution of Concept Plan. The Parties, and each of them, agree that for so long as the Concept Plan, as may be modified consistent with the provisions of Section 2.3, below, but otherwise in substantially the same form as set forth in the Task Force Agreement, is being diligently and in good faith pursued, they will not, prior to January 1, 2006, terminate their participation under the Task Force Agreement pursuant to Paragraph 23 of the Task Force Agreement. Notwithstanding the foregoing, in the event that prior to January 1, 2006, Robertson’s contribution to the total Task Force funding exceeds that required to be paid by CEMEX, or exceeds, by more than 0.25 percent of the total Task Force funding, that required to be paid by the District, Robertson’s shall be free to exercise its rights of termination under Paragraph 23 of the Task Force Agreement. . During the Concept Plan Term each of the Parties shall use their best efforts to achieve the Premises Transfer Date; provided, however, that neither Party shall be considered to be in breach of this provision unless a party who believes that a breach has occurred first provides to the other Party written notice informing the notified Party of the specific nature of the alleged breach of this provision, the reasons therefore, the actions the notifying Party alleges must be taken to cure the alleged breach and provides to the noticed Party either, (a) reasonable opportunity to cure the breach, or (b) in the event the breach is of the nature that a cure cannot be promptly effected, reasonable opportunity to prepare and prosecute a plan pursuant to which the breach will be cured, or (c) in the event the alleged breach is one that cannot be cured, a good faith effort to meet and confer regarding whether mutually satisfactory alternative arrangements can be made. In the event of any dispute regarding either Party’s alleged breach of this “best efforts” obligation, the matter shall be resolved through the binding arbitration mechanism set forth in Section 8.06 of the Cone Camp Lease.

2.2 Suspension of Robertson’s Duty to Obtain Permits. During the Concept Plan Term, Robertson’s obligations pursuant to paragraph 5.05 of the Cone Camp Lease, to diligently and continuously take all actions necessary to obtain any and all licenses, permits, or other governmental entitlements required to accomplish the excavation purpose set out in the Cone

Camp Lease, shall be suspended. Such suspension shall begin on the Effective Date and shall continue until the earlier occurrence of: A) the Premises Transfer Date or B) the Concept Plan Termination Date. Robertson's shall not pursue such licenses, permits, or other governmental entitlements for any excavation of any portion of the "Premises," as originally defined in the Cone Camp Lease, at any time during the Concept Plan Term.

2.3 District to Support Robertson's Attempt to Amend Concept Plan. Robertson's has advised District that during the Concept Plan Term, Robertson's will seek Task Force Approval to amend the present iteration of the Concept Plan, to expand the Concept Plan mining area to include additional property owned by Robertson's. District agrees that it will support Robertson's attempt to so amend the Concept Plan, provided it is consistent with District's water conservation and land management objectives.

2.4 Incorporation of Defined Terms into Cone Camp Lease. Beginning on the Effective Date hereof, the following terms, as they are defined herein, shall be deemed incorporated, as applicable, into the Cone Camp Lease: Premises Transfer Date, Concept Plan Term; Concept Plan Termination Date; Robertson's WPA Allocation; and Cone Camp Quarry.

Section 3. Rights and Obligations on Premises Transfer Date

3.1 Transfer of Premises. The Premises shall, upon the Premises Transfer Date, immediately and automatically be deemed to mean and refer to the Robertson's WPA Allocation and the Cone Camp Lease shall no longer apply to the Cone Camp Quarry. Upon the Premises Transfer Date, the parties shall prepare, and may record, such documents as may be necessary or appropriate to reflect the proper legal descriptions or other identification of the transferred Premises, but the transfer of the Premises from the area originally defined in the Cone Camp Lease to the Robertson's WPA Allocation shall not be conditioned or dependent upon such documentation, but rather shall occur immediately upon occurrence of the Premises Transfer Date.

3.2 Revival of Robertson's Duty to Obtain Permits on Premises Transfer Date. Immediately upon the Premises Transfer Date, Robertson's obligations pursuant to Section 5.05 of the Cone Camp Lease, to diligently and continuously take all actions necessary to obtain any and all licenses, permits, or other governmental entitlements required to accomplish the excavation purpose set out in the Cone Camp Lease, shall revive, and shall apply to the Robertson's WPA Allocation, as provided in Section 3.1 of this agreement.

3.3 Commencement Date on Premises Transfer Date. Immediately upon occurrence of the Premises Transfer Date, Section 1.01 of the Cone Camp Lease shall be automatically amended to read as follows:

1.01 Commencement Date. The Commencement Date of the Lease Term shall be the date sixty (60) days after occurrence of the Premises Transfer Date.

In applying the foregoing provision it is the intention of the Parties that in the event that Premises Transfer Date does not occur by January 1, 2007, the Cone Camp Lease shall not be terminated, but shall survive, subject to modification triggered by the happening of either Premises Transfer Date or Concept Plan Termination Date.

Section 4. Rights and Obligations on Concept Plan Termination Date.

4.1 Revival of Robertson's Duty to Obtain Permits on Concept Plan Termination Date. Immediately upon the Concept Plan Termination Date, Robertson's obligations pursuant to Section 5.05 (A) of the Cone Camp Lease, to diligently and continuously take all actions necessary to obtain any and all licenses, permits, or other governmental entitlements required to accomplish the excavation purpose set out in the Cone Camp Lease, shall revive.

4.2 Commencement Date on Concept Plan Termination Date. Immediately upon occurrence of the Concept Plan Termination Date, Section 1.01 of the Cone Camp Lease shall be amended to read as follows:

1.01 Commencement Date. The Commencement Date of the Lease Term shall, at Robertson's election, either be (x) the date sixty (60) days after the Concept Plan Termination Date, or (y) January 1, 2003, provided, however, that in no event shall District be required to refund any portion of the Phase I Payment before the expiration of one (1) full year following the date Robertson's provides to District written notice of its election hereunder. Robertson's election shall be made in writing and delivered to District prior to the 60th day following Concept Plan Termination Date.

In applying the foregoing provision it is the intention of the Parties that in the event that Concept Plan Termination Date does not occur by January 1, 2007, the Cone Camp Lease shall not be terminated, but shall survive, subject to modification triggered by the happening of either Premises Transfer Date or Concept Plan Termination Date.

Section 5. Mancino Property. Effective immediately upon the Effective Date, the original Cone Camp Lease shall be amended to exclude from the definition of "Premises" therein, all of the property more specifically described in Exhibit "E" hereto (the "Mancino Property").

Section 6. Waiver. Each of the Parties herein fully waives its right to claim that any act, omission, or inaction of the other Party, prior to the Effective Date, constituted: (a) a breach of any of the provisions of the Cone Camp Lease, or any obligation arising thereunder or in connection therewith, or (b) any basis for reformation or rescission of all or any part of the Cone Camp Lease, for which any relief, legal or equitable, and specifically, but not by way of limitation, monetary damages, were or could have been available, either as affirmative relief, or as an offset against any other claim. This waiver extends to all claims or causes of action, whether presently known or unknown, and in connection with such waiver, both parties specifically waive any operation or applicability of California Civil Code section 1542, which provides:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

Each Party represents and warrants it has consulted with counsel regarding the nature and consequences of waiving the operation of Civil Code section 1542, and knowingly and willingly has decided to waive it.

Section 7. No Obligation on Robertson's to Transfer. Robertson's execution of this Agreement, its execution of the Task Fore Agreement, anything expressed or implied in either document, and/or its participation in advancing the Concept Plan, whether taken individually or collectively in any combination, shall not be construed or interpreted to require Robertson's to transfer, encumber or agree to any use restrictions being placed upon any real property Robertson's owns in fee on the Effective Date; or to cause any such real property be transferred, encumbered, or restricted as to use. Nothing in this Section 7 affects or relieves Robertson's obligation to transfer the Premises, as provided in section 3 above, however.

Section 8. Notices. All notices required to be provided hereunder, shall be in writing, and either served personally or sent by United States Mail. For these purposes, the addresses for the Parties are as follows:

As to Robertson's Ready Mix, Ltd.

President
Robertson's Ready Mix, Ltd.
200 South Main Street
Suite 200
Corona CA 92878

As to District

General Manager
San Bernardino Valley Water
Conservation District
1630 West Redland Blvd., Suite A
Redlands CA 92373

Notices shall be deemed delivered on the date of personal service or on the third day following deposit in the United States Mail. Any Party may change the address or person to whom notices are to be directed hereunder, by written notice to the other Party.

Section 9. Entire Agreement. This Agreement, in connection with the unaffected portions of the original Cone Camp Lease, contains the entire agreement of the Parties hereto with respect to the matters contained herein and supersedes all negotiations, prior discussions, and preliminary agreements or understandings, written or oral. No waiver or modification of this Agreement shall be binding unless consented to by the Parties in writing.

Section 10. Cooperation; Further Acts. The Parties agree to use reasonable care and diligence to perform their respective obligations under this Agreement. The Parties agree to act in good faith to execute all instruments, prepare all documents, and take all actions as may be reasonably necessary, appropriate or convenient to carry out the purposes of this Agreement.

Section 11. Governing Law. This Agreement shall be governed by and construed under the laws of the State of California.

Section 12. Attorneys' Fees. In an action or proceeding involving a dispute between the Parties arising out of this Agreement, including arbitration, the prevailing Party shall be entitled to receive from the other Party, reasonable attorneys' fees. The term "attorneys' fees" shall include reasonable costs for investigating the action, conducting discovery, cost of appeal, costs

and fees for expert witnesses, and all other normally allowable costs incurred in such litigation, whether or not such litigation is prosecuted to final judgment.

Section 13. No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

Section 14. Construction: Captions. The language of this Agreement shall be construed according to its fair meaning, and not for or against any Party hereto based on authorship. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

Section 15. Severability. Each provision of this Agreement shall be severable from the whole. If any provision of this Agreement shall be found contrary to law, it is the intention of the Parties that the remainder of this Agreement shall continue in full force and effect.

Section 16. Incorporation of Recitals. The Recitals are incorporated herein and made an operative part of this Agreement.

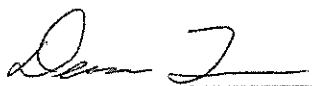
Section 17. Authority to Enter into Agreement. The Parties warrant they have all requisite power and authority to execute and perform this Agreement. Each person executing this Agreement on behalf of their party warrants that he or she has the legal power, right, and authority to make this Agreement and bind his or her respective Party, and that in so doing, such Party is not thereby in breach of any other contract or agreement.

Section 18. Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

Section 19. Assignment. Neither Party shall assign its rights or delegate its responsibilities hereunder without the express written consent of the other Party, which consent shall not be unreasonably withheld. This Agreement, including the rights of first refusal and options granted hereunder, shall be binding on all successors and is intended to and shall run with the land.

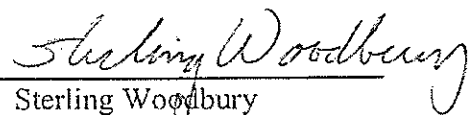
Section 20. Recordation. Within fifteen (15) days of the Effective Date, the Parties shall have this Agreement recorded with the County Recorder for the County of San Bernardino, State of California.

ROBERTSON'S READY MIX, LTD.,
a California limited partnership
By: Robertson's Ready Mix, Ltd.
a California corporation
Its General Partner

By: 
Dennis Troesh
Its: President

July 29, 2003

Date: 8/11/03
SAN BERNARDINO VALLEY WATER
CONSERVATION DISTRICT,
a political subdivision of the State of
California

By: 
Sterling Woodbury

Its: President of the Board of
Directors

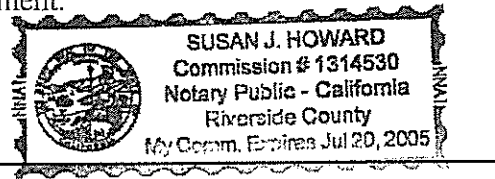
Date: 8/11/03

State of California)
) ss.
County of Riverside)

On July 29, 2003, 2003, before me
Susan J. Howard, notary public, personally appeared Dennis Troesh, personally
known to me (or proved to me on the basis of satisfactory evidence) to be the person whose
name is subscribed to the within instrument and acknowledged to me that he executed the same
in his authorized capacity, and that by his signature on the instrument the person, or the entity
upon behalf of which the person acted executed the instrument.

Witness my hand and official seal

Susan J Howard



State of California)
) ss.
County of Riverside)

On August 11, 2003, before me
COLLEEN E. THEUER, notary public, personally appeared Sterling Woodbury,
personally known to me (or proved to me on the basis of satisfactory evidence) to be the person
whose name is subscribed to the within instrument and acknowledged to me that he executed the
same in his authorized capacity, and that by his signature on the instrument the person, or the
entity upon behalf of which the person acted executed the instrument.

Witness my hand and official seal

Colleen E. Theuer

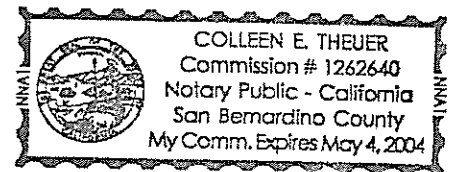


Exhibit List

Description

Designation:

Cone Camp Lease

A

Concept Plan

B

Task Force Agreement

C

Allocation Agreement Between Robertson's and Cemex

D

Legal Description of Portion of Mancino Property Excluded from "Premises"
of Original Cone Camp Lease

E

Exhibit 5

2010 State Water Rights

Filing

[FINAL SUBMITTED VERSION]

REPORT OF LICENSEE FOR 2010

Primary Owner: SAN BERNARDINO VALLEY W C D
 Application Number: A002217
 License Number: 002831

Compliance with License Terms and Conditions	
The project has been abandoned and I request revocation of my water right license	No
I have reviewed my water right license	Yes
I am complying with all terms and conditions	Yes
Description of noncompliance with terms and conditions	
Intake location has been changed	
Description of intake location changes	
Type of use has changed	
Description of type of use changes	
Place of use has changed	
Description of place of use changes	

Purpose of Use	
Other	Groundwater Recharge

Month	Amount directly diverted or collected to storage (Acre-Feet)	Amount used (Acre-Feet)
January	241.0	0.0
February	285.0	0.0
March	1412.0	0.0
April	1977.0	0.0
May	1756.0	0.0
June	0.0	0.0
July	0.0	0.0
August	0.0	0.0
September	0.0	0.0
October	0.0	0.0
November	0.0	0.0
December	0.0	0.0
Total	5671	0

Month	Maximum Rate of Diversion (CFS)
January	
February	
March	
April	
May	

June	
July	
August	
September	
October	
November	
December	

Reservoir name	Spilled this year	Feet below spillway at maximum storage	Completely emptied	Feet below spillway at minimum storage	Method used to measure water level
NA	No	0.0	No	0.0	NA

Conservation of Water	
Are you now employing water conservation efforts?	Yes
Description of water conservation efforts	Cooperative Water Recharge for Basin
Amount of water conserved	5671.0 Acre-Feet

Water Quality and Wastewater Reclamation	
During the period covered by this Report, did you use reclaimed water from a wastewater treatment facility, water from a desalination facility, or water polluted by waste to a degree which unreasonably affects the water for other beneficial uses?	No
Amount of reclaimed, desalinated, or polluted water used	

Conjunctive Use of Groundwater and Surface Water	
During the period covered by this Report, were you using groundwater in lieu of available surface water authorized under your license?	No
Amounts of groundwater used	

Additional Remarks
Maximum Rate of Diversion not recorded for 2010 Cooperative Recharge with the Region's water entities occurs additional explanation is shown in the attached file.

Attachments	
File Name	Size
Water Rights Filing Explanaiton Final June 27 2011.pdf	13 KB

Contact Information of the Person Submitting the Form	
First Name	Daniel
Last Name	Cozad
Relation to Water Right	Authorized Official
I read the above and agree	Yes

[FINAL SUBMITTED VERSION]

REPORT OF LICENSEE FOR 2010

Primary Owner: SAN BERNARDINO VALLEY W C D
 Application Number: A004807
 License Number: 002832

Compliance with License Terms and Conditions	
The project has been abandoned and I request revocation of my water right license	No
I have reviewed my water right license	Yes
I am complying with all terms and conditions	Yes
Description of noncompliance with terms and conditions	
Intake location has been changed	
Description of intake location changes	
Type of use has changed	
Description of type of use changes	
Place of use has changed	
Description of place of use changes	

Purpose of Use	
Other	GROUND WATER RECHARGE

Month	Amount directly diverted or collected to storage (Acre-Feet)	Amount used (Acre-Feet)
January	0.0	0.0
February	0.0	0.0
March	0.0	0.0
April	0.0	0.0
May	0.0	0.0
June	0.0	0.0
July	0.0	0.0
August	0.0	0.0
September	0.0	0.0
October	39.0	39.0
November	0.0	0.0
December	268.0	268.0
Total	307	307

Month	Maximum Rate of Diversion (CFS)
January	0.0
February	0.0
March	0.0
April	0.0
May	0.0

June	0.0
July	0.0
August	0.0
September	0.0
October	0.0
November	0.0
December	0.0

Reservoir name	Spilled this year	Feet below spillway at maximum storage	Completely emptied	Feet below spillway at minimum storage	Method used to measure water level
ASDF	No	0.0	Yes		STICK

Conservation of Water	
Are you now employing water conservation efforts?	Yes
Description of water conservation efforts	Cooperative Groundwater Management with Regional Agencies.
Amount of water conserved	307.0 Acre-Feet

Water Quality and Wastewater Reclamation	
During the period covered by this Report, did you use reclaimed water from a wastewater treatment facility, water from a desalination facility, or water polluted by waste to a degree which unreasonably affects the water for other beneficial uses?	No
Amount of reclaimed, desalinated, or polluted water used	

Conjunctive Use of Groundwater and Surface Water	
During the period covered by this Report, were you using groundwater in lieu of available surface water authorized under your license?	No
Amounts of groundwater used	

Additional Remarks
Maximum Rate of Diversion not recorded for 2010 Cooperative Recharge with the Region's water entities occurs additional explanation is shown in the attached file.

Attachments	
File Name	Size
Water Rights Filing Explanaiton Final June 27 2011.pdf	13 KB

Contact Information of the Person Submitting the Form	
First Name	Daniel
Last Name	Cozad
Relation to Water Right	Authorized Official
I read the above and agree	Yes

SWRCB Annual Water Rights Report

Annotation to Accompany Filings by SBVWCD and SBVMWD/WMWD

During 2010, the San Bernardino Valley Water Conservation District (SBVWCD) and San Bernardino Valley Municipal Water District (SBVMWD)/Western Municipal Water District (WMWD) diverted water at the Cuttle Weir to replenish the groundwater basin. Each agency's season of diversion, total quantity of diversion and water rights are listed in the following table.

Agency	Season of Diversion	Total Quantity of Water Diverted	Water Right
SBVWCD	1/1/10 to 5/31/10	5,671 af	License No. 2831
SBVMWD/WMWD	6/29/10 to 12/31/10*	14,934 af	Permit No. 21264
SBVWCD	10/1/10 to 12/31/10	307 af	License No. 2832

* The State Water Resources Control Board issued Permit No. 21264 on June 29, 2010.

Diversion of approximately 882 acre feet to replenish the groundwater basin were shifted outside the Season of Diversion due to operations of the Seven Oaks Dam by the USACOE and are not being accounted for in this table. Such diversions occurred under water rights, jointly utilized under the Santa Ana River and Mill Creek Cooperative Water Project.

Additionally, SBVMWD/WMWD and SVBWCD are finalizing negotiations to expand our contractual relationships to cooperatively utilize and expand District facilities to maximize the water diverted for recharge jointly under these permits and licenses. Notwithstanding our intentions, should these negotiations for cooperative agreement not be fruitful, both districts may need to revise their filings.

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

SAN BERNARDINO VALLEY
WATER CONSERVATION DISTRICT
Attn: General Manager
1630 West Redlands Boulevard Suite A
Redlands CA 92373-8032

(SPACE ABOVE FOR RECORDER'S USE)

EXEMPT FROM FILING FEES PURSUANT GOVERNMENT CODE 6103

**AMENDMENT TO AGREEMENT TO DEVELOP AND OPERATE ENHANCED
RECHARGE FACILITIES**

AMENDMENT TO AGREEMENT TO DEVELOP AND OPERATE ENHANCED RECHARGE FACILITIES

This Amendment to Agreement to Develop and Operate Enhanced Recharge Facilities (“Agreement”) is entered into and effective this ____ day of _____, 20____, by and among the SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT (the “Conservation District”), the SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT (the “Valley District”) and WESTERN MUNICIPAL WATER DISTRICT OF RIVERSIDE COUNTY (“Western”). The Conservation District, Valley District and Western are each sometimes referred to as a “Party” and are collectively sometimes referred to as the “Parties.” This Amendment is entered into in consideration of all of the following:

RECITALS

A. On or about October 12, 2012, the Parties entered into their “Agreement to Develop and Operate Enhanced Recharge Facilities” (“**Original Agreement**”). The purposes of the Original Agreement were to permit the Parties to collaborate by increasing opportunities to recharge local surface water supplies, as well as State Project Water, in the San Bernardino Basin Area (the “**SBBA**”); by reducing the time and cost required to permit and construct essential public infrastructure (such as spreading basins); and by working together to achieve an efficient division of labor in the operation and maintenance of water infrastructure.

B. Part of the Original Agreement was a lease by the Conservation District to Valley District and Western, of specified properties both owned by the Conservation District, and other properties owned by the United States, Bureau of Land Management (“**BLM**”), for the purposes of the “recharging of water” as that term is defined in the Original Agreement.

C. Conservation District is in the process of completing and implementing the Upper Santa Ana River Wash Plan (“Wash Plan”). The Wash Plan includes a land exchange between the Conservation District and BLM, authorized and directed by the United States Congress in P.L. 116-9, the John D. Dingell, Jr. Conservation, Management, and Recreation Act, passed March 12, 2019 (“Act”). Section 1003(b)(1) of the Act directs the Secretary to convey certain lands currently in BLM ownership to the District, and accept from the District other lands, both more specifically described therein. The Act also identifies various “exchange” parcels to use in the event values of the property need to be equalized with any equalization payment necessary under Section 206(b) of the Federal Land Policy and Management Act of 1976 (43 USC § 1716(b).)

D. Part of the properties affected by the lease provisions of the Original Agreement are properties involved in the Wash Plan Land Exchange. In reviewing exceptions to title regarding Conservation District properties to be conveyed to the BLM as part of such exchange, BLM raised questions regarding the Conservation District’s rights to conduct activities contemplated under the Original Agreement on lands that would be owned by BLM after the exchange. Conservation District documented such rights, to the satisfaction of BLM, with respect to the exercise of “recharging of water” by the Conservation District. BLM has reviewed the Wash Plan’s “Covered Activities” planned for properties to be owned by BLM after the Wash Plan Land Exchange, and has determined they are consistent with the Conservation District’s rights. BLM nevertheless expressed concerns that the broadly stated nature of the Original Agreement’s

lease provisions in favor of Valley District and Western, as they may apply to lands held in ownership by BLM, may not be entirely consonant with such established rights.

E. The purpose of this Amendment is to clarify the intent of the Parties under the Original Agreement that any use by Valley District and Western of any properties leased to them by the Conservation District under the Original Agreement, owned by BLM and not involved in the Wash Plan Land Exchange, will only be exercised consistent with the Conservation District's rights in and to such lands. This Amendment is also for the purpose of specifying that on properties currently owned by the Conservation District, and leased to Valley District and Western, which properties will be transferred to the BLM after the Wash Plan Land Exchange, exercise of the lease rights under the Original Agreement by Valley District and Western will be by and through the Conservation District as the entity with approval power over such facilities, and the operator and manager of such facilities, consistent with the uses specified in the Wash Plan, and for no other purposes, absent further grant of rights of way by BLM.

NOW, THEREFORE, IN CONSIDERATION OF ALL OF THE FOREGOING, THE PARTIES DO HEREBY AMEND THE ORIGINAL AGREEMENT AS FOLLOWS:

AGREEMENTS

1. Paragraph 2(a) of the Original Agreement is hereby amended to read as follows:

2. *Lease of Facilities for the Purpose of Groundwater Recharge to Valley District and Western.* The Conservation District hereby leases to Valley District and Western, for the term of this Agreement and on the terms specified herein, the surface of the lands shown on **Exhibit 1** during the term of this Agreement ("Leased Property"). "Leased Property" is hereby clarified to specify that the Conservation District's rights over property presently owned by the United States, Bureau of Land Management ("BLM"), generally referred to in paragraph 2(a) of the Original Agreement as "existing easements under ownership of the Bureau of Land Management[.]" is more specifically composed of the following: a) rights of way established by historical use arising under R.S. 2339 and establishment by the Conservation District's predecessors, carried on to the present, of facilities for water diversion, conveyance, storage and other beneficial use, dating from 1856 onward; b) rights of way arising from 26 Stat. 1095, and a February 20, 1909 reservation enacted at 30 Stat. 645, memorialized in a January 22, 1915 right of way approved by the Department of the Interior; and c) the rights conferred on the Conservation District and its predecessors to use such areas for water diversion, conveyance, storage, and other beneficial use, as arising under State law. Such rights are collectively referred to in this Amendment as "**Conservation Rights.**" **Exhibit 1A** provides the legal description for the lands owned in fee by the Conservation District and **Exhibit 1B** provides the legal description of lands made available under the Conservation Rights over land under ownership by the Bureau of Land Management. **Exhibit 1** is attached hereto and incorporated herein by reference. Valley District and Western shall have the right to enter upon and use the Leased Property, and any reasonably necessary subsurface areas incident thereto. Such entry and use shall be only for the purpose of recharging,

storing or conveying water from any source (collectively "**recharging of water**" herein) into or through the percolation basins and other facilities owned or controlled by the Conservation District, whether existing as of the effective date of this Agreement, or as may be constructed pursuant to the terms of this Agreement, as such existing and contemplated future facilities are depicted in **Exhibit 2**, which is attached hereto and incorporated herein by reference). The Conservation District reserves all rights in and to the Leased Property not expressly conveyed as a part of this lease. Specific terms of this lease are as follows:

A.

(1) Valley District and Western may construct, operate, maintain, repair, reconstruct and rehabilitate diversion facilities, recharge basins, pumps and other ancillary facilities or equipment located within the Leased Property as Valley District and Western may reasonably deem necessary for the recharging of water on the Leased Property, recognizing that the Parties intend that the Conservation District shall be responsible for the operation and maintenance of such facilities.

(2) Included within this lease are all rights of reasonable ingress and egress as may be useful or necessary, in Valley District and/or Western's sole discretion, for the purpose of the recharging of water on the Leased Property, provided that such activities shall not interfere with: (i) any conservation easements that may now exist, or may be established consistent with the Conservation District's Upper Santa Ana River Wash Land Management and Habitat Conservation Plan, on said lands, or (ii) other easements existing as of the effective date of this Agreement.

(3) The designs for any such facilities or other tenant improvements must be approved, in advance by the Conservation District, which approval shall not be unreasonably withheld or delayed, and are subject to any limitations on the Conservation's District's holding of the Leased Property. The Conservation District shall cooperate reasonably with Valley District and Western to obtain local, state, or federal permits that may be required to construct or operate such facilities approved by the Conservation District.

(4) The Conservation District will utilize its best efforts under all existing and future lease agreements and easements with other individuals, organizations or entities operating on the Leased Property to harmonize the objective of Valley District and Western making full use of the facilities on the Leased Property for the recharge of water, consistent with the hydrological design limitations of these facilities, with any competing uses of the properties on which such facilities are or may be located.

(5) The Parties recognize that the Conservation District has negotiated lease agreements with mining companies that allow the Conservation District to engage in recharge of water that may periodically interfere with or prevent mining, without liability on the part of the Conservation District, which agreements are attached hereto as **Exhibit 3** and **Exhibit 4**. The Conservation District represents and warrants that these are the only current agreements that authorize mining on the Leased Property, and represents and warrants that the copies of these agreements attached as **Exhibit 3** and **Exhibit 4** are true and correct copies of those agreements. Based on those representations, the Parties believe that they can collaboratively manage the

recharge of water to avoid liability arising from any incompatibility between the recharging of water and any activities otherwise authorized under the mining leases. Toward this end, the Parties agree as follows:

(a) During the winter season (from October 1 to March 31), the Parties will consult with each other on a regular basis to determine the quantity of water that may be recharged without interfering with mining operations.

(b) In the event that the recharging of water threatens to substantially limit or interfere with mining operations, the Parties shall immediately confer to determine how to maximize the recharge without unduly interfering with mining activity. Towards this end, the parties acknowledge that the Conservation District has the right, from time to time and as it deems necessary in the exercise of its reasonable discretion, to utilize all or any portion of the areas subject to the mining leases for its water recharge, conservation, spreading, and other operations, provided such activities are undertaken utilizing best efforts to avoid storing water so as to require temporary use of the mining lease areas. In connection with the exercise of their activities on the Leased Property hereunder, Valley District and Western shall assist the Conservation District to make every effort to minimize the time of any interruption of the mining lessees' activities on the Leased Property, to permit sufficient time for the Conservation District to observe all requirements for notice to mining lessees required under the applicable leases in the event of conflicts, and to harmonize their recharge of water with the then-current and anticipated immediate future excavation and other activities of the mining lessees, with the overall goal that the mining activity and the water conservation activity can harmoniously exist, without interruption to either.

(c) Any decisions about the proper scope, location, or amount of recharging of water after such consultation with appropriate agencies shall be made solely by the Conservation District in the exercise of its reasonable discretion, consistent with paragraph 4(d)(2) below, consistent with the Conservation Rights to the extent water is chosen to be diverted on portions of the Leased Property owned by BLM, and consistent with the principle of ensuring that the optimum quantity of water possible is replenished within the San Bernardino Basin Area.

In the event the Conservation District determines, in the exercise of its reasonable discretion, that portions of the Leased Property cannot be made available to Valley District and Western, and such determination is made at a time when water supplies are otherwise immediately available to Valley District and Western for recharge into facilities on the leased land:, Conservation District will not object, directly or indirectly, to efforts by Valley District and/or Western to deliver water supplies that cannot be spread on the Leased Property to other locations, provided that in determining where to deliver such water supplies, Valley District and Western act consistent with the priority of first delivering water for direct delivery or spreading within the SBBA, then delivering water for direct delivery or spreading within the boundaries of Valley District, then delivering water for direct delivery, spreading or storage within Western, and then delivering water for direct delivery, spreading or storage outside of Western.

In such event, the parties shall meet and confer in good faith, under the auspices of the Joint Operations Committee provided for in paragraph 4(b) below, regarding whether some proportional refund to Valley District, Western, or both of a portion the gross lease

fee paid for the given year in which the Leased Premises were unavailable for the recharge of water may be appropriate, and if so, in what amount.

(6). On those portions of the Leased Property owned by the Conservation District, Valley District and Western shall enjoy the full range of rights for entry and use as described in the Original Agreement. Notwithstanding any of the foregoing, on those portions of the Leased Property owned by BLM, Valley District and Western shall be limited in the exercise of their rights of entry and use to the exercise of the Conservations Rights, exercising such rights by and through the Conservation District as the entity with approval power over any facilities for the recharging of water on such lands, and the operator and manager of such facilities. As to Valley District and Western, such rights for entry as use on those portions of the Leased Property owned by BLM may further only be exercised for uses consistent with the uses specified in the Wash Plan, and for no other purposes, absent further grant of rights of way to Valley District or Western, or both of them, by BLM.

2. Except as specifically amended herein, the remainder of the Original Agreement shall remain in full force and effect.

**SAN BERNARDINO VALLEY
WATER CONSERVATION DISTRICT
“Conservation District”**

By: _____
Richard W. Corneille, President
Board of Directors

**APPROVED AS TO FORM:
RUTAN & TUCKER, LLP**

By: _____
David B. Cosgrove
General Counsel

**SAN BERNARDINO VALLEY
MUNICIPAL WATER DISTRICT
“Valley District”**

By: _____
T. Milford Harrison, President
Board of Directors

**APPROVED AS TO FORM:
VARNER & BRANDT, LLP**

By: _____
Brendan W. Brandt
General Counsel

**WESTERN MUNICIPAL WATER
DISTRICT OF RIVERSIDE COUNTY
“Western”**

By: _____
Donald D. Galleano, President
Board of Directors

**APPROVED AS TO FORM:
BEST, BEST & KRIEGER**

By: _____
Jeff Ferre
General Counsel



**San Bernardino Valley
Water Conservation District**

Helping Nature Store Our Water

Memorandum No. 1745

To: Board of Directors

From: Daniel Cozad, General Manager

Date: November 18, 2020

Subject: 2021 Draft District Board Meeting Calendar

RECOMMENDATION

Review, revise and consider approval of the proposed District Board Meeting Calendar for calendar year 2021.

BACKGROUND

Staff has prepared a draft Board Calendar for 2021. The May Board meeting is proposed for the fourth Wednesday of the month because the ACWA Annual Spring Conference will be held the second week of May and the third week of May is when ACWA/JPIA holds their annual symposium and Mr. Cosgrove has a standing city council meeting that he must attend.

DISCUSSION

Staff prepared draft calendar in accordance with previous practices of the Board. The Board may wish to make further changes before approval.

FISCAL IMPACTS AND BENEFITS

There is no fiscal impact related to setting meetings.

ATTACHMENTS

DRAFT Board Calendar for 2021

1630 W. Redlands Blvd, Suite A
Redlands, CA 92373
Phone: 909.793.2503
Fax: 909.793.0188
www.sbvwd.org Email: info@sbvwd.org

**BOARD OF
DIRECTORS**

Division 1:
Richard Corneille

Division 2:
David E. Raley

Division 3:
Robert Stewart

Division 4:
John Longville

Division 5:
Melody McDonald

**GENERAL
MANAGER**

Daniel B. Cozad



2021 Board Calendar - San Bernardino Valley Water Conservation District

JANUARY						
S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Jan. 13 Board Meeting
Jan. 27 2nd Qtr. Finance & Admin Mtg.

JULY						
S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Jul. 14 Board Meeting
Jul. 28 4th Qtr. Finance & Admin Mtg.

FEBRUARY						
S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28						

Feb. 10 Board Meeting

AUGUST						
S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Aug. 12 Board Meeting

MARCH						
S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Mar. 10 Board Meeting
Engineering Investigation Report Presentation
Mar. 24 3rd Qtr. Finance & Admin Mtg.

SEPTEMBER						
S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

Sept. 8 Board Meeting

APRIL						
S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

Apr. 14 Board Meeting
Public Meeting/Groundwater Charge
Apr. 28 Board Meeting
Public Hearing/Groundwater Charge

OCTOBER						
S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Oct. 13 Board Meeting

MAY						
S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

May 26 Board Meeting

NOVEMBER						
S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

Nov. 10 Board Meeting
Nov. 24 1st Qtr. Finance & Admin Mtg.

JUNE						
S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

Jun. 9 Board Meeting

DECEMBER						
S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Dec. 8 Board Meeting (@ 9:30 a.m.)
Holiday Luncheon

General Manager's Report

From October 9, 2020, to November 12, 2020
Daniel B. Cozad



**San Bernardino Valley
Water Conservation District**
Helping Nature Store Our Water

The District is still operating in Phase 3 COVID 19 response. If transmission rates decline further, we will add office staffing days in January, based on County and State Health officer guidance. Safeguarding the health and safety of our staff is the primary driving factor.

The following report covers the weeks between meetings and the efforts and activities during the reporting period.

- 1. Water Conservation – Plan Goal 1** – Without rains since May and many hot days, flows in Mill Creek and Santa Ana River were low. Recent storms have increased streamflow throughout the system. SOD continues to flow around 5 CFS at the Parshall Flume, with the remaining flow going to direct use. Mill Creek has had little recharge flow, except during late October and November, when treatment plants were offline. Mill Creek Recharge is 75 AF for the new water year. The Santa Ana River recharge totals are about 375 AF since October. Total recharge for the year is approximately 450 AF if flows continue.
- 2. Facility Maintenance and Cleanout – Plan Goal 1** – Most cleaning and repairs are complete, with some late maintenance winter preparation still ongoing. Staff is working with Flood Control to plan for debris from the fires. Staff will be working on a survey of Plunge Creek performance and any needed changes.
- 3. Aggregate Management – Plan Goal 1** – Upland Rock continues to sell sand and rock from District basin cleaning efforts under the Material Processing License.
- 4. Personnel/Administration/Staff** – Staff continues to monitor and implement the District Extreme Flu/COVID19 plan. The District continues to operate in Stage 3. We follow the recommendations of the SBC Public Health officer and State Public Health Officer. Rotating employees staff a minimal office crew and other staff work from home. Staff has attached for Board review and information additional information from CalPERS on the Unfunded Accrued Liability.
- 5. Finance/Budget/Audit** – Billing for grant-funded construction and preparation for financial reports were completed along with procurement and licensing of the new vehicles. Quarterly financial and IRS required reports for SBVCT were completed and filed.
- 6. Mill Creek Diversion Engineering – Plan Goals 1/4** – Erwin reports on the engineering and construction projects at meetings when there are updates not included in agenda items. Constructive meetings with Flood Control should complete the MOU in January.

7. **Plunge Creek Conservation Project** – *Plan Goals 1/4* – Construction was completed in September, and closeout activities are now complete as well. Habitat management will occur soon. November 7 and 8 storms provided the first flows to the new project and resulted in recharge of all of the flow at 5-15 CFS during these storms.



8. **Enhanced Recharge Project** – *Plan Goal 1* – The Enhanced Recharge Phase 1A is completed. Engineering design is nearing completion for the new basins scheduled for construction in 2021 or 2022. State and Waters permitting are needed to proceed. Staff have attended field meetings and provided input on the design changes and revisions SBVMWD staff and District staff are reviewing 90% design documents. BLM solicitor and District Counsel identified the need for an amendment to the Agreement to ensure that Valley Municipal/Western do not need a Right of Way from BLM. A draft amendment is circulating and is agendaized for this meeting. Staff met with Valley Municipal to coordinate potential future recharge of water from Sterling Natural Resources Center. This effort would be a combined effort of East Valley Water District and Valley Municipal and the District.
9. **Active Recharge Transfer Project Partnership** – *Plan Goals 1, 2, and 4* – The Committee met on October 8, 2020. Staff prepared a report for the meeting and distribution to the partners, which was provided to the Board at its October 14 meeting. Robertson's is expected to approve the purchase and sale agreement supporting the Plunge Creek Quarry Recharge Basin developed by staff and legal counsel. Staff developed and released a Request for Qualifications for the ARTP efforts. The ARTP Policy Committee next meets on January 12, 2021.
10. **Edison Divestiture to Water Users** – *Plan Goals 1/4* – The Committee held two meetings in August to continue discussions and coordination.
11. **Shop Facilities for Field Staff** – *Plan Goals - 1* – Staff prepared a scope of work for architectural services at the Operations Committee's direction. Staff completed a Needs and Planning memo for field staff facilities as requested by the Operations Committee. Staff will move forward once the Committee has an opportunity to review the materials. These activities are being delayed by priority actions, primarily Plunge Creek Construction and reporting tasks. Staff will present the evaluation of facilities and locations to the Operations Committee in January.

- 12. Groundwater Council – Plan Goal 1** – The Groundwater Council last met on October 12, 2020. This Budget Committee recommended an EAM and Budget for planning and consideration. The Budget Committee also began efforts to encourage membership from "Other Production," and the GC is documenting some changes they recommend. Valley Municipal and District staff met with the City Manager and staff on November 9 and expect consideration of the Agreement in the near future.
- 13. Wash Plan – Plan Goal 4** – The Wash Plan has a separate report listed on the agenda. Staff worked with AECOM on fieldwork, and a Task Force meeting is scheduled for December for discussion of covered activities and State/Waters permits.
- 14. Santa Ana River Wash Plan Land Exchange Act Implementation – Plan Goal 4 – S.-47** was passed and signed by the President, becoming PL 119-6. Staff, District Counsel, and special legal counsel are working closely with BLM to expedite the exchange. A Chain of Title and environmental review has been prepared; the updated Mineral Potential Report is complete. The appraisal procurement process resulted in none of the four prequalified firms submitting a proposal. Appraisal Directorate and District Counsel are working to identify alternatives to move the appraisal forward.
- 15. Conservation Trust – Plan Goal 4** – The Conservation Trust Board of Directors met on October 7, 2020. Staff has met with entities with which a deposit agreement is on file. Most projects continue to move forward slowly. The SBCTA project is progressing, and agreements may be ready for approval in December. The District and Trust have been reimbursed for services and funding for conservation easements and will contribute to the endowment. Blossom Trails is also preparing to receive State, and Federal permits and related mitigation and endowment funds as financing is arranged.
- 16. Property/Redlands Plaza** – Staff continues to manage Redlands Plaza and various issues related to tenants and maintenance. Staff is working with Red Dragonfly Spa and the City of Redlands on code compliance and other matters. All units are now fully leased. Many tenants are utilizing the Board's payment plan to weather the COVID 19 downturn.
- 17. Mining** – Mining efforts by CEMEX contractors continue at the Plant Site quarry. District Counsel has provided final revisions to the lease document, and once the issuance costs are paid, the approved lease will be executed.
- 18. Public Outreach and Legislative – Plan Goal 5** Staff worked with consultants to coordinate PR for Plunge Creek implementation. Press coordination on the Orange Fire and El Dorado Fire impacts and the monthly newsletter were completed. The development of the Annual report is planned for November.
- 19. Community Recharge and Mitigation – Plan Goal 1 and 4** – The 2017 Community Strategic Plan (CSP) included this effort for planning and implementation. The Active Recharge Transfer Projects in the Partnership Agreement are the first efforts under this goal. Additional recharge options where flows and open space allow recharge will be sought as staff has time.
- 20. Current Board Action Implementation** – Many priority efforts have separate sections of the General Manager's Report or independent Board requested reports. Staff and District

Counsel worked closely on EHL/CBD v. USACOE settlement-related studies. Staff also has several MOUs and agreements in development to support the Wash Plan and its projects.

21. Future Board Activities – Expected short-term items for consideration or note

- Plunge Creek PSA with Robertson's at this meeting
- MOU with SBC Flood Control District for Wash Plan Project Implementation in December or January
- Easement Agreement and Services Agreements for SBCFCD Plunge Elder implementation in December or January
- MOU with SBC Flood Control District for ARTP Planning in December or January
- Exchange Plan Agreement in January
- Conservation Easement dedication in December or January
- BLM Land MOU working with regional manager to complete late 2020 or early 2021

22. District Successes

- November Rains provided the opportunity to test our Plunge Creek Conservation project only a few weeks after construction finished. So far, we have increased the stream braiding and improved groundwater recharge, as this lovely picture by Manuel shows. The improvements we believe will come to the habitat will take a bit longer, but we have a great start!



November 4, 2020

CalPERS ID: 4303312904
 Employer Name: SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
 Rate Plan: MISCELLANEOUS PLAN [1510]

Re: Lump Sum Payment to reduce the Unfunded Accrued Liability

Dear Requestor:

As requested, information on the fiscal year 2021-22 employer contribution requirement following your lump sum payment is shown below.

If you are aware of others interested in this information (i.e. payroll staff, county court employees, port districts, etc.), please inform them.

The information is based on the most recent annual valuation and assumes payment by *November 10, 2020* and no further contractual or financing changes taking effect before June 30, 2021. The Unfunded Accrued Liability (UAL) will be reduced or eliminated by a lump sum payment in the amount of **\$387,402**. The payment will be applied to the Investment (Gain)/Loss 06/30/2015, Investment (Gain)/Loss 06/30/2016 and Non-Investment (Gain)/Loss 06/30/2018 base(s).

There will be no change to your FY 2020-21 contributions.

Valuation as of June 30, 2019	Pre-Payment	Post-Payment
Projected 6/30/2021 Total Unfunded Liability	\$ 483,507	
Payment on November 10, 2020	\$ 387,402	
Revised 6/30/2021 Total Unfunded Liability		\$ 79,093
FY 2021-22 Employer Contributions		
Base Total Normal Cost for Formula	19.55%	19.55%
Surcharges for Class 1 Benefit		
a) FAC 1	0.61%	0.61%
Phase out of Normal Cost Difference	<u>0.00%</u>	<u>0.00%</u>
Plan's Total Normal Cost	20.16%	20.16%
Formula's Expected Employee Contribution Rate	<u>7.96%</u>	<u>7.96%</u>
Employer Normal Cost Rate	12.20%	12.20%
Payment on Investment (Gain)/Loss 06/30/2015	\$ 11,996	\$ 4,639
Payment on Investment (Gain)/Loss 06/30/2016	\$ 14,422	\$ 0
Payment on Non-Investment (Gain)/Loss 06/30/2018	\$ 463	\$ 0
Payment on all other bases	<u>\$ 6,550</u>	<u>\$ 6,550</u>
Employer Unfunded Liability Payment	\$ 33,431	\$ 11,189

The attached schedule of the plan's amortization bases includes the additional discretionary payment(s) listed above.

Required Employer Contribution	Fiscal Year	
	2021-22	
Employer Normal Cost Rate		12.20%
<i>Plus Either</i>		
1) Monthly Employer Dollar UAL Payment	\$	932.42
<i>Or</i>		
2) Annual UAL Prepayment Option*	\$	10,817

*The total minimum required employer contribution is the **sum** of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) **plus** the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars).*

** Only the UAL portion of the employer contribution can be prepaid (**which must be received in full no later than July 31**). Any prepayment totaling over \$5 million requires a 72-hour notice email to FCSD_public_agency_wires@calpers.ca.gov. Plan Normal Cost contributions will be made as part of the payroll reporting process. If there is contractual cost sharing or other change, this amount will change.*

In accordance with Sections 20537 and 20572 of the Public Employees' Retirement Law, if a contracting agency fails to remit the required contributions when due, interest and penalties may apply.

To initiate this payment, the enclosed Lump Sum Payment Request must be completed and returned to the CalPERS Fiscal Services Division with payment by Electronic Funds Transfer (EFT) or wire transfer by November 10, 2020. A copy should be sent to us.

If you have questions, please call (888) CalPERS (225-7377).



DANIEL MILLER, ASA, MAAA
Associate Pension Actuary, CalPERS

Schedule of Amortization Bases

Reason for Base	Date Established	Ramp Up/Down 2021-22	Escalation Rate	Amortization Period	Balance 6/30/19	Expected Payment 2019-20	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Scheduled Payment for 2021-22
NON-INVESTMENT (GAIN)/LOSS	06/30/14	100% →	2.75%	25	\$332	\$18	\$337	\$22	\$338	\$23
INVESTMENT (GAIN)/LOSS	06/30/14	100% →	2.75%	25	\$(291,432)	\$(15,470)	\$(295,830)	\$(19,562)	\$(296,303)	\$(20,100)
ASSUMPTION CHANGE	06/30/14	100% →	2.75%	15	\$189,072	\$14,062	\$187,761	\$17,854	\$182,436	\$18,345
NON-INVESTMENT (GAIN)/LOSS	06/30/15	100% →	2.75%	26	\$(14,773)	\$(590)	\$(15,197)	\$(795)	\$(15,438)	\$(1,021)
INVESTMENT (GAIN)/LOSS	06/30/15	100% →	2.75%	26	\$173,591	\$6,928	\$178,576	\$116,899	\$70,155	\$4,639
NON-INVESTMENT (GAIN)/LOSS	06/30/16	80% ↗	2.75%	27	\$(25,738)	\$(695)	\$(26,821)	\$(1,054)	\$(27,608)	\$(1,444)
INVESTMENT (GAIN)/LOSS	06/30/16	80% ↗	2.75%	27	\$257,063	\$6,944	\$267,874	\$277,091	\$0	\$0
ASSUMPTION CHANGE	06/30/16	80% ↗	2.75%	17	\$65,993	\$2,436	\$68,093	\$3,707	\$69,025	\$5,079
NON-INVESTMENT (GAIN)/LOSS	06/30/17	60% ↗	2.75%	28	\$(5,294)	\$(74)	\$(5,588)	\$(149)	\$(5,825)	\$(229)
INVESTMENT (GAIN)/LOSS	06/30/17	60% ↗	2.75%	28	\$(125,140)	\$(1,739)	\$(132,101)	\$(3,511)	\$(137,716)	\$(5,412)
ASSUMPTION CHANGE	06/30/17	60% ↗	2.75%	18	\$74,148	\$1,401	\$77,889	\$2,840	\$80,404	\$4,378
NON-INVESTMENT (GAIN)/LOSS	06/30/18	40% ↗	2.75%	29	\$15,417	\$0	\$16,496	\$17,064	\$0	\$0
INVESTMENT (GAIN)/LOSS	06/30/18	40% ↗	2.75%	29	\$(37,295)	\$0	\$(39,906)	\$(545)	\$(42,136)	\$(1,120)
ASSUMPTION CHANGE	06/30/18	40% ↗	2.75%	19	\$110,106	\$(4,482)	\$122,450	\$2,283	\$128,660	\$4,692
METHOD CHANGE	06/30/18	40% ↗	2.75%	19	\$30,307	\$(297)	\$32,736	\$610	\$34,397	\$1,254
NON-INVESTMENT (GAIN)/LOSS	06/30/19	No Ramp	0.00%	20	\$15,851	\$0	\$16,961	\$0	\$18,148	\$1,656
INVESTMENT (GAIN)/LOSS	06/30/19	20% ↗	0.00%	20	\$17,954	\$0	\$19,211	\$0	\$20,556	\$449
TOTAL					\$450,162	\$8,442	\$472,941	\$412,754	\$79,093	\$11,189

This schedule assumes an additional discretionary payment is made in the amount and by the date stated on page 1 of this letter.

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LUMP SUM PAYMENT REQUEST

Please complete and return this form by either mail or e-mail.

Mail	CalPERS – FRAS Cash and Payments Processing Unit P.O. Box 942703 Sacramento, CA 94229-2703
E-mail	FCSD_public_agency_wires@calpers.ca.gov

Payment may be made by EFT through myCalPERS or wire transfer.

EFT through myCalPERS	E-mail <i>FCSD_public_agency_wires@calpers.ca.gov</i> at least two business days prior to the payment date. A receivable in the amount of the payment will be established. Once you are notified that the receivable has been established, sign in to your my CalPERS account and submit payment via Electronic Funds Transfer (EFT).
Wire	ABA#0260-0959-3 Bank of America Sacramento Main 555 Capitol Mall, Suite 1555 Sacramento, CA 95814 For credit to State of CA, CalPERS Account # 01482-80005 E-mail <i>FCSD_public_agency_wires@calpers.ca.gov</i> and your actuary on the day of the wire to ensure timely crediting to your account. Any individual wire totaling over \$5,000,000 requires 72-hour notice.

Employer Name: SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

CalPERS ID: 4303312904

Member Group or Plan: MISCELLANEOUS PLAN

Rate Plan ID: 1510

Amount: **\$ 387,402**

Purpose:	Pay Down Unfunded Liability
Base(s) to which payment is applied:	Investment (Gain)/Loss 06/30/2015, Investment (Gain)/Loss 06/30/2016 and Non-Investment (Gain)/Loss 06/30/2018

In recognition of our payment please revise our required employer contribution effective July 1, 2021:

Name and Title: (Please Print): _____

Signature: _____ Date: _____

Mailing Address: _____

City/State/Zip: _____

Telephone Number: _____ Fax Number: _____

E-mail Address: _____

San Bernardino Valley Water Conservation District

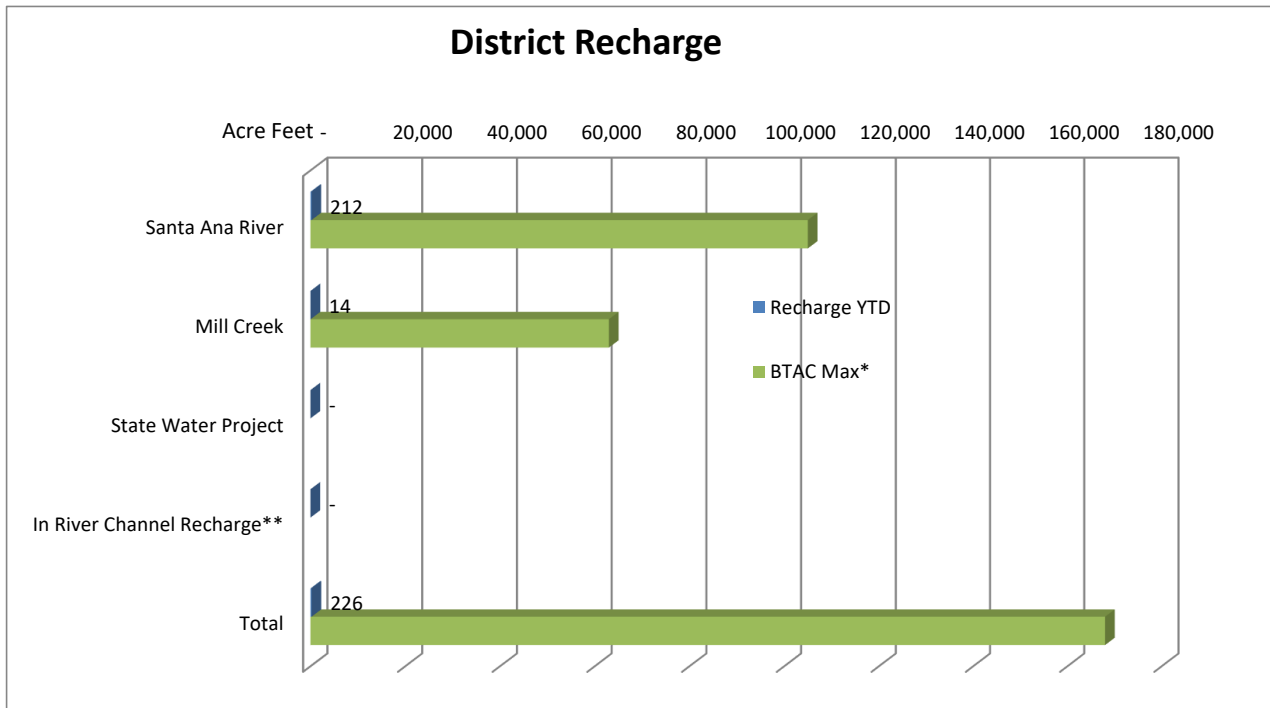
Monthly Recharge Report

From: 10/1/2020
To: 10/31/2020



	October				
	Avg Daily Recharge	Monthly Recharge	Recharge YTD	BTAC Max*	% Max
Santa Ana River	6.8	212	212	105,000	0%
Mill Creek	0.4	14	14	63,000	0%
State Water Project	0.0	-	-	NA	NA
In River Channel Recharge**	0.0	-	-	NA	NA
Total	7	226	226	168,000	0%

Values in Acre Feet
 *BTAC Revised Max in December 2019
 **Monitoring began in Mid-April 2011
 *** All Values Based on Water Year Oct-Sep 2021



President of the Board of Directors
of the
San Bernardino Valley Water Conservation District

A PROCLAMATION

**Commemorating Distinguished Service to the Region
Clare Henry Day
Upon his 100th Birthday**

WHEREAS, Clare Henry Day honorably served the San Bernardino Valley Water Conservation District Board from his first election to the Board in 1995 until his retirement from the Board in 2013; and

WHEREAS, he has been a figure in the community since starting his own architecture firm in 1952, with the District Office being one of his accomplishments; and

WHEREAS, he also served on the Board of the California Architectural Foundation, American Institute of Architects (District), and the California Architectural Foundation; and


WHEREAS, he established the Inland Chapter of the American Institute of Architects in 1955, and served as the chapter secretary-treasurer, vice president, president, and director; and

WHEREAS, his knowledge, expertise and dedication to the District and water issues on local, state and federal levels is highly valued; and,

WHEREAS, he was born on this day in 1920, making him the oldest person to serve on the Board of the Water Conservation District;

NOW, THEREFORE, I Richard Corneille, President of the Board of Directors of the San Bernardino Valley Water Conservation District do hereby proclaim our most sincere appreciation to Clare Henry Day, for his significant public service rendered to the community send our best wishes as he celebrates his 100th Birthday.

IN WITNESS WHEREOF, on behalf of the entire Board and staff that I have hereunto set my hand this Sixth Day of November, 2020.


Richard Corneille, President
Board of Directors
San Bernardino Valley Water Conservation District

EDITOR'S PICK

Conservation District Issues Proclamation for the 100th birthday of Clare Henry Day

Nov 5, 2020

The San Bernardino Valley Water Conservation District has issued a proclamation commemorating the Distinguished Service to the Region of Clare Henry Day upon his 100th birthday on Friday, Nov. 6. Board President Richard Corneille presented the Proclamation to Day at his home on Tuesday.

Day served on the Conservation District Board for 18 years from his election in 1995 to 2013. He retired from the board at the age of 93 as the oldest serving board member. Day provided extensive knowledge while on the board on water and public policy issues at the local, state, and federal levels. He served as both vice president and president of the board.



Board President Richard Corneille presents a proclamation to Clare Day.

Day is best known for his many architectural projects in the city of Redlands and the surrounding area. He designed expansions to several Redlands Unified School District schools, churches, other government buildings and six post offices, including the New York Street Post Office in Redlands. He also designed 36 custom houses in Redlands.

He started his architectural firm in Redlands in 1952. He was instrumental in establishing the Inland Chapter of the American Institute of Architects in 1955 and served the chapter in leadership rolls including president and director. He also served on the board of the California Architectural Foundation, the American Institute of Architects (District), and the California Architectural Foundation. He was awarded a Fellowship in the American Institute of Architects an honor, which is only given to 2 percent of the members of AIA.

He was active in a number of local organizations including the city's Architectural Commission and Appeals Board. He taught architecture at San Bernardino Valley and Chaffey colleges, and a design course at Redlands High School.

Recently, the Inland California Chapter of the American Institute of Architects awarded the A.K. Smiley Public Library a \$6,000 grant to archive Day's architectural drawings.

The proclamation expresses the District's sincere appreciation for Day's significant service to the Conservation District and public service to his profession and the community, along with best wishes as he celebrates his 100th birthday.

Prepared by Richard Corneille, board president, San Bernardino Valley Water Conservation District

2020 Board Calendar - San Bernardino Valley Water Conservation District

JANUARY						
S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Jan. 8 Board Meeting
Jan. 22 2nd Qtr. Finance & Admin Mtg.

JULY						
S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Jul. 8 Board Meeting
Jul. 22 4th Qtr. Finance & Admin Mtg.

FEBRUARY						
S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	

Feb. 12 Board Meeting

AUGUST						
S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Aug. 12 Board Meeting

MARCH						
S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Mar. 11 Board Meeting
Engineering Investigation Report Presentation
Mar. 25 3rd Qtr. Finance & Admin Mtg.

SEPTEMBER						
S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

Sept. 9 Board Meeting

APRIL						
S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

Apr. 8 Board Meeting
Public Meeting/Groundwater Charge
Apr. 22 Board Meeting
Public Hearing/Groundwater Charge

OCTOBER						
S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Oct. 14 Board Meeting

MAY						
S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

May 27 Board Meeting

NOVEMBER						
S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

Nov. 18 1st Qtr. Finance & Admin Mtg. (@9:00 a.m.)
Nov. 18 Board Meeting (@ 1:30 p.m.)

JUNE						
S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

Jun. 10 Board Meeting

DECEMBER						
S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Dec. 9 Board Meeting (@ 9:00 a.m.)
Holiday Luncheon