

**SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT  
BOARD OF DIRECTORS**

**MINUTES OF THE FINANCE & ADMINISTRATION COMMITTEE MEETING**

July 26, 2023  
1:30 P.M.

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Chairperson Raley called the Finance & Administration Committee Meeting to order at 1:32 p.m.

**FINANCE & ADMINISTRATION COMMITTEE MEMBERS PRESENT:**

David Raley, Chairperson  
Robert Stewart, Vice President (Alternate)

**FINANCE & ADMINISTRATION COMMITTEE MEMBERS ABSENT:**

John Longville, Director

**STAFF PRESENT:**

Betsy Miller, General Manager  
Athena Laroche, Administrative Specialist  
Angie Quiroga, Senior Administrative Analyst

**GUEST PRESENT:**

None

**1. PUBLIC PARTICIPATION**

Chairperson Raley announced this as the time for any persons present who so desire to make an oral petition to the Finance & Administration Committee. Hearing none, the meeting proceeded with the published agenda items.

**2. ADDITIONS/DELETIONS TO AGENDA**

There were no additions or deletions to the agenda.

**3. APPROVAL OF MINUTES FROM THE MARCH 22, 2023, MEETING**

**It was moved by Director Stewart and seconded by Director Raley to approve the minutes of the March 22, 2023. The motion carried unanimously.**

**Director Stewart: Yes**

**Director Raley: Yes**

#### 4. 4th QUARTER UNAUDITED FINANCIALS FOR FY23

Ms. Quiroga introduced this item for discussion, noting its inclusion on package page 7. She indicated that this report will be the last cash-basis view of FY23. Interest income has increased by approximately \$80,000. The GL 4022-4026 Interest Income was adjusted, replacing the initial estimate with the current funds received. GL 4031-4034 Mining Income has increased by an estimated \$120,000 with one additional payment pending. GL 4050 Property Tax and GL 4025 Wash Plan Revenue has increased minimally. Ms. Quiroga reviewed minor changes in expenses. She reviewed the capital projects budget, noting that expenses have increased by \$50,000 since financials were presented at the July 12 Board meeting. Director Raley asked where the expenses for the Program for the Expansion of Recharge Capacity (PERC) projects are shown. Ms. Quiroga indicated that they are shown under GL 7126 PERC Engineering/Professional Services as work in progress. Director Stewart reviewed the income and expenses and asked what would be done with any remaining funds. Ms. Quiroga indicated that a portion would be put into reserves or trusts.

She reviewed the Quarterly Investment Reports shown on package page 9. The net change in investments was a decrease of \$24,158.94. Yields increased from .62% in September 2022 to 5.34% at this time based on interest rates and moving \$18.5 million from LAIF to other investments. Ms. Miller provided a graph handout indicating the amount of each investment, its yield, and its due date. Ms. Quiroga noted that the District has \$100,835.41 in unrealized gains as indicated on package page 9. Director Raley inquired about the liquidity of District investments. Ms. Quiroga stated that we currently hold approximately \$18 million in a liquid CAMP account which is receiving a 5.2% yield. CalTrust is another liquid account option available to the District. Ms. Miller stated that the District has an estimated \$21 million available in liquid accounts. Director Raley inquired about the repairs to Suite I. Ms. Quiroga stated that we are awaiting another quote before repairs are completed. Brief discussion ensued on Redlands Plaza. Ms. Quiroga noted that all suites are occupied. Ms. Miller noted that property management companies have been interviewed, and staff are proceeding with a contract for the selected firm. Ms. Quiroga noted that a \$67,000 payment was made to the California Employers Retiree Benefit Trust (CERBT) account. The pension fund is fully funded. Director Raley recommended the Board be provided with an update on the pension system. Director Stewart asked what expenses were included in GL 6000 General Administration for the Redlands Plaza Enterprise. Ms. Quiroga said that this GL consists of the lease payment for the District offices, CAM, a portion of salaries for managing Redlands Plaza, and miscellaneous expenses. Director Raley asked if the field vehicles issue was resolved. This item was discussed at the Operations Committee yesterday and included in the budget approval for FY24. Each field staff person utilizes a District truck, and the District is purchasing a new F-350. Discussion ensued on field operations and improvements.

**It was moved by Director Stewart and seconded by Director Raley to approve this item and move it forward to the Board for final approval. The motion carried unanimously.**

**Director Stewart: Yes**

**Director Raley: Yes**

## 5. FIVE YEAR BUDGET COMPARISON

Ms. Quiroga introduced this item for discussion, noting its inclusion on package page 11. She noted that this was prepared and presented at the request of Director Stewart. Director Stewart said that he believes that we underestimated our draft budget, noting GL 4032 CEMEX – Royalty/Lease as an example. The interest income was discussed in brief. Ms. Miller indicated that GL 4032 was budgeted based on the lease’s minimum annual guarantee due to the fact that additional payments can cease at any time. She asked how the Committee would like to see that item budgeted. Director Stewart said that the budget needs to be the best-educated guess. He said that there was a variance of \$50,000 in GL 4032. Discussion on reserves ensued. Director Raley noted that he would strongly support the District purchasing more land. He encouraged staff to include this in the Board priorities, and to keep land in conservation. The Land Resources Enterprise, which is used to purchase land, is currently negative because it was used to purchase the Mendoza Property. Ms. Miller noted that some of the properties that the District purchased may be utilized for PERC. The Committee thanked Ms. Quiroga for her detailed report. This item was received and filed.

## 6. INVESTMENT POLICY UPDATES

Ms. Miller provided a handout of the revised Investment Policy. She noted that PFM has reviewed and proposed minor revisions to the existing policy. The changes shown in redline strikeout are primarily changes made due to state regulation changes. Director Raley asked for additional information to be provided in Section 6. Director Stewart reviewed Section 12, and asked why the language was removed related to cash flow forecast. Ms. Miller will request specifics from PFM and include this additional information in the Board memo requesting final approval.

**It was moved by Director Stewart and seconded by Director Raley to direct staff to provide additional information on the revisions made to the Investment Policy and move this item forward to the Board for final review and approval. The motion carried unanimously.**

**Director Stewart: Yes  
Director Raley: Yes**

## 7. THIRD PARTY CUSTODIAN

Ms. Miller provided a verbal update on this item. PFM recommended that the District work with UBS to understand better the protections provided for our investments. The costs for a third-party custodian is approximately \$8,000-\$10,000 per year. It was noted that this is within the General Manager's signature authority. Staff is reviewing materials that both PFM and UBS provided to the District. Director Stewart said that he is not familiar with third-party withdrawals or transfers. Ms. Miller stated that PFM indicated that this would secure our investments if UBS were to go bankrupt. The Committee requested that staff bring this item back to them with additional information.

**It was moved by Director Stewart and seconded by Director Raley to table this item, and bring it back to the Finance & Administration Committee with**

**additional information for further discussion at its next committee meeting. The motion carried unanimously.**

**Director Stewart: Yes**

**Director Raley: Yes**

8. SIGNATORY UPDATES

Ms. Miller provided a verbal update on this item. She noted that there are several signatory updates that staff will bring forward to the Board at its August meeting. These include removing Jeff Beehler and Daniel Cozad from the resolutions and adding the current General Manager, President, and Vice President. Staff also plans to request Board approval to increase the credit card limit from \$10,000 to \$15,000, and add the current General Manager and Field Supervisor. Ms. Miller said that staff is considering adding Milan Mitrovich, Land Resources Manager, as an additional signatory to the bank account. Mr. Mitrovich has been added to the San Bernardino Valley Conservation Trust accounts. Ms. Quiroga said that he would be added in order to sign checks in Ms. Miller's absence. Director Stewart recommended including all the changes into an exhibit for easy reference. It was the consensus of the Committee to move this item forward to the Board for final review and approval.

9. ADJOURN

**It was moved by Director Stewart and seconded by Director Raley to adjourn. The motion carried unanimously.**

**Director Stewart: Yes**

**Director Raley: Yes**

There being no further business, the meeting adjourned at 2:34 p.m.