



# San Bernardino Valley Water Conservation District

Helping Nature Store Our Water

## FINANCE & ADMINISTRATION COMMITTEE AGENDA

Wednesday, January 24, 2024 – 1:30 p.m.

Anyone wishing to listen to or participate in the meeting can join via Zoom:

**Call in (669) 900-6833, Meeting ID: 823 1937 4596**

To join the Zoom Meeting on <https://us02web.zoom.us/j/82319374596>

While the District makes every attempt to follow all guidance re COVID-19 safety protocols, the District cannot assure in-person attendees that they will not be exposed to COVID-19 or persons who have been so exposed, and attendees are advised to exercise caution in limiting their own incidences of exposure, particularly those who may be in groups at higher risk of infection, or serious symptoms of COVID-19 if infected.

**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 Laroche 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.

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### CALL TO ORDER

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#### 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. APPROVAL OF MEETING MINUTES FROM NOVEMBER 15, 2023

#### 4. 2<sup>ND</sup> QUARTER UNAUDITED FINANCIALS REVIEW 2023-2024

1630 W. Redlands Blvd, Suite A  
Redlands, CA 92373  
Phone: 909.793.2503  
Fax: 909.793.0188  
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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

Betsy Miller

5. **BUDGET PLANNING FOR GROUNDWATER ENTERPRISE FOR 2024-2025 AND ADVERTISED GROUNDWATER CHARGE**
6. **PROMISSORY NOTE WITH CONSERVATION TRUST**
7. **MENTONE HOUSE OWNERSHIP VERBAL UPDATE**
8. **REVIEW OPTIONS FOR OUTSIDE INVESTMENT FIRMS VERBAL UPDATE**
9. **ADJOURN MEETING**

**Committee Members:**  
**David Raley, Chair**  
**John Longville**

**Alternate:**  
**Bob Stewart**

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

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

November 15, 2023  
1:30 P.M.

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Chairperson Raley called the Finance & Administration Committee Meeting to order at 1:45 p.m.

**FINANCE & ADMINISTRATION COMMITTEE MEMBERS PRESENT:**

David Raley, Chairperson  
John Longville, Director

**FINANCE & ADMINISTRATION COMMITTEE MEMBERS ABSENT:**

None

**STAFF PRESENT:**

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

**GUEST PRESENT:**

Robert Stewart, Vice President (Alternate)

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 JULY 26, 2023, MEETING

**It was moved by Director Longville and seconded by Director Raley to approve the minutes of the July 26, 2023. The motion carried unanimously.**

**Director Longville: Yes  
Director Raley: Yes**

#### 4. 1<sup>st</sup> QUARTER UNAUDITED FINANCIALS FOR FY24

Ms. Quiroga introduced this item for discussion, noting its inclusion on package page 7. She indicated the District received \$538,242.47 of interest income through September 30. She noted that GL 5100 Professional Services has expended \$287,769.06 to date. There are no significant changes to the projected annual costs through the end of this quarter. She noted that capital expenses are currently at \$621,455.46. She reviewed the Quarterly Investment Reports shown on package page 9. CalTrust has a yield of 4.14%. The UBS Financial Services fund is separated to show General Fund and PERC investments. CAMP was yielding 5.55% through September 30. A detailed investment summary was shown on package page 10.

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

**Director Longville: Yes**

**Director Raley: Yes**

#### 5. STAFF RECOGNITIONS

Ms. Miller introduced this item for discussion. This item was at the request of the Board President. The item includes two parts: the first is to close the office between Christmas and New Year's to allow staff to enjoy a week of leave; however, staff who elect to work during this time may. The second part is to add three additional vacation days for full-time staff to cover the days during the office closure, which has a cash value of \$15,241.77. Staff will have the option to use the leave during the Christmas holiday week, use it at a different time, or cash out the time as desired. Director Longville spoke in support of the proposal. He indicated that it has become increasingly evident from organizational research that the relationship between exact hours worked in a week and productivity is not linear. Director Raley said the most affected person will be the General Manager, and requested her feedback on the recommendation. Ms. Miller said that she believes the team will benefit from a break after their hard work this year, and noted that we had a choice on several projects to complete work in-house at high quality but lower costs or we could have hired a consultant for higher costs. She discussed the learning benefit for our team in performing these tasks in-house.

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

**Director Longville: Yes**

**Director Raley: Yes**

#### 6. INVESTMENT POLICY REVIEW AND UPDATE ON INVESTMENTS

Ms. Miller introduced this item for discussion, noting its inclusion on package page 11. This item was reviewed at the July 26 Finance & Administration Committee meeting and is planned for the January Board meeting for final approval. Ms. Miller provided a verbal update on investments. She said that we have actively been moving funds to funds with improved yields. Discussion ensued on options for active

management of investments by outside investment firms. The Committee spoke in support of reviewing options for this.

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

**Director Longville: Yes  
Director Raley: Yes**

7. REVIEW OF APPENDIX B AND C APPOINTMENTS

This item is included on package page 22. Revisions to Appendix C are to rename Item 9 committees consistent with current workshop names. Item 13 is recommended to be revised to Program for the Expansion of Recharge Capacity, and Item 15 is recommended to be revised to Any District Required Training.

**It was moved by Director Longville and seconded by Director Raley to approve Appendix B and revisions to Appendix C and move this item forward to the Board for final approval. The motion carried unanimously.**

**Director Longville: Yes  
Director Raley: Yes**

8. DISCUSS PER DIEM RECOMMENDATION FOR CALENDAR YEAR 2024

Ms. Miller reviewed this item. Director Longville discussed per diem and requested more information on maximums. The maximum that the per diem can be increased per code is 5% per year. Last year, the CPI-U was 6.2%, and we increased per diem by 5%. The CPI-U All West for October 2023 is at 3.3%. Ms. Miller reviewed the difference between the 3.3% and 5% increase. Director Longville supports an increase of 5%, noting that last year's increase was lower than inflation, and suggested that staff includes the information for previous years in future discussions.

**It was moved by Director Longville and seconded by Director Raley to propose an increase in the per diem of 5% for calendar year 2024 and move this item forward to the Board for final approval. The motion carried unanimously.**

**Director Longville: Yes  
Director Raley: Yes**

9. ANNUAL MEMBERSHIPS

Ms. Miller introduced this item for discussion. This item was recommended for discussion by the Board, who requested that staff review membership in the Southern California Water Coalition. Ms. Miller referenced the information on package page 27. Director Raley requested additional

information and asked for someone from the coalition to speak to the Board. Director Longville suggested obtaining more information from colleagues who are members.

**It was moved by Director Raley and second by Director Longville to have a Southern California Water Coalition representative speak to the Board to inform the Board's decision in joining the Coalition. The motion carried unanimously.**

**Director Longville: Yes  
Director Raley: Yes**

10. QUARTERLY MEETINGS FOR 2024

The meetings for 2024 are: January 24, April 25, July 24 and October 30.

11. ADJOURN

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

**Director Longville: Yes  
Director Raley: Yes**

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

GL ACCT:	GL DESCRIPTION:	Approved 2023-2024 Budget	Expended/ Received to Date as of 12/31/23	Actual Over/Under Budget	Projected Annual Costs (7/1/23- 6/30/24)	GENERAL FUND			GROUNDWATER RECHARGE ENTERPRISE			REDLANDS PLAZA & LEASED PROPERTY- MENTONE HOUSE			LAND RESOURCE			ACTIVE RECHARGE TRANSFER PROJECTS			WASH PLAN and TRUST SUPPORT		
						2023 BUDGET:	% BUDGET	BASIS:	2023 BUDGET:	% BUDGET	BASIS:	2023 BUDGET:	% BUDGET	BASIS:	2023 BUDGET:	% BUDGET	BASIS:	2023 Budget	% BUDGET	BASIS:	2023 BUDGET:	% BUDGET	BASIS:
<b>INCOME:</b>																							
4012-17	INTEREST INCOME	1,342,938.99	1,358,064.07	15,125.08	2,156,315.78	388,728.99			0.00			0.00			0.00			799,500.00			0.00		
4021-26	GROUNDWATER	1,545,960.17	943,592.05	-602,368.12	1,545,960.17	0.00			1,014,102.17			0.00			0.00			0.00			0.00		
4024	GROUNDWATER COUNCIL REVENUE	731,858.00	703,949.29	-27,908.71	731,858.00	0.00	\$ 1,745,960.17		731,858.00	100%	11% increase	0.00			0.00			0.00			0.00		
4024-2	GW COUNCIL PASSTHROUGH	200,000.00	117,698.71	-82,301.29	200,000.00	0.00			200,000.00	100%		0.00			0.00			0.00			0.00		
4026	GW SUSTAINABILITY/REPLENISHMENT	61,040.75	10,891.07	-50,149.68	61,040.75	0.00			61,040.75	100%		0.00			0.00			0.00			0.00		
4031-34	MINING	648,000.00	522,813.17	-125,186.83	798,000.00	0.00			0.00			0.00			648,000.00			0.00			0.00		
4032	CEMEX - ROYALTY/LEASE	600,000.00	502,813.17	-97,186.83	750,000.00	0.00	Estimated sales		0.00			0.00			600,000.00	100%	Per Lease Agmt	0.00			0.00		
4036,40,8	MISCELLANEOUS	85,000.00	37,653.77	-47,346.23	60,000.00	7,500.00			0.00			0.00			77,500.00			0.00			0.00		
4036	AGGREGATE MAINTENANCE	60,000.00	27,907.36	-32,092.64	60,000.00	0.00			0.00			0.00			60,000.00	100%	ESTIMATE	0.00			0.00		
4050	PROPERTY TAX	141,479.29	130,464.38	-11,014.91	141,479.29	141,479.29	100% +5%		0.00			0.00			0.00			0.00			0.00		
4055	SBVMWD LEASE AGREEMENT	483,213.76	479,961.36	-3,252.40	479,961.36	217,446.19	45% +1.4% CPI		265,767.57	55%		0.00			0.00			0.00			0.00		
4062-66	RENTALS	252,881.76	101,509.50	-151,372.26	204,503.05	0.00			0.00			252,881.76			0.00			0.00			0.00		
4025	WASH PLAN REVENUE * from Reserve	374,450.00	209,074.46	-165,375.54	374,450.00	0.00			0.00			0.00			0.00			0.00			374,450.00	100%	
4999	TRUST REIMBURSEMENT WASH PLAN	225,000.00	351,153.64	126,153.64	576,153.64	0.00			0.00			0.00			0.00			0.00			225,000.00	100%	Trust proceeds
<b>TOTAL INCOME:</b>		<b>5,474,923.97</b>	<b>4,251,985.11</b>	<b>-1,222,938.86</b>	<b>6,737,823.29</b>	<b>755,154.47</b>			<b>2,121,727.73</b>			<b>252,881.76</b>			<b>791,500.00</b>			<b>954,210.00</b>			<b>599,450.00</b>		
<b>EXPENSES:</b>																							
5000	MISCELLANEOUS	541,681.95	72,638.52	-469,043.43	541,673.06	15,556.95			120,000.00			0.00			206,125.00			190,000.00			10,000.00		
5100	PROFESSIONAL SERVICES	1,401,916.25	365,686.64	-1,036,229.61	1,403,216.25	37,712.50			479,362.00			1,425.00			328,673.00			212,762.50			341,981.25		
5120	MISC. PROFESSIONAL SERVICES	539,625.00	70,590.46	-469,034.54	539,625.00	13,500.00			120,000.00		Consulting Services	0.00	0%		206,125.00			190,000.00			10,000.00		
5123	HABITAT MANAGEMENT-WP	329,700.00	115,275.51	-214,424.49	329,700.00	0.00			0.00			0.00			0.00			0.00			329,700.00	100%	
52-53	FIELD OPERATIONS	399,329.17	263,530.82	-135,798.35	404,240.00	0.00			367,329.17			0.00			32,000.00			0.00			0.00		
5400	UTILITIES	31,632.30	16,178.60	-15,453.70	31,632.30	11,492.37			9,861.70			4,684.22			1,530.29			4,063.73			0.00		
6000	GENERAL ADMINISTRATION	444,566.06	185,890.24	-258,675.82	441,586.78	136,159.01			60,961.03			116,178.53			48,817.50			74,082.50			8,367.50		
6100	BENEFITS	542,839.49	218,596.60	-324,242.89	542,839.49	70,569.13			308,870.10			27,455.12			68,637.80			144,139.38			48,046.46		
6160	PAYROLL TAXES - EMPLOYER	120,309.44	48,985.89	-71,323.55	120,309.44	15,640.23	13%		66,049.88	45%	Based on percent of hou	5,871.10	4%		14,677.75	10%		30,823.28	21%		10,274.43	7%	
6170	PERS RETIREMENT	225,400.91	108,819.14	-116,581.77	225,400.91	29,302.12	13% Includes UA Liability		123,745.10	45%	Based on percent of hou	10,999.56	4%		27,498.91	10%		57,747.71	21%		19,249.24	7%	
6170.01	PERS EMPLOYEE CONTRIBUTION	-68,320.21	-32,722.60	35,597.61	-68,320.21	-8,881.63	13%		-30,744.10	45%		-2,732.81	4%		-6,832.02	10%		-14,347.24	21%		-4,782.41	7%	
6170.02	457 Plan EMPLOYEE CONTRIBUTION		-31,100.97	-31,100.97																			
<b>SALARIES:</b>																							
6200	SALARIES	1,676,139.84	825,883.90	-850,255.94	1,676,139.84	216,876.51			825,546.05			91,935.37			171,727.14			500,311.79			170,594.12		
6300	INSURANCE	52,670.29	64,500.37	11,830.08	53,948.86	2,633.51			39,502.72			7,900.54			2,633.51			0.00			0.00		
6310	PROPERTY / AUTO INSURANCE	6,374.80	7,653.37	1,278.57	7,653.37	318.74	5%		4,781.10	75%	Approximate from Insur	956.22	15%		318.74	5%		0.00			0.00		
6320	GENERAL LIABILITY INSURANCE	46,295.49	56,847.00	10,551.51	46,295.49	2,314.77	5%		34,721.62	75%	Approximate from Insur	6,944.32	15%		2,314.77	5%		0.00			0.00		
<b>DIRECTOR'S EXPENSES:</b>																							
6400	DIRECTOR EXPENSES	130,076.25	31,989.06	-98,087.19	130,076.25	130,076.25	Board Total	\$ 130,076	0.00			0.00			0.00			0.00			0.00		
6500	ADMINISTRATIVE/STAFF EXPENSES	50,075.00	28,012.45	-22,062.55	51,575.00	21,653.75			15,863.75			0.00			10,088.00			2,469.50			0.00		
<b>TOTAL EXPENSES:</b>		<b>4,979,301.60</b>	<b>2,008,396.64</b>	<b>-2,970,904.96</b>	<b>4,985,302.83</b>	<b>729,229.98</b>			<b>2,115,371.23</b>			<b>249,578.78</b>			<b>792,181.96</b>			<b>937,829.40</b>			<b>601,026.69</b>		
Operating Revenue		5,474,923.97	4,251,985.11	-1,222,938.86	6,737,823.29	755,154.47			2,121,727.73			252,881.76			791,500.00			954,210.00			599,450.00		
<b>NET OPERATING REVENUE</b>		<b>495,622.37</b>	<b>2,243,588.47</b>	<b>1,747,966.10</b>	<b>1,752,520.46</b>	<b>25,924.50</b>			<b>6,356.50</b>			<b>3,302.98</b>			<b>-681.96</b>			<b>16,380.60</b>			<b>-1,576.69</b>		
OVERHEAD																							
NET GENERAL FUND ANNUAL																							

GL ACCT: GL DESCRIPTION:		Approved 2023-2024 Budget	Expended/ Received to Date as of 12/31/23	Actual Over/Under Budget	Projected Annual Costs (7/1/23- 6/30/24)	GENERAL FUND			GROUNDWATER RECHARGE ENTERPRISE			REDLANDS PLAZA & LEASED PROPERTY- MENTONE HOUSE			LAND RESOURCE			ACTIVE RECHARGE TRANSFER PROJECTS			WASH PLAN and TRUST SUPPORT		
Approved 2023-2024 Budget Qtr 2 Budget Worksheet						2023 BUDGET:	% BUDGET	BASIS:	2023 BUDGET:	% BUDGET	BASIS:	2023 BUDGET:	% BUDGET	BASIS:	2023 BUDGET:	% BUDGET	BASIS:	2023 Budget	% BUDGET	BASIS:	2023 BUDGET:	% BUDGET	BASIS:
<b>Multiyear Capital projects</b>																							
7010	MATERIALS	12,000.00	0.00	-12,000.00	12,000.00	0.00		6,000.00	50%	Field Security Changes	0.00		6,000.00	50%		0.00				0.00			
	LAND & BUILDINGS																						
7100	CAPITAL REPAIRS		167,201.63	-1,326,447.02	1,515,648.65	18,000.00		1,199,148.65			7,000.00		269,500.00			0.00				0.00			
7110	PROPERTY - CAPITAL REPAIRS	387,999.50	28,110.80	-359,888.70	387,999.50	18,000.00		307,499.50	79%	CIP #11 #15	0.00		62,500.00	16%	CIP #14 #34	0.00				0.00			
7120	PROPERTY - LAND PURCHASE	70,000.00	0.00	-70,000.00	70,000.00			0.00					70,000.00	100%		0.00				0.00			
7130	MENTONE PROPERTY (HOUSE) CAPIT	7,000.00	29,000.00	22,000.00	29,000.00	0.00		0.00			7,000.00	100%	0.00			0.00				0.00			
7140	MENTONE PROPERTY (SHOP) CIP #3	891,649.15	110,090.83	-781,558.32	891,649.15	0.00		891,649.15	100%		0.00		0.00			0.00				0.00			
7160	MENDOZA PROPERTY CIP\ #12	137,000.00	0.00	-137,000.00	137,000.00			0.00					137,000.00	100%		0.00				0.00			
	EQUIPMENT & VEHICLES																						
7200	EQUIPMENT & VEHICLES		150,632.07	-139,767.93	299,663.06	20,526.00		192,376.00			30,270.00		46,210.00			648.00				370.00			
7126	ARTP ENGR/PROF SERVICES #23 #31	3,532,019.00	322,285.38	-3,209,733.62	3,532,019.00	0.00		0.00	0%		0.00	0%	0.00			3,532,019.00	100%			0.00			
7150	MILL CREEK DIVERSION PROJECT CIP	2,299,616.86	1,396,222.32	-903,394.54	2,299,616.86	0.00		2,299,616.86	100%	In WIP Acct until comple	0.00		0.00			0.00				0.00			
7151	MILL CREEK PERMITTING	285,207.27	193,164.10	-92,043.17	285,207.27	0.00		285,207.27	100%	District Permitting +Rive	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		125,000.00	100%	Mill Creek O&M Plans	0.00		0.00	0%		0.00				0.00			
	<b>CAPITAL EXPENSE</b>	<b>8,037,891.78</b>	<b>2,229,505.50</b>	<b>-5,808,386.28</b>	<b>8,069,154.84</b>	<b>38,526.00</b>		<b>4,107,348.78</b>			<b>37,270.00</b>		<b>321,710.00</b>			<b>3,532,667.00</b>				<b>370.00</b>			



Description	NAV	Annual Yield	Average Maturity	Shares
LAIF	N/A	3.26%	Not available	
CalTrust Short-Term Fund	\$10.00	4.49%	.85 years (310.25 days)	0.000
CERBT	\$21.76	4.84%		32,139.573
UBS-CD's, Bonds, Securities-see below				

**UBS Investments-General**

Certificates of Deposit (CDs), Bonds & Securities	Price	Yield	Maturity	Shares	Purchase Price	Market Value as of 12/31/23	Duration
1. Freedom First Fed BA US Yield 4.94% (Cusip: 35638CAG4)	\$0.993	4.94%	10/28/2024	248,000	\$248,000.00	\$247,526.32	1.5 yr
2. FHLB Bond-Yield 1.05% Bond (Cusip: 3130APNR2)	\$0.941	1.00%	11/22/2024	250,000	\$250,005.25	\$241,410.00	3 yr
3. Sallie Mae Bank UT US-Yield 1.06% fixed rate CD (Cusip: 795451BA0)	\$0.938	1.00%	12/16/2024	245,000	\$245,000.00	\$235,489.10	3 yr
4. FFCB Bond-Yield 2.3% fixed rate CD (Cusip: 3133ENSK7)	\$0.951	2.19%	3/21/2025	252,000	\$252,000.00	\$244,109.88	3 yr
5. FHLB Bond-Yield 3.11% fixed rate CD (Cusip: 3130ARLN9)	\$0.962	3.00%	4/25/2025	250,000	\$250,005.25	\$245,662.50	3 yr
6. FHLB Bond 4 Yr Step-Up Yield 1.28% Callable 120921 (Cusip: 3130ANRAO)	\$0.932	0.60%	9/9/2025	250,000	\$250,005.25	\$239,647.50	4 yr
7. FHLB Bond-Yield 5.07% (Cusip: 3130ALCV4)	\$0.910	0.75%	2/24/2026	2,210,000	\$ 2,000,099.06	\$2,047,056.70	2 yr, 4 mos
8. FHLB Bond-Yield 4.94% (Cusip: 3130AKYH3)	\$0.884	0.83%	2/10/2027	2,280,000	\$ 1,997,269.69	\$2,056,879.20	3 yr 4 mos
						\$17,198.53	Accrued Interest
Average	\$0.94	1.79%	Total Interest Withdrawals	\$90,047.25	TOTAL	\$5,492,384.50	\$5,574,979.73

**UBS Investments-PERC**

Certificates of Deposit (CDs), Bonds & Securities	Price	Yield	Maturity	Shares	Purchase Price	Market Value as of 12/31/23	Duration
1. US Treasury Bill-Yield 5.195% (Cusip: 912797FS1)	\$0.951	5.20%	6/13/2024	4,205,000	\$3,999,767.95	\$4,108,831.65	1 yr
2. FFCB Bond-Yield 5.46% (Cusip: 3133ENP79)	\$0.991	4.25%	9/26/2024	2,500,000	\$2,473,151.08	\$2,486,375.00	1 yr
3. FHLMC MED TERM NTS-Yield 4.19% (Cusip: 3134GX2P8)	\$0.980	4.125%	9/30/2024	4,000,000	\$4,000,000.00	\$3,970,120.00	2 yr
4. Bank of America-Yield 5.4% (Cusip: 06051V5G7)	\$1.000	5.40%	5/22/2025	240,000	\$240,000.00	\$241,204.80	1.5 yr
5. Wells Fargo Bank-Yield 5.35% (Cusip: 949764JD7)	\$0.998	5.35%	11/21/2025	240,000	\$240,000.00	\$242,316.00	2 yr
6. US Treasury Note-Yield 4.96% (Cusip: 91282CAZ4)	\$0.915	0.375%	11/30/2025	2,000,000	\$1,827,262.42	\$1,857,820.00	2 yr
7. US Treasury Note-Yield 4.2% (Cusip: 91282CHH7)	\$0.990	4.125%	6/15/2026	2,510,000	\$2,499,469.04	\$2,510,301.20	3 yr
8. UBS BK USA-Yield 5.15% (Cusip: 90355GHN9)	\$1.000	5.15%	11/9/2026	240,000	\$240,000.00	\$241,706.40	3 yr
9. Am Ex National Bank-Yield 5.15% (Cusip: 02589AF80)	\$1.001	5.15%	11/9/2026	240,000	\$240,000.00	\$241,732.80	3 yr
10. Morgan Stanley BK N A-Yield 5.15% (Cusip: 61690DGP7)	\$1.000	5.15%	11/9/2026	240,000	\$240,000.00	\$241,732.80	3 yr
11. Morgan Stanley Private Bk-Yield 5.15% (Cusip: 61768EE74)	\$1.000	5.15%	11/9/2026	240,000	\$240,000.00	\$241,732.80	3 yr
12. California Credit Union-Yield 5.5% (Cusip: 130162BE9)	\$1.009	5.50%	11/16/2026	240,000	\$240,000.00	\$243,969.60	3 yr
13. FHLB -Yield 5.4% (Cusip: 912797FV4)	\$1.000	5.40%	12/21/2026	2,051,000	\$2,051,000.00	\$2,051,020.51	3 yr
14. FFCB Bond-Yield 4.83% (Cusip: 3133EPYM1)	\$1.005	4.75%	10/13/2027	2,000,000	\$1,995,036.35	\$2,053,940.00	4 yr
15. Maine Savings-Yield 5.2% (Cusip: 560507AS4)	\$0.999	5.20%	11/8/2027	240,000	\$240,000.00	\$243,960.00	4 yr
16. Empower Fed Credit Union-Yield 5.35% (Cusip: 291916AH7)	\$1.005	5.35%	11/15/2027	240,000	\$240,000.00	\$245,313.60	4 yr
17. Workers Credit Union-Yield 5.35% (Cusip: 98138MCB4)	\$1.005	5.35%	11/15/2027	240,000	\$240,000.00	\$245,284.80	4 yr
18. FHLB Bond-Yield 6% (Cusip: 3130AXRP5)	\$1.000	6.00%	11/23/2027	2,000,000	\$ 2,000,000.00	\$1,998,200.00	4 yr
19. FHLB Bond Step-Up-Yield 5.3% (Cusip: 3130AVSR4)	\$0.992	5.25%	5/18/2028	4,500,000	\$4,500,000.00	\$4,491,090.00	5 yr
						\$143,037.80	Accrued Interest
Average	\$0.99	4.85%	Total Interest Withdrawals	\$236,177.84	TOTAL	\$27,745,686.84	\$28,099,689.76

GL ACCT:	GL DESCRIPTION:	Approved 2023 2024 Budget	Projected Annual Costs (7/1/23- 6/30/24)	Draft 2024- 2025 Budget	GROUNDWATER RECHARGE ENTERPRISE		
					2025 BUDGET:	% BUDGET	BASIS:
<b>Draft 2024-2025 Budget</b>							
<b>INCOME:</b>							
4012	INTEREST INCOME-LAIF	0.00	1,100.00	0.00	0.00		
4013	INTEREST INCOME-CALTRUST	99,038.99	71,315.78	0.00	0.00		Groundwater Totals
4015	INTEREST INCOME-UBS	510,000.00	1,350,000.00	1,275,000.00	0.00		\$ 924,303
4016	INTEREST INCOME CAMP	562,000.00	562,000.00	385,000.00	0.00		
4017	PERC CAPITAL INCOME	171,900.00	171,900.00	171,900.00	0.00		
4022	GROUNDWATER CHARGE	753,061.42	753,061.42	661,905.57	661,905.57	100%	5% increase
4024	GROUNDWATER COUNCIL REVENUE	731,858.00	731,858.00	768,450.90	768,450.90	100%	5% increase
4024-2	GW COUNCIL PASSTHROUGH	200,000.00	200,000.00	177,084.88	177,084.88	100%	
4026	GW SUSTAIN./REPLENISHMENT	61,040.75	61,040.75	85,312.08	85,312.08	100%	
4031	PLANT SITE CEMEX	48,000.00	48,000.00	48,000.00	0.00		
4032	CEMEX - ROYALTY/LEASE	600,000.00	750,000.00	600,000.00	0.00		
4036	AGGREGATE MAINTENANCE	60,000.00	60,000.00	60,000.00	0.00		
4040	MISCELLANEOUS INCOME	10,000.00	10,000.00	10,000.00	0.00		
4043	PROJECT SALARY REIMBURSEMENT	15,000.00	15,000.00	15,000.00	0.00		
4050	PROPERTY TAX	141,479.29	141,479.29	145,723.67	0.00		
4051	WASH PLAN TRAILS	66,000.00	66,000.00	66,000.00	0.00		
4055	SBVMWD LEASE AGREEMENT	483,213.76	479,961.36	502,542.31	276,398.27	55%	
4062	MENTONE PROPERTY INCOME	100.00	100.00	100.00	0.00		
4065	REDLANDS PLAZA	206,160.35	157,781.64	206,160.35	0.00		
4066	REDLANDS PLAZA CAM	46,621.41	46,621.41	47,553.84	0.00		
4080	EXCHANGE PLAN	0.00	0.00	0.00	0.00		
4025	WASH PLAN REVENUE	374,450.00	374,450.00	374,450.00	0.00		
	GW Recharge Enterprise Reserve	110,000.00	110,000.00	250,000.00	250,000.00	100%	
4999	TRUST REIMBURSEMENT WP	225,000.00	576,153.64	225,000.00	0.00		
<b>TOTAL INCOME:</b>		<b>5,474,923.97</b>	<b>6,737,823.29</b>	<b>6,075,183.59</b>	<b>2,219,151.70</b>		
<b>EXPENSES:</b>							
5080	LAFCO CONTRIBUTION/FEES	2,056.95	2,048.06	2,056.95	0.00		
5120	PROFESSIONAL SERVICES	539,625.00	539,625.00	539,625.00	120,000.00		Consulting Services
5122	WASH PLAN PROF. SERVICES	28,000.00	28,000.00	28,000.00	0.00		
5123	WASH PLAN IMPLEMENTATON	329,700.00	329,700.00	329,700.00	0.00		
5125	ENGINEERING SERVICES	35,000.00	35,000.00	35,000.00	35,000.00	100.00%	
5126	GW SUSTAIN./REPLENISHMENT	61,040.75	61,040.75	85,312.08	85,312.08	100%	Pass through of GC cost
5127	PROJECT ACCOUNTING SERVICES	5,000.00	5,000.00	5,000.00	0.00		
5128	GC NONDISTRICT FACILITIES MAINT.	200,000.00	200,000.00	177,084.88	177,084.88	100%	Pass through of GC cost
5130	AERIAL PHOTO/SURVEYING/MARKET	2,425.50	2,425.50	2,546.78	0.00		
5133	Regional River HCP Contribution	30,000.00	30,000.00	30,000.00	24,000.00	80%	
5155	WP TRAILS SERVICES	100,000.00	100,000.00	100,000.00	0.00		
5160	IT SUPPORT	45,625.00	45,625.00	34,500.00	15,525.00	45%	Share by need
5170	AUDIT	28,500.00	29,800.00	31,350.00	13,794.00	44%	Share based on Revenue
5175	LEGAL-WASH PLAN	0.00	0.00	0.00	0.00		
5180	LEGAL	25,000.00	25,000.00	25,000.00	6,250.00	25%	GC and COE Litigation
<b>FIELD OPERATIONS:</b>							
5210	EQUIPMENT MAINTENANCE	8,528.40	20,000.00	15,000.00	15,000.00	100%	based on average actual

GL ACCT:                      GL DESCRIPTION:		Approved 2023 2024 Budget	Projected Annual Costs (7/1/23- 6/30/24)	Draft 2024- 2025 Budget	GROUNDWATER RECHARGE ENTERPRISE		
<b>Draft 2024-2025 Budget</b>					2025 BUDGET:	% BUDGET	BASIS:
5215	PROPERTY MAINTENANCE	40,000.00	25,000.00	40,000.00	32,000.00	80%	
5223	TEMP FIELD LABOR	10,000.00	10,000.00	10,000.00	10,000.00	100%	Invasive and canal cleanin
5225	FIELD CLEAN UP-DUMPING/VECTOR	60,000.00	60,000.00	60,000.00	36,000.00	60%	
5050	BASIN CLEANING	250,000.00	250,000.00	250,000.00	250,000.00	100%	
	<b>VEHICLE OPERATIONS:</b>						
5310	VEHICLE MAINTENANCE	9,240.00	9,240.00	10,626.00	10,626.00	100%	
5320	FUEL	21,560.77	30,000.00	30,000.00	30,000.00	100%	Based on FY 23 Actuals
	<b>UTILITIES:</b>						
5410	ALARM SERVICE	1,200.00	1,200.00	1,260.00	504.00	40%	FACILITIES SHARE
5420	ELECTRICITY	10,815.69	10,815.69	11,356.47	2,271.29	20%	FACILITIES SHARE
5430	MOBILE PHONES	7,150.00	7,150.00	7,507.50	3,753.75	50%	FACILITIES SHARE
5440	TELEPHONE	3,000.00	3,000.00	3,150.00	787.50	25%	FACILITIES SHARE
5450	NATURAL GAS	2,730.00	2,730.00	2,866.50	859.95	30%	FACILITIES SHARE
5460	WATER / TRASH / SEWER	3,904.11	3,904.11	4,099.32	1,434.76	35%	FACILITIES SHARE
5470	INTERNET SERVICES	2,832.50	2,832.50	2,974.13	743.53	25%	FACILITIES SHARE
	<b>GENERAL ADMINISTRATION:</b>						
6001	GENERAL ADMIN-OTHER	6,000.00	6,000.00	6,000.00	3,000.00	50%	ESTIMATE BY USE
6002	WEBSITE ADMINISTRATION	6,000.00	6,000.00	6,300.00	0.00		
6004	MEETING EXPENSES	2,200.00	2,500.00	2,500.00	0.00		
6006	PERMIT FEES	15,000.00	15,000.00	15,000.00	12,750.00	85%	USFWS/CDFW/COE
6007	INTER DISTRICT COSTS	10,000.00	10,000.00	10,000.00	5,000.00	50%	
6009	LICENSES	2,000.00	2,000.00	2,000.00	1,600.00	80%	
6010	SURETY BOND	1,900.00	1,210.00	1,900.00	0.00		
6012	OFFICE MAINTENANCE	10,000.00	10,000.00	10,000.00	0.00		
6013	OFFICE LEASE PAYMENT	50,000.00	50,000.00	50,000.00	10,000.00	20%	Share by allocation
6015	MENTONE HOUSE MAINTENANCE	4,000.00	4,000.00	4,000.00	0.00		
6016	REDLANDS PLAZA MAINTENANCE	47,000.00	47,000.00	47,000.00	0.00		
6026	REDLANDS PLAZA CAM EXPENSES	42,861.03	42,861.03	44,146.86	0.00		
6018	JANITORIAL SERVICES	10,500.00	10,500.00	10,560.00	0.00		
6019	JANITORIAL SUPPLIES	375.00	450.00	450.00	180.00	40%	FACILITIES SHARE
6020	VACANCY MARKETING-RP	5,000.00	5,000.00	5,000.00	0.00		
6024	COMPUTER HARDWARE	3,000.00	3,000.00	3,150.00	1,968.75	63%	FACILITIES SHARE
6027	COMPUTER SOFTWARE	23,250.00	23,250.00	23,250.00	2,325.00	10%	FACILITIES SHARE
6030	OFFICE SUPPLIES	12,100.00	12,100.00	10,000.00	2,000.00	20%	FACILITIES SHARE
6033	OFFICE EQUIPMENT RENTAL	8,000.00	8,000.00	8,100.00	405.00	5%	FACILITIES SHARE
6036	PRINTING	2,500.00	2,500.00	2,500.00	1,000.00	40%	
6039	POSTAGE AND OVERNIGHT DELIVERY	1,200.00	1,200.00	1,200.00	300.00	25%	
6042	PAYROLL PROCESSING FEES	5,000.00	5,000.00	5,000.00	0.00		
6045	BANK INVESTMT. SERVICE CHARGES	10,000.00	5,000.00	10,000.00	0.00		
6051	UNIFORMS	3,115.75	3,115.75	3,209.22	2,246.46	70%	Field Uniforms
6060	OUTREACH	127,000.00	127,000.00	77,000.00	15,400.00	20%	share by mission
6087	EDUCATIONAL REIMBURSEMENT	5,000.00	5,000.00	5,000.00	0.00		
6090	SUBSCRIPTIONS/PUBLICATIONS	3,000.00	3,000.00	3,150.00	0.00		
6091	PUBLIC NOTICES	3,200.00	3,200.00	3,200.00	2,560.00	80%	
6093	MEMBERSHIPS	25,364.28	28,000.00	29,400.00	0.00		

GL ACCT:                      GL DESCRIPTION:		Approved 2023 2024 Budget	Projected Annual Costs (7/1/23- 6/30/24)	Draft 2024- 2025 Budget	GROUNDWATER RECHARGE ENTERPRISE		
<b>Draft 2024-2025 Budget</b>					2025 BUDGET:	% BUDGET	BASIS:
<b>BENEFITS:</b>							
6110	VISION INSURANCE	3,169.97	3,169.97	3,169.97	1,740.31	45%	Based on percent of hours
6120	WORKER'S COMP INSURANCE	21,426.97	21,426.97	23,276.97	12,779.06	45%	Based on percent of hours
6130	DENTAL INSURANCE	10,959.08	10,959.08	12,136.64	6,663.01	45%	Based on percent of hours
6150	MEDICAL INSURANCE	271,181.40	271,181.40	278,413.54	152,849.04	45%	Based on percent of hours
6150.01	MEDICAL EMPLOYEE CONTRIBUTION	-41,288.07	-41,288.07	-39,230.38	-17,653.67	45%	
6160	PAYROLL TAXES - EMPLOYER	120,309.44	120,309.44	117,848.16	64,698.64	45%	Based on percent of hours
6170	PERS RETIREMENT	225,400.91	225,400.91	282,564.33	155,127.82	45%	Based on percent of hours
6170.01	PERS EMPLOYEE CONTRIBUTION	-68,320.21	-68,320.21	-85,755.07	-38,589.78	45%	
6170.02	457 Plan EMPLOYEE CONTRIBUTION						
<b>SALARIES:</b>							
6210	OVERTIME				0.00		898,414.51
6230	REGULAR SALARIES	1,676,139.84	1,676,139.84	1,829,643.56			
Sub	Field Staff Part Time				0.00	100%	Salary+overhead 22% time
Sub	Field Supervisor	104,175.72	104,175.72	109,871.92	134,043.75	100%	Salary+overhead 22% time
Sub	Field Operations Spec I	69,388.80	69,388.80	76,192.02	92,954.27	100%	Salary+overhead 22% time
Sub	Field Operations Spec I	57,824.00	57,824.00	64,897.62	71,257.59	90%	Salary+overhead 22% time
Sub	Lands Resources Mgr.	172,523.69	172,523.69	185,860.65	90,700.00	40%	Salary+overhead 22% time
Sub	Admin Services Spec.	100,521.24	100,521.24	99,447.71	48,530.48	40%	Salary+overhead 22% time
Sub	Senior Admin Analyst	109,541.79	109,541.79	112,349.95	34,266.74	25%	Salary+overhead 22% time
Sub	Senior Engineer (Part-time)	98,542.77	98,542.77	176,800.00	43,139.20	20%	Salary+overhead 22% time
Sub	District Engineer	153,372.38	153,372.38	160,267.54	58,657.92	30%	Salary+overhead 22% time
Sub	Assistant Engineer	86,481.57	86,481.57	88,273.91	32,308.25	30%	Salary+overhead 22% time
Sub	Assistant Engineer/Biologist	74,500.44	74,500.44	78,744.56	48,034.18	50%	Salary+overhead 22% time
Sub	Legal Counsel	294,966.45	294,966.45	305,928.81	111,969.94	30%	Salary+overhead 22% time
Sub	General Manager	277,994.66	277,994.66	288,323.44	105,526.38	30%	Salary+overhead 22% time
Sub	Clerical (Part-time)	25,599.13	25,599.13	27,304.65	0.00	0%	Salary+overhead 22% time
Sub	Doc Imaging Intern	17,614.08	17,614.08	17,202.24	8,394.69	40%	Salary+overhead 22% time
sub	Engineering/GIS Intern	16,546.56	16,546.56	19,089.27	9,315.57	40%	Salary+overhead 22% time
sub	Biology Intern	16,546.56	16,546.56	19,089.27	9,315.57	40%	Salary+overhead 22% time
<b>INSURANCE:</b>							0.38
6310	PROPERTY / AUTO INSURANCE	6,374.80	7,653.37	8,036.04	6,027.03	75%	Approximate from Insurer
6320	GENERAL LIABILITY INSURANCE	46,295.49	46,295.49	47,221.40	35,416.05	75%	Approximate from Insurer
<b>DIRECTOR'S EXPENSES:</b>							
6401	DIRECTOR'S FEES	105,600.00	105,600.00	110,600.00	0.00		
6410	MILEAGE	4,840.00	4,840.00	5,324.00	0.00		
6415	AIR FARE	3,906.25	3,906.25	4,882.81	0.00		
6420	OTHER TRAVEL	605.00	605.00	665.50	0.00		
6425	MEALS	4,235.00	4,235.00	4,658.50	0.00		
6430	LODGING	4,840.00	4,840.00	5,324.00	0.00		
6435	CONF/SEMINAR REGISTRATIONS	6,050.00	6,050.00	6,655.00	0.00		
6440	ELECTION FEES/REDISTRICTING	0.00	0.00	100,000.00	0.00		
<b>ADMIN/STAFF EXPENSES:</b>							
6510	MILEAGE	2,750.00	2,750.00	3,025.00	756.25	25%	
6515	AIR FARE	4,950.00	4,950.00	5,445.00	544.50	10%	

GL ACCT:	GL DESCRIPTION:	Approved 2023 2024 Budget	Projected Annual Costs (7/1/23- 6/30/24)	Draft 2024- 2025 Budget	GROUNDWATER RECHARGE ENTERPRISE		
					2025 BUDGET:	% BUDGET	BASIS:
<b>Draft 2024-2025 Budget</b>							
6520	OTHER TRAVEL	1,500.00	1,500.00	1,500.00	375.00	25%	
6525	MEALS	4,500.00	4,500.00	4,725.00	1,653.75	35%	
6530	LODGING	6,500.00	8,000.00	7,800.00	2,730.00	35%	
6535	CONF/TRAINING REGISTRATIONS	29,875.00	29,875.00	30,000.00	10,500.00	35%	
9999	Contribution toward Capital Maint.	220,000.00	220,000.00	220,000.00	0.00		Reduced Allocation
8010	Capital Reserve GWE/Rate Stabilizati	0.00	0.00	0.00	0.00	100%	Use not contribution
<b>TOTAL EXPENSES:</b>		<b>4,979,301.60</b>	<b>4,985,602.83</b>	<b>5,260,961.66</b>	<b>2,225,713.47</b>		
Operating Revenue		<b>5,474,923.97</b>	<b>6,737,823.29</b>	<b>6,075,183.59</b>	<b>2,219,151.70</b>		
<b>NET OPERATING REVENUE</b>		<b>495,622.37</b>	<b>1,752,220.46</b>	<b>814,221.94</b>	<b>-6,561.77</b>		

**PROMISSORY NOTE**

\$(INSERT PRINCIPAL AMOUNT HERE)

January \_\_, 2024  
Redlands, California

FOR VALUE RECEIVED, the undersigned, SAN BERNARDINO VALLEY CONSERVATION TRUST, a California nonprofit corporation (“Borrower”), having an address of 1630 West Redlands Boulevard, Suite A, Redlands, Ca 92373 pPromises to pay to the order of the SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT, a political subdivision of the State of California and a water conservation district duly formed and existing under sections 74000 et seq. of the California Water Code (“Lender”), located at 1630 West Redlands Boulevard, Suite A, Redlands, Ca 92373 (or at such other address as Lender may later designate to Borrower in writing), in lawful money of the United States of America, the principal amount of \_\_\_\_ Million and No/100 Dollars (\$\_\_\_\_\_) (“Principal Balance”). Such amount has been forwarded as the value of contractual and in-kind services, and remittances to Borrower under that certain Contract for the Provision of Administrative Services dated October 5, 2017 (“Loan Agreement”). -The detail of the amounts of the Principal Balance and the time over which it has accrued is attached hereto as Attachment “A.”

1. Disbursements. The proceeds of the loan represented by this Note represent the value of services, both in-kind and contractual, provisioned by the Lender on behalf of the Borrower pursuant to the terms of the Loan Agreement. Additional provision of services, or remittance of amounts collected by Lender and forwarded to Borrower under the Loan Agreement, may occur and will, in the event they do occur, add to the Principal Balance. The amounts of such additions to the Principal Balance shall be invoiced by Lender to Borrower on or before February 28 each calendar year. Such invoices will indicate the total hours expended, hourly rates for all personnel performing services, amount paid for contracted services, any amounts collected by Lender and remitted to Borrower under the Loan Agreement for the preceding calendar year, the aggregate amount of additional Principal Balance accrued during the one year preceding the date of the invoice, and the total Principal Balance due. In the event Borrower disputes any amounts in the invoice, or the total Principal Balance due, it shall advise Lender, in writing, within thirty (30) days of the date of the invoice. In the event of any such dispute, the parties shall meet and confer in good faith in an attempt to resolve any disputes, and should this fail to result in agreement, the matter shall be submitted to binding arbitration, with a neutral arbitrator mutually selected by the parties, pursuant to the procedures set out in paragraph 17 below.

2. Interest Rate. Interest shall not accrue on the outstanding Principal Balance due under this Note, provided that all amounts due under this Note are paid in full on or before June 30, 2033. On and after that date, any outstanding balances due under the Note shall accrue interest at a rate of ten percent (10%) per annum (the “Interest Rate”) and shall be calculated based on a 360-day year based on the actual number days elapsed. Interest due under this Note shall not be compounded.

3. Payments; Loan Fee.

(a) Principal Payments Due. Commencing on June 30, 2024, and continuing on the thirtieth day of June of each calendar year thereafter through and including the June 30, 2033 (the

“Maturity Date”), Borrower shall pay to Lender an amount equal to no less than one-tenth (1/10<sup>th</sup>) of the outstanding Principal Balance. Such payments shall continue until the earlier of the date the Note is paid in full, or until the Maturity Date, in which case all amounts of the Outstanding Principal Balance shall be paid by Borrower to Lender.

(b) Prepayment. Borrower may prepay all or any portion of the amounts due under this Note at any time.

(c) Balloon Payment. UPON THE MATURITY DATE, THIS NOTE WILL REQUIRE A BALLOON PAYMENT OF THE ENTIRE OUTSTANDING PRINCIPAL BALANCE DUE UNDER THIS NOTE.

4. Maturity Date. The outstanding principal balance of this Note, together with all accrued and unpaid interest and other charges due hereunder shall be due and payable in full on or before June 30, 2033 (the “Maturity Date”). Lender may agree to extend the Maturity Date in its sole discretion. Upon the consent of Lender to extend the Maturity Date, in addition to any other reasonable requests of Lender, Borrower shall pay to Lender an extension fee equal to one and a quarter percent (1.25%) of the outstanding principal under this Note for each three (3) month period the loan remains outstanding past the original Maturity Date. Although fully earned as of the first calendar day for every such three (3) month period, such extension fees shall not be due and payable by Borrower to Lender until the earlier of the extended Maturity Date or the date the Loan comes due and payable in full, whether by acceleration or otherwise (or when actually repaid).

5. Remedies. Upon the occurrence of any default hereunder the Lender may exercise all rights and remedies provided for herein and at law or equity, including, but not limited to, the right to immediate payment in full of this Note and any and all rights of an unsecured creditor under the Uniform Commercial Code as from time to time in effect in the State of California. Upon the occurrence of a default hereunder, and without notice or demand, all amounts owed under this Note, including all accrued but unpaid interest, shall thereafter bear interest at a rate of ten percent (10%) per annum until all defaults are cured.

6. No Demand Required. Borrower waives presentment, demand, notice, protest, and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note.

7. No Offset. Borrower will pay to Lender all sums owing under this Note without deduction, offset or counterclaim of any kind whatsoever. Borrower hereby expressly waives and releases all rights Borrower has or may hereafter have (at law, equity or otherwise), to claim or in any way assert any right or defense against Lender that is based on deduction, offset and/or counterclaim.

8. Severability. Should any provision of this Note prove to be invalid, unenforceable or illegal, such invalidity, unenforceability or illegality shall in no way affect, impair or invalidate any other provision hereof, and such remaining provisions shall remain in full force and effect.

9. California Law. This Note and the parties’ rights and duties hereunder shall be governed by the laws of the State of California, without regard to conflict of law principles.

10. Attorneys’ Fees. It is expressly agreed that if this Note is referred to an attorney or if suit is brought to collect under this Note or any part hereof or to enforce or protect any rights conferred

upon Lender by this Note or any other document evidencing, securing or guarantying this Note, then Borrower shall pay all costs, including, without limitation, attorneys' fees and expenses, court costs, experts fees and expenses, accountants fees and expenses and administrative costs, incurred by Lender.

11. Successors And Assigns. This Note inures to and binds the heirs, legal representatives, successors and assigns of Lender and Borrower. Borrower may not assign its rights or delegate its obligation or duties under this Note.

12. Amendment. This Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Borrower or Lender, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

13. Time Of The Essence. Time is of the essence for all provisions herein for which time is a factor.

14. Usury. If Lender shall ever receive as interest an amount that exceeds the highest lawful rate, the amount that would be excessive interest shall be applied to reduce the unpaid principal balance under this Note and not to pay interest, or if such excessive interest exceeds the unpaid principal balance under this Note, such excess shall be refunded to Borrower.

15. Non-Consumer Loan; Business Relationship. The purpose of the loan that is represented by this Note is (and will be at all times) for a business purpose and not for any personal, family, or household purpose. Borrower hereby agrees and acknowledges that Borrower and Lender have a preexisting business relationship concerning certain real estate matters beyond that of mere "lender" and "borrower."

16. Notices. All notices to Lender or Borrower shall be given to the addresses set forth above or such addresses as the Lender and Borrower may hereinafter designate in writing.

17. Arbitration of Disputes.

(a) The parties shall attempt to resolve any disputes arising out of or in relation to this Note by discussing the dispute in good faith. To the extent that they cannot be resolved by mutual consultation, any and all disputes arising out of or in relation to this Note, including, without limitation, this arbitration clause, shall be solely and finally settled by binding arbitration by JAMS in Riverside, California (or such other location as the parties shall agree) administered by and in accordance with JAMS' Streamlined Arbitration Rules and Procedures (or substantially equivalent rules and procedures then in effect) to the extent that such rule and procedure are not inconsistent with this section including, without limitation, matters relating to enforceability, performance or remedies for breach. However, notwithstanding the foregoing, (1) the parties shall not be prohibited from seeking interim, provisional remedies in the Superior Court of San Bernardino County (including an action for a temporary or preliminary injunction), and (2) this provision shall not restrict or delay Lender from pursuing any of its rights against any and all security that may hereinafter be given for the Loan by Borrower or any other party upon an Event of Default.

(b) By written notice to the other party, either party may demand that a disputed matter be submitted to arbitration. In the demand notice, the party shall specify the nature of

the dispute. Within thirty (30) days after the delivery of such notice, Lender and Borrower shall agree upon an arbitrator from the list of retired judges and justices at JAMS. If the parties fail to agree on an arbitrator within such thirty (30) day period, then the parties shall direct JAMS to provide a list of three (3) prospective arbitrators knowledgeable in the field that is the subject of the dispute. Within ten (10) days after the delivery of such list, each of Lender and Borrower may strike one (1) name from the list, and the remaining panelist shall serve as the designated arbitrator. If a party shall fail to strike a name from the list within such ten (10) day period, then the other party shall select the designated arbitrator from the remaining two (2) names. If the parties strike the same name from the list, then JAMS shall provide the name of an additional prospective arbitrator, and the procedure set forth in the preceding two (2) sentences shall be repeated until a single arbitrator has been selected. The arbitrator shall permit such discovery as the arbitrator deems appropriate under the circumstances and may admit or exclude evidence in the arbitrator's sole discretion.

(c) Judgment upon the arbitral award may be entered in any court having jurisdiction over the parties or their assets. No party shall take any dispute or claim subject to arbitration hereunder to any court until an arbitration decision has been made, except that any party shall have the right to institute any legal action seeking provisional relief pending final adjudication by arbitration.

(d) The arbitrator shall apportion to each party all costs (including attorneys' fees) incurred in conducting the arbitration in accordance with what the arbitrator deems just and equitable under the circumstances.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF LAWS OF CALIFORNIA OR THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

Lender: \_\_\_\_\_ Borrower: \_\_\_\_\_

[signatures on following page]

This Note is executed and delivered as of the date first written above.

**BORROWER:** SAN BERNARDINO VALLEY CONSERVATION TRUST,  
a California Nonprofit Corporation

By: \_\_\_\_\_  
Name: David Raley  
Title: Board President

**LENDER:** SAN BERNARDINO VALLEY WATER CONSERVATION  
DISTRICT  
a California Water Conservation District limited liability

By: \_\_\_\_\_  
Melody McDonald  
Board President