

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

Wednesday, October 16, 2024 – 2:00 P.M.

Location—1630 West Redlands Boulevard, Suite A, Redlands, California

Any visitor wishing to join the meeting remotely can join via Zoom:

Call in (669) 900-6833, Meeting ID: 886 2301 8796

To join the Zoom Meeting: <https://us06web.zoom.us/j/88623018796>

Note: Copies of staff reports and other documents relating to the items on this agenda are on file at the San Bernardino Valley Water Conservation District office and are available for public review during regular 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. The San Bernardino Valley Conservation Trust intends to follow California Open Meeting laws and 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 Board 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 accommodation to attend or participate in meetings on a regular basis.

CALL TO ORDER

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. APPROVAL OF MINUTES FROM JULY 17, 2024.....p. 3

Presenter: Milan Mitrovich

Recommendation: Review and approve minutes from July 17, 2024, as presented.

3. PFM INVESTMENT PERFORMANCE REVIEW UPDATE FOR QUARTER ENDED SEPTEMBER 30, 2024

Presenter: Don Grant & Robert Cuadra/PFM Asset Management

Recommendation: Receive update on performance of endowment fund investments.

4. FINANCIAL STATUS UPDATE.....p. 10

Presenter: Angie Quiroga

Recommendation: Review and approve quarterly financial report.

5. BUREAU OF RECLAMATION GRANT.....12

Presenter: Milan Mitrovich

Recommendation: Receive information regarding role of Trust in supporting execution of awarded Bureau of Reclamation Applied Science grant to the San Bernardino Valley Water Conservation District.

6. BUREAU OF LAND MANAGEMENT FUELS MANAGEMENT GRANT

Presenter: Milan Mitrovich

Recommendation: Receive update on financial position of grant funds and work associated with implementation of the grant.

7. FIFTH BOARD POSITION AND SAN MANUEL BAND OF MISSION INDIANS

Presenter: Milan Mitrovich

Recommendation: Receive update on current status of District and San Manuel relationship and approve request to invite San Manuel to consider naming a representative to serve in the 5th Board position

8. INTEREST SHARING AGREEMENT WITH SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT- (M#003).....31

Presenter: Milan Mitrovich

Recommendation: Approve and authorize the Board President to execute the “Interest Sharing Agreement between San Bernardino Conservation Trust (“Trust”) and the San Bernardino Valley Water Conservation District (“District”), ratifying and formalizing the entities’ prior informal agreement re the forbearance by the District to bill for Issuance Cost services performed by the District on behalf of the Trust, which will permit payment to the District of an equivalent amount of interest the District would otherwise have realized from the average return on District investments over that time period and permit the Trust to retain any interest above this amount, upon mutual agreement by District and Trust. In addition, the Interest Sharing Agreement ratifies prior practice by both the Trust and District consistent with this arrangement.

9. ADJOURN MEETING

The next regularly scheduled Board of Directors Meeting will be on Wednesday, January 15, 2024 at 2:00 p.m., at 1630 W. Redlands Blvd., Redlands, CA.

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

Wednesday, July 17, 2024 – 2:00 pm

CALL TO ORDER –2:00 p.m.

ROLL CALL

John Longville, SBV Water Conservation District
Richard Corneille, SBV Water Conservation District
Paul Kielhold, SBV Municipal Water District
Jim Earsom, IE Resource Conservation District

David Cosgrove, SBV Water Conservation District
Milan Mitrovich, SBV Water Conservation District
Angie Quiroga, SBV Water Conservation District
Kai Palenscar, SBV Municipal Water District
Bob Stewart, SBV Water Conservation District
Donald Grant, PFM Asset Management
Robert Quadra, PFM Asset Management

1. PUBLIC PARTICIPATION - None
2. APPROVAL OF MINUTES FROM JANUARY 17, 2024, and FEBRUARY 29, 2024 BUDGET WORKSHOP.

It was moved by Director Corneille and seconded by Director Kielhold to approve the meeting minutes from January 17, 2024, and February 29, 2024, as presented. The motion carried 3-0, with all Directors present voting in the affirmative.

Vice President Longville: Yes
Director Corneille: Yes
Director Kielhold: Yes

3. RECOGNIZE NEW BOARD MEMBER AND ROLES-WATER CONSERVATION DISTRICT REPRESENTATIVE AND DISTRICT ROLES (PRESIDENT AND VP)

Mr. Cosgrove provided a brief overview of the Conservation District Trust's composition. Following the passing of Director Raley, who served on the SBV Water Conservation Trust, a vacancy arose on the Board. As required by Section 4.C.2 of the bylaws, the Conservation District Trust Board took action at its last regular meeting to appoint Director Corneille to the vacant role. Director Corneille was formally acknowledged and welcomed to the Trust Board.

The group then skipped to Items 4 and 5 on the agenda – Amendment of Third Amendment to the Bylaw and Vote to Fill Independent Contractor Position – to ensure that all seated Directors could participate in the nomination of the President and Vice President in item 3 on the agenda.

4. APPROVAL OF THIRD AMENDMENT TO TRUST BYLAWS

Mr. Cosgrove stated the request of the Board is to amend the Trust Bylaws regarding the manner in which the Independent Director is appointed. Mr. Cosgrove directed the group to Package Page 9, describing the Third Amendment to Bylaws concerning the appointment process of the Independent Director. The amendment changes the current appointment process to now allow the remaining Board of Directors the ability to fill a vacancy in the Independent Director position. Mr. Cosgrove advised that this amendment is being done to better align with the current structure of the Trust, which has evolved since its inception.

It was moved by Director Corneille and seconded by Director Kielhold to approve the third amendment to the Trust Bylaws. The motion carried 3-0, with all Directors present voting in the affirmative.

Vice President Longville: Yes

Director Corneille: Yes

Director Kielhold: Yes

5. VOTE TO FILL INDEPENDENT DIRECTOR POSITION - JIM EARSOM

After approval of the third amendment to the Trust Bylaws, Jim Earsom was unanimously appointed as the Independent Director.

It was moved by Director Kielhold and seconded by Director Corneille to appoint Mr. Earsom as the Independent Contractor. The motion carried 3-0, with all Directors present voting in the affirmative.

Vice President Longville: Yes

Director Corneille: Yes

Director Kielhold: Yes

The group then nominated the President and Vice President of the Conservation Trust Board.

It was moved by Director Corneille to appoint Vice President Longville as President. The motion carried 4-0, with all Directors present voting in the affirmative.

Vice President Longville: Yes

Director Corneille: Yes

Director Earsom: Yes

Director Kielhold: Yes

Director Kielhold nominated Director Corneille as Vice President. The motion carried 4-0, with all Directors present voting in the affirmative.

President Longville: Yes
Director Earsom: Yes
Director Corneille: Yes
Director Kielhold: Yes

6. PFM INVESTMENT PERFORMANCE REVIEW UPDATE FOR QUARTER ENDED JUNE 30, 2024

Mr. Donald Grant from PFM Asset Management introduced himself as the Relationship Manager, stepping in for Sarah Hart. Mr. Grant was joined by his colleague, Mr. Robert Quadra and advised Mr. Quadra will be taking over management of the Trust's account going forward.

Mr. Grant provided an overview of the Trust's performance, market valuation, and asset allocation. He noted that audited figures were available through the end of Q1, but Q2 performance data was not yet finalized due to the meeting's timing.

- **Market Performance (Q1 2024):**
The Trust returned 5.32%, slightly underperforming its blended benchmark of 5.45%. Since inception (June 2018), the Trust has an annualized return of 7.53%, compared to the benchmark's 7.67%.
- **Market Value (as of July 16, 2024):**
The Trust's market value was \$2,637,688.70, a significant decrease from the year-start value of approximately \$3.4 million due to over \$1 million in net outflows. The Trust's return on investment for the first quarter was \$126,000, and the trailing 12-month return was \$426,691, representing a 15.5% gain.
- **Asset Allocation:**
Mr. Grant provided an overview of the Trust's asset allocation. He noted a slight underperformance in the Trust's small-cap exposure compared to large-cap investments, largely due to the strong performance of AI-related companies. Domestic equity was overweight due to strong market performance, while international equity and fixed income were underweight. Recent rebalancing efforts were made to align allocations closer to policy targets in response to anticipated market volatility.

President Longville raised a question regarding whether any of the Trust's investments could be considered socially or ethically questionable if they became the subject of public scrutiny. The concern was not about the financial soundness of the investments but rather the potential social implications. Mr. Grant addressed the inquiry by explaining that the Trust's portfolio includes broad exposure to various industries and sectors, such as through investments in the Vanguard Total Stock Market ETF. This includes sectors that may raise concerns, particularly considering current global and domestic issues. He emphasized that this exposure is typical for a globally diversified portfolio, but it is important to acknowledge the potential for public or social scrutiny in these areas.

Vice President Corneille raised a question about return on investment of the non-wasting endowment, noting that the \$126,000 return for the year seemed low. He asked whether this amount limits the funds available for implementation activities or if additional funding sources

are available. Mr. Mitrovich clarified that the \$126,000 was the return from the first three months of the year, covering January through March. He confirmed that funding for activities tied to Wash Plan implementation primarily comes from the non-wasting endowment, which is essential for supporting these activities. However, the Trust also has other funding mechanisms, such as grants, which contribute to the overall implementation efforts. Mr. Mitrovich further explained that, as of February, the endowment was approximately 20% funded of the total amount originally envisioned under the Wash Plan. He mentioned that Ms. Quiroga would provide a detailed financial update later in the meeting, including the current status of the endowment and what it means for future funding activities. Mr. Grant added that although the return for the first quarter was \$126,000, the return for the trailing 12 months, from the end of Q1 2023 to Q1 2024, was \$426,691. He emphasized that this represented a solid 12-month performance for the invested funds. The Board acknowledged the importance of the non-wasting endowment in supporting ongoing activities.

Director Kielhold raised a question about the segregation of the non-wasting endowment from other funds. Mr. Cosgrove clarified that at present, the non-wasting endowment is not held in a formal, separate account. We are tracking the separation and once the endowment is fully funded, there will be a more formal separation structure. For now, the funds are tracked in conjunction with revenue figures, and budgeting is based on available revenue from the endowment. Director Kielhold then asked for clarification about the 20% funding mentioned earlier. Mr. Mitrovich confirmed that the Trust is currently only 20% funded toward the full amount envisioned under the Wash Plan. This issue will be addressed further in the budget presentation.

7. FINANCIAL STATUS UPDATE

Ms. Quiroga directed the Board to Package Page 12 and provided an overview of the financial status for the third and fourth quarters of the fiscal year. The California Credit Union cash balance increased \$98,256. In April 2024, a grant reimbursement of \$135,709.39 was received which covered biological services for January 31st and March 13th and reimbursement of staff time for BLM Fuels Management as of June 30th. The ending balance for the fiscal year in California Credit Union is \$192,939. In U.S. Bank investments, the accrued interest and dividends, including unrealized gains and losses, led to a \$36,795 increase. Additional expenses included PFM Advisory Management fees of \$1,452.33. The overall end balance is \$2,255,510, an increase of \$34,468. Accounts receivable remain unchanged, but there are ongoing efforts to collect on minor contributions to the endowment. Liabilities have decreased by \$269,842 from the previous quarter. A reduction in the liability to the District of \$415,125 was noted due to the District assuming responsibility for prior expenses incurred from Brownstein Hyatt related to the land exchange. Mitigation and implementation costs for habitat management totaled \$163,996 from April through June. The current overall liability stands at \$1.3 million.

Ms. Quiroga directed the Board to Package Page 13 noting SP Deerfield has a negative mitigation deposit balance. An invoice to recover this overage has been issued. For Highland-Fifth Orange Partners, only a quarter-hour of work was billed against the deposit for accounting review. The project isn't progressing, but reimbursement of the remaining deposit remains unclaimed. Some work was done for SBCTA 210 Lane Addition, reducing the District's credit just over \$11,000.

Ms. Quiroga mentioned that final fiscal year numbers are still pending, but current accounting shows there was \$210,209 in additional implementation costs outside of the promissory note. This brings the total estimated reimbursement to the District to \$303,209, which includes \$93,000 for the promissory note and \$210,209 for additional implementation costs.

The Board discussed the relationship between the accounts reported by Ms. Quiroga and those managed by PFM. Ms. Quiroga clarified that U.S. Bank holds the funds managed by PFM, while the California Credit Union cash account is separate. The Board expressed appreciation for the clarification and noted the importance of understanding the various accounts and financial obligations, including the repayment agreement with the District related to the promissory note.

8. WASH PLAN IMPLEMENTATION BUDGET FY 24/25

Mr. Mitrovich provided a slide presentation noting some of the information to be shared was shared during the budget workshop and will serve as a refresher, but there are also recent updates to present. He explained the current estimated balance of the endowment is a little over \$2 million. Pending receivables from Robertson's Ready Mix of just over \$4 million, and from Cemex of just over \$6 million are needed to fully fund the endowment. Mr. Mitrovich explained that this puts the endowment slightly under 20% of the projected total.

Director Kielhold inquired about the payments mentioned. Mr. Cosgrove explained that the triggering event for payments is when the mining companies apply for a Certificate of Inclusion (COI) under the Wash Plan. Currently, they have not applied due to ongoing permitting issues. While the U.S. Fish and Wildlife Service has granted a federal Incidental Take Permit (ITP) for the entire Wash Plan, the California Department of Fish and Wildlife (CDFW) has been more hesitant to approve the state permit for the plan. Robertson's Ready Mix requested an expedited permit for fifty-eight acres, which CDFW initially accommodated with a draft permit. However, Robertson's found some of the financial conditions unsatisfactory. They are now pursuing a Consistency Determination from CDFW, which would allow them to proceed under the federal ITP without needing separate state permits. The process is currently in a 30-day review period.

Mr. Mitrovich provided an update on the Promissory Note. The principal balance currently stands at \$930,000, with a repayment schedule of 10% each year for 10 years, starting on June 30, 2024. The first payment of approximately \$93,000 is included in the monies owed to the District, as previously discussed by Ms. Quiroga. The interest rate is 0% through June 30, 2033, thanks to the District's decision not to charge interest, offering significant financial relief. If any balance remains outstanding at the end of the term, a balloon payment option is available, with the full amount due by June 30, 2033. Mr. Mitrovich emphasized that the funds from the promissory note have been instrumental in advancing four years of Wash Plan implementation, aligning with agreed-upon goals. Now, as the repayment phase begins, it is essential to consider the impact of the repayment on the upcoming year's budget.

Mr. Mitrovich provided an update on the Wash Plan Budget with various payment scenarios:

- Mr. Mitrovich noted that with the new fiscal year (FY 2024-2027) beginning, the Wash Plan budget is being set. As of August 1, 2024, the estimated endowment balance, assuming *full* payment by both mining companies, would be just over \$12 million. However, as discussed earlier, full payment is unlikely in the next few

weeks. Based on simple estimates, a 4% return on the endowment would generate \$480,000. The proposed annual budget for Wash Plan implementation in the new fiscal year would not exceed \$375,000. Additionally, the second payment on the promissory note, due June 30, 2025, for \$100,000, would be covered. This amount would be in addition to the \$375,000 budgeted for implementation, utilizing \$100,000 of the \$480,000 projected return to make the payment.

- Mr. Mitrovich explained that in the current situation, without full payment from the mining companies, the estimated endowment balance stands at approximately \$2 million. He emphasized that this is a rough estimate and kept the calculation simple. The expected return on the endowment is about \$80,000. Additionally, the Wash Plan includes Jumpstart Funds, which provide \$33,000 annually for the first seven years. This brings the total available funds for the upcoming fiscal year to \$113,000, which is significantly less than in a full payment scenario. Mr. Mitrovich reminded the board that a minimum required payment to the District is due on June 30, 2025, and the current available funds will need to accommodate that obligation. He concluded by noting the contrast between full payment expectations and the current situation.
- Mr. Mitrovich explained that with no or partial payment from the mining companies, staff will revise the budget's "not to exceed" amount from \$375,000 to align with the available funds for the year. He mentioned the uncertainty surrounding payments—whether partial payment might come from Robertson's, full payment from one company but not the other, or if both payments could be delayed up to 120 days. Due to this uncertainty, flexibility is needed to adjust the budget accordingly. If full payment is received by the end of the month, the District will be in a strong position. However, if payments are delayed, the "not to exceed" amount will be revised downward, balancing key elements of Wash Plan implementation with meeting obligations of the promissory notes.

Mr. Mitrovich provided an update on key elements of the Preserve Management Committee. He explained that during their June meeting, the Committee reviewed the accomplishments from the past year and agreed on important measures for continued implementation. There was consensus among the Committee members on the key elements that should be prioritized as the plan moves forward. He noted that the list includes a variety of contributors: District staff working on multiple projects, contractors such as Origin Biological and Dudek, and agencies like the U.S. Geological Survey and the Santa Ana Watershed Authority. The timing for some activities will vary, with certain projects slated for 2025 and others, such as SBKR trapping by Origin Biological, scheduled for this fall. The cost for the trapping is approximately \$60,000, and they are confident they can move forward with that given current funding.

Mr. Mitrovich emphasized the commitment not to accrue additional debt without first consulting the board. He then requested board approval for an annual budget, not to exceed \$375,000 for Wash Plan implementation, with an additional \$100,000 to the District for the promissory note payment, as required. He explained that if full payments from the miners come in, the District will be well-positioned to proceed with the work and meet financial obligations. However, due to the uncertainty of when payments will be received, they are prepared to scale down expenditures, if necessary, while adhering to the agreement not to accrue debt without board approval. Discussion ensued.

A motion was made by Director Kielhold and seconded by Vice President Corneille to approve the fiscal year 2024-2025 budget, not to exceed \$375,000, with instructions to staff not to spend above revenues from the existing endowment. This includes authorizing a \$100,000 promissory note payment, and any spending beyond the endowment's income for management activities must first be approved by the Board. The motion carried 4-0, with all Directors present voting in the affirmative.

**President Longville: Yes
Vice President Corneille: Yes
Director Earsom: Yes
Director Kielhold: Yes**

9. ADJOURN MEETING –3:00 pm.

A motion was made by Vice President Corneille and seconded by Director Kielhold to adjourn the meeting. The motion carried 4-0, with all Directors present voting in the affirmative.

**President Longville: Yes
Vice President Corneille: Yes
Director Earsom: Yes
Director Kielhold: Yes**

The next Board of Director’s meeting will be held on Wednesday, October 16, 2024, at 2:00 pm at 1630 W. Redlands Blvd., Redlands, CA, via teleconference and Zoom.

Milan Mitrovich
Executive Officer/Secretary

San Bernardino Valley Conservation Trust

Unaudited Financial Status as of September 30, 2024

Cash Status-California Credit Union		As of 07/1/24	As of 09/30/24
	7/1/2024 Beginning Balance	192,939.51	
Revenue:	8/28/2024 S-P Deerfield, LLC-Mitigation deposit		3,942.41
Total Revenue:			3,942.41
Expenses:	8/28/2024 SBVWCD-1st Promissory Note payment for FY 23/24		(91,000.00)
	9/4/2024 Bio Services -BLM Fuels Mgmt (Romich)		(2,175.00)
Total Expenses:			(93,175.00)
	*For FY 22-23, **To be reimbursed with grant funds	ENDING BALANCE	103,706.92
Investments-US Bank		As of 07/1/24	As of 09/30/24
	7/1/2024 Beginning Balance	2,551,754.45	
Revenue:	9/30/2024 Accrued Income, Interest, Dividends (Jul-Sept)		8,522.03
	9/30/2024 Unrealized Gain/Loss (Jul-Sept)		131,757.89
	9/30/2024 Realized Gain/Loss (Jul-Sept)		2,024.55
Total Revenue:			142,304.47
Expenses:	7/26/2024 US Bank Administrative Trust Fees		(875.00)
	9/30/2024 PFM Advisory & Management Fees(May-Jul)		(1,569.52)
Total Expenses:			(2,444.52)
		ENDING BALANCE	2,691,614.40
Accounts Receivable			
	Cemex/Robertson's-Wash Plan MOU*		10,008,701.65
	*Increased to account for inflation		
		BALANCE	10,008,701.65
Liabilities			
	7/1/2024 Beginning Balance*	1,124,328.96	
	8/28/2024 1st Promissory Note Payment	(91,000.00)	
	Jul-Sept 2024 Habitat Mgmt/Implementation Costs	64,430.21	
	Due to SBVWCD-Wash Plan (includes \$10,321.03 State Permitting fees)		1,097,759.17
	Due to SBVWCD-Earned Mitigation Credits		16,988.41
	Unearned Mitigation Credit Balance (see back)		149,415.64
	*adjustments made at fiscal yearend 23/24	BALANCE	1,264,163.22

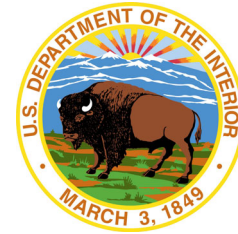
San Bernardino Valley Conservation Trust

Mitigation Agreement Balances as of September 30, 2024

Deposit Agreements	Date	Project	Deposits	Staff Time Expenses	Biologist Fees	Legal Fees	Mitigation Credit Balance
1. S-P Deerfield	2/28/2018	Blossom Trails	\$ 50,706.00	\$ 49,465.93	\$ 3,131.20	\$ 12,600.01	\$ (14,491.14)
2. Highland-Fifth Orange Partners	10/17/2018	Woodbridge	\$ 10,000.00	\$ 4,985.96	\$ -	\$ 400.00	\$ 4,614.04
3. SB County Transportation Authority	3/17/2020	SR 210 Lane Addition	\$ 435,255.03	\$ 75,495.42	\$ 168,052.29	\$ 55,460.58	\$ 136,246.74
3. TREH XV, LLC	9/19/2023	Greenspot Crossings	\$ 10,000.00	\$ -	\$ -	\$ -	\$ 10,000.00
Total			\$ 495,961.03	\$ 129,947.31	\$ 171,183.49	\$ 68,460.59	\$ 136,369.64
		Reimbursement Due to SBVWCD		\$ 16,988.41			

1. DATE ISSUED MM/DD/YYYY 08/16/2024		1a. SUPERSEDES AWARD NOTICE dated except that any additions or restrictions previously imposed remain in effect unless specifically rescinded	
2. CFDA NO. 15.557 - Applied Science Grants			
3. ASSISTANCE TYPE Project Grant			
4. GRANT NO. R24AP00399-00 Originating MCA #		5. TYPE OF AWARD Research	
4a. FAIN R24AP00399		5a. ACTION TYPE New	
6. PROJECT PERIOD MM/DD/YYYY From 08/16/2024		Through MM/DD/YYYY 06/30/2026	
7. BUDGET PERIOD MM/DD/YYYY From 08/16/2024		Through MM/DD/YYYY 06/30/2026	

NOTICE OF AWARD



AUTHORIZATION (Legislation/Regulations)

Public Law 111-11, Omnibus Public Land Management Act of 2009,
Subtitle F, Secure Water, Section 9509.

8. TITLE OF PROJECT (OR PROGRAM)
Integrated Santa Ana River Model Enhancements to Quantify a Century of Managed Aquifer Recharge and Build Forecasting Capacity for the San Bernardino

9a. GRANTEE NAME AND ADDRESS SAN BERNARDINO VALLEY CONSERVATION TRUST 1630 W Redlands Blvd STE A Redlands, CA, 92373-8032	9b. GRANTEE PROJECT DIRECTOR Mrs. Betsy Y Miller 1630 W. Redlands Blvd. Suite A Redlands, CA, 92373-8032 Phone: 909-793-2503
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10a. GRANTEE AUTHORIZING OFFICIAL Mr. Milan Mitrovich PhD 1630 W Redlands Blvd STE A Redlands, CA, 92373-8032 Phone: 9097932503	10b. FEDERAL PROJECT OFFICER Ms. Chandrika Nasstrom Interior Region 8: Lower Colorado-Basin P.O. Box 61470 (LC-10106) Boulder City, NV, 89006 Phone: 7022938414
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ALL AMOUNTS ARE SHOWN IN USD

11. APPROVED BUDGET (Excludes Direct Assistance)		12. AWARD COMPUTATION	
I Financial Assistance from the Federal Awarding Agency Only		a. Amount of Federal Financial Assistance (from item 11m) \$ 361,117.00	
II Total project costs including grant funds and all other financial participation		b. Less Unobligated Balance From Prior Budget Periods \$ 0.00	
		c. Less Cumulative Prior Award(s) This Budget Period \$ 0.00	
a. Salaries and Wages	\$ 35,739.00	d. AMOUNT OF FINANCIAL ASSISTANCE THIS ACTION \$ 361,117.00	
b. Fringe Benefits	\$ 14,666.00	13. Total Federal Funds Awarded to Date for Project Period \$ 361,117.00	
c. Total Personnel Costs	\$ 50,405.00	14. RECOMMENDED FUTURE SUPPORT	
d. Equipment	\$ 0.00	(Subject to the availability of funds and satisfactory progress of the project):	
e. Supplies	\$ 0.00	YEAR	TOTAL DIRECT COSTS
f. Travel	\$ 0.00	a. 2	\$
g. Construction	\$ 0.00	b. 3	\$
h. Other	\$ 0.00	c. 4	\$
i. Contractual	\$ 756,296.00	d. 5	\$
j. TOTAL DIRECT COSTS	\$ 806,701.00	e. 6	\$
k. INDIRECT COSTS	\$ 20,041.00	f. 7	\$
l. TOTAL APPROVED BUDGET	\$ 826,742.00	15. PROGRAM INCOME SHALL BE USED IN ACCORD WITH ONE OF THE FOLLOWING ALTERNATIVES:	
m. Federal Share	\$ 361,117.00	a. DEDUCTION	
n. Non-Federal Share	\$ 465,625.00	b. ADDITIONAL COSTS	
		c. MATCHING	
		d. OTHER RESEARCH (Add / Deduct Option)	
		e. OTHER (See REMARKS)	
		16. THIS AWARD IS BASED ON AN APPLICATION SUBMITTED TO, AND AS APPROVED BY, THE FEDERAL AWARING AGENCY ON THE ABOVE TITLED PROJECT AND IS SUBJECT TO THE TERMS AND CONDITIONS INCORPORATED EITHER DIRECTLY OR BY REFERENCE IN THE FOLLOWING:	
		a. The grant program legislation	
		b. The grant program regulations.	
		c. This award notice including terms and conditions, if any, noted below under REMARKS.	
		d. Federal administrative requirements, cost principles and audit requirements applicable to this grant.	
		In the event there are conflicting or otherwise inconsistent policies applicable to the grant, the above order of precedence shall prevail. Acceptance of the grant terms and conditions is acknowledged by the grantee when funds are drawn or otherwise obtained from the grant payment system.	

REMARKS (Other Terms and Conditions Attached - Yes No)
See next page

GRANTS MANAGEMENT OFFICIAL:

Diana Blake, Grants Officer
500 Fir Street
LC-10100
Boulder City, NV, 89005-1000
Phone: 7024967961

17. VENDOR CODE	0071436369	18a. UEI	C6XYWHVC1S15	18b. DUNS		19. CONG. DIST.	23
LINE#	FINANCIAL ACCT	AMT OF FIN ASST	START DATE	END DATE	TAS ACCT	PO LINE DESCRIPTION	
1	0051049233-00010	\$361,117.00	08/16/2024	06/30/2026	0680	Base Agrmt ASG San Bernardino Valley	

NOTICE OF AWARD (Continuation Sheet)

PAGE 2 of 3	DATE ISSUED 08/16/2024
GRANT NO. R24AP00399-00	

REMARKS:

No program income allowed.

Pre-award Incurrence of costs is allowed, See section 7.3 for further information.

Recipients are NOT required to sign the Notice of Award or any other award document or amendment. Recipients indicate their acceptance of an award or amendment to an existing award, including award terms and conditions, by starting work, drawing down funds, or accepting the award or amendment via electronic means. Recipient acceptance of an award/amendment carries with it the responsibility to be aware of and comply with all terms and conditions applicable to the award. Recipients are responsible for ensuring that their subrecipients and contractors are aware of and comply with applicable award statutes, regulations, and terms and conditions. Recipient failure to comply with award terms and conditions can result in Reclamation taking one or more of the remedies and actions described in 2 CFR 200.339343.

NOTICE OF AWARD (Continuation Sheet)

PAGE 3 of 3	DATE ISSUED 08/16/2024
GRANT NO. R24AP00399-00	

Federal Financial Report Cycle			
Reporting Period Start Date	Reporting Period End Date	Reporting Type	Reporting Period Due Date
08/16/2024	09/30/2024	Semi-Annual	10/30/2024
10/01/2024	03/31/2025	Semi-Annual	04/30/2025
04/01/2025	09/30/2025	Semi-Annual	10/30/2025
10/01/2025	03/31/2026	Semi-Annual	04/30/2026
04/01/2026	06/30/2026	Final	10/28/2026

AWARD ATTACHMENTS

SAN BERNARDINO VALLEY CONSERVATION TRUST

R24AP00399-00

1. Base Agreement Terms and Conditions

UNITED STATES DEPARTMENT OF THE INTERIOR

ASSISTANCE AGREEMENT

R24AP00399

Between

Bureau of Reclamation

And

San Bernardino Valley Conservation Trust

For

Integrated Santa Ana River Model Enhancements to Quantify a Century of Managed Aquifer
Recharge and Build Forecasting Capacity for the San Bernardino Basin

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I. OVERVIEW AND SCHEDULE

1. AUTHORITY

This Financial Assistance Agreement (Agreement) is entered into between the United States of America, acting through the Department of the Interior, Bureau of Reclamation (Reclamation) and **San Bernardino Valley Conservation Trust dba San Bernardino Valley Water Conservation District** (Recipient), pursuant to the Omnibus Public Lands Management Act of 2009, Public Law 111-11, Section 9509 Research Agreement Authority (the “Act”). The following section, provided in full text, authorizes Reclamation to award this financial assistance agreement:

Section 9509 Research Agreement Authority.

The Secretary may enter into contracts, grants, or cooperative agreements, for periods not to exceed 5 years, to carry out research within the Bureau of Reclamation.”

2. PUBLIC PURPOSE OF SUPPORT OR STIMULATION

The *Integrated Santa Ana River Model Enhancements to Quantify a Century of Managed Aquifer Recharge and Build Forecasting Capacity for the San Bernardino Basin* project (Project) achieves the public purpose of the Act by increasing water supply reliability, providing flexibility in water operations, and improving water management.

3. BACKGROUND AND OBJECTIVES

Through WaterSMART (Sustain and Manage America’s Resources for Tomorrow) Applied Science Grants, Reclamation provides cost shared financial assistance to States, Indian tribes, irrigation districts, water districts, or other organizations with water or power delivery authority, universities, nonprofit research institutions, and nonprofit organizations for projects to develop hydrologic information and water management tools and improve modeling and forecasting capabilities. Increased access to information and improved modeling and forecasting capabilities will help avoid water conflicts and improve our ability to meet a variety of water management objectives, including: support for water supply reliability, management of water deliveries, water marketing activities, drought management activities, conjunctive use of ground and surface water, water rights administration, ability to meet endangered species requirements, watershed health, conservation and efficiency, and other water management objectives.

The San Bernardino Valley Water Conservation District, in collaboration with California State University, Sacramento, will make several enhancements to the existing Integrated Santa Ana River Model, a combined groundwater and surface water model that is a foundational tool for water management in the Upper Santa Ana River Watershed, and the San Bernardino Basin in

Agreement No. R24AP00399
San Bernardino Valley Conservation Trust

Agreement Template
(04/2023)

particular. Enhancements will extend the model calibration period with recharge data available from 1912-2023, incorporate updated designs for proposed new recharge facilities and modifications to existing recharge facilities into the model, and evaluate with climate change scenarios using the most recent predictions. The updated model will quantify and show the groundwater recharge trends over the last century, improve current and future forecasting capabilities, inform accurate cost benefit analyses for proposed projects, and optimize facility operations. This project is supported by the San Bernardino Valley Conservation Trust, San Bernardino Valley Municipal Water District, and the City of San Bernardino Municipal Water Department.

Recipient's full proposal dated October 16, 2023, titled "Integrated Santa Ana River Model Enhancements to Quantify a Century of Managed Aquifer Recharge and Build Forecasting Capacity for the San Bernardino Basin", submitted in response to the Notice of Funding Opportunity No. R23AS00446 - WaterSMART-Applied Science Grants for Fiscal Year 2023, is incorporated herein via reference.

4. PERIOD OF PERFORMANCE AND FUNDS AVAILABILITY

This Agreement becomes effective on the issue date shown in block 1 of the United States of America, Department of the Interior, Notice of Award (NOA). The Agreement's project period (period of performance) shall remain in effect through the date shown in block 6 of the NOA and may only be changed through written amendment of the Agreement by a Reclamation Grants Officer (GO).

No legal liability on the part of the Government for any payment may arise until funds are made available, in writing, to the Recipient by a Reclamation GO. The total estimated project cost for this Agreement is **\$826,742.00** and the total estimated amount of federal funding is **\$361,117.00**. The initial amount of federal funds available is limited to **\$361,117.00**, as indicated by "Amount of Financial Assistance This Action" within block 12 of the NOA.

5. SCOPE OF WORK AND MILESTONES

Under this Agreement, the Recipient shall enhance the existing Integrated Santa Ana River Model, a combined groundwater and surface water model. This will be accomplished by extending the model calibration period to incorporate recharge data available from 1912-2023, incorporating updated designs for proposed new recharge facilities and modifications to existing recharge facilities, and evaluating climate change scenarios using the most recent predictions. The updated model will quantify the trends over the last century of groundwater recharge, support robust forecasting capabilities that incorporate climate change, inform accurate cost benefit analyses for proposed projects, and optimize facility operations.

The full technical approach and scope of work from the proposal, *Integrated Santa Ana River Model Enhancements to Quantify a Century of Managed Aquifer Recharge and Build*

Forecasting Capacity for the San Bernardino Basin, submitted in response to Notice of Funding Opportunity No. R23AS00446 is incorporated herein by reference. It includes the detailed technical approach, assumptions, key personnel, and other details regarding the Project.

Task 5.1 Improve Existing Modeling Capabilities. The Recipient will implement the following Integrated Santa Ana River (SAR) Model improvements:

- Extend Integrated SAR model calibration period to 1912-2023,
- Incorporate most current design of Program for Expansion of Recharge Capacity (PERC) proposed new recharge facilities and modifications to existing facilities.

Task 5.2 Evaluate Climate Change Projections. The Recipient will evaluate climate change:

- Develop precipitation and evapotranspiration (ET) climate projections for the basin following DWR guidelines.

Task 5.3 Perform Cost-Benefit Analysis. The Recipient will perform a cost-benefit analysis to create prioritization list for potential PERC projects.

Task 5.4 Postprocess Integrated SAR Model Results. The Recipient will postprocess integrated SAR model results and prepare for presentation.

Task 5.5 Disseminate Results. The Recipient will form an advisory group with relevant stakeholders, to develop and disseminate the results using:

- Stakeholder workshops,
- Local and National Conferences,
- Scientific Publication.

Task 5.6 Webinar Presentation. Reclamation may request the recipient to participate in a Reclamation-sponsored webinar to discuss application of deliverables to management questions. The presentation should inform Reclamation about project accomplishments, the final results of the identified tasks, and any lessons learned.

The milestones for completion of the Project are as follows:

Milestone / Task / Activity	Planned Start Date	Planned Completion Date
Task 5.1 Extend Integrated SAR Model	June 2023	December 2024
Task 5.2 Evaluate Climate Change Projections	April 2025	November 2025
Task 5.3 Create PERC Prioritization List	November 2025	March 2026
Task 5.4 Develop PowerPoint Presentations	January 2026	June 2026
Task 5.5 Submit Scientific Publication	June 2025	June 2026
Task 5.6 Project Completion Webinar	N/A	June 2026

6. RESPONSIBILITY OF THE PARTIES

6.1 Recipient Responsibilities

6.1.1 The Recipient shall carry out the Scope of Work (SOW) in accordance with the terms and conditions stated herein. The Recipient shall adhere to Federal, state, and local laws, regulations, and codes, as applicable, and shall obtain all required approvals and permits. If the SOW contains construction activities, the Recipient is responsible for construction inspection, oversight, and acceptance. If applicable, the Recipient shall also coordinate and obtain approvals from site owners and operators.

6.1.2 Interim Performance Reports. The Recipient shall prepare and submit to Reclamation interim Project performance reports (Interim Performance Reports) as required by Section I.10 of this Agreement. Each Interim Performance Report will include (but is not limited to) the information identified in paragraph I.10.3 and will discuss the following:

- A comparison of actual accomplishments to the milestones established by the financial assistance agreement for the reporting period
- The reasons why established milestones were not met, if applicable
- The status of milestones from the previous reporting period that were not met, if applicable
- Whether the Project is on schedule and within the original cost estimate
- Any additional pertinent information or issues related to the status of the Project

6.1.3 Final Project Report. The Recipient shall prepare and submit to Reclamation a final Project performance report (Final Project Report) as required by Section I.10 of this Agreement. The Final Project Report will include (but is not limited to) the information identified in paragraph I.10.3 and will discuss the following:

- Whether the Project objectives and goals were met
- Discussion of the benefits achieved by the Project, including information and/or calculations supporting the benefits
- How the Project improves long-term resiliency to drought
- How the Project demonstrated collaboration, if applicable

Photographs documenting the project are also appreciated. Recipient understands that Reclamation may print photos with appropriate credit to Recipient. Recipient also understands that the Final Project Report is a public document and may be made available on Reclamation's website www.usbr.gov/watersmart/ upon request.

6.1.4 Conferences. Recipient shall notify the Grants Officer Technical Representative of any submitted and/or accepted abstracts for conferences that will be attended to present on the results of work performed under this Agreement.

6.1.5 Equipment. The Recipient shall use, manage, and dispose of the equipment purchased under this Agreement in accordance with 2 CFR §200.313. After the period of performance is complete, the Recipient is authorized to retain the equipment for use of software and computers for award consistent with the purpose of this project or the performance of work for another Federal financial assistance agreement. If the item of equipment is no longer needed for these purposes, and the fair market value of the item is greater than \$5,000.00, the Recipient shall sell the equipment and return the Federal share of the proceeds to Reclamation. Should the equipment be sold, the Recipient may deduct and retain from the Federal share \$500.00 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

6.2 Reclamation Responsibilities

6.2.1 Reclamation will monitor and provide Federal oversight of activities performed under this Agreement. Monitoring and oversight includes review and approval of financial status and performance reports, payment requests, and any other deliverables identified as part of the SOW. Additional monitoring activities may include site visits, conference calls, and other on-site and off-site monitoring activities. At the Recipient's request, Reclamation may also provide technical assistance to the Recipient in support of the SOW and objectives of this Agreement.

7. BUDGET

7.1 Budget Estimate. The following is the estimated budget for this Agreement. As Federal financial assistance agreements are cost-reimbursable, the budget provided is for estimation purposes only. Final costs incurred under the budget categories listed may be either higher or lower than the estimated costs. All costs incurred by the Recipient under this Agreement must be in accordance with any pre-award clarifications conducted between the Recipient and Reclamation, as well as with the terms and conditions of this Agreement. Final determination of the allowability, allocability, or reasonableness of costs incurred under this Agreement is the responsibility of the GO. Recipients are encouraged to direct any questions regarding allowability, allocability or reasonableness of costs to the GO for review prior to incurrence of the costs in question.

Estimated Budget Summary			
Category	Total Cost	Federal Estimated Amount	Non-Federal Estimated Amount
a. Personnel	\$35,739		
b. Fringe Benefits	\$14,666		
f. Contractual	\$756,296		
i. Total Direct Costs	\$806,701		
i. Indirect Charges	\$20,041		
Total Costs	\$826,742	\$361,117	\$453,125

7.2 Cost Sharing Requirement

At least **50%** non-Federal cost-share is required for costs incurred under this Agreement. If pre-award costs are authorized, reimbursement of these costs is limited to federal cost share percentage identified in this Agreement.

The Federal share of allowable costs shall not be expended in advance of the Recipient's non-Federal share. It is expected that expenditure of Federal and non-Federal funds based upon the cost share percentage above shall occur concurrently. If a bona fide need arises which requires the expenditure of Federal funds in advance of the Recipient share, then the Recipient must request written approval from the GO prior to the expenditure. Recipient's may expend their agreed upon share of costs in advance of the expenditure of Federal funds without prior written approval.

7.3 Pre-Award Incurrence of Costs

The Recipient shall be entitled to reimbursement for costs incurred on or after **June 29, 2023**, which if had been incurred after this Agreement was entered into, would have been allowable, allocable, and reasonable under the terms and conditions of this Agreement.

7.4 Allowable Costs

Costs incurred for the performance of this Agreement must be allowable, allocable to the project, and reasonable. The following regulations, codified within the Code of Federal Regulations (CFR), governs the allowability of costs for Federal financial assistance:

2 CFR 200 Subpart E, "Cost Principles"

Expenditures for the performance of this Agreement must conform to the requirements within this CFR. The Recipient must maintain sufficient documentation to support these expenditures. Questions on the allowability of costs should be directed to the GO responsible for this Agreement.

The Recipient shall not incur costs or obligate funds for any purpose pertaining to operation of the program or activities beyond the expiration date stated in the Agreement. The only costs which are authorized for a period of up to 120 days following the project period are those strictly associated with closeout activities for preparation of the final reports.

7.5 Revision of Budget and Program Plans

In accordance with 2 CFR 200.308(c)-(f) the recipient must request prior written approval for any of the following changes:

- (a) A change in the approved scope of work or associated tasks, even if there is no associated budget revisions.
- (b) Change in key personnel specified in section 8 "Key Personnel" of this Agreement.

- (c) Changes in the approved cost-sharing or matching outlined within this Agreement in section 7.2 “Cost Share requirements”
- (d) Inclusion of pre-award costs or reimbursement for pre-award costs which are not included in the initially approved budget and included in section 7.3 “Pre-Award Incurrence of Costs” of this Agreement.
- (e) Extensions to the project period identified in block 6 of the NOA.
- (f) The transfer of funds between direct cost categories, functions, and activities for which the expected transfer amount is to exceed 10 percent of the total approved budget.

7.6 Amendments

Any changes to this Agreement shall be made by means of a written amendment. Reclamation may make changes to the Agreement by amendment to address changes in address, no-cost time extensions, changes to Key Personnel, the addition of previously agreed upon funding, administrative corrections which do not impact the terms and conditions of the Agreement, or it should become necessary to suspend or terminate the Agreement in accordance with 2 CFR 200.340.

No oral statement made by any person, or written statement by any person other than the GO, shall be allowed in any manner or degree to amend, modify or otherwise effect the terms of the Agreement. Acceptance of an amendment is indicated by starting work, drawing down funds, or electronic acceptance.

All requests for amendment of the Agreement shall be made in writing, provide a full description of the reason for the request, and be sent to the attention of the GO. Any request for project period extension shall be made at least 45 days prior to the end of the project period of the Agreement or the project period date of any extension that may have been previously granted. Any determination to extend the project period or to provide follow-on funding for continuation of a project is solely at the discretion of Reclamation.

8. KEY PERSONNEL

8.1 Recipient’s Key Personnel.

The Recipient's Project Manager for this Agreement shall be:

Betsy Miller, Project Manager
1630 W. Redlands Blvd. Suite A
Redlands, CA 92373-8032
909-793-2503
bmiller@sbvwcd.org

Milan Mitrovich, PhD, Executive Officer
909-793-2503
mmitrovich@sbvwcd.org

Additional key personnel for this Agreement are identified as follows:

Angie Quiroga, Senior Administrative Analyst
aquiroga@sbvwcd.org
 909-793-2503

9. LIMITATION OF AUTHORITIES

9.1 Grants Officer (GO).

The Reclamation GO is the only official with legal delegated authority to represent Reclamation. The Reclamation GO's responsibilities include, but are not limited to, the following:

- (a) Formally obligate Reclamation to expend funds or change the funding level of the Agreement;
- (b) Approve through formal amendment changes in the scope of work and/or budget;
- (c) Approve through formal amendment any increase or decrease in the period of performance of the Agreement;
- (d) Approve through formal amendment changes in any of the expressed terms, conditions, or specifications of the Agreement;
- (e) Be responsible for the overall administration, management, and other non-programmatic aspects of the Agreement including, but not limited to, interpretation of financial assistance statutes, regulations, circulars, policies, and terms of the Agreement; Where applicable, ensures that Reclamation complies with the administrative requirements required by statutes, regulations, circulars, policies, and terms of the Agreement.

9.2 Grants Management Specialist (GMS).

The Reclamation Grants Management Specialist (GMS) is the primary administrative point of contact for this agreement and should be contacted regarding issues related to the day-to-day management of the agreement. Requests for approval regarding the terms and conditions of the agreement, including but not limited to amendments and prior approval, may only be granted, in writing, by a Reclamation GO. Please note that for some agreements, the Reclamation GO and the Reclamation GMS may be the same individual.

10. REPORTING REQUIREMENTS AND DISTRIBUTION

10.1 Noncompliance. Failure to comply with the reporting requirements contained in this Agreement may be considered a material noncompliance with the terms and conditions of the award. Noncompliance may result in withholding of payments pending receipt of required reports, denying both the use of funds and matching credit for all or part of the cost of the activity or action not in compliance, whole or partial suspension or termination of the

Agreement, recovery of funds paid under the Agreement, withholding of future awards, or other legal remedies in accordance with 2 CFR 200.339-340.

10.2 Financial Reports. Federal Financial Reports shall be submitted by means of the SF-425 and shall be submitted according to the Report Frequency and Distribution schedule below. All financial reports shall be signed by an Authorized Certifying Official for the Recipient's organization.

10.3 Monitoring and Reporting Program Performance.

- (a) Monitoring by the non-Federal entity. The non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function or activity. See also 2 CFR 200.332 Requirements for pass-through entities.
- (b) Non-construction performance reports. The Federal awarding agency must use standard, OMB-approved data elements for collection of performance information (including performance progress reports, Research Performance Progress Report, or such future collections as may be approved by OMB and listed on the OMB Web site).
 - (1) The non-Federal entity must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity. Intervals must be no less frequent than annually nor more frequent than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes. Annual reports must be due 90 calendar days after the reporting period; quarterly or semiannual reports must be due 30 calendar days after the reporting period. Alternatively, the Federal awarding agency or pass-through entity may require annual reports before the anniversary dates of multiple year Federal awards. The final performance report will be due 120 calendar days after the period of performance end date. If a justified request is submitted by a non-Federal entity, the Federal agency may extend the due date for any performance report.
 - (2) The non-Federal entity must submit performance reports using OMB-approved governmentwide standard information collections when providing performance information. As appropriate in accordance with above mentioned information collections, these reports will contain, for each Federal award, brief information on the following unless other collections are approved by OMB:
 - (i) A comparison of actual accomplishments to the objectives of the Federal award established for the period. Where the accomplishments of the Federal award can be quantified, a computation of the cost (for example, related to units of accomplishment) may be required if that information will be useful. Where

performance trend data and analysis would be informative to the Federal awarding agency program, the Federal awarding agency should include this as a performance reporting requirement.

- (ii) The reasons why established goals were not met, if appropriate.
 - (iii) Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.
- (c) Construction performance reports. For the most part, onsite technical inspections and certified percentage of completion data are relied on heavily by Federal awarding agencies and pass-through entities to monitor progress under Federal awards and subawards for construction. The Federal awarding agency may require additional performance reports only when considered necessary.
- (d) Significant developments. Events may occur between the scheduled performance reporting dates that have significant impact upon the supported activity. In such cases, the non-Federal entity must inform the Federal awarding agency or pass-through entity as soon as the following types of conditions become known:
- (1) Problems, delays, or adverse conditions which will materially impair the ability to meet the objective of the Federal award. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.
 - (2) Favorable developments which enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more or different beneficial results than originally planned.

Reclamation requires Performance reporting for all financial assistance awards, both Construction and non-Construction. Performance reports for Construction agreements shall meet the same minimum requirements outlined in paragraph (b)(2) above.

10.4 Report Frequency and Distribution. The following table sets forth the standard reporting requirements for this Agreement. Please note the first report due date listed for each type of report.

Required Reports	Interim Reports	Final Report
Performance Report		
Format	No specific format required. See content requirements within Section 10.3 and any program specific reporting requirements identified in Section 6.1 of this Agreement	Summary of activities completed during the entire period of performance is required. See content requirements within Section 10.3 and any program specific reporting requirements identified in Section 6.1 of this Agreement
Reporting Frequency	Semi-Annual	Final Report due within 120 calendar days after the end of the period of performance
Reporting Period	October 1 through March 31 and April 1 through September 30	Entire period of performance
Due Date	Within 30 calendar days after the end of the Reporting Period	Final Report due within 120 days after the end of the period of performance or completion of the project
First Report Due Date	The first performance report is due for reporting period ending 09/30/2024	N/A
Submit to:	Grants Management Specialist at LCFA@usbr.gov or GrantSolutions	Grants Management Specialist at LCFA@usbr.gov or GrantSolutions
Federal Financial Report		
Format	SF-425 (all sections must be completed)	SF-425(all sections must be completed)
Reporting Frequency	Semi-Annual	Final Report due within 120 calendar days after the end of the period of performance or completion of the project
Reporting Period	October 1 through March 31 and April 1 through September 30	Entire period of performance
Due Date	Within 30 calendar days after the end of the Reporting Period	Final Report due within 120 calendar days after the end of the period of performance or completion of project
First Report Due Date	The first Federal financial report is due for reporting period ending 09/30/2024	N/A
Submit to:	Grants Management Specialist at LCFA@usbr.gov or GrantSolutions	Grants Management Specialist at LCFA@usbr.gov or GrantSolutions

11. REGULATORY COMPLIANCE

The Recipient agrees to comply or assist Reclamation with all regulatory compliance requirements and all applicable state, Federal, and local environmental and cultural and paleontological resource protection laws and regulations as applicable to this project. These may include, but are not limited to, the National Environmental Policy Act (NEPA), including the Council on Environmental Quality and Department of the Interior regulations implementing

NEPA, the Clean Water Act, the Endangered Species Act, consultation with potentially affected Tribes, and consultation with the State Historic Preservation Office. If the Recipient begins project activities that require environmental or other regulatory compliance approval prior to receipt of written notice from a Reclamation GO that all such clearances have been obtained, then Reclamation reserves the right to initiate remedies for non-compliance as defined by 2 CFR 200.339-340 up to and including unilateral termination of this agreement.

12. GEOSPATIAL DATA

The Geospatial Data Act of 2018, Pub. L. 115-254, Subtitle F – Geospatial Data, §§ 751- 759C, codified at 43 U.S.C. §§ 2801–2811 - Federal recipient collection of geospatial data through the use of the Department of the Interior financial assistance funds requires a due diligence search at the GeoPlatform.gov list of datasets to discover whether the needed geospatial-related data, products, or services already exist.

If the required data set already exists, the recipient must use it. If the required data is not already available, the Recipient must produce the proposed geospatial data, products, or services in compliance with applicable proposed guidance and standards established by the Federal Geospatial Data Committee (FGDC) posted at <https://www.fgdc.gov/standards>.

The Recipient must submit a digital copy of all GIS data produced or collected as part of the award funds to the bureau or office via email or data transfer. All GIS data files shall be in open format. All delineated GIS data (points, lines or polygons) should be established in compliance with the approved open data standards with complete feature level metadata.

2 CFR 1402.315 What are the requirements for availability of data?

(a) All data, methodology, factual inputs, models, analyses, technical information, reports, conclusions, valuation products or other scientific assessments in any medium or form, including textual, numerical, graphic, cartographic, narrative, or audiovisual, resulting from a financial assistance agreement is available for use by the Department of the Interior, including being available in a manner that is sufficient for independent verification.

(b) The Federal Government has the right to:

(1) Obtain, reproduce, publish, or otherwise use the data, methodology, factual inputs, models, analyses, technical information, reports, conclusions, or other scientific assessments, produced under a Federal award; and

(2) Authorize others to receive, reproduce, publish, or otherwise use such data, methodology, factual inputs, models, analyses, technical information, reports, conclusions, or other scientific assessments, for Federal purposes, including to allow for meaningful third-party evaluation.



SAN BERNARDINO VALLEY CONSERVATION TRUST

Established 2016

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Email: sbvct@sbvwcd.org
Website: www.sbvct.org

To: SBVCT Board of Directors

Memorandum No. 003

From: Milan Mitrovich, Executive Director
David B. Cosgrove, Counsel

Date: October 16, 2024

RE: Interest Sharing Agreement with San Bernardino Valley Water Conservation District

RECOMMENDATION:

Approve and authorize the Board President to execute the “Interest Sharing Agreement between San Bernardino Conservation Trust (“Trust”) and the San Bernardino Valley Water Conservation District (“District”), ratifying and formalizing the entities’ prior informal agreement re the forbearance by the District to bill for Issuance Cost services performed by the District on behalf of the Trust, which will permit payment to the District of an equivalent amount of interest the District would otherwise have realized from the average return on District investments over that time period and permit the Trust to retain any interest above this amount, upon mutual agreement by District and Trust. In addition, the Interest Sharing Agreement ratifies prior practice by both the Trust and District consistent with this arrangement.

BACKGROUND:

The Trust and the District entered into their “Contract for the Provision of Administrative Services” on or about October 5, 2017. Under that agreement, the Trust arranged to have the District provide certain administrative services to the Trust, related to the Trust’s Upper Santa Ana River Wash Habitat Conservation Plan (HCP) operations. In addition, the Trust agreed to convey to the District those Issuance Costs (i.e., proportionate accrued costs the District incurred in securing the various permits and other agency approvals necessary to implement and authorize the Wash Plan and its HCP) once the Trust collected same from applicants, whether through applications for Certificates of Inclusion, or through early payment by participants. Regarding services, the agreement called for the Trust to pay the District at agreed hourly rates, which have been tracked at the District’s fully loaded overhead costs for the various employees of the District working on Trust matters. Absent other arrangements, the agreement called for payment by the Trust within thirty (30) days of District invoicing.

Over time, the amounts of service costs, and Issuance Costs collected from others, remained with the Trust, as the District refrained from invoicing for such accruing charges. The amounts were tracked, to be paid by Trust to District upon mutual agreement, depending on the fiscal resilience of both entities.

Pursuant to this arrangement, January 11, 2024, the Trust paid the District One Million One Hundred Twenty-Five Thousand dollars (\$1,125,000,000.00) of retained Issuance Costs, monetary deposits by Wash Plan participants in lieu of habitat property dedications, and the value of deferred invoiced

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SAN BERNARDINO VALLEY CONSERVATION TRUST

Established 2016

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services. On March 29, 2024, the Trust paid the District some One Hundred Sixty Thousand Four Hundred Sixty-Six dollars and Twenty-three cents (\$160,466.23) of interest, calculated at the average return on District investments from fiscal year 2017-18 through December of fiscal year 2023-2024.

This was done for the benefit of both Trust and the District. For the District’s part, the interest payment made the District whole on advanced funds (or deferred billings) which effectively amounted to an in-kind advance of the value of services to the Trust, as the Wash Plan and its HCP wended its way through permitting processes, BLM Land Exchange hurdles, and other establishment procedures. For the Trust’s part, it was able to hold the funds representing the value of such services to enhance the endowments and start-up cost funding.

Staff for both the District and Trust have determined it is in the interest of both entities to have this arrangement formalized in another agreement, both to afford additional transparency, and to make sure accounting and other financial tracking records are clear, and accurate. The “Interest Sharing Agreement Between the San Bernardino Valley Conservation Trust and San Bernardino Valley Water Conservation District,” (“Interest Sharing Agreement”) now presented to the Trust Board of Directors for approval, represents that effort.

The Interest Sharing Agreement provides that the District and Trust may, by and through their respective staffs, agree to have the District forbear from invoicing the Trust for services under the October 5, 2017 Contract for Provision of Administrative Services, or retain Issuance Costs collected by Trust from COI. The documented agreement would define the period of District forbearance. Such periods may be extended or shortened by mutual consent. The District will provide the Trust with an annual accounting of all accrued deferred charges or retained issuance Costs, as well as a calculation reflecting the average rate of returns for the period relating to such funds. Upon receipt of a District invoice, Trust shall remit both the principal amount due, and the average equivalent interest on such amounts, calculated on the entire principal amount at the time of payment. (The Interest Sharing Agreement does not compound interest by rolling accrued interest into additional principal due; the interest is calculated on a rolling basis, but each accrued interest amount is paid only upon payment of the principal.)

The Interest Sharing Agreement also ratifies prior practice, described above, leading to the March 29, 2024 payment, as consistent with the parties’ knowledge, directions, and policy objectives.

FISCAL IMPACT:

The Trust paid the total sum of \$1,125,000.00 on January 11, 2024, and \$160,466.23 of interest on March 29, 2024. Prospective fiscal impact is at this point impossible to quantify, since it will depend on future agreements between the District and Trust regarding deferred invoicing, and prevailing interest rates at the time.

ATTACHMENT:

Interest Sharing Agreement

BOARD
OF
DIRECTORS

President
David E. Raley

Vice President
John Longville

Director
Jim Earsom
Director
T. Milford Harrison

Executive Director/CFO
Milan Mitrovich

INTEREST SHARING AGREEMENT BETWEEN
THE SAN BERNARDINO VALLEY CONSERVATION TRUST
AND THE
SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT.

THIS INTERST SHARING AGREEMENT BETWEEN THE SAN BERNARDINO VALLEY CONSERVATION TRUST AND THE SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT (“Interest Sharing Agreement”) is entered into effective this ____ day of _____, 2024 (“Effective Date”) between the parties so referenced. This Interest Sharing Agreement is entered into in consideration of all of the following:

- A. The San Bernadino Valley Conservation Trust (“Trust”) is a 501(c)(3) non-profit public benefit corporation, whose primary purpose is the holding, administering, and funding of habitat preserves, and endowments for preservation of lands and conservation easements for the protection of endangered and threatened species, in connection with approved Habitat Conservation Plans, or otherwise.
- B. The San Bernardino Valley Water Conservation District (“District”) is a special district of the State of California, formed and existing under California Water Code sections 74000 et seq. District is the lead agency for the approval and implementation of the Upper Santa Ana River Wash Habitat Conservation Plan (“HCP”) which covers some 4,892 acres of land within the Upper Santa Ana River Wash.
- C. On or about October 5, 2017, Trust and District entered into that certain “Contract for the Provision of Administrative Services,” (“Administrative Services Contract.”) under which Trust and District agreed that Trust could utilize the services of District staff and consultants for ongoing efforts on permitting, start-up requirements, interim management, and long-term endowment administration in connection with the HCP, and other matters. Under the Administrative Services Contract, Trust was to periodically request services from the District, paying agreed specified hourly rates, and Trust was to remit to District defined “Issuance Costs” specified in the HCP, the Memorandum of Understanding to Implement the Habitat Conservation Plan for the Upper Santa Ana River Wash Plan (“MOU”), and its implementing agreements, once collected from Wash Plan participants seeking Certificates of Inclusion for Covered Activities under the HCP, which were to be collected by the Trust as part of the COI application process.

- D. While the Administrative Services Contract contemplated regular invoicing and payment of amounts by the Trust to the District pursuant to District invoicing, delays in permitting and the withholding of HCP long-term endowment moneys by certain participants, left the Trust in a reduced financial position. In part because of the benefits inuring to the District from the Trust initiating HCP activities pursuant to then-issued permitting, and in part as an accommodation to other HCP participants, including public agencies, District and Trust entered into an informal agreement, whereby the District would forbear from charging for administrative services under the Administrative Services contract or requiring remittance of Issuance Costs collected between July 2016-December 2020 under the MOU. District further authorized the Trust to hold certain monies collected by the Trust from Wash Plan participants in lieu of property dedications, to meet habitat mitigation requirements for Covered Activities under the HCP— This permitted the Trust to meet early requirements under issued HCP permits, begin building databases and inspection, survey, and species viability data, conduct mitigation property preparation and start-up actions, and generally begin the momentum necessary to launch the HCP’s habitat preserve, and build data and a performance history of species benefits that might assist or expedite additional required permitting. It also permitted Trust to take advantage of higher interest rates it was able to achieve on its investments, as opposed to rates available to District, resulting in more overall funding for HCP purposes.
- E. Pursuant to this arrangement, from October 5, 2017 through December of fiscal year 2023-24, Trust accrued some One Million One Hundred Twenty-Five Thousand (\$1,125,000.00) of principal amounts from retained Issuance Costs, amounts collected by the Trust from Wash Plan participants for monetary contributions in lieu of property dedications for habitat requirements, and deferred invoicing of services under the Administrative Services Contract. These accrued amounts were reported to the Trust Board of Directors through regular financial reporting by Trust staff.
- F. On or about January 11, 2024, Trust paid to the District the sum of One Million, One Hundred Twenty-Five Thousand dollars (\$1,125,000.00) of principal. On March 29, 2024, Trust paid to District the sum of One Hundred Sixty Thousand Four Hundred Sixty-Six dollars and Twenty-Three cents (\$160,466.23) of interest, calculated at the average return on District investments over that time period of accrual referenced in Paragraph E above. The interest payment was designed to make the District whole on advanced funds to the Trust, while keeping additional interest above those return rates for the benefit of the Trust, for its ongoing HCP permitting and implementation activities.
- G. The District and the Trust now wish to formalize the arrangement leading up to the March 29, 2024, payment, to govern future deferrals and interest sharing, and as well to

ratify the prior arrangement, and toward that end, now enter into this Interest Sharing Agreement.

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

1. Recitals. The forgoing recitals are true and correct, and are incorporated into the body of this Interest Sharing Agreement, as though fully set forth herein.
2. Ratification of Arrangements Leading Up to March 29, 2024 Payment. The parties, and each of them, hereby approve and ratify their former informal agreement under which the District deferred invoicing of costs of services under the Administrative Services Contract, and Trust otherwise retained collected Issuance Costs and monetary deposits in lieu of habitat property dedication and the amounts and manner of principal and apportionment of interest accompanying the payment of March 29, 2024, and affirm that this was conducted with the knowledge and approval of the parties, and consistent with their direction and respective interests in advancing the HCP.
3. Prospective Deferral of Invoicing for Services and Remittance of Issuance Costs or Moneys in Lieu of Habitat Property. From and after the Effective Date, if District and Trust agree to have District defer invoicing under the Administrative Services Contract, or defer Trust's remittance of Issuance Costs to District, or to have Trust retain for a time moneys paid by Wash Plan participants in lieu of habitat property mitigation, Trust and District shall so confirm in writing. Such written agreement shall indicate the nature of the charges or costs to be kept with the Trust, the principal amount(s), the period of time over which the Trust may keep possession of such funds, and the date such funds must be remitted, with interest, to the District. The amount of interest on any such payments shall be equivalent to the average return on the District's investments calculated over that time period. Any interest earned on such principal amounts in excess of the average return on District investments shall be retained by, and shall be the property of, Trust. Interest amounts shall not compound, nor be added to principal for subsequent periods of accrual, but shall be calculated as fixed for the applicable period, and any subsequent interest will accrue on unpaid principal only. The Trust's Executive Director and Secretary, for its part, and the District's General Manager, for its part, are delegated the authority to enter into such arrangements without further Board of Directors' approval, provided that the amount of principal so retained by the Trust does not exceed Thirty Thousand dollars (\$30,000.00). All amounts higher than this \$30,000 figure shall require Board of Directors' approval of both agencies. Any such agreement may, but need not, provide a mechanism through which District can accelerate payment of withheld amounts by the

Trust, in the event District's finances so require, with appropriate notice requirements prior to accrual of Trust's obligation to pay such accelerated debt.

4. Accounting of Principal Amounts. District shall, no less frequently than annually, report to the Trust all accrued, non-invoiced principal amounts, including the value of services provided to the Trust by District, accruing under this Interest Sharing Agreement, no later than February of each year. Trust shall report to District, no less frequently than annually, any amounts retained or otherwise held by the Trust for collected Issuance Costs, or retained deposits by Wash Plan participants in lieu of habitat mitigation property dedications, under this Interest Sharing Agreement. The parties shall annually, no later than March 1 of each fiscal year, calculate the interest due to the District per the average rate of return on District investments over that time period, and reflect the actual amount of interest earned by Trust on such retained amounts, such that the parties may track the amount of interest due to the District, the amount of additional interest earned by the Trust. The parties shall each review the accounting provided by the other, and report in writing to the other within thirty (30) days of any disagreement or discrepancy in the amounts so reported. In the event of such discrepancy of disagreement, the parties shall meet and confer in good faith, in an effort to clarify or resolve any dispute. In the event such meet and confer processes fail to result in agreement, the matter shall be submitted to binding arbitration by a third-party neutral arbitrator, to be selected by both parties. The rules for the conduct of binding arbitration, and the method for selecting the arbitrator, shall be on such terms as the parties may agree at the time of the dispute or disagreement. Such binding arbitration shall occur within six (6) months of the report of the disagreement or discrepancy, unless otherwise agreed by the parties in writing.
5. Integration. This Interest Sharing Agreement contains the entire understanding of the parties with respect to its subject matter, and incorporates the entire accord among them. This Interest Sharing Agreement supersedes all prior representations, promises, negotiations, inducements, or other representations of the parties, and each of them, regarding its subject matter. This Interest Sharing Agreement may be amended only by an instrument in writing, signed by both parties.
6. Attorneys' Fees. In the event of any action, whether at law, equity, or otherwise, to enforce the provisions of this Interest Sharing Agreement, the prevailing party in such dispute shall be entitled to recovery of its reasonable attorneys' fees. As used herein, "attorneys' fees" includes the cost of legal representation, costs of experts or depositions, transcripts any costs of document duplication or exhibit preparation, and all other costs normally recoverable in civil actions.

7. Corporate Authority. The parties represent, each to the other, that the person whose signature below appears on the representing party's behalf has full authority to sign this Interest Sharing Agreement and bind the representing party to its terms, and that such party has executed this Agreement voluntarily, willingly, and without duress.

ENTERED INTO AS OF THE EFFECTIVE DATE AND AFFIRMED BY THE SIGNATURES OF THE PARTIES BELOW:

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
"DISTRICT"

BY: _____

Its: _____

SAN BERNARDINO VALLEY CONSERVATION TRUST
"TRUST"

BY: _____

Its: _____