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| <p>TNBC</p> | <p>Regular Meeting of the Board of Directors</p> | <p>Upcoming Regular Meetings</p> | <p><i>t h e</i> NATOMAS BASIN <i>c o n s e r v a n c y</i></p> |
| <p>The Natomas Basin Conservancy www.natomasbasin.org</p> | <p>4:00 p.m. 2150 River Plaza Drive, #460 Sacramento, CA</p> | <ul style="list-style-type: none"> • December 1 • February 2 • March 2 | <p>November 3, 2010</p> |

Agenda Packet

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| <h1>TNBC</h1> <p>The Natomas Basin Conservancy</p> <p>www.natomasbasin.org</p> | <p>Regular Meeting of the Board of Directors</p> | <p>Upcoming Regular Meetings</p> |  <p>November 3, 2010</p> |
| | <p>4:00 p.m.</p> <p>2150 River Plaza Drive, #460</p> <p>Sacramento, CA</p> | <ul style="list-style-type: none"> • December 1 • February 2 • March 2 | |

| # | Section | Item | Type | Discussion |
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| 1 | Call to Order | Call to Order | Admin. | ○ The Board President will call the meeting to order if a quorum is present. Announcements by the Board President or Executive Director may be made at this time. |
| 2 | Minutes | Approval of Minutes | Consent | ⊕ The Board President will request approval of the minutes of the Board of Directors meeting of September 1, 2010. |
| 3 | Action | Authorize payment for land leveling services on the Conservancy's Huffman West tract | Consent | ⊕ Because of the very late planting season this year, there was little time to plan for leveling required for the Conservancy's Huffman West tract. The Conservancy's contract farmer on the property, Alan Lauppe, contracted out the leveling work, which was completed under his supervision. This item requests the Board authorize payment to the subcontractor, Scheidel Ranches, Nicolaus, CA, in the amount of \$13,380.00 for field leveling services on the Conservancy's Huffman West tract. |
| 4 | Action | Selection of firm to conduct audit services | Action | ⊕ At the request of the Conservancy's Board of Directors, a Request for Proposals (RFP) was developed to use in soliciting proposals for year-end financial audits. At the September Board meeting, the RFP was approved for release. The RFP solicited proposals from qualified auditors to conduct the annual audit of the Conservancy's year-end financial statements for 2011 forward, to a total of five years. An annual audit is required each year in the 2003 NBHCP and under the California Non-profit Integrity Act of 2004. Staff has prepared a side-by-side assessment of the proposals received for presentation to the Board. Three firms responded, each of them determined to be very capable, and also, all of them are familiar with the Conservancy. Staff |

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 ∅ = No additional exhibits in Agenda Packet.

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| | | | | <p>has also met with the Conservancy’s Audit Committee to review and discuss the proposals, and a recommendation for selection of the auditor will be made at the Board meeting.</p> <p>This item requests that the Board authorize its Executive Director to execute and deliver an agreement with the audit firm selected by the Board for audit services for the five-year time frame as specified in the Board-approved RFP.</p> |
| 5 | Action | Investment advisor to the Conservancy | Action | <p>⊕ In 2006, The Savant Group, Wells Fargo Investments and Arnerich & Massena (“Arnerich”) were considered by the Board as candidates to serve as the Conservancy’s investment advisor. Since 2007, Arnerich has provided investment advisor services to the Conservancy. The firm provides investment advisor services for the Conservancy’s Endowment Fund and Supplemental Endowment Fund. These are the only of the Conservancy’s invested funds invested funds with equity exposure. All other accounts (see below) are invested in cash, cash equivalents or fixed income investments.</p> <p>Wells Fargo Investments continues to provide banking and limited investment advisor services for the Conservancy’s business investment account, regular banking services and the SAFCA NLIP Endowment Fund. In addition, the Conservancy maintains an account with the City of Sacramento’s City Treasurer’s Office. Funds received by the City from HCP fee payers are held by the City Treasurer until such time as the Conservancy requests a funds transfer into its regular bank account(s).</p> <p>The Conservancy’s Board and staff have engaged in prior discussions about the desire to initiate a new investment advisor contractor selection process as a part of market testing (cost, service and competency) and to generally demonstrate openness to Conservancy contracting. As a result, Conservancy staff prepared a Request for Proposal (RFP) to use in the process. This consisted of a proposed three-year contract with two one-year options to renew beyond the initial three years.</p> <p>Staff has prepared a side-by-side assessment of the proposals received for presentation to the Finance Committee and the Board. Six firms responded, each of them determined by Conservancy staff to be capable, including the incumbent, Arnerich. Staff has met with the Conservancy’s Finance Committee to review the proposals, and a recommendation for the investment advisor will be made at the meeting.</p> <p>This item requests that the Board authorize its Executive Director to execute and deliver an</p> |

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| | | | | agreement between the Conservancy and the investment advisor selected by the Board for an engagement of three-years with two one-year options to renew beyond the initial three years. |
| 6 | Discussion | City of Sacramento report | No action | ○ Report from the City of Sacramento. HCP-related activity and other topics. |
| 7 | Discussion | Financial statement review | No action | ○ A financial statement update will be provided for the period ended September 30, 2010 (unaudited). |
| 8 | Discussion | Preliminary look at BKS marsh's North Course maintenance work | No action | ○ The Conservancy conducted channel maintenance activity on the Betts, Kismat and Silva tracts (BKS) last summer. The work was confined to the South Course, the shortest of the stretches on the preserve. The experience was used to help the Conservancy test strategies on how to deal with the numerous geologic, biologic and hydrological conditions on the preserve for later use on the North Course maintenance project. Since the North Course is considerably longer, and since there are greater numbers of covered species on the North Course than exist on the South Course, practices and procedures were successfully employed and tested. Planning has begun on the North Course maintenance project, since it has been determined that the channels have substantially filled in due to sediment deposition, vegetation decomposition, animal activity and lack of natural scouring. In order to maintain the marsh complexes to their full functionality, and to minimize later costs that would be greater, staff and consultants are working towards the development of a plan to present to the Board for at least some portion of the work in 2011. Staff and consultants will brief the Board on the status of this work. |
| 9 | Discussion | Rice farming situation report, 2010 crop | No action | ○ Guests Jim Sopwith and Alan Lauppe, Conservancy tenant farmers, will brief the Board on the 2010 rice crop on Conservancy-owned preserves. Specific reference will be made to the challenging weather conditions for this year's crop and the implications for a timely planting for a 2011 crop. |
| 10 | Discussion | Biological monitoring contracting | No action | ○ Staff will update the Board on the status of the biological effectiveness monitoring contracting process. |
| 11 | Public Comments | Public Comments | No action | ○ Opportunity for members of the public to address the Conservancy's Board of Directors. |
| 12 | Executive | Executive Session – | Action | ○ Executive Session for real estate is planned. |

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| | Session | Real Estate | | |
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| 13 | Executive Director's Report | Executive Director's Report | No action | ○ Various matters for Board members' general information. |
| 14 | Adjournment | Adjournment | Admin. | ○ Official adjournment of the meeting. |

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