

<p>TNBC</p> <p>The Natomas Basin Conservancy</p> <p>Web site: www.natomasbasin.org</p> <p>Phone: (916) 649-3331</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>August 7, 2013</p>
	<p>4:00 p.m.</p> <p>2150 River Plaza Drive, #460 Sacramento, CA <i>(Meeting in 1st floor Large Conference room.)</i></p>	<ul style="list-style-type: none"> • October 2 • November 6 • December 4 	

Agenda

Agenda format and readings tips

• Agenda packet sections

Agenda packet #	Section name	What's included
①	Agenda	This is the main agenda. Reading this section will provide the reader with an understanding of the plan for the meeting.
②	Supplemental materials	On some agenda items, there are handouts that are more extensive than can be covered in the "Discussion" section of the main agenda. These materials are included in agenda packet #2.
③	Executive Director's packet	The Executive Director includes items of general interest to the Board of Directors in agenda packet #3. The items in this packet are for general information, not action.
④	Executive Session	Material in this packet is for Board members' information in closed, executive session. It is confidential and not made public.

• Item organization

This agenda is prepared in order to facilitate understanding of the Conservancy Board of Director's agenda packet. Each agenda item is numbered in the far left-hand column. Then, as the reader moves from left to right, more information is provided. Ultimately, the far right-hand column presents a discussion of the agenda item.

1	Call to Order	Call to Order of the Regular Meeting of the Board of Directors	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.
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• Exhibit symbols attendant with agenda item

Agenda exhibit symbol in the "Pg." column	Definition
∅	There is no supplemental information that accompanies an agenda item.
①	There is more information in supplemental handouts.
2.21	Means that in agenda packet number 2, there will be supporting information on page 21.

• Staff agenda item recommendations symbols

In the "Discussion" column, there are a series of symbols used, also in order to facilitate quick understanding. These indicate the status of staff recommendations.

Agenda exhibit symbol in the "Pg." column	Definition
○	There is no staff recommendation on the matter.
⊕	Staff recommends approval.
●	Staff does not recommend approval.

<h1>TNBC</h1> <p>The Natomas Basin Conservancy</p> <p>Web site: www.natomasbasin.org</p>	<h2>Regular Meeting of the Board of Directors</h2>	<h2>Upcoming Regular Meetings</h2>	 <p>August 7, 2013</p>
	<p>4:00 p.m.</p> <p>2150 River Plaza Drive, #460 Sacramento, CA (Meeting in 1st floor Large Conference room.)</p>	<ul style="list-style-type: none"> • October 2 • November 6 • December 4 	

#	Section	Item	Type	Pg.	Discussion
1	Call to Order	Call to Order of the Regular Meeting of the Board of Directors	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	Action	Approval of the minutes	Consent	2.1	⊕ The Board President will request approval of the minutes and consent items of the Board of Directors meeting of June 5, 2013.
3	Action	Cancellation of September 4, 2013 Board meeting due to Labor Day weekend	Consent	∅	⊕ The September 4, 2013 Board meeting falls two days after the Monday, September 2 Labor Day holiday. In the past, it has been difficult getting a quorum at such times. Therefore, this meeting is proposed for cancellation.
4	Action	Implementation Annual Meeting	Action	2.x	<p>⊕ IMPLEMENTATION ANNUAL MEETING (Implementation Agreement §5.4)</p> <ul style="list-style-type: none"> A. Minutes of the June 6, 2012 meeting (see p. 3 of Minutes of the Regular Meeting). B. Discussion of Annual Report. Concerns, comments, recommendations. C. City of Sacramento issues. D. County of Sutter issues. E. California Department of Fish and Wildlife issues. F. U.S. Fish and Wildlife Service issues. G. Adjourn Implementation Annual Meeting.
5	Action	Amend hunting lease on Lucich tracts	Action	2.x	<p>⊕ The Board is asked to approve a proposal that would extend an existing hunting lease on the Lucich North and Lucich South tracts to Joel Lucich. As a consideration, Lucich will construct permanent hunting and observation platforms on the Lucich North tract that will be durable and last for years to come.</p> <p>Lucich extended an extraordinary consideration to the Conservancy when the Lucich North tract was proposed for conversion from a rice field to managed marsh. In that case, Lucich surrendered his right to farm the Lucich North</p>

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					<p>tract and to receive the proceeds from that farming operation forever. The Conservancy allowed the continued right to use the property for the typical December and January waterfowl hunting season in keeping with the NBHCP's instruction to allow for large bird hunting on Conservancy preserves as well as representations to the Sacramento County airport authorities that hunting would be conducted.</p> <p>During the original managed marsh construction on the Lucich North tract, Lucich (at his expense) installed concrete footings for eventual use in constructing the platforms.</p> <p>Now, Lucich wishes to make good on his further consideration to place permanent platforms on certain of the foundations placed on the property. However, because of the considerable investment of doing so, he wishes to have extended for his use the existing hunting lease with the Conservancy for the Conservancy's Lucich tract properties.</p> <p>Staff recommends that the Board authorize the Executive Director to execute and deliver an agreement between the Conservancy and Joel Lucich to extend the existing hunting lease currently in place with the Conservancy for an additional five (5) years from its current expiration in 2015 so that the termination date would be no later than April 21, 2020.</p>
6	Action	NBHCP Finance Model calculation; engaging consulting economist	Action	2.x	<p>⊕ The NBHCP requires that the NBHCP Finance Model be recalculated each year by February. Given lead times needed for the City's adoption of fee adjustments, the Conservancy needs to initiate work on the Finance Model recalculation early. This year as last, the Conservancy will integrate the upcoming year's budget with the Finance Model recalculation.</p> <p>In keeping with the Board's request, the Conservancy has scoped out additional potential consulting economists capable of conducting the NBHCP Finance Model re-calculation. One stood out, and the Conservancy has used this person for other work to test capabilities and has been satisfied.</p> <p>Accordingly, there are two proposals submitted for the Board's consideration for this year's NBHCP Finance Model calculation. As the Board requested, it wanted a second choice in potential contractors.</p> <p>This year's proposers are Isabel Domeyko, New Economics & Advisory and Economic and Planning Systems (EPS). New Economics & Advisory has proposed to conduct the work for an amount of \$10,000. Economics and Planning Systems has proposed to conduct the work for \$15,000.</p> <p>This item requests the Board's authorizing the Executive Director to execute and deliver a</p>

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					contract to whichever contractor the Board selects and in the amount and time frame selected.
7	Action	Reserve funds depository	Action	∅	<p>⊕ The Conservancy's reserve funds account is held in a depository other than a purely financial institution. The Board's Finance Committee recommended that Conservancy management investigate this matter and make a recommendation as to disposition of these funds.</p> <p>The Board's Finance Committee has met with staff on this matter and will be prepare to discuss it with the Board.</p> <p>Staff recommends that the funds in this reserve account be transferred into one of two options. The first is with U.S. Bank and the second is with American Century Funds. No action is proposed that would place any of these funds in an at-risk position in equities. Rather, the funds would be invested in fixed income securities and cash.</p> <p>U.S. Bank is selected because it could provide certain banking functions and because it has a substantial investment specialty. Staff anticipates funds invested at U.S. Bank would be invested identically or nearly so as is currently the case with the Conservancy's operational account at Wells Fargo Advisors.</p> <p>American Century Funds is selected because it has a fund that is exclusively invested in 90-day U.S. Treasury Bills and is popular with firms using this facility for reserve funds. Most consider 90-day Treasury Bills issued by the U.S. Government to be the safest investment in the world.</p> <p>In all cases, the funds transferred to either or both of these firms would be in complete compliance with the Conservancy's investment policies, would be subject to annual audit, and balances would be presented with financial information on a regular basis.</p> <p>Staff recommends that the Board authorize it to:</p> <ol style="list-style-type: none"> 1.) open an account with U.S. Bank and American Century Funds for Conservancy reserve funds, 2.) transfer money from the Conservancy's existing reserve account with the City of Sacramento into either or both of those newly-opened accounts, and 3.) to have the names of all Conservancy officers, including the Executive Director acting as Assistant Secretary be placed on signature cards or other authorizing documents that may be requested by the subject firms or institutions to facilitate the action proposed above.
8	Action	Standard agricultural lease	Action	2.x	<p>⊕ Nearly all of the Conservancy's agricultural leases expire at the end of 2013. As Conservancy</p>

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					<p>staff prepares to execute renewals or re-leases with its tenant farmers, it has subjected the Conservancy standard lease to review by legal counsel and its own substantial refinement.</p> <p>This item requests the Board's approval of the new standard form lease so that Conservancy staff can set about leasing discussions with trusted tenants.</p>
9	Discussion	City of Sacramento report	No action	∅	○ Report from the City of Sacramento regarding HCP-related activity and other topics.
10	Discussion	Financial statement review	No action	Ⓜ	○ A financial statement will be provided for the period ended June 30, 2013 (unaudited). Additional financial information will be provided.
11	Discussion	Insurance coverage review	No action	∅	○ A presentation by the Conservancy's insurance broker, Pete Keller of Wells Fargo ABD Insurance, will discuss with the Board of Directors the Conservancy's insurance policies for 2013, including its directors and officers liability coverage, crime coverage, workers' compensation, employment practices liability, general liability and umbrella policies.
12	Discussion	Pre-budget discussion on large expense items and scheduling	No action	∅	<p>○ One of the largest discretionary budget items each year is channel clearing. Because of pressing need, the Conservancy has pressed ahead with channel clearing projects in order to keep the marsh complexes fully functional as is required by the NBHCP.</p> <p>As Conservancy staff prepares to submit to the Board a draft 2014 budget, it wishes to discuss these project costs and schedule them in a manner that is prudent. The Board's advice and counsel is requested on these items.</p> <p>At present, management's calendar for such items is as follows:</p> <p>Completed</p> <p>2009 BKS tract South Course channel clearing</p> <p>2010 BKS South Course refinement</p> <p>2011 BKS North Course Phase 1</p> <p>2012 BKS North Course Phase 2</p> <p>2013 BKS North Course Phase 3</p> <p>Proposed</p> <p>2014 BKS North Course Phase 4</p> <p>2015 Update and complete SSMPs for all tracts</p> <p>2016 Bennett North channel clearing ponds A, B1, B2 and C</p> <p>2017 Bennett North channel clearing ponds D, E and F</p> <p>In each case, the total costs are substantial to the</p>

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					Conservancy. The range is from \$100,000 to \$350,000. Prior to submitting the 2014 budget, Conservancy staff wants to discuss with the Board whether it should propose a budget that continues along this schedule, or if some other course of action should guide the budget that gets submitted for approval.
13	Discussion	Endowment funds investment manager	No action	∅	<p>○ The Conservancy's endowment funds investment manager has completed two and one-half years of a three-year agreement. Staff would like to discuss with the Board whether staff should set in motion a course of action that would lead to securing proposals from multiple firms for 2014 and beyond or if the Board would prefer to entertain a proposal for a contract extension for the existing investment manager, T. Rowe Price.</p> <p>The Board's Finance Committee will have met and discussed this item, and will be prepared to discuss it with the full Board.</p>
14	Discussion	Sacramento International Airport Land Use Compatibility Plan	No action	2.x	<p>○ The Board instructed staff and Conservancy legal counsel to prepare and submit a letter to the Sacramento Area Council of Governments (SACOG) regarding the proposal to further the proposed Sacramento International Airport Land Use Compatibility Plan ("ALUC"). Staff will share the submitted letter with the Board as well as other letters of similar type from other interests and entities and seek the Board's counsel going forward.</p>
15	Discussion	Surface mining soil removal activity in the NBHCP Permit Area	No action	2x	<p>○ The Board earlier requested legal counsel's opinion on the matter of the proposed soil mining activities in the Sutter County portion of the Natomas Basin and whether or not such activity was subject to full NBHCP mitigation. Legal counsel earlier advised the Board with an opinion.</p> <p>The federal and state Wildlife Agencies issued a letter October 1, 2012 that concluded that soil mining activities in the NBHCP Permit Area were not an NBHCP-Covered Activity and must be mitigated.</p> <p>On July 9, 2013, the Wildlife Agencies reversed their October decision in a letter to County of Sutter officials. The project will receive full incidental take protection and there will be no payment of mitigation fees (see minor exception below). Also, instead of the full project area being considered habitat for the NBHCP's Covered Species, a very small area was selected as GGS habitat (.0703 acre) and NBHCP fees were paid on that. The Conservancy must provide mitigation for that and designate the habitat on its mapping records in keeping with the NBHCP.</p> <p>Conservancy staff wishes to discuss this matter with Board members and seek counsel on next steps, if any.</p>

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16	Public Comments	Public Comments	No action	∅	○ Opportunity for members of the public to address the Conservancy's Board of Directors.
17	Executive Director's Report	Executive Director's Report	No action	3.1	○ Various matters for Board members' general information will be presented by the Conservancy's Executive Director.
18	Adjournment	Adjournment	Admin.	∅	○ Official adjournment of the meeting.

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