

<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><b>June 7, 2006</b></p>
	<p>4:00 p.m.</p> <p>Offices of California Farm Bureau Federation</p> <p>2300 River Plaza Drive Sacramento, CA</p>	<ul style="list-style-type: none"> <li>• July 5</li> <li>• August 1</li> <li>• September 6</li> </ul>	

#	Section	Item	Type	Pg.	Discussion
1	Call to Order	Call to Order of the Regular Meeting of the Board of Directors	Admin.	Ø	○ 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 of the Board meeting of May 3, 2006. A minutes book entry for the May 12, 2006 workshop is included (p. 2.6) as are the draft minutes of the Audit Committee meeting of May 26, 2006 (p. 2.7).
3	Action	Proposed revision of the Conservancy's Employee Handbook	Consent	2.10	⊕ The Conservancy periodically consults with its general counsel to see if changes in employment law and related practices warrant revisions to its Personnel Handbook. This year, McDonough, Holland & Allen (represented by attorneys Susan Schoenig and Laura Fowler) responded to staff's review request with several recommended changes (see black-lined copy in the agenda packet). All the changes are recommendations of legal counsel and Conservancy staff initiated none of the proposed changes. This action requests Board approval of the Conservancy's Personnel Handbook, including the changes proposed and noted in the draft from McDonough, Holland & Allen.
4	Action	Site-Specific Management Plan development for the Vestal South tract	Consent	2.36	<p>⊕ The Conservancy acquired the Vestal South tract most recently and now needs to develop a Site-Specific Management Plan (SSMP) for it in accordance with the NBHCP. The process for preparing SSMPs for each newly-acquired parcel has been revised to the point that they become "chapters" which reflect each property's SSMP. This proposal then, would see a Vestal South tract chapter added to the Conservancy's SSMP binder.</p> <p>It is anticipated that the Conservancy will propose that the entire tract remain in rice production.</p> <p>Wildlands, Inc. has prepared a proposal at the Conservancy's request to conduct the development of an SSMP for the Vestal South tract. The proposed cost is \$17,524.</p>

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5	Action	Request for rice field leveling funds on Sills tract	Action	2.47	<p>⊕ <u>Background.</u> The Conservancy has typically had to engage in rice field leveling after a property has been acquired. On the Sills tract, acquired July 15, 2002, there were some particularly perplexing leveling issues, and also, the rice farmer on the property closed shop last year, and the Conservancy now has a new farming contractor on the property who has some fresh and compelling ideas. Leveling is typically expensive, but is needed for efficient water use, uniform yields, weed management (herbicide use reduction) and other agronomic issues (water level adjustment for temperature management, etc.).</p> <p><u>Coordination, scheduling.</u> The current farming contractor has four quarter sections of land in the vicinity of the Sills tract (a quarter section is 160 acres). In order to retain fully-charged water conveyance structures for the benefit of the giant garter snake, two of the tracts are proposed to be leveled in 2006 and the remaining two in 2007.</p> <p><u>Process may unearth need for land use change.</u> The southerly of the two Sills tract quarter sections targeted for this year's work is particularly challenging. It is possible that after surveying is completed and yardage of soil to be moved is calculated, the Conservancy may decide to remove the steepest part of the field from rice production and convert it to upland uses. Although the soils are such that this portion of the farm will never be productive upland, the cost of moving large amounts of soil may become too cost prohibitive.</p> <p><u>Current request.</u> Requested here is \$35,000.00 each for the two Sills tracts that will be leveled in 2006. This is not a bid or proposal from the farmer, but rather, staff's estimate of expense pending a survey and more formal estimate of soil cut and fill needs. Once that figure is known, then coming up with an accurate estimate of costs will be easier. However, because the work is planned as soon after rice planting is completed as possible, in order to keep the project economical, it is proposed that this authorization be granted so that work can proceed on a timely basis. Staff will provide reconciliation numbers at the July or August Board meetings.</p>
6	Action	Adoption of Audit Committee charter	Action	2.48	<p>⊕ In keeping with growing trends for non-profit organizations as well as to generally enhance organizational governance, the Conservancy's Audit Committee proposes the Board adopt a proposed Audit Committee charter.</p>

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7	Action	Direction to manage interim disparity in HCP fees	Action	∅	<p>○ <u>2006 HCP fee increase status.</u> The Conservancy's request for a HCP fee adjustment was recently approved by the City Council of the City of Sacramento. However, unlike the past, the adoption of the ordinance was not done on an emergency basis. In this case, the ordinance takes place 60 days from its passage, which means the new fee will be in effect on July 4, 2006 from the City's standpoint. In the meantime, the previous ordinance has expired, so in effect, the City has no ordinance in place with which to increase the fee OR to require land dedication in lieu of paying the Land Acquisition Fund portion of the HCP fee.</p> <p><u>Large development interest(s) have stated intent to pay full HCP fee with no land dedication and do so at the old (2005) HCP fee level.</u> Conservancy staff has learned from three sources that one or more developers are intending to simply pay the full HCP and not dedicate land in lieu of paying the Land Acquisition Fund portion of the HCP fee. They would do so in order to beat the July 4, 2006 fee increase deadline and land dedication obligation.</p> <p><u>2006 fee essential to insure HCP compliance.</u> The Conservancy and the City Council are on record as accepting the need for a fee increase, and Conservancy staff have advised certain prospective fee payers that the Conservancy cannot adequately insure mitigation compliance at the former fee.</p> <p>For example, in the former (2005) fee, land costs are budgeted at \$25,000 per acre. The most recent transaction shows that the cheapest available land in the Natomas Basin for mitigation purposes is a blend of prices ranging from \$45,000 per acre to \$55,000 per acre. Therefore, if substantial fee payers pay on the former rate in order to beat the July 4, 2006 fee increase, this leaves the Conservancy with a substantial deficiency in funding needed to acquire mitigation land in order to satisfy mitigation obligations. Other components of the fee will also be underfunded. A few examples include property taxes, water costs and restoration and enhancement construction.</p> <p><u>Possible short-term solutions.</u> Two strategies could be employed to make up the difference:</p> <ol style="list-style-type: none"> <li>1. First, the Conservancy could utilize its small available surplus of land holdings and commit it to mitigation land for these pre-July 4, 2006 mitigation(s). However, this means that the inventory of land available to use for future "small developer option" fee</li> </ol>

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					<p>payments would dwindle, and since most of the remaining land in the City's permit area is in smaller tracts, it is likely that the Conservancy could not meet the needs of the small developer option program, and would be compelled to discontinue it. It is nearly impossible for a small developer to secure mitigation land in the Natomas Basin at this time and in this economy.</p> <p>2. The second strategy would be to go back to City Council immediately with a revised fee request that amends the HCP such that it is sufficiently higher to make up the shortfall created by the developer(s) who pay fees prior to July 4, 2006. In effect, this would mean that future (likely smaller) fee payers would end up subsidizing the fee payers who underpaid prior to July 4, 2006.</p> <p><u>"Assured funding" compliance essential.</u> Naturally, the Conservancy should be concerned about "assured funding," an item in much of the litigation that has transpired with respect to the NBHCP over the years. The approach recommended above likely complies with assured funding, although the Board may wish to have this evaluated by legal counsel. If no action is taken to amend the fee promptly, then assured funding vulnerability would likely be at issue.</p> <p>Conservancy staff will update the Board on any developments with this matter, then seek guidance from the Board.</p>
8	Discussion	City of Sacramento report	No action	∅	○ Report from the City of Sacramento regarding HCP-related activity and other topics.
9	Discussion	Financial statement review	No action	2.50 + ⓘ	○ A financial statement update will be provided period ended April 30, 2006.
10	Discussion	Background on upcoming proposal to approve a mid-year budget correction that would include an additional staff person at the Conservancy	No action	∅	○ Staff will introduce the subject of a need for an additional staff person and the budget implications of doing this. At this meeting, the Executive Director will discuss the need for an additional staff person, and unless directed otherwise, will place an action item on the agenda for the next regular Board meeting.
11	Discussion	Investment advisor review	No action	∅	○ After a 2005 annual performance review by the Conservancy's endowment fund investment advisor, and an assessment of that presentation by the Board, the Board set Conservancy staff on a course to re-evaluate the investment advisor relationship. The Board will hear from investment advisor Arnerich Massena & Associates at this meeting.

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12	Discussion	Insurance review	No action	2.52	○ Staff will review with the Board the commercial insurance package in force for the period May 31, 2006 through May 31, 2007. This review supplements last months report on workers compensation, director's and officer's liability and crime policies covering the same time period.
13	Public Comments	Public Comments	No action	∅	○ Opportunity for members of the public to address the Conservancy's Board of Directors.
14	Executive Session	Executive Session – Real Estate	Action	Ⓢ	○ Executive Session for real estate.
15	Executive Session	Executive Session – Litigation	Action	Ⓢ	○ Executive Session pursuant to Government Code Section 54956.9 for the purpose of meeting with legal counsel regarding litigation on two matters.
16	Executive Director's Report	Executive Director's Report	No action	Ⓢ	○ Various matters for Board members' general information.
17	Adjournment	Adjournment	Admin.	∅	○ Official adjournment of the meeting.

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