

<p>TNBC</p> <p>The Natomas Basin Conservancy</p> <p>Web site: www.natomasbasin.org</p>	<p>Regular Meeting of the Board of Directors</p>	<p>Upcoming Regular Meetings</p>	 <p>November 7, 2007</p>
	<p>4:00 p.m.</p> <p>2150 River Plaza Drive, #460</p> <p>Sacramento, CA <i>(meeting in Suite 400)</i></p>	<ul style="list-style-type: none"> • December 5 • February 6 • March 5 	

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.
---	---------------	--	--------	---	---

• 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>	<h3>Upcoming Regular Meetings</h3> <ul style="list-style-type: none"> • December 5 • February 6 • March 5 	 <p>November 7, 2007</p>
	<p>4:00 p.m.</p> <p>2150 River Plaza Drive, #460 Sacramento, CA (meeting in Suite 400)</p>		

#	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 September 5, 2007.
3	Action	Agreement for update of the NBHCP Finance Model for 2008	Consent	2.14	⊕ 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 2008 budget with the Finance Model recalculation. Staff recommends the Executive Director be authorized to execute and deliver an agreement between the Conservancy and Economic and Planning Systems for the completion of this work. The proposed amount is \$18,000.00.
4	Action	Sacramento Sheriff's Department off-Duty Patrol Agreement: Conservancy participation	Consent	2.17	<p>⊕ The amount of crime in the Natomas Basin has increased, and a recent target has been the copper and other metals being stripped from well and lift pumps. The damage caused by this type of theft and property damage is expensive to repair. Since the Conservancy has a lot of this type of equipment in the Basin as well as other assets, it is in a vulnerable situation.</p> <p>Recently, efforts to address the crime issue in the Basin have been coordinated among management at RD1000, Natomas Water Company and the Conservancy. The idea is that the three organizations would divide the cost of security patrols equally. RD1000 is coordinating this effort, and entered into an agreement with the Sacramento County Sheriff's Department to implement these patrols (see copy of agreement in agenda packet #2). It is estimated that the patrolling will cost each party \$18,000.00 for a 12-month period.</p> <p>Staff requests that the Board of Directors authorize reimbursement by the Conservancy to</p>

 ⊕ = More information in supplemental handouts.
 Ø = No additional exhibits in Agenda Packet.

⊕ = Staff recommends approval.
 ○ = Staff recommendation not needed or indicated.
 ● = Staff does not recommend approval.

					RD1000 for the cost of security patrols up to \$18,000.00 in a 12-month period. Since the security patrols will cycle on and off as is deemed appropriate, the amount will vary from time to time.
5	Action	Selection of auditor	Consent	①	⊕ To continue the five-year agreement (authorized by Board action Res. 05.09.06) with Gilbert & Associates, authorization is sought to re-engage Gilbert & Associates to audit the Conservancy's financial statement for year-end December 31, 2007 in an amount not to exceed \$15,000.00. This action requests Board approval of the engagement with the approval of the Audit Committee.
6	Action	Amend employment agreement with Executive Director	Consent	2.20	<p>⊕ The Conservancy Board is asked to authorize the Board President to execute and deliver an amendment to the existing employment agreement between the Conservancy and the Conservancy Executive Director. The amendment would extend the agreement for a three-year period beginning March 15, 2007, provide for a cost of living increase, additional annual leave among other terms and conditions (see resolution).</p> <p>The Board is required to determine that changes to a chief executive officer's compensation are "just and reasonable." See excerpt from California Government Code, Section 12586(g):</p> <p><i>The board of directors of a charitable corporation or unincorporated association, or an authorized committee of the board, and the trustee or trustees of a charitable trust shall review and approve the compensation, including benefits, of the president or chief executive officer and the treasurer or chief financial officer to assure that it is just and reasonable. This review and approval shall occur initially upon the hiring of the officer, whenever the term of employment, if any, of the officer is renewed or extended, and whenever the officer's compensation is modified. Separate review and approval shall not be required if a modification of compensation extends to substantially all employees.</i></p> <p>A copy of a salary survey and other resources are presented in order to assist the Board in making this determination.</p>
7	Action	Biological effectiveness monitoring contract proposal	Action	2.21	⊕ The biological effectiveness monitoring program (BEMP) effort has been contracted to the consulting firm of Jones & Stokes under a three-year contract that expired December 31, 2006 and was extended by the Conservancy's Board for one year through December 31, 2007. Prior to the Board's awarding of the original three-year contract, an extensive proposal and contractor review effort was undertaken, with Jones & Stokes being the Board's choice to conduct this required monitoring and reporting function. In order to maintain biological monitoring continuity, staff requests the Board authorize a one-year contract extension under nearly identical terms as presently exist between Jones & Stokes and the Conservancy. The 2007

 ① = More information in supplemental handouts.
 ∅ = No additional exhibits in Agenda Packet.

⊕ = Staff recommends approval.
 ○ = Staff recommendation not needed or indicated.
 ● = Staff does not recommend approval.

				<p>extension was approved in the amount of approximately \$303,000.00.</p> <p>This item requests that the Board authorize the Executive Director to execute and deliver a one-year contract extension on the existing biological effectiveness monitoring contract with Jones & Stokes in the amount of \$324,142.00 for 2008.</p>
8	Action	Adoption of policy regarding disposition of non-HCP revenue	Action	<p>2.25 ⊕ The Conservancy Board requested that staff return with a proposed policy regarding the disposition of non-HCP revenue. As the Conservancy fulfills its role as “plan operator” of the NBHCP, it occasionally finds itself the recipient of financial assets not directly sourced or occurring from NBHCP implementation. The Board has asked staff for analysis and recommendations regarding disposition options for the receipt of such financial assets.</p> <p>Staff recommends that the Board affirm past practices regarding the disposition of non-HCP derived assets, consistent with its past practices. The Conservancy was established as a private, non-profit organization, and in its founding, the City Council of the City of Sacramento desired that it be separate from City government and also, that the Conservancy be free to conduct a real estate acquisition program that permitted flexibility to strategically acquire and manage assets. At present, the Conservancy believes that funds received by the Conservancy that are not HCP fees or otherwise a direct result of HCP activity are surplus funds, or funds that may be used at the Conservancy’s discretion in accordance with its Articles of Incorporation and Bylaws.</p> <p>In the past, the Board of Directors has felt it had a wide range of options available to it in allocating where such assets would end up. In one case in the early years of the Conservancy where its long-term viability as an organization was on the front of the minds of Board members, the Board determined that a large, unexpected infusion of cash be allocated to the Endowment Fund (and to none of the other funds that make up the NBHCP fee). In this case, it reasoned that the nature and source of the funds was linked with an intention of complying with the spirit of the NBHCP even though it was not an NBHCP-covered activity. Conversely, the Conservancy’s Board of Directors has determined that another significant infusion of cash from Sutter County was not required by the NBHCP and that there was no linkage to it. Therefore, these funds were deposited into a fund titled, “Designated, Non-HCP.” It is important to note that the Board made such designations in the exercise of its own discretion, and not on the assumption or determination that it was bound by the terms of the NBHCP or by other legal constraints.</p> <p>This item requests Board approval of a policy memorializing the Conservancy’s practice of</p>

⊕ = More information in supplemental handouts.
 ∅ = No additional exhibits in Agenda Packet.

⊕ = Staff recommends approval.
 ○ = Staff recommendation not needed or indicated.
 ● = Staff does not recommend approval.

					handling and allocating non-HCP revenue (including land and money).
9	Action	Referendum for shareholders of Natomas Central Mutual Water Company regarding surplus water sales	Action	∅	<p>⊕ The Natomas Central Mutual Water Company has announced it intends to conduct a referendum of shareholders to advise the Water Company Board regarding a proposed sale of surplus water. In the opinion of Conservancy staff, the Water Company is in need of an infusion of capital to remain on sound financial footing. The referendum would be advisory only. It is probable the referendum will be conducted prior to the next Conservancy Board meeting.</p> <p>This item requests the Board of Directors authorize the Conservancy's Executive Director to cast votes in favor of a Water Company sale of surplus water. The authority to cast the Conservancy's vote would be contingent upon advising the Board President of the details of the wording of the referendum (the details of which are not available in time for the Conservancy's Board meeting), and obtaining the Board President's final okay. If the Board President is unavailable, the Board Vice President would have the same authority to provide the Executive Director with an okay on voting the Conservancy's shares in this referendum.</p> <p>Scheduled guests on this item: Ken Pane, Director of Utilities, City of Folsom Dee Swearingen, General Manager, Natomas Central Mutual Water Company</p>
10	Action	Agreement with the Natomas Central Mutual Water Company for groundwater and surface water exchange	Action	2.26	<p>⊕ The Natomas Central Mutual Water Company has proposed a groundwater and surface water exchange agreement. Staff shared with the Board at previous Board meetings a proposal from the Water Company that would require the Conservancy to forego delivery of water from the Water Company, and instead irrigate with groundwater produced from the Conservancy's own wells under certain conditions. This is in support of the Water Company's opportunity to sell water and a concern about possible future Bureau of Reclamation declarations that water deliveries be reduced to 75 percent of contracted amount in a given year.</p> <p>The arrangement would provide compensation to the Conservancy from the Water Company. This would include full cost reimbursement for energy and power necessary to operate the groundwater wells, an allowance for wear and tear, and a new financial consideration that would cause the Water Company to pay the Conservancy an additional 10 percent (on top of the previously presented 10 percent for repair and service costs on the wells and well pumps). If for any reason the Conservancy's groundwater well production fails to deliver adequate water to any preserve, the Water Company would be required to restore water delivery on</p>

 ⊕ = More information in supplemental handouts.
 ∅ = No additional exhibits in Agenda Packet.

⊕ = Staff recommends approval.
 ○ = Staff recommendation not needed or indicated.
 ● = Staff does not recommend approval.

					<p>the same terms and conditions as is published in the Water Company's tariffs.</p> <p>The Board authorized staff to execute and deliver a contract that would effectuate this action. However, in discussion at the last Board meeting, the Board expressed some concern about the agreement and requested staff return to the Board with a follow-up presentation. The resulting revised contract is proposed for the Board's consideration and approval.</p>
11	Action	Agreement for land management services for 2008	Action	2.38	<p>⊕ Sopwith Farms has been the Conservancy's contract land manager effective January 1, 2007. The relationship has proven successful, and staff requests that the Board authorize the Executive Director to execute and deliver an agreement between Sopwith Farms and the Conservancy that would retain Sopwith Farms' land management services, and do so with a one-year agreement effective January 1, 2008 through December 31, 2008. The agreement would guarantee Sopwith Farms a minimum monthly payment of \$5,000.00, and require written approval of the Executive Director for any monthly billing of \$25,000.00 or greater.</p>
12	Action	RRA Forms compliance and action to resolve matter with U.S. Bureau of Reclamation	Action	2.40	<p>⊕ At the May 2007 Board meeting, staff and Board had an extended discussion with Conservancy legal counsel on the matter of the U.S. Bureau of Reclamation filing and reporting requirements and impacts on the Conservancy. Staff and legal counsel reviewed the issue of the Bureau's RRA forms that must be completed each year in order for the Conservancy to obtain water for most of its property. The Bureau form requires the Conservancy to list beneficiaries of federal project water. As the Conservancy does not have members, stockholders or other owners, the four agencies that are a party to the HCP have been listed as so-called members (U.S. Fish and Wildlife Service, California Department of Fish and Game, City of Sacramento, and County of Sutter) in accordance with a letter from the Bureau of Reclamation. The Conservancy obtained a Limited Power of Attorney for the purpose of signing the Bureau RRA forms on behalf of these entities. Subsequently, the Conservancy filed the required forms.</p> <p>The Bureau of Reclamation has since sent a letter to the Conservancy noticing this form of filing is in violation, and demanded proper filing. Staff is at a complete loss on how to comply with this demand. Still further legal counsel will be needed to resolve this matter.</p> <p>Staff requests the Board authorize it to engage legal counsel and to spend the funds necessary to resolve the matter. Staff will report back to the Board on costs at the next Board meeting.</p>

 ⊕ = More information in supplemental handouts.
 ∅ = No additional exhibits in Agenda Packet.

⊕ = Staff recommends approval.
 ○ = Staff recommendation not needed or indicated.
 ● = Staff does not recommend approval.

13	Discussion	City of Sacramento report	No action	∅	○ Report from the City of Sacramento regarding HCP-related activity and other topics.
14	Discussion	Financial statement review	No action	2.44	○ A financial statement update will be provided for the period ended September 30, 2007 (unaudited).
15	Discussion	Update on Lucich South channel restoration project	No action	∅	○ The Lucich South and Fraser North managed marsh complex channel clearing project is completed. Staff will provide a recap of this channel clearing effort.
16	Discussion	Bennett North managed marsh construction project progress report	No action	∅	○ The Bennett North managed marsh complex construction project is nearly completed. Staff will provide an update on the project.
17	Discussion	Grant Unified School District mitigation	No action	∅	○ The Grant Unified School District has paid the Conservancy for mitigation in the “panhandle” area of the Basin. This area is not in the corporate limits of the City of Sacramento, but its annexation is planned. The area is included in the “Permitted Area” of the 2003 NBHCP. Staff will brief the Board on this matter.
18	Discussion	Background discussion for the 2008 budget presentation	No action	∅	○ Staff will review with the Board the foundation and assumptions it will use in preparing a budget for consideration by the Board in upcoming months.
19	Public Comments	Public Comments	No action	∅	○ Opportunity for members of the public to address the Conservancy’s Board of Directors.
20	Executive Session	Executive Session – Real Estate	Action	∅	○ Executive Session for real estate is planned.
21	Executive Director’s Report	Executive Director’s Report	No action	Ⓢ	○ Various matters for Board members’ general information.
22	Adjournment	Adjournment	Admin.	∅	○ Official adjournment of the meeting.

Ⓢ = More information in supplemental handouts.
∅ = No additional exhibits in Agenda Packet.

⊕ = Staff recommends approval.
○ = Staff recommendation not needed or indicated.
● = Staff does not recommend approval.