

Appl. cation for Recognition of Exem on
Under Section 501(c)(3) of the Internal Revenue Code

OMB No. 1545-0056
 Expires 5-31-96

If exempt status is approved, this application will be open for public inspection.

Read the instructions for each Part carefully.

A User Fee must be attached to this application.

If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to you.

Complete the Procedural Checklist on page 7 of the instructions.

Part I Identification of Applicant

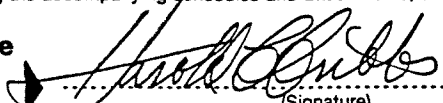
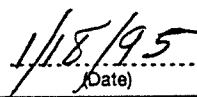
1a Full name of organization (as shown in organizing document) Natomas Basin Conservancy, Inc., a California non profit public benefit corporation		2 Employer identification number (If none, see instructions.) 88-0344388
1b c/o Name (if applicable) Harold C. Cribbs	3 Name and telephone number of person to be contacted if additional information is needed (916) 962-1141	
1c Address (number, street, and room or suite no.) 11140 Fair Oaks Boulevard, Suite 3		
1d City or town, state, and ZIP code Fair Oaks, CA 95625	4 Month the annual accounting period ends June	
5 Date incorporated or formed October 25, 1994	6 Activity codes (See instructions.) 355 352 350	7 Check here if applying under section: a <input type="checkbox"/> 501(e) b <input type="checkbox"/> 501(f) c <input type="checkbox"/> 501(k)
8 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," attach an explanation.		
9 Is the organization required to file Form 990 (or Form 990-EZ)? <input type="checkbox"/> N/A <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach an explanation (see instructions).		
10 Has the organization filed Federal income tax returns or exempt organization information returns? . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," state the form numbers, years filed, and Internal Revenue office where filed.		

11 Check the box for the type of organization. BE SURE TO ATTACH A CONFORMED COPY OF THE CORRESPONDING DOCUMENTS TO THE APPLICATION BEFORE MAILING (See Specific Instructions, Part I, Line 11.) Get Pub. 557, Tax-Exempt Status for Your Organization, for examples of organizational documents.)

- a Corporation—Attach a copy of the Articles of Incorporation (including amendments and restatements) showing approval by the appropriate state official; also include a copy of the bylaws.
- b Trust—Attach a copy of the Trust Indenture or Agreement, including all appropriate signatures and dates.
- c Association—Attach a copy of the Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence the organization was formed by adoption of the document by more than one person; also include a copy of the bylaws.

If the organization is a corporation or an unincorporated association that has not yet adopted bylaws, check here

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

Please Sign Here  Secretary 
 (Signature) (Title or authority of signer) (Date)

Part II Activities and Operational Information

- 1 Provide a detailed narrative description of all the activities of the organization—past, present, and planned. Do not merely refer to or repeat the language in the organizational document. Describe each activity separately in the order of importance. Each description should include, as a minimum, the following: (a) a detailed description of the activity including its purpose; (b) when the activity was or will be initiated; and (c) where and by whom the activity will be conducted.

The Natomas Basin Conservancy (NBC) was formed to preserve lands which have habitat values for endangered and threatened species, including but not limited to the Giant Garter Snake and the Swainson's Hawk. The Giant Garter Snake is listed as a threatened species under both the Federal Endangered Species Act and the California Endangered Species Act. The Swainson's Hawk is listed as a threatened species under the California Endangered Species Act and as a candidate for listing under the Federal Endangered Species Act.

The NBC will achieve its purposes by purchasing land and conservation easements in the Natomas Basin Area situated in northern Sacramento County and southern Sutter County, California. Lands so owned and controlled will be managed for the preservation and enhancement of the habitat values necessary for the continued survival and reproduction of the Giant Garter Snake, Swainson's Hawk, and associated wildlife. These activities will include cultivating said lands where necessary to encourage populations of the prey species upon which the Giant Garter Snake and Swainson's Hawk feed.

The NBC's purpose is to acquire and preserve ecologically significant lands in the Natomas Basin and surrounding environs in order to create and maintain a sanctuary or preserve for the threatened and endangered wildlife and plant species which are known to occur in this area. These sanctuaries or preserves will be composed of marsh, wetlands, and agricultural habitat types necessary for the preservation and reproduction of the threatened and endangered species.

- 2 What are or will be the organization's sources of financial support? List in order of size.
- a - Habitat Mitigation Fee imposed on real estate development by local government agencies.
 - b - Farming income from land owned by the Natomas Basin Conservancy.
 - c - Rental of hunting rights on land owned by the Natomas Basin Conservancy.

- 3 Describe the organization's fundraising program, both actual and planned, and explain to what extent it has been put into effect. Include details of fundraising activities such as selective mailings, formation of fundraising committees, use of volunteers or professional fundraisers, etc. Attach representative copies of solicitations for financial support.

See attachment

Part II Activities and Operational Information (Continued)

4 Give the following information about the organization's governing body:

a Names, addresses, and titles of officers, directors, trustees, etc.	b Annual compensation
Jonathan Cohen, Director, 110 Blue Ravine Road, Suite 162, Folsom, CA 95630	None
Eleni Tsakopoulos, Director, 7700 College Town Drive, Suite 101, Sacramento, CA 95826	None
Robert Riolo, Director, 2150 River Plaza Drive, Suite 145, Sacramento, CA 95833	None
Gerry Kamilos, Director, 777 Campus Commons Road, #200, Sacramento, CA 95825	None
Peter Hughes, Director, 2601 West Elkhorn Blvd., Rio Linda, CA 95673	None
James Clifton, Director, 1633 Garden Highway, Sacramento, CA 95833	None
Ron Erny, Director, 110 Blue Ravine Road, Suite 162, Folsom, CA 95630	None

c Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials? Yes No
 If "Yes," name those persons and explain the basis of their selection or appointment.

James Clifton was appointed to the Board of Directors by the Chairman of the Board of Reclamation District No. 1000, a California Reclamation District and public agency.

d Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons"? (See Specific Instructions, Part II, Line 4d). Yes No
 If "Yes," explain.

Does the organization control or is it controlled by any other organization? Yes No
 Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking directorates or other factors? Yes No
 If either of these questions is answered "Yes," explain.

The Board of Directors is appointed by the County of Sutter, City of Sacramento County of Sacramento, Reclamation District No. 1000, Natomas Central Mutual Water Company, Pleasant Grove Community Services District and Pleasant Grove Water District.

6 Does or will the organization directly or indirectly engage in any of the following transactions with any political organization or other exempt organization (other than a 501(c)(3) organization): (a) grants; (b) purchases or sales of assets; (c) rental of facilities or equipment; (d) loans or loan guarantees; (e) reimbursement arrangements; (f) performance of services, membership, or fundraising solicitations; or (g) sharing of facilities, equipment, mailing lists or other assets, or paid employees? Yes No
 If "Yes," explain fully and identify the other organizations involved.

It is anticipated that the NBC will rent the use of construction equipment from Reclamation District No. 1000. The NBC will also pursue grants from the Federal and State Governments for wetlands creation, restoration and management.

7 Is the organization financially accountable to any other organization? Yes No
 If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

The NBC must issue annual audited financial statements to the U.S. Fish and Wildlife Service, California Department of Fish and Game, County of Sutter, City of Sacramento, County of Sacramento, Reclamation District No. 1000, Natomas Central Mutual Water Company, Pleasant Grove Water District and Pleasant Grove Community Services District.

Part II Activities and Operational Information (Continued)

8. What assets does the organization have that are used in the performance of its exempt function? (Do not include property producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken. If "None," indicate "N/A."

See Attachment

9 Will the organization be the beneficiary of tax-exempt bond financing within the next 2 years? Yes No

10a Will any of the organization's facilities or operations be managed by another organization or individual under a contractual agreement? Yes No

b Is the organization a party to any leases? Yes No

If either of these questions is answered "Yes," attach a copy of the contracts and explain the relationship between the applicant and the other parties.

11 Is the organization a membership organization? Yes No
If "Yes," complete the following:

a Describe the organization's membership requirements, and attach a schedule of membership fees and dues.

b Describe the organization's present and proposed efforts to attract members, and attach a copy of any descriptive literature or promotional material used for this purpose.

What benefits do (or will) the members receive in exchange for their payment of dues?

12a If the organization provides benefits, services, or products, are the recipients required, or will they be required, to pay for them? N/A Yes No
If "Yes," explain how the charges are determined, and attach a copy of the current fee schedule.

b Does or will the organization limit its benefits, services, or products to specific individuals or classes of individuals? N/A Yes No
If "Yes," explain how the recipients or beneficiaries are or will be selected.

13 Does or will the organization attempt to influence legislation? Yes No
If "Yes," explain. Also, give an estimate of the percentage of the organization's time and funds that it devotes or plans to devote to this activity.

14 Does or will the organization intervene in any way in political campaigns, including the publication or distribution of statements? Yes No
If "Yes," explain fully.

Part II, Question 8 - "What assets does the organization have that are used in the performance of its exempt function? If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken."

Answer:

At the current time the Natomas Basin Conservancy ("NBC") does not have any assets. However, once real estate development commences in the Natomas Basin area of California, the fees which are imposed on land developers will be remitted to the NBC by Sacramento County, Sutter County and the City of Sacramento. Those fees will be used by the NBC to acquire and control ecologically significant land within the Natomas Basin region which provides habitat for threatened and endangered species under the Federal Endangered Species Act and California Endangered Species Act, specifically including but not limited to the Giant Garter Snake (Thamnophis Gigas) and Swainson's Hawk (Buteo Swainsoni).

The NBC will cultivate a portion of such lands, using modified agricultural practices prescribed by the United States Fish and Wildlife Service and the California Department of Fish and Game, in order to encourage the preservation of habitat required by the threatened and endangered species, including the Giant Garter Snake and Swainson's Hawk. The income from those agricultural activities will be used to pay the NBC's administrative costs and the costs of developing enhanced wildlife habitat features on NBC owned land. The NBC will also acquire and preserve and restore marsh and other wetland habitat types in the Natomas Basin. These activities will also be supported by the NBC's farming income.

Real estate development is anticipated to commence in the Natomas Basin area in late 1996 or early 1997, at which time the NBC would start receiving fees and be in a position to commence the acquisition of ecologically significant property within the Natomas Basin region of California.

Part III Technical Requirements

1 Are you filing Form 1023 within 15 months from the end of the month in which your organization was created or formed? Yes No
If you answer "Yes," do not answer questions on lines 2 through 7.

2 If one of the exceptions to the 15-month filing requirement shown below applies, check the appropriate box and proceed to question 8.

Exceptions—You are not required to file an exemption application within 15 months if the organization:

- a Is a church, interchurch organization of local units of a church, a convention or association of churches, or an integrated auxiliary of a church (see instructions);
- b Is not a private foundation and normally has gross receipts of not more than \$5,000 in each tax year; or
- c Is a subordinate organization covered by a group exemption letter, but only if the parent or supervisory organization timely submitted a notice covering the subordinate.

3 If the organization does not meet any of the exceptions on line 2, are you filing Form 1023 within 27 months from the end of the month in which the organization was created or formed? Yes No

If "Yes," your organization qualifies under section 4.01 of Rev. Proc. 92-85, 1992-42 I.R.B. 32, for an automatic 12-month extension of the 15-month filing requirement. Do not answer questions 4 through 7.

If "No," answer question 4.

4 If you answer "No" to question 3, has the organization been contacted by the IRS regarding its failure to file Form 1023 within 27 months from the end of the month in which the organization was created or formed? Yes No

If "No," your organization qualifies for an extension of time to apply under the "reasonable action and good faith" requirements of section 5.01 of Rev. Proc. 92-85. Do not answer questions 5 through 7.

If "Yes," answer question 5.

5 If you answer "Yes" to question 4, does the organization wish to request relief from the 15-month filing requirement? Yes No

If "Yes," give the reasons for not filing this application prior to being contacted by the IRS. See Specific Instructions, Part III, Line 5, before completing this item. Do not answer questions 6 and 7.

If "No," answer question 6.

6 If you answer "No" to question 5, your organization's qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed with your key District Director. Therefore, do you want us to consider the application as a request for recognition of exemption as a section 501(c)(3) organization from the date the application is received and not retroactively to the date the organization was created or formed? Yes No

7 If you answer "Yes" to the question on line 6 above and wish to request recognition of section 501(c)(4) status for the period beginning with the date the organization was formed and ending with the date the Form 1023 application was received (the effective date of the organization's section 501(c)(3) status), check here and attach a completed page 1 of Form 1024 to this application.

Part III Technical Requirements (Continued)

- 3 Is the organization a private foundation?
 Yes (Answer question on line 9.)
 No (Answer question on line 10 and proceed as instructed.)

- 9 If you answer "Yes" to the question on line 8, does the organization claim to be a private operating foundation?
 Yes (Complete Schedule E)
 No

After answering the question on this line, go to Part IV.

- 10 If you answer "No" to the question on line 8, indicate the public charity classification the organization is requesting by checking the box below that most appropriately applies:

THE ORGANIZATION IS NOT A PRIVATE FOUNDATION BECAUSE IT QUALIFIES:

- | | | |
|---|---|--|
| a | <input type="checkbox"/> As a church or a convention or association of churches
(CHURCHES MUST COMPLETE SCHEDULE A.) | Sections 509(a)(1)
and 170(b)(1)(A)(f) |
| b | <input type="checkbox"/> As a school (MUST COMPLETE SCHEDULE B.) | Sections 509(a)(1)
and 170(b)(1)(A)(ii) |
| c | <input type="checkbox"/> As a hospital or a cooperative hospital service organization, or a
medical research organization operated in conjunction with a
hospital (MUST COMPLETE SCHEDULE C.) | Sections 509(a)(1)
and 170(b)(1)(A)(iii) |
| d | <input type="checkbox"/> As a governmental unit described in section 170(c)(1). | Sections 509(a)(1)
and 170(b)(1)(A)(v) |
| e | <input type="checkbox"/> As being operated solely for the benefit of, or in connection with,
one or more of the organizations described in a through d, g, h, or i
(MUST COMPLETE SCHEDULE D.) | Section 509(a)(3) |
| f | <input type="checkbox"/> As being organized and operated exclusively for testing for public
safety. | Section 509(a)(4) |
| g | <input type="checkbox"/> As being operated for the benefit of a college or university that is
owned or operated by a governmental unit. | Sections 509(a)(1)
and 170(b)(1)(A)(iv) |
| h | <input checked="" type="checkbox"/> As receiving a substantial part of its support in the form of
contributions from publicly supported organizations, from a
governmental unit, or from the general public. | Sections 509(a)(1)
and 170(b)(1)(A)(vi) |
| i | <input type="checkbox"/> As normally receiving not more than one-third of its support from
gross investment income and more than one-third of its support from
contributions, membership fees, and gross receipts from activities
related to its exempt functions (subject to certain exceptions). | Section 509(a)(2) |
| j | <input type="checkbox"/> The organization is a publicly supported organization but is not sure
whether it meets the public support test of block h or block i. The
organization would like the IRS to decide the proper classification. | Sections 509(a)(1)
and 170(b)(1)(A)(v)
or
Section 509(a)(2) |

If you checked one of the boxes a through f in question 10, go to question
 15. If you checked box g in question 10, go to questions 12 and 13.
 If you checked box h, i, or j, go to question 11.

Part III Technical Requirements (Continued)

- 11** If you checked box **h, i, or j** on line 10, has the organization completed a tax year of at least 8 months?
 Yes—Indicate whether you are requesting:
 A definitive ruling (Answer questions on lines 12 through 15.)
 An advance ruling (Answer questions on lines 12 and 15 and attach two Forms 872-C completed and signed.)
 No—You must request an advance ruling by completing and signing two Forms 872-C and attaching them to the application.
- 12** If the organization received any unusual grants during any of the tax years shown in Part IV-A, attach a list for each year showing the name of the contributor; the date and the amount of the grant; and a brief description of the nature of the grant.

None.

- 13** If you are requesting a definitive ruling under section 170(b)(1)(A)(iv) or (vi), check here and:
a Enter 2% of line 8, column (e) of Part IV-A _____
b Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts, grants, contributions, etc., were more than the amount entered on line 13a above.
- 14** If you are requesting a definitive ruling under section 509(a)(2), check here and:
a For each of the years included on lines 1, 2, and 9 of Part IV-A, attach a list showing the name of and amount received from each "disqualified person." (For a definition of "disqualified person," see **Specific Instructions, Part II, Line 4d.**)
b For each of the years included on line 9 of Part IV-A, attach a list showing the name of and amount received from each payer (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payer" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

5 Indicate if your organization is one of the following. If so, complete the required schedule. (Submit only those schedules that apply to your organization. Do not submit blank schedules.)	Yes	No	If "Yes," complete Schedule:
Is the organization a church?		X	A
Is the organization, or any part of it, a school?		X	B
Is the organization, or any part of it, a hospital or medical research organization?		X	C
Is the organization a section 509(a)(3) supporting organization?		X	D
Is the organization a private operating foundation?		X	E
Is the organization, or any part of it, a home for the aged or handicapped?		X	F
Is the organization, or any part of it, a child care organization?		X	G
Does the organization provide or administer any scholarship benefits, student aid, etc.?		X	H
Has the organization taken over, or will it take over, the facilities of a "for profit" institution? . . .		X	I

Part IV Financial Data

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.

A. Statement of Revenue and Expenses

		Current tax year	3 prior tax years or proposed budget for 2 years			(e) TOTAL
		(a) From 10/94 to 6/30/95	(b) 1996....	(c) 1997....	(d) 19.....	
Revenue	1 Gifts, grants, and contributions received (not including unusual grants—see instructions) . . .	0	0	0		
	2 Membership fees received . . .	0	0	0		
	3 Gross investment income (see instructions for definition) . . .	0	69,400	85,619		
	4 Net income from organization's unrelated business activities not included on line 3	0	0	0		
	5 Tax revenues levied for and either paid to or spent on behalf of the organization	0	1,452,110	576,840		
	6 Value of services or facilities furnished by a governmental unit to the organization without charge (not including the value of services or facilities generally furnished the public without charge)	0	0	0		
	7 Other income (not including gain or loss from sale of capital assets) (attach schedule) . . .	0	0	0		
	8 Total (add lines 1 through 7)	0	1,521,510	662,459		
	9 Gross receipts from admissions, sales of merchandise or services, or furnishing of facilities in any activity that is not an unrelated business within the meaning of section 513	0	205,250	220,066		
	10 Total (add lines 8 and 9) . . .	0	1,726,760	882,525		
	11 Gain or loss from sale of capital assets (attach schedule) . . .	0	0	0		
	12 Unusual grants	0	0	0		
	13 Total revenue (add lines 10 through 12)	0	1,726,760	882,525		
Expenses	14 Fundraising expenses	0	0	0		
	15 Contributions, gifts, grants, and similar amounts paid (attach schedule)	0	0	0		
	16 Disbursements to or for benefit of members (attach schedule) .	0	0	0		
	17 Compensation of officers, directors, and trustees (attach schedule)	0	0	0		
	18 Other salaries and wages . . .	0	0	0		
	19 Interest	0	0	0		
	20 Occupancy (rent, utilities, etc.) .	0	0	0		
	21 Depreciation and depletion . .	0	0	0		
	22 Other (attach schedule)	0	1,828,495	581,676		
	23 Total expenses (add lines 14 through 22)	0	1,828,495	581,676		
	24 Excess of revenue over expenses (line 13 minus line 23)	0	[101,735]	300,849		

Attachment to Part IV - Financial Data

Expenses Line 22:	(a) From 10/94 to 6/30/95	(b) 1996	(c) 1997
Land Acquisition Cost	0	\$1,452,000	\$234,784
Restoration/Enhancement Cost	0	110,000	22,687
Operations/Maintenance Cost	0	266,495	324,205
Totals	0	1,828,495	581,676

Part IV Financial Data (Continued)

B. Balance Sheet (at the end of the period shown)

Current tax year
Date 6/30/95..

Assets

1	Cash	1	0
2	Accounts receivable, net	2	0
3	Inventories	3	0
4	Bonds and notes receivable (attach schedule)	4	0
5	Corporate stocks (attach schedule)	5	0
6	Mortgage loans (attach schedule)	6	0
7	Other investments (attach schedule)	7	0
8	Depreciable and depletable assets (attach schedule)	8	0
9	Land	9	0
10	Other assets (attach schedule)	10	0
11	Total assets (add lines 1 through 10)	11	0

Liabilities

12	Accounts payable	12	0
13	Contributions, gifts, grants, etc., payable	13	0
14	Mortgages and notes payable (attach schedule)	14	0
15	Other liabilities (attach schedule)	15	0
16	Total liabilities (add lines 12 through 15)	16	0

Fund Balances or Net Assets

17	Total fund balances or net assets	17	0
18	Total liabilities and fund balances or net assets (add line 16 and line 17)	18	0

If there has been any substantial change in any aspect of the organization's financial activities since the end of the period shown above, check the box and attach a detailed explanation