

Minutes of a Regular Meeting
of
The Natomas Basin Conservancy

April 1, 2015
Offices of the Natomas Basin Conservancy
2150 River Plaza Drive, Suite 460
Sacramento, CA
4:00 p.m.

**BOARD MEMBERS
PRESENT:**

= attended
 = did not attend

- Kay Backer
- Mike Bradbury
- David Christophel
- William Edgar
- Kevin McRae
- Davin Norene
- Dan Silva
- Danelle Stylos
- Charee Thurman
- Steven Willey

**STAFF/LEGAL COUNSEL
PRESENT:**

Kim Burns, Valerie Huezo, Jennifer Kelley, Jeremy Lor,
John Roberts, Ed Quinn

GUESTS:

Nick Avdis, Attorney; Peggy Vande Vooren, Gilbert
Associates, Inc; Tom Ramos, Metro Air Park Property
Owners Association

TAC: None

CALL TO ORDER

Silva called the Regular Meeting of the Board of Directors to order, noting a quorum was present.

ANNOUNCEMENTS

Silva thanked Stylos for her service as Board Chair. It was announced a reordering of some agenda items to accommodate the guest speakers.

PUBLIC COMMENTS

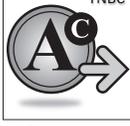
There were no public comments heard.

¹ Notice of meeting posted on TNBC website.

ACTION-REGULAR SESSION

Approval of minutes and consent items.

The Board Chair requested approval of the March 4, 2015 Board of Directors meeting minutes and consent items.

C		Approval of the minutes	Consent	ⓘ	⊕ The Board Chair will request approval of the minutes and consent items of the Board of Directors meeting of March 4, 2015.
D		Cancellation of the July 1, 2015 Board of Directors meeting	Consent	∅	⊕ The Board is requested to authorize cancellation of the July 1, 2015 Board of Directors meeting due to a national holiday that week and typical difficulty in getting a quorum then.
E		Appointment of the Executive Director as Assistant Secretary	Consent	∅	⊕ Each year since the Conservancy's inception, the Conservancy's Executive Director has been appointed Assistant Secretary of the corporation. At the last meeting, the typical "slate" of officers up for election was taken one-by-one, and the matter of the Executive Director's election as Assistant Secretary was left unaddressed. This item requests Board approval of Conservancy Executive Director John Roberts' continued appointment as the corporation's Assistant Secretary.

(Res.15.04.01) On a motion by Bradbury and a second by Norene, the Board unanimously approved the minutes of the February 4, 2015 Board of Directors meeting and the consent items.

Board members

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Vote symbols

- = "aye" vote
- = "no" vote
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Item F Agricultural lease clarification was pulled from the consent agenda for discussion.

ACTION ITEMS

Agricultural lease clarifications. At the Conservancy's February 4, 2015 Board of Director's meeting, the Board acted to limit standard leases to one-year. This item would clarify that action to exclude from the one-year limitation any existing multi-year farm leases, all leases for alfalfa (a multi-year crop) and all leases done on behalf of SAFCA under existing Conservancy Board-approved contracts. Approval of this item would mean that any existing multi-year farm lease would remain in force, any present and future leases where alfalfa is produced would continue to be multi-year, and all SAFCA leases operated by the Conservancy on SAFCA land would continue to conform to Conservancy staff's recommendations and SAFCA's preferences.

(Res.15.04.02) On a motion by Willey and a second by Thurman, the Board unanimously agreed with staff clarification that existing farm leases for alfalfa, SAFCA existing farm leases for alfalfa and any new farm leases for alfalfa were acceptable as multi-year leases.

Board members

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Accept the Conservancy's December 31, 2014 audited financial statement. The Audit Committee reported on the audited financial statements for the year-ended December 31, 2014. The committee has reviewed the audit report with the auditor, Gilbert Associates, Inc. The auditor issued a clean opinion on the Conservancy's 2014 financial statements. The committee recommended the Board accept the audit, along with the auditor's report contained in the financial statements for the year-ended December 31, 2014.

(Res.15.04.03) On a motion by Willey and a second by Bradbury, the Board unanimously voted to accept the audit, along with auditor's report contained in the financial statements for the year-end December 31, 2014.

Board members

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Participation in conjunctive use program with the Natomas Central Mutual Water Company (NCMWC). The NCMWC plans to participate in a conjunctive use water transfer program again this year. The customers are likely to be the individual entities that make up the San Luis Delta-Mendota Water Authority (SLDMWA).

This item requested that the Board engage with the NCMWC for the purpose of using groundwater from Conservancy wells to participate in the exchange. The NCMWC is actively engaged in striking a 2015 groundwater exchange agreement so that it can:

1. help defray what are expected to be significant increases in costs owed to the Bureau of Reclamation (estimated for 2015 to be \$1.2 million in additional expense, up from \$600,000 additional expense last year; this translates to \$132,000 for the Conservancy's share),
2. eliminate or reduce expected water rate hikes to shareholders, and
3. demonstrate the lending of a helping hand to facilitate state and federal government programs to meet and balance water needs in the current severe drought environment.

The NCMWC needs to provide an indication to the SLDMWA by April 22, 2015 as to the expected amount of water likely to be included in a transfer program this year. NCMWC indicates that it

would be looking to the Conservancy to produce up to 5,000 acre-feet. (The NCMWC is expected to contract for 10,000 to 15,000 acre-feet to the SLDMWA.)

By action of the Board of Directors of the NCMWC, proceeds from the sale are to be split 65/35 between participating entities (such as the Conservancy and other private landowners) and the NCMWC respectively.

The range of likely proceeds to the Conservancy from a successful program this year would be:
--\$1,950,000 at the top end (5,000 acre-feet at \$390 an acre-foot after expenses),
--\$390,000 as a likely minimum (1,000 acre-feet at \$390.00 an acre-foot).

The Board has previously requested that the Conservancy's staff keep all options open for participation in a 2015 groundwater exchange program and present the case for participation to the Board in 2015.

A 2014 report from Luhdorff & Scalmanini Consulting Engineers for the NCMWC used data from its own examinations, from the California Department of Water Resources and the Conservancy's own testing to determine that post-program groundwater well recovery in the Natomas Basin took place at between one and two weeks.

There are numerous conditions that could restrict the Conservancy's ability to participate in the program. Flowage meters that meet the California Department of Water Resources standards must be placed on each participating well, and the Board has previously approved an allocation for these installations. There also must be complete well logs for each well, and diesel-powered wells must have California Air Resources Board certificates.

Conservancy staff requested Board approval to execute and deliver the necessary documents to participate in the NCMWC groundwater exchange program at a level not to exceed 5,000 acre-feet of water from Conservancy wells. While Conservancy staff expected that its water needs will be satisfied with surface water from the NCMWC this year, this authorization will only be used if all Conservancy water needs are met first.

(Res.15.04.04) On a motion by Willey and a second by Norene, the Board unanimously voted to accept all staff recommendations regarding the execution and delivery of any necessary documents to participate in the NCMWC ground water exchange program at a level not to exceed 5,000 acre-feet of water from Conservancy wells.

Board members

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Farming leases, SAFCA. This item requested the Board's authorization for the Executive Director to execute and deliver farming contracts on several SAFCA-owned properties under which the Conservancy has management agreements.

The properties include the following tracts:

- IA #1 Brookfield 180 acres rice
- IA #2 Novak 45 acres alfalfa
- IA #3 Pappa-Rosa 34 acres alfalfa
- IA #4 Sharma/ AKT 26.82 acres wheat
- IA #5 South Sutter 61 acres sunflower

- IA #6 Willey 4.69 acres sunflower
- IA #7 Hewitt 33.680 acres unknown

The leases are all one-year leases except those involving alfalfa, which are proposed for three-year leases. Staff recommended approval.

(Res.15.04.05) On a motion by Christophel and a second by Backer, the Board unanimously voted accept staff recommendation to execute and deliver one-year farming contracts on Conservancy-managed SAFCA-owned properties except those involving alfalfa, which will be three-year leases.

Board members

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DISCUSSION

City of Sacramento report. There was no report presented.

Financial statement review. Burns provided a financial statement update for the period ended February 28, 2015 (unaudited). Additional financial information was provided.

Board committee assignments. With the change in Board officers as a result of the annual meeting of the corporation, the committees of the Board are changed slightly. The Board Chair discussed this with the Board.

Metro Air Park presentation by Tom Ramos. The Conservancy is the Plan Operator for the Metro Air Park Habitat Conservation Plan (MAPHCP). Metro Air Park is likely to begin construction activity once the building moratorium is lifted with the revised and updated flood maps. Metro Air Park's general manager, Tom Ramos, spoke with the Board of Directors for both familiarization with the Metro Air Park project as well as plans going forward in terms of building and construction.

"Conservancy Calendar" familiarization. Roberts briefed the Board of Directors on an internal document that guides operations called the "Conservancy Calendar."

Update on property tax research. Roberts updated the Board on the progress made in obtaining property tax relief.

Board-requested discussion on Conservation-minded farm tenants. Roberts briefed the Board on qualities that Conservancy farm tenants have with respect to conservation and how this facilitates implementation of the HCPs. This item addressed that request.

PUBLIC COMMENTS

There were no public comments heard.

EXECUTIVE SESSION

No Executive Session was scheduled.

EXECUTIVE DIRECTOR'S REPORT

Various matters for Board members' general information were presented by the Conservancy's Executive Director.

ADJOURNMENT

Official adjournment of the meeting.

(Res.15.04.06) On a motion by Bradbury and a second by Thurman, the Board unanimously voted to adjourn the meeting at 6:00 pm.

Board members

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ATTEST:

David Christophel, Secretary

date