

Minutes of a Regular Meeting
of
The Natomas Basin Conservancy

December 3, 2014
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
- Steven Willey

STAFF/LEGAL COUNSEL

PRESENT:

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

GUESTS:

Nick Avdis, Attorney; Scot Mende, City of Sacramento;
Allison Shaffer, Economic & Planning Systems

TAC:

None

CALL TO ORDER

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

ANNOUNCEMENTS

Stylos announced that Willey was reappointed to the Board for another term.

ACTION-REGULAR SESSION

Approval of minutes and consent items.

The Board President requested approval of the October 1, 2014 Board of Directors meeting minutes and consent items.

¹ Notice of meeting posted on TNBC website and front office marquee.

<p>B</p>		<p>Approval of the minutes</p>	<p>Consent</p>	<p>⊕ The Board President will request approval of the minutes and consent items of the Board of Directors meeting of October 1, 2014.</p>
<p>C</p>		<p>Cancellation of the January 7, 2015 Board meeting</p>	<p>Consent</p>	<p>⊕ The scheduled January 7, 2015 Board meeting (“first Wednesday”) is proposed for cancellation.</p>
<p>D</p>		<p>Proxy votes for T. Rowe Price holdings (re: Conservancy’s endowments funds accounts)</p>	<p>Consent</p>	<p>⊕ Authorization for the Conservancy’s Executive Director to vote the Conservancy’s shares is requested.</p>
<p>E</p>		<p>Amend the Conservancy’s Employee Handbook</p>	<p>Consent</p>	<p>⊕ Authorization for the Conservancy’s Executive Director to amend the Conservancy’s Employee Handbook such that Section 400.1 provides that instead of having the employee receive 100 percent of health insurance premiums employer-paid, 90 percent will be employer-paid with the employee paying the difference. Section 400.1 is also amended so that full-time employees may add their dependents on the Conservancy’s health insurance policy, provided they pay for 50 percent of the premiums for the dependent’s coverage.</p> <p><i>Note: the Conservancy has a high-deductible health insurance product for its employees that has a calendar out-of-pocket maximum of \$4,400 per individual and \$8,800 per family with an HSA component supported by employer contributions. It is ACA compliant at the “Silver” level (the ACA has four levels: Platinum, Gold, Silver and Bronze).</i></p> <p>Further authorization is requested to amend the Conservancy’s Employee Handbook, Section 404 such that full-time employees are eligible to participate in any Conservancy retirement program after completion of their sixth month of employment rather than the 12th month of employment.</p> <p>The purpose of the recommended changes are compliance with the ACA on the health insurance portion, introducing employees to cost sharing for health insurance premiums, and for the retirement plan participation eligibility threshold reduction, to improve the Conservancy’s ability to attract top-quality employees.</p> <p>The net impact on the Conservancy’s budget is expected to be negligible.</p>

<p>F</p>		<p>SAFCA Implementation Agreement #7, (Hewitt)</p>	<p>Consent</p>	<p>⊕ Staff proposes that the Board authorize the Executive Director to enter into an Agreement with the Sacramento Area Flood Control Agency (SAFCA) to provide land management for the SAFCA Hewitt tract (APN 225-0101-061), specifically, a 23.83-acre portion generally called the AG portion which does not have water supplied by the Natomas Central Mutual Water Company. This agreement engages the Conservancy to conduct and/or oversee certain land management operations on the SAFCA-owned Hewitt tract, including farming operations to restore the property's ability to produce a crop. This item authorizes the Executive Director to execute and deliver the above-referenced Hewitt agreement. The authority extends to engaging a farming tenant on normal and customary terms if conditions permit getting a farm tenant on the property.</p>
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(Res. 14.12.01) On a motion by Silva and a second by Christophel, the Board unanimously approved the minutes of the October 1, 2014 Board of Directors meeting and the consent items.

Board members

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| <input checked="" type="checkbox"/> Kay Backer | <input checked="" type="checkbox"/> Davin Norene |
| <input checked="" type="checkbox"/> Mike Bradbury | <input checked="" type="checkbox"/> Dan Silva |
| <input checked="" type="checkbox"/> David Christophel | <input checked="" type="checkbox"/> Danelle Stylos |
| <input checked="" type="checkbox"/> William Edgar | <input checked="" type="checkbox"/> Steven Willey |
| <input checked="" type="checkbox"/> Kevin McRae | |

Vote symbols

- = "aye" vote
- = "no" vote
- = not present
- = abstain or recuse

Request for approval of 2015 Budget and NBHCP Finance Model recalculation and fee recommendation. The proposed 2015 Conservancy budget was presented to the Board for adoption. A draft of the 2015 Conservancy budget was shared with the Board at the October 2014 Board of Directors meetings for review and discussion.

The Conservancy draft 2015 budget is integrated with the NBHCP Finance Model, so that the document submitted for action is one document. The consolidation of the two documents was introduced in 2007 with the intention of reducing the chance of differing budget numbers and because of the consistency it afforded.

The matter of reserves for property taxes has been a substantial issue for the NBHCP Finance Model calculation over the last several years. This year, the Conservancy made no change to the following assumptions with respect to the Williamson Act's impact on Conservancy-held property:

1. The State of California's Williamson Act subventions to counties remains unfunded or largely unfunded in this and next years' State budgets.
2. Counties with which the Conservancy has Williamson Act contracts (Sacramento and Sutter) make no additional change to existing contracts.
3. Counties permit no newly-acquired properties to be enrolled in Williamson Act contracts and to enjoy the property tax benefits such participation affords.

4. All new properties acquired by the Conservancy for HCP mitigation purposes enjoy no Williamson Act property tax protection and are assessed at their full value at the time of acquisition.
5. Sutter County's Williamson Act contracts are reduced by 10 percent.

The 2015 Conservancy budget and NBHCP Finance Model was submitted for Board acceptance as well as a request to the City of Sacramento to adopt the Finance Model's indicated fee as follows:

- A decrease in the NBHCP fee for 2015 from \$32,259 per developed acre to \$30,912 per developed acre. This represents a 4.2 percent decrease.
- A decrease in the NBHCP fee with land dedication for 2015 from \$21,009 per developed acre to \$19,662 per developed acre. This represents a 6.4 percent decrease.

The price of land imputed in the NBHCP Finance Model recalculation for 2015 remains the same as for 2014. The 2015 per acre land cost assumption is \$22,500 per acre. This amount, proposed by Conservancy staff, is supported by work done previously by Stephen Harrington, MAI, updated for 2015. Harrington estimates the range will be \$17,500 to \$22,500 per acre.

This item requested that the Board:

- 1.) approve the proposed 2015 Conservancy budget,
- 2.) accept the 2015 NBHCP Finance Model recalculation, and
- 3.) adopt a resolution to be submitted to the City of Sacramento requesting a fee decrease. (see attached resolution).

This item anticipates that should Sutter County express an interest in initiating its use of the NBHCP's Incidental Take Permit acres, an identical resolution would be approved for it as well, changing out only the City of Sacramento references to County of Sutter references.

After discussion, the Board removed from the 2015 budget two revenue assumptions: \$1,515,317 in Metro Air Park mitigation fees and \$500,000 in groundwater exchange program income.

As the proposed NBHCP mitigation fee would not likely change much with the new assumptions, the Board felt it would be appropriate to leave the fee as it currently is at \$32,259 fee per developed acre for full mitigation and \$21,009 per developed acre with satisfactory land dedication.

(Res. 14.12.02) On a motion by Christophel and a second by Edgar, the Board unanimously:

- 1) Approved the 2015 budget with the removal of \$1,515,317 in Metro Air Park mitigation fees and \$500,000 in groundwater exchange program income,
- 2) Accepted the 2015 Finance Model recalculation, with the aforementioned revenue changes, and
- 3) Adopted a resolution to be submitted to the City of Sacramento recommending no fee adjustment.

Board members

- | | |
|---|--|
| <input checked="" type="checkbox"/> Kay Backer | <input checked="" type="checkbox"/> Davin Norene |
| <input checked="" type="checkbox"/> Mike Bradbury | <input checked="" type="checkbox"/> Dan Silva |
| <input checked="" type="checkbox"/> David Christophel | <input checked="" type="checkbox"/> Danelle Stylos |
| <input checked="" type="checkbox"/> William Edgar | <input checked="" type="checkbox"/> Steven Willey |
| <input checked="" type="checkbox"/> Kevin McRae | |

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McRae left the meeting at 6:05 pm.

DISCUSSION

Report on flood moratorium for Natomas. Staff updated the Board on the status of the flood moratorium in the Natomas Basin and efforts to resolve it.

City of Sacramento report. There was no report given from the City of Sacramento regarding HCP-related activity and other topics.

Financial statement review. Burns provided a financial statement update for the period ended October 31, 2014 (unaudited). Additional financial information was provided.

Update on the 2014 groundwater exchange program. Roberts updated the Board on the impacts of the 2014 groundwater exchange program conducted by the Natomas Central Mutual Water Company. A total of 7,984 acre feet were reported pumped in the program and 7,026 acre feet were reported transferred. Roberts presented additional groundwater well details and a possible 2015 program.

Update on BKS water supply matter. Roberts updated the Board on the water supply situation at the Conservancy's BKS marsh complex.

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

Update on contracts activity and SB1094 compliance. Roberts updated the Board on contract activity and a new compliance task (SB1094).

Update on general liability insurance policy. Roberts updated the Board on the difficulties of renewing the Conservancy's general liability insurance policy as it relates to its marsh properties. The Conservancy current policy covers all properties and expires in May 2015.

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.14.12.03) On a motion by Silva and a second by Christophel, the Board voted unanimously to adjourn the meeting at 7:00 p.m.

Board members

- Kay Backer
- Mike Bradbury
- David Christophel
- William Edgar
- Kevin McRae

- Davin Norene
- Dan Silva
- Danelle Stylos
- Steven Willey

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ATTEST:

David Christophel, Secretary

date