

Minutes of a Regular Meeting
of
The Natomas Basin Conservancy

February 4, 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, John Roberts,
Ed Quinn

GUESTS:

Nick Avdis, Attorney; Mark Young, Westervelt Ecological
Services;

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, 1.) a new Board member was appointed from Sutter County, Charee Thurman, and welcomed her to the Board, 2.) the Finance Committee and the Compensation & Governance Committee met prior to the Board Meeting and will have reports, 3.) The Annual Meeting of the Corporation will be held on March 4, 2015; at such time the Board elects its Board officers for the coming year, 4.) agenda Item L, Investment Manager Presentation would be moved to the beginning of the meeting, and 5.) agenda Item H, Employment Agreement would be moved to after Executive Session.

ACTION-REGULAR SESSION

Approval of minutes and consent items.

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

The Board Chair requested approval of the December 3, 2014 Board of Directors meeting minutes and consent items.

<p>B</p>		<p>Approval of the minutes</p>	<p>Consent</p>	<p>p.2</p>	<p>⊕ The Board Chair will request approval of the minutes and consent items of the Board of Directors meeting of December 3, 2014.</p>
<p>C</p>		<p>Approval of agreement to replace elderberry mitigation plantings</p>	<p>Consent</p>	<p>p. 8</p>	<p>⊕ The Board previously approved a contract for the planting of elderberry for mitigation. A reserve was set aside for loss caused by mortality. The mitigation planting needs to be re-planted due to high plant mortality. The Conservancy requested and received multiple bids from contractors to replace the elderberry planting. The lowest bidder was Milton Construction at \$19,071.00.</p> <p>This expense will not adversely impact the Conservancy's general budget because the contract expense at \$19,071.00 is covered by the reserve set aside by previous Board action.</p> <p>This item requests the Board authorize the Executive Director to execute and deliver and agreement with Milton Construction in the amount of \$19,071 for the purpose of elderberry replanting on the Conservancy's Souza tract.</p>
<p>D</p>		<p>Natomas Central Mutual Water Company Annual Meeting of Shareholders</p>	<p>Consent</p>	<p>∅</p>	<p>⊕ The Natomas Mutual Water Company's Annual Meeting of Shareholders will be held Tuesday, February 10, 2015, at the Four Points by Sheraton, 4900 Duckhorn Dr., Sacramento, CA 95834. Authorization for the Conservancy's Executive Director to vote the Conservancy's shares in the Board Election is requested. There are seven incumbent candidates for the Board's seven open seats, so that no board seat is contested.</p>
<p>E</p>		<p>Authorization for Farm Air to utilize landing strip on TNBC's Bianchi West tract</p>	<p>Consent</p>	<p>∅</p>	<p>⊕ The only remaining agricultural aircraft operator in the Natomas Basin is Farm Air Flying Service, Inc. TNBC and its tenants use Farm Air, and without the firm operating in the Basin, costs would likely rise, and delays in planting crops could also result. (Rice is frequently seeded by air.) Farm Air has requested permission to use TNBC's Bianchi West tract landing strip for use in serving its customers, including TNBC and its tenants.</p> <p>Before acquiring the Bianchi West tract, TNBC completed Phase One and Phase Two environmental testing on the airstrip. This was done in order to ascertain the level, if any, of toxicants in the soil at the landing strip site. (The studies revealed acceptable levels, so TNBC moved forward with its acquisition of the tract.) With this baseline data, TNBC can keep track of the status of soils on and around the runway.</p>

					<p>Staff requests authorization to enter into an agreement with Farm Air Flying Service, Inc. to allow it to utilize TNBC's Bianchi West landing strip. The authorization would include the following restrictions, among others:</p> <ol style="list-style-type: none"> 1.) the authorization terminates December 31, 2015, 2.) only seed and fertilizer are permitted to be used on the landing strip, 3.) no pesticides may be used on the strip without the written authorization of TNBC's Executive Director, 4.) only in-Basin sites may be served by Farm Air from the landing strip, and 5.) a properly executed agreement must be in TNBC's office prior to Farm Air's use of the landing strip, and that the agreement contain TNBC's standard indemnification, hold harmless protections, and that TNBC be named as an additional insured on the relevant Farm Air insurance policy or policies. <p>The Executive Director expects no authorization request for pesticide use on the landing strip. However, there could be special occasions that might warrant such authorization, but only for the use by TNBC or its contractors and tenants.</p>
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(Res. 15.02.01) On a motion by Willey and a second by Edgar, the Board unanimously approved the minutes of the December 3, 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 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"/> Charee Thurman |
| <input checked="" type="checkbox"/> Kevin McRae | <input checked="" type="checkbox"/> Steven Willey |

Vote symbols

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

Legal services agreement. The Conservancy has responded to its legal counsel's request that a legal services agreement be entered into between the Conservancy and its legal counsel, Best, Best & Krieger. In the past, the Board has noted the importance of having Ed Quinn as the key representative of the firm in matters pertaining to the Conservancy.

(Res. 15.02.02) On a motion by Backer and a second by Silva, the Board unanimously voted to authorize its Executive Director to execute and deliver the Legal Services Agreement between the Conservancy and Best, Best & Krieger, with Ed Quinn to be the key representative of the firm in matters pertaining to the Conservancy.

Board members

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| <input checked="" type="checkbox"/> Kay Backer | <input checked="" type="checkbox"/> Davin Norene |
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Agreement to amend and prepare site-specific management plans. In keeping with the long-range plan for special projects, and mindful of limited revenue since the real estate market downturn and the building moratorium, the Conservancy has stretched out its costlier, long-range projects. The project the Conservancy has long targeted for 2015 has been updating the site-specific management plans (SSMPs) and developing new SSMPs for land acquired. The last time the SSMPs were updated was October 6, 2004.

Conservancy staff proposed Westervelt do the SSMP work proposed. Westervelt is selected, as the preferred provider on this project because staff believes it is uniquely able to meet the many intricate and complex requirements of the NBHCP and MAPHCP. Key Westervelt staff served as the designer and project manager of the Conservancy managed marsh complexes. Westervelt already has the ortho-rectified aerial photographs and adjusted acreage calculations of all Conservancy preserves. Roberts believes it is best able to provide an approvable final product at the lowest possible price.

(Res. 15.02.03) On a motion by Norene and a second by Edgar, the Board unanimously authorized the Executive Director to execute and deliver an agreement with Westervelt Ecological Services, LLC in an amount not to exceed \$149,771.00 for the purpose of editing, updating and creating new SSMPs as required by the NBHCP and MAPHCP.

Board members

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| <input checked="" type="checkbox"/> Kay Backer | <input checked="" type="checkbox"/> Davin Norene |
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Amending the Employment Agreement between the Conservancy and its Executive Director. The Conservancy Board is asked to authorize the Board Chair to execute and deliver an amendment to the existing Employment Agreement between the Conservancy and its Executive Director. The Executive Director requested that his right to a cost of living increase and merit increase be waived so that no compensation adjustment is anticipated. The amendment would extend the agreement for a three-year period beginning March 15, 2015.

The Board is required to determine that changes to a chief executive officer's compensation, including the term of an employment agreement, are "just and reasonable." See excerpt from California Government Code, Section 12586(g).

This item requested the Board of Directors authorize the Board Chair to execute and deliver an amendment to the Employment Agreement between the Conservancy and its Executive Director, John Roberts.

(Res. 15.02.04) On a motion by Norene and a second by Edgar, the Board unanimously voted on amending the Employment Agreement between the Conservancy and its Executive Director, with the request for a merit increase to be waived granted, but that cost-of-living increase waiver be denied so that cost-of-living increase would be included in the

amended agreement. The amended agreement would also include an extension of the agreement's terms such that the new three-year agreement would commence March 15, 2015. The Board further notes its examination of the compensation of its Executive Director met the "just and reasonable" test as provided in California Government Code, Section 12586(g).

Board members

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| <input checked="" type="checkbox"/> Kay Backer | <input checked="" type="checkbox"/> Davin Norene |
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DISCUSSION

Report on flood moratorium for Natomas. Roberts 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 December 31, 2014 (unaudited). Additional financial information was provided.

Conservancy endowment funds investment manager. Phil Burger of T. Rowe Price presented to the Board 2014 annual report on the Conservancy's endowment funds accounts.

Update on the 2014 groundwater exchange program. Roberts updated the Board on the final results of the 2014 groundwater exchange program conducted by the Natomas Central Mutual Water Company:

Staff presented additional groundwater well details for the program planned for 2015 as well as ideas and proposals being discussed with the Water Company.

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

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

Executive Session was held for annual performance review is pursuant to Government Code Section 54957, Employee performance evaluation, and for real estate matters.

McRae left at 6:30 pm

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. 15.02.05) On a motion by Edgar and a second by Christophel, the Board unanimously voted to adjourn the meeting at 7:10 pm.

Board members

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| <input checked="" type="checkbox"/> Kay Backer | <input checked="" type="checkbox"/> Davin Norene |
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ATTEST:

David Christophel, Secretary

date