

Minutes of the Finance Committee Meeting
of
The Natomas Basin Conservancy
December 2, 2015
Offices of the Natomas Basin Conservancy
2150 River Plaza Drive
Sacramento, CA
3:00 p.m.

**COMMITTEE
MEMBERS
PRESENT:**

- William Edgar
- Davin Norene
- Charee Thurman (via conference call)

- = attended
- = did not attend

STAFF PRESENT: John Roberts, Kim Burns

CALL TO ORDER

Edgar called the meeting to order, noting a quorum was present.

ACTION

Approval of Minutes

Edgar called for a motion to approve the minutes of the June 3, 2015 Finance Committee meeting.

On a motion by Edgar and second by Norene the committee approved the minutes of the June 3, 2015 Finance Committee meeting. Roll call vote as follows:

Committee members

- William Edgar
- Davin Norene
- Charee Thurman

Vote symbols

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

Finance Committee Charter

Staff reviewed with the committee the Finance Committee Charter updates. The last review/update of this charter was June 3, 2015. Staff requested the committee recommend the charter amendments to the Board of Directors for approval. Roll call vote as follows:

On a motion by Norene and second by Edgar the committee agreed to recommend the Finance Committee Charter amendments to the Board of Directors for approval. Roll call vote as follows:

Committee members

- William Edgar
- Davin Norene
- Charee Thurman

Vote symbols

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

Corporate Funds Investment Policy review

Staff has been asked by one of the Conservancy's financial institutions to request this policy amendment. Their argument for lengthening the investment maturity from two years to five years is that in the present market they believe the Conservancy would stand to gain more on its investments if the advisor had the flexibility of longer maturities. The committee thought given current indications that the Federal Reserve might increase interest rates this might not be the best time to get locked into longer maturity investments. The committee agreed to revisit this item at its February 3, 2016 meeting.

Agenda item died for lack of a motion.

Endowment funds agreement expansion

The agreement between T. Rowe Price and the Conservancy as endowment funds manager expires at the end of December 31, 2015. Staff seeks authorization from the Board for its Executive Director to execute and deliver an agreement with T. Rowe Price under the same general terms as the existing agreement, but that the agreement be "at will" and not include a defined and specific termination date. T. Rowe Price indicates that it has no other clients with "end date" agreements, and that all other clients have migrated to an "at will" arrangement.

The Conservancy previously wanted to limit its term with T. Rowe Price pending T. Rowe Price having an opportunity to perform as the Conservancy's endowment funds manager. Staff is pleased with T. Rowe Price's performance, clarity and documentation. Judging from Conservancy Board member comments, as well as Finance Committee action, there is general satisfaction with T. Rowe Price as well.

On a motion by Norene and second by Edgar the committee recommends the Board of Directors authorize its Executive Director to execute and deliver an agreement with T. Rowe Price under the same general terms as the existing agreement, but that the agreement be "at will" and not include a defined and specific termination date. Roll call vote as follows:

Committee members

- William Edgar
- Davin Norene
- Charee Thurman

Vote symbols

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

Groundwater exchange program review

Conservancy management met with Gilbert Associates, Inc. the firm that prepares the Conservancy's IRS Form 990, regarding whether revenue generated from the groundwater exchange program constitutes unrelated business income tax (UBIT).

It is Gilberts' opinion that the Conservancy's participation in the groundwater exchange program does not meet the standard for unrelated trade or business and would not be subject to UBIT on revenue from the groundwater exchange program.

The committee asked staff to also seek an opinion from legal counsel so that we have done our due diligence – opinions from both a tax accountant and a tax attorney. Staff will report back.

PUBLIC COMMENT

There were no members of the public present.

ADJOURNMENT

On a motion by Norene and second by Thurman the meeting was adjourned at 3:46 pm. Roll call vote as follows:

Committee members

- William Edgar
- Davin Norene
- Charee Thurman

Vote symbols

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

ATTEST:

Committee member

Date