

Minutes of a Regular Meeting¹
of
The Natomas Basin Conservancy

February 3, 2016
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
- David Christophel
- William Edgar
- Kevin McRae (arrived at 4:10 pm)
- Davin Norene
- Jeff Norton
- Dan Silva (arrived at 4:05 pm)
- Charee Thurman
- Steven Willey

STAFF/LEGAL COUNSEL

PRESENT:

John Roberts, Kim Burns, Valerie Huezo, Jeremy Lor, and Ed Quinn

GUESTS:

Nick Avdis, Thomas Law Group; Kara Ueda, Best Best & Krieger LLP; Phil Burger, T. Rowe Price

TAC:

None

CALL TO ORDER

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

ANNOUNCEMENTS

Roberts announced guest speakers as follows: Phil Burger, T. Rowe Price and Kara Ueda, Best Best & Krieger LLP, who will be presenting to the Board of Directors. Roberts requested the Board submit their annual filing of FPPC Statement of Economic Interests Form 700.

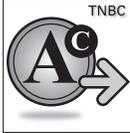
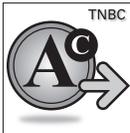
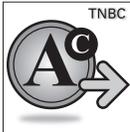
PUBLIC COMMENTS

There were no public comments heard.

ACTION-REGULAR SESSION

Silva requested approval of the December 2, 2015 Board of Directors meeting minutes and the consent items as follows:

¹ Notice of meeting posted on TNBC website.

<p>3</p>		<p>Approval of the minutes</p>	<p>Consent</p>	<p>⊕ The Board Chair will request approval of the minutes and consent items of the Board of Directors meeting of December 2, 2015.</p>
<p>4</p>		<p>Executive Director performance evaluation practices</p>	<p>Consent</p>	<p>⊕ The Compensation & Governance Committee recommends the Board of Directors approve an update to the Executive Director's Performance Review Procedures document. The proposal requests an amendment which would cause the Executive Director to submit a self-evaluation on December 31, rather than January 15, thus giving the Committee chair more time to facilitate Board member engagement in the process.</p>
<p>5</p>		<p>Authorization for Farm Air to utilize landing strip on TNBC's Bianchi West tract</p>	<p>Consent</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, 2016, 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,

				<p>hold harmless protections, and that TNBC be named as an additional insured on the relevant Farm Air insurance policy or policies.</p> <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>
6		Natomas Central Mutual Water Company Annual Meeting of Shareholders	Consent	<p>⊕ The Natomas Central Mutual Water Company's Annual Meeting of Shareholders will be held Tuesday, February 9, 2016, 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. The Conservancy has generally voted its shares with farmers with whom it works.</p>

It was noted that a correction was needed to on the December 2, 2015 minutes, to remove the word "unanimously" from the Board action on the 2016 agricultural leases agenda item.

(Res.16.02.01) On a motion by Christophel and a second by Willey, the Board unanimously approved the December 2, 2015 minutes as amended.

Board members

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

- Davin Norene
- Jeff Norton
- Dan Silva
- Charee Thurman
- Steven Willey

Vote symbols

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

(Res.16.02.02) On a motion by Willey and a second by Edgar, the Board unanimously approved the remainder of the consent items.

Board members

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

- Davin Norene
- Jeff Norton
- Dan Silva
- Charee Thurman
- Steven Willey

Vote symbols

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- = abstain or recuse

Revised Draft Recovery Plan for Giant garter snake. Roberts briefed the Board on the Revised Draft Recovery Plan for Giant Garter Snake and sought guidance on whether and to what level the Conservancy should be engaged with this effort.

(Res.16.02.03) On a motion by Norton and a second by Edgar, the Board unanimously voted to authorize Roberts to file a comment letter.

Board members

Kay Backer
 David Christophel
 William Edgar
 Kevin McRae

Davin Norene
 Jeff Norton
 Dan Silva
 Charee Thurman
 Steven Willey

Vote symbols

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

DISCUSSION

City of Sacramento report. There was no report presented.

Financial statement review. Burns provided a financial statement update for the period ended December 31, 2015 (unaudited). Additional financial information was provided.

Conservancy endowment funds investment manager. The Conservancy's endowment funds are managed by T. Rowe Price. Representative Phil Burger of T. Rowe Price met with the Board for the purposes of providing the Board with the 2015 annual report on the Conservancy's endowment funds accounts.

Website and social media update. Roberts and Huezo provided an overall update on the Conservancy's progress of website refinement and the social media.

Update on 2015 Groundwater Exchange Program groundwater recovery metrics. Roberts shared updates on groundwater recovery in the Natomas Basin with specific reference to the 2015 Groundwater Exchange Program and the Conservancy's participating groundwater wells in the program.

Silva left the meeting at 6:36 pm. Christophel chaired the remainder of the meeting.

Major projects prioritization. This year has already proven to be demanding of Conservancy staff resources. In addition, both staff and Board members have desirable additional projects that require considerable staff resources. Roberts shared a backgrounder with the Board on the matter and sought guidance as to next steps and prioritization.

Legal Duties for Directors. Kara Uera briefed the Board as to legal responsibilities of board service at the Conservancy. As in the past, the briefing focused on:

- duty of loyalty,
- duty of care,
- duty to avoid conflicts of interest,
- the duty to maintain confidentiality (unless otherwise directed by the NBHCP),
- duty to respect organizational opportunities,
- apparent authority,

--Sarbanes-Oxley Act, and

--IRS Form 990

...among other matters that will help guide Board member service with the Conservancy.

Update on State of California Board of Equalization letter regarding assessment methodology and County of Sutter's property tax assessments; County of Sutter Assessor. Roberts updated the Board on progress in the matter of the County of Sutter Assessor's compliance with instructions from the State of California Board of Equalization in its letter and action pursuant to that letter and property tax relief for the Conservancy.

PUBLIC COMMENTS

There were no public comments heard.

EXECUTIVE DIRECTOR'S REPORT

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

EXECUTIVE SESSION

Executive Session was scheduled for real estate.

The Board reported that a real estate transaction has been discussed in Executive Session and that the Executive Director has been authorized to execute and deliver the necessary instructions to effectuate the transaction provided all terms and conditions has been met.

ADJOURNMENT

Official adjournment of the meeting.

(Res.16.03.04) On a motion by Willey and a second by Edgar, the Board unanimously voted to adjourn the meeting at 7:10 pm.

Board members

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

- Davin Norene
- Jeff Norton
- Dan Silva
- Charee Thurman
- Steven Willey

Vote symbols

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ATTEST:

David Christophel, Secretary

date