

Minutes of a Regular Meeting¹
of
The Natomas Basin Conservancy

April 6, 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
- Charee Thurman (via conference call at 4:15 pm)
- Steven Willey

STAFF/LEGAL COUNSEL

PRESENT:

John Roberts, Kim Burns, Jennifer Skupic, Valerie Huezo,
Jeremy Lor, and Ed Quinn (via conference call)

GUESTS:

Nick Avdis, Attorney; Doug Leslie, ICF International;
Brian Halstead, U.S. Geological Survey; Jim Estep, Estep
Environmental Consulting

TAC:

None

CALL TO ORDER

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

ANNOUNCEMENTS

Norene announced that Board member Dan Silva passed away and several Board members paid tribute to him. Norene announced a reordering of some agenda items. The Board would hear the Biological Effectiveness Monitoring Report for 2015 first, and the moving of the Amending the Employment Agreement between the Conservancy and its Executive Director to after the Executive session.


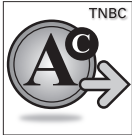
PUBLIC COMMENTS

There were no public comments heard.

ACTION-REGULAR SESSION

¹ Notice of meeting posted on TNBC website.

Norene requested approval of the March 2, 2016 Board of Directors meeting minutes and consent item.

<p>3</p> 		<p>Approval of the minutes</p>	<p>Action</p>	<p>⊕ The Board Chair will request approval of the minutes and consent items of the Board of Directors meeting of March 2, 2016.</p>
<p>4</p> 		<p>Change in Conservancy insurance broker</p>	<p>Consent</p>	<p>⊕ The Conservancy’s insurance broker, Wells Fargo Insurance Services, notified the Conservancy that its business lines were moving from Sacramento to Arizona. The Conservancy was given a contact phone number of a person in Arizona who was designated as the Conservancy’s lead contact. The person had a ten-digit extension number and the Conservancy has never heard from her.</p> <p>Since most of the Conservancy’s policies were up for renewal, and since the Conservancy relies on a good and close working relationship with its insurance broker for risk management considerations, Conservancy staff authorized a new local insurance broker, LP Insurance Services, Inc., to be the Conservancy’s broker of record. No insurance carrier changes were made with this action.</p> <p>This item requests the Board ratify staff’s decision to re-designate the Conservancy’s insurance broker of record from Wells Fargo Insurance Services to LP Insurance.</p>

(Res.16.04.01) On a motion by Christophel and a second by Willey, the Board unanimously approved the March 2, 2016 minutes and consent item.

Board members

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|---|---|
| <input checked="" type="checkbox"/> Kay Backer | <input checked="" type="checkbox"/> Davin Norene |
| <input checked="" type="checkbox"/> David Christophel | <input checked="" type="checkbox"/> Jeff Norton |
| <input checked="" type="checkbox"/> William Edgar | <input type="checkbox"/> Charee Thurman |
| <input type="checkbox"/> Kevin McRae | <input checked="" type="checkbox"/> Steven Willey |

Vote symbols

- = “aye” vote
- = “no” vote
- = not present
- = abstain or recuse

McRae joined the meeting at 4:10 pm.

Thurman joined the meeting via conference call at 4:15 pm.

Accept the Conservancy’s December 31, 2015 audited financial statement. The Audit Committee reported on the audited financial statements for the year ended December 31, 2015. The committee reviewed the audit report with the auditor, Gilbert & Associates. The auditor issued a clean opinion on the Conservancy’s 2015 financial statement. 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, 2015.

(Res.16.04.02) On a motion by Norton and second by Willey, the Board unanimously accepted the audited financial statements for the year ended December 31, 2015.

Board members

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|---|--|
| <input checked="" type="checkbox"/> Kay Backer | <input checked="" type="checkbox"/> Davin Norene |
| <input checked="" type="checkbox"/> David Christophel | <input checked="" type="checkbox"/> Jeff Norton |
| <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

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 = not present
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Amending the Employment Agreement between the Conservancy and its Executive Director. The Conservancy Board was 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 Compensation and Governance Committee met and recommended the Board authorize an adjustment in compensation (and 2016 staff budget, if necessary), for the Executive Director and further, that the employment agreement between the Conservancy and the Executive Director be renewed for a period of three years, beginning at the anniversary date of the existing employment agreement, March 15, 2016.

The Board was 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):

The board of directors of a charitable corporation or unincorporated association, or an authorized committee of the board, and the trustee or trustees of a charitable trust shall review and approve the compensation, including benefits, of the president or chief executive officer and the treasurer or chief financial officer to assure that it is just and reasonable. This review and approval shall occur initially upon the hiring of the officer, whenever the term of employment, if any, of the officer is renewed or extended, and whenever the officer's compensation is modified. Separate review and approval shall not be required if a modification of compensation extends to substantially all employees.

The Conservancy's Compensation and Governance Committee believed the "just and reasonable" standard has been met and reported such to the Board.

(Res.16.04.03) On a motion by Edgar and second by Willey, the Board unanimously approved amending the employment agreement between the Conservancy and its Executive Director as well as authorized an adjustment in compensation (1.5 percent increase in cost-of-living and a 3 percent merit increase and that the amendment renew the three-year term found historically in the previous amendments) and that the 2016 budget should be amended to reflect this action, if necessary.

Board members

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|---|---|
| <input checked="" type="checkbox"/> Kay Backer | <input checked="" type="checkbox"/> Davin Norene |
| <input checked="" type="checkbox"/> David Christophel | <input checked="" type="checkbox"/> Jeff Norton |
| <input checked="" type="checkbox"/> William Edgar | <input type="checkbox"/> Charee Thurman |
| <input type="checkbox"/> Kevin McRae | <input checked="" type="checkbox"/> Steven Willey |

Vote symbols

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

(Res.16.04.04) On a motion by Edgar and second by Willey, the Board unanimously agreed that the changes to a chief executive officer's compensation, including the term of the employment agreement, were "just and reasonable."

Board members

- | | |
|---|---|
| <input checked="" type="checkbox"/> Kay Backer | <input checked="" type="checkbox"/> Davin Norene |
| <input checked="" type="checkbox"/> David Christophel | <input checked="" type="checkbox"/> Jeff Norton |
| <input checked="" type="checkbox"/> William Edgar | <input type="checkbox"/> Charee Thurman |
| <input type="checkbox"/> Kevin McRae | <input checked="" type="checkbox"/> Steven Willey |

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DISCUSSION

Biological effectiveness monitoring report for 2015. The Conservancy's annual biological monitoring report was presented by the Conservancy's biological monitoring contractor, ICF International. Doug Leslie, along with Brian Halstead, U.S. Geological Survey and Jim Estep, Estep Environmental Consulting, delivered the 2015 report and entertained questions from the Board.

Financial statement review. Burns provided financial statements for the period ended February 29, 2016 (unaudited). Additional financial information was provided.

Update on 2015 Groundwater Exchange Program groundwater recovery metrics; new information. Board members requested that the Board be kept apprised of groundwater recovery metrics with respect to Conservancy groundwater wells that participated in the 2015 Groundwater Exchange Program. Roberts provided updates on groundwater recovery in the Natomas Basin with specific reference to the 2015 Groundwater Exchange Program and the Conservancy's participating groundwater wells.

Briefing on proposed 2016 Groundwater Exchange Program; new information. The Natomas Central Mutual Water Company (NCMWC) has advised that a potential buyer has surfaced this year for participation in a program consistent with 2015's Groundwater Exchange Program. However, it appears the buyer had withdrawn from the transaction. Roberts updated the Board on the status of the program.

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.

McRae and Thurman left the meeting at 6:30 pm.

EXECUTIVE SESSION

Executive Session was held for performance review and evaluation of the Executive Director. Executive Session for the performance review is pursuant to Government Code Section 54957, Employee performance evaluation.

Executive Session was held for real estate matters. The Board approved a utility easement in favor of PG&E on the Conservancy’s Atkinson tract and an extension on an option to use surplus mitigation property on a Metro Air Park transaction.

The Board reported that a performance evaluation of the Executive Director was discussed.

The Board reported that various real estate matters were discussed.

ADJOURNMENT

Official adjournment of the meeting.

(Res.16.04.05) On a motion by Edgar and a second by Norton the Board unanimously voted to adjourn the meeting at 8:00 pm.

Board members

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

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

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ATTEST:

David Christophel, Secretary

date