

Minutes of a Regular Meeting¹
of
The Natomas Basin Conservancy

August 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
- Chandra Chilmakuri
- David Christophel
- William Edgar
- Kevin McRae
- Davin Norene
- Jeff Norton
- Charee Thurman
- Steven Willey

STAFF/LEGAL COUNSEL
PRESENT:

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

GUESTS:

Nick Avdis, Thomas Law Group; Doug Leslie, ICF
International

TAC:

None

CALL TO ORDER

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

ANNOUNCEMENTS

Roberts encouraged views on the Conservancy's website and social media. He also reported that PG&E had begun its pipeline project on the Conservancy's Atkinson and Huffman West tract.

PUBLIC COMMENTS

There were no public comments heard.

ACTION-REGULAR SESSION

Norene requested approval for the June 1, 2016 Board of Directors meeting minutes.

(Res.16.08.01) On a motion by Norton and a second by Christophel, the Board unanimously approved the June 1, 2016 minutes.

¹ Notice of meeting posted on TNBC website.

Board members

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| <input checked="" type="checkbox"/> Kay Backer | <input checked="" type="checkbox"/> Davin Norene |
| <input checked="" type="checkbox"/> Chandra Chilmakuri | <input checked="" type="checkbox"/> Jeff Norton |
| <input checked="" type="checkbox"/> David Christophel | <input type="checkbox"/> Charee Thurman |
| <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

Biological effectiveness monitoring program ("BEMP") Program Document revision suspension.

Because the recently-released proposed revised USFWS/NMFS "HCP Handbook" de-emphasizes covered species population tracking and emphasizes directed research at management action, Conservancy staff is concerned about spending more money recommending a revised BEMP Program Document to the Board and NBHCP TAC that may run contrary to this new direction.

Background. Based on discussions with the Conservancy's biological monitoring contractor and other biologists, this item contains a staff recommendation that the Conservancy assess what the impact of the revised HCP Handbook will be on the Conservancy's biological monitoring efforts. Since the biological monitoring compliance effort is one of the Conservancy's largest line item expenses, it seems prudent to fully understand the new direction of federal guidance on biological monitoring. Otherwise, the Conservancy risks spending substantial sums of money that could be lost and/or wasted in a research/monitoring direction not endorsed or supported by the Wildlife Agencies.

Action taken. By Executive Director order, the biological monitoring consultant was requested to immediately hold off on work on the BEMP "Program Document." (In its action of June 3, 2015, resolution #15.06.04, the Board authorized ICF International to complete a revision to the NBHCP's "BEMP Program Document." This document is meant to describe how annual biological effectiveness monitoring will be conducted so that it is in compliance with the NBHCP. The Board's resolution authorized the proposal to prepare a revision to the BEMP Program Document so that when the Board released the annual biological monitoring contract for the coming years, it would be able to encourage firms to bid on the work based on a fresh and updated set of guidelines, as required in the BEMP Program Document.)

Specific steps. More specifically, the Executive Director's instruction to ICF International was as follows:

This item requests that the Board of Directors authorize ICF to re-initiate work on the recent assignment to come up with a recommended BEMP Program Document, and that the work remain within the \$48,714 authorization, that the work product delivered could be a "provisional" BEMP Program Document, and that ICF continue to follow how the proposed revisions to the HCP Handbook could change the Conservancy's BEMP Program Document.

(Res.16.08.02) On a motion by Christophel and second by Edgar, the Board unanimously voted to authorize the Conservancy's Executive Director to act to re-authorize ICF to finish work on the BEMP Program Document, but that delivered product could be a "provisional" BEMP Program Document and also must be done within the \$48,714 limit set for this project, and also to report back on how the proposed revised HCP Handbook will impact the Conservancy's effort.

Board members

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| <input checked="" type="checkbox"/> David Christophel | <input type="checkbox"/> Charee Thurman |
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BEM Monitoring contract extension for 2017. Based upon the action item above, the Board was requested to authorize the Conservancy's Executive Director to execute and deliver an extension to the biological monitoring contract between the Conservancy and ICF International such that the same terms, conditions and annual costs for the five-year base contract are extended to cover biological monitoring for 2017.

(Res.16.08.03) On a motion by Edgar and second by Willey, the Board unanimously voted on the Executive Director to execute and deliver an extension of the biological monitoring contract between the Conservancy and ICF International such that the same terms, conditions and annual costs for the five-year base contract are extended to cover biological monitoring for 2017.

Board members

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

Financial statement review. Burns provided financial statements for the period ended June 30, 2016 (unaudited). Additional financial information was provided.

Statistical Packet. Burns presented to the Board of Directors a set of metrics used by staff to track Conservancy conditions. The metrics mostly applied to financial and economic issues.

Recalculation and adjustment to the surplus acres' reserve. Because of land exchanges and other factors, the Conservancy has carried more acres than are necessary to satisfy the requirements of the NBHCP and MAPHCP. The cushion that is provided by maintaining this reserve has afforded the Conservancy opportunities to manage its implementation of the HCPs in more strategic ways.

Each year, the Conservancy engages in examining a complicated or substantial aspect of its business and accounting, making sure policies, procedures, implementation and reporting are accurate. This year, the Conservancy detailed its accounting of these surplus acres. As the use of the acres has continued, the reserve has been reduced, so it seemed especially important to take the opportunity to confirm the accounting of this aspect of Conservancy operations.

This exercise resulted in a finding that there was a need to adjust the surplus acre total downward. To confirm this, the Conservancy engaged the services of a consulting economist familiar with Conservancy land tally practices and conformance with the HCPs. The economist confirmed and expanded on the Conservancy's internal examination.

The result is that instead of carrying 277.36 surplus acres, Conservancy staff now has a high degree of conviction that the proper number is 131.06 acres. As a result, Conservancy staff will amend the surplus land tally and land allocation accounting exhibits it reports to the federal and state Wildlife Agencies (via its Implementation Annual Reports) as a result of this internal examination. Burns detailed this project with the Board.

Examination of groundwater well restoration. Given the outlook for water delivery associated with California's extended drought, the Conservancy has embarked on a program to examine unused groundwater wells on its property. Roberts reviewed the effort with the Board, with a focus on the BKS tract wells.

EXECUTIVE DIRECTOR'S REPORT

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

MacRae left the meeting at 5:45 p.m.

EXECUTIVE SESSION

Executive Session was held for real estate matters.

ADJOURNMENT

Official adjournment of the meeting.

(Res.16.08.04) On a motion by Edgar and a second by Willey the Board unanimously voted to adjourn the meeting at 7:05 p.m.

Board members

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ATTEST:

David Christophel, Secretary

date