

**Minutes of a Regular Meeting
of
The Natomas Basin Conservancy**

April 4, 2018

Offices of the Natomas Basin Conservancy
2150 River Plaza Drive, Suite 275
Sacramento, CA
4:00 p.m.

**BOARD MEMBERS
PRESENT:**

= attended
 = did not attend

- Chandra Chilmakuri
- David Christophel
- Steve Cohn
- Jeff Helm
- Michael Johnston
- Jill Leal
- Kevin McRae (arrived at 4:13 pm)
- Jeff Norton
- John Shirey
- Anthony Van Ruiten

**STAFF/LEGAL COUNSEL
PRESENT:**

John Roberts, Kim Burns, Valerie Huezo, Jennifer Skupic,
Jeremy Lor, Ed Quinn, Best Best & Krieger

GUESTS:

Nick Avdis, Attorney; Scott Mitnick, Sutter County;
Cheryle Hodge, City of Sacramento; Steve Letterly, John
Norman, Brookfield Land; George Phillips, Barbara
LaVake, Margie Ose

TAC:

None

CALL TO ORDER

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

ANNOUNCEMENTS

Shirey changed the order of the agenda to accommodate the guest speaker.

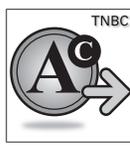
PUBLIC COMMENTS

There were no public comments.

CONSENT AGENDA

Shirey requested a motion to approve February 7, 2018 Board of Directors meeting minutes.

¹ Notice of meeting posted on TNBC website.

3		<p>Approval of the minutes</p> <p><i>All items listed under the Consent Agenda, including minutes, are considered and acted upon by one motion. Any Board member may request an item be removed for separate consideration.</i></p>	Consent	<p>⊕ The Board Chair will request approval of the minutes and consent items of the Board of Directors meeting of February 7, 2018.</p>
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(Res.18.04.01) On a motion by Cohn and a second by Christophel, the Board unanimously approved the February 7, 2018 minutes.

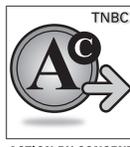
Board members

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| <input checked="" type="checkbox"/> Chandra Chilmakuri | <input checked="" type="checkbox"/> Jill Leal |
| <input checked="" type="checkbox"/> David Christophel | <input type="checkbox"/> Kevin McRae |
| <input checked="" type="checkbox"/> Steve Cohn | <input checked="" type="checkbox"/> Jeff Norton |
| <input checked="" type="checkbox"/> Jeff Helm | <input checked="" type="checkbox"/> John Shirey |
| <input checked="" type="checkbox"/> Michael Johnston | <input checked="" type="checkbox"/> Anthony Van Ruiten |

Vote symbols

- = "aye" vote
- = "no" vote
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- ◆ = abstain or recuse

Shirey requested a motion to approve the following consent items of the agenda:

4		<p>BKS Road project - Big S Asphalt</p>	Consent	<p>⊕ The Board is requested to authorize the Conservancy's Executive Director to execute and deliver a contract with Big S Asphalt for the completion and final repairs to the BKS road that were started last year as an emergency road repair project. These road repairs will make it possible for contractors and Conservancy staff to safely access the marsh complex. The total cost of the BKS road repair project is \$30,410.05 which was included in the Board-approved 2018 budget.</p>
5		<p>SAFCA/ICF Biological Effectiveness Monitoring Program Amendment</p>	Consent	<p>⊕ The Board is requested to authorize the SAFCA biological monitoring proposal provided by ICF Jones & Stokes. If approved this proposal will be used as an exhibit in a standard Conservancy service agreement template. This item requests authorization for the Conservancy's Executive Director to execute and deliver the SAFCA biological monitoring contract with ICF Jones & Stokes such that the contract expiration will coincide with future Conservancy RFP renewals. The renewal amount will be \$32,984.00 per year for three years with an option of a two one-year extensions at the same rate. SAFCA has reviewed the proposal and is in agreement with the changes.</p>
6		<p>Pedro house exterior painting quote</p>	Consent	<p>⊕ Due to evidence of dry rot on the Pedro house, the Board is requested to authorize the Conservancy's Executive Director to execute and deliver a contract with Springs Painting Co. for the removal of the dry rot and painting of the Pedro house in the amount of \$16,429.00</p>

(Res.18.04.02) On a motion by Cohn and a second by Johnston, the Board unanimously approved the consent items of the agenda.

Board members

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| <input checked="" type="checkbox"/> Chandra Chilmakuri | <input checked="" type="checkbox"/> Jill Leal |
| <input checked="" type="checkbox"/> David Christophel | <input checked="" type="checkbox"/> Kevin McRae |
| <input checked="" type="checkbox"/> Steve Cohn | <input checked="" type="checkbox"/> Jeff Norton |
| <input checked="" type="checkbox"/> Jeff Helm | <input checked="" type="checkbox"/> John Shirey |
| <input checked="" type="checkbox"/> Michael Johnston | <input checked="" type="checkbox"/> Anthony Van Ruiten |

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ACTION

Accept the Conservancy's December 31, 2017 audited financial statement. McRae apprised the Board that the Audit Committee has reviewed the December 31, 2017 audit report with the Conservancy's auditor, Gilbert & Associates (Gilbert). Gilbert issued a clean opinion on the Conservancy's 2017 financial statements. This item recommended the Board to accept the audited financial statements as presented for the year ended December 31, 2017.

(Res.18.04.03) On a motion by Norton and a second by McRae, the Board unanimously accepted the audited financial statements for the year ended December 31, 2017.

Board members

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| <input checked="" type="checkbox"/> Steve Cohn | <input checked="" type="checkbox"/> Jeff Norton |
| <input checked="" type="checkbox"/> Jeff Helm | <input checked="" type="checkbox"/> John Shirey |
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Accept 2017 IRS Form 990. As a "best practice," and to respond affirmatively to Conservancy tax reporting with the IRS, this item presents the Conservancy's 2017 IRS Form 990 for Board review. The Board of Directors reviewed the 2017 IRS Form 990.

North Precinct proposed development.

McRae stepped out of the meeting prior to discussion of this item.

Norton and Leal recused themselves from the meeting prior to discussion of this item.

This item was presented by Roberts with the expectation that the Board will provide guidance and direction to staff on the matter of the proposed North Precinct development. The proposed project is substantial in size (approximately 5,675.6 acres), and Conservancy staff is alert to its implications for HCP implementation.

On December 20, 2017, the County of Sacramento's Office of Planning and Environmental Review released a Revised Notice of Preparation on the project (Control number PLNP2014-00172). The notice called for comments due in 30 days.

On February 2, 2018, the City of Sacramento submitted comments on the Revised NOP.

On February 7, 2018, the Conservancy received an email from the City's Planning Department staff, sharing with the Conservancy the City's written response to the Revised NOP for North Precinct.

Over the years the proposed North Precinct development has been discussed (formerly, Natomas Vision, Natomas Joint Vision, etc.), Conservancy staff has been asked its general reaction and response. The response generally relates to the matter of "land committed to agriculture" and setbacks and buffers.

In addition, over the years, County of Sutter's officials have remarked to the Conservancy its views on the proposed development. More recently, Sutter County leadership has expressed interest in following the issue.

This item presented the matter for general discussion by staff and Board and perhaps members of the public. Staff asked Board direction and guidance in next steps, if any, and at what level, if any, staff should follow the matter and the amount of resource input to the issue.

Roberts noted it was clear the County of Sacramento's comment period on the Revised NOP had passed. This item did not seek approval of any proposed comment for the Revised NOP issued.

Mitnick, Norman and Phillips all made comments to the Board.

(Res.18.04.04) On a motion by Cohn and a second by Chilmakuri, the Board unanimously approved for Roberts to draft a letter based on Shirey, Helm, Christophel comments, with possible input from the interested parties signed by Shirey and Helm if all parties are in agreement.

Board members

- Chandra Chilmakuri
- David Christophel
- Steve Cohn
- Jeff Helm
- Michael Johnston

- ◆ Jill Leal
- Kevin McRae
- ◆ Jeff Norton
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Norton, Leal, McRae re-joined the meeting.

SCAS proposed development. The Sacramento County Airport Systems (SCAS) has proposed an approximately 394.5-acre development adjacent to the entrance of Sacramento International Airport (SMF) and Interstate 5. Conservancy staff wished to have a conversation with the Conservancy's Board of Directors on the matter of mitigation and impact on the implementation of the HCPs. Roberts asked for direction on next steps, if any.

NCMWC Groundwater Exchange Program. Roberts updated the Board of Directors on the progress of a groundwater exchange program that may be entered into through the Natomas Central Mutual Water Company. Roberts asked for a sense of the Board on any level and nature of participation, as well as next steps and direction. The Board indicated it would be interested.

DISCUSSION

Financial statement review. Burns provided financial statements for the period ended February 28, 2018 (unaudited). Additional financial information was provided.

Contract and Leasing Study Session, Part 2. At the February Board meeting, Conservancy staff engaged the Board in a study session regarding the manner and strategy behind contracting and leasing, including Conservancy-owned agricultural land. This second study session pertained to business models available to implement the HCPs' rice land farming component on questioning by Shirey, the Board evidenced & consensus that of the farming models proposed, it had a clear preference for accepting no price risk on leasing of rice lands.

McRae left the meeting at 6:45 pm.

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

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

ACTION

Item # 16 & 17 were taken together.

Amending the Employment Agreement between the Conservancy and its Executive Director. The Conservancy Board was asked to authorize the Board Chair, Vice Chair or Secretary to execute and deliver the 16th Amendment to the Employment Agreement between the Conservancy and its Executive Director for a period of two years beginning March 15, 2018.

Adjustment to Executive Director compensation. The Compensation and Governance Committee has met and recommends the Executive Director's compensation be adjusted beginning March 15, 2018. The committee will discuss its recommendations with the Board for a cost-of-living and a merit increase in compensation of 3% and 3.1% respectively.

(Res.18.04.05) On a motion by Chilmakuri and a second by Johnston, the Board agreed to; 1.) renew the employment agreement between the Conservancy and its Executive Director but leave the term ending date the same, that is, March 15, 2020; 2.) a cost of living increase of 3.1%, and 3) a merit increase of 3.0%. It authorized the Board Chair, Vice Chair or Secretary to execute and deliver on behalf of the Conservancy documents that reflected these terms.

Board members

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- David Christophel
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“Just and reasonable” determinations for the Executive Director and the Chief Financial Officer.
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):

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 believes this standard has been met. This item requested the Board make a declaration that the “just and reasonable” test has been met for the Executive Director and Chief Financial Officer.

(Res.18.04.06) On a motion by Chilmakuri and a second by Van Ruiten, the Board unanimously approved that declaration of “just and reasonable” test has been met for the Executive Director and the Chief Financial Officer.

Board members

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ADJOURNMENT

Official adjournment of the meeting.

(Res.18.04.07) On a motion by Johnston and a second by Norton the Board unanimously voted to adjourn the meeting at 8:30 pm.

Board members

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ATTEST:

Chandra Chilmakuri, Secretary

Date