

Minutes of a Regular Meeting¹
of
The Natomas Basin Conservancy

June 3, 2020

Offices of the Natomas Basin Conservancy
(Meeting held via gotowebinar.com)
4:00 p.m.

BOARD MEMBERS

PRESENT:

= attended

= did not attend

- Chandra Chilmakuri
- David Christophel
- Steve Cohn
- Michael Johnston
- John Shirey

**STAFF/LEGAL
COUNSEL/IT
CONSULTANT
PRESENT:**

John Roberts, Kim Burns, and Jennifer Skupic; Ed Quinn,
Best Best & Krieger; Spencer Rees, iGuys Consulting

GUESTS:

Nick Avdis, John Bolce, Amy Callahan, Lily Douglas, Jim
Estep, Brian Halstead, Cheryle Hodge, Doug Leslie, Bob
Shattuck, Tom Ramos, and Peggy Vande Vooren.

EXECUTIVE SESSION

Executive Session was held for real estate and performance review and evaluation of the Executive Director.

CALL TO ORDER

Shirey called the Regular Meeting of the Board of Directors to order at 5:35 pm, noting a quorum was present.


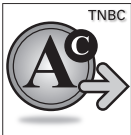
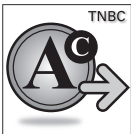
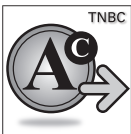
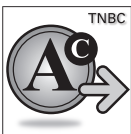
PUBLIC COMMENTS



Shirey called for public comments. None were heard.

APPROVAL OF MINUTES AND CONSENT ITEMS

Shirey requested a motion to approve the February 5, 2020 Board of Directors meeting minutes and the consent agenda items.

¹ Notice of meeting posted on TNBC website.

	<p>Approval of the minutes</p>	<p>The Board Chair will request approval of the minutes of the Board of Directors meeting of February 5, 2020.</p>
	<p>Weed abatement</p>	<p>Due to excessive invasive weed issues this year the Conservancy needed to apply an aerial weed treatment. This treatment allowed for greater coverage in a more efficient manner. The properties treated were the Lucich North and South tracts, as well as the Frazer North tract. The cost was \$15,356.07, exceeding the Executive Director's signing authority of \$10,000.00. Management is seeking Board ratification of this expenditure.</p>
	<p>Paycheck Protection Program (PPP) loan</p>	<p>The Conservancy applied for and received an \$88,450.00 loan from the Small Business Administration via Wells Fargo. This loan is to be used for "payroll, rent, mortgage interest, or utilities." The Conservancy will be using these funds for payroll and the Conservancy will apply for loan forgiveness within the prescribed time. Management requests Board ratification of the PPP loan and future application of loan forgiveness.</p>
	<p>TNBC non-rice farming properties</p>	<p>The management of Alleghany and Cummings properties have become increasingly difficult to farm over the past few years. The staff in consultation with the grower decided to clean up the properties with discing and plant it to clover with the final plan to plant to native grass. As time was of the essence in the planting season, the Executive Director approved of the project. Presently, expenses have reached the Executive Director's signing authority. It is anticipated that the total cost of the project will be approximately \$25,000.00. Management is seeking Board approval of this project expenditure.</p>
	<p>SAFCA non-rice farming properties</p>	<p>The management of Sharma, AKT and Hewitt properties have become increasingly difficult to farm over the past few years. The staff in consultation with the grower decided to clean up the properties with discing and plant it to clover with the final plan to plant to native grass. As time was of the essence in the planting season, the Executive Director approved of the project. Presently, expenses have reached the Executive Director's signing authority. It is anticipated that the total cost of the project will be approximately \$25,000.00. Management is seeking Board approval of this project expenditure.</p>

	<p>Participation in the groundwater exchange program</p>	<p>The Conservancy last participated in a groundwater exchange program in 2015. The Board wanted reliable records of groundwater effects of the 2014 program and also when the Conservancy participated in the 2015. The Board was satisfied with the results. The program coordination is through the Natomas Central Mutual Water Company (NCMWC) with oversight from the relevant state water agencies.</p> <p>A nearly identical program is proposed for 2020. The amount is \$350.00 per acre foot and there is a 65/35 split, with the NCMWC receiving 35 percent of the proceeds and the well owner receiving the other 65 percent. The program is anticipated to last from June 1 through the end of August. Participation in such programs is authorized in the NBHCP, Section VI.B.4. The purchaser is the San Luis & Delta-Mendota Water Authority. Conservancy management advocates approval.</p>
	<p>Accept 2019 IRS Form 990</p>	<p>As a “best practice,” and to respond affirmatively to the Conservancy tax reporting with the IRS, this item presents the Conservancy’s 2019 IRS Form 990 for Board review. This item acknowledges the Board has had an opportunity to review the Conservancy’s 2019 Form 990 prior filing.</p>

The Board pulled from Consent Agenda the following items: February 5, 2020 minutes, Paycheck Protection Program, Participation in groundwater exchange program, and Accept 2019 IRS Form 990.

The following Consent Agenda items were moved for approval: Weed abatement, TNBC non-rice farming properties, and SAFCA non-rice farming properties.

(Res.20.06.01) On a motion by Johnston and a second by Christophel, the Board unanimously approved the following Consent Agenda items: Weed abatement, TNBC non-rice farming properties, and SAFCA non-rice farming properties. Roll call votes as follows:

Board members

- Chandra Chilmakuri
- David Christophel
- Steve Cohn

- Michael Johnston
- John Shirey

Vote symbols

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

Approval of the Minutes. Shirey wanted language added with regards to the discussion on agenda item “Land dedication 50 acres to 20 acres,” to include public speakers.

(Res.20.06.02) On a motion by Shirey and a second by Johnston, the Board unanimously approved the February 5, 2020 Board meeting minutes with additional language as noted above. Roll call votes as follows:

Board members

Chandra Chilmakuri
 David Christophel
 Steve Cohn

Michael Johnston
 John Shirey

Vote symbols

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

Paycheck Protection Program (PPP) loan. Staff explained that Board ratification was necessary for this or any loan on behalf of the Conservancy.

(Res.20.06.03) On a motion by Cohn and a second by Johnston, the Board unanimously ratified the Paycheck Protection Program (PPP) loan. Roll call votes as follows:

Board members

Chandra Chilmakuri
 David Christophel
 Steve Cohn

Michael Johnston
 John Shirey

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Participation in the groundwater exchange program. The Conservancy last participated in a groundwater exchange program in 2015. The Board wanted reliable records of groundwater effects of the 2014 program and also when the Conservancy participated in 2015. The Board was satisfied with the results. The program coordination is through the Natomas Central Mutual Water Company (NCMWC) with oversight from the relevant state water agencies.

A nearly identical program is proposed for 2020. The amount is \$350.00 per acre foot and there is a 65/35 split, with the NCMWC receiving 35 percent of the proceeds and the wellowner receiving the other 65 percent. The program is anticipated to last from June 1 through the end of August. Participation in such programs is authorized in the NBHCP, Section VI.B.4. The purchaser is the San Luis & Delta-Mendota Water Authority. Conservancy management advocates approval.

(Res.20.06.04) On a motion by Chilmakuri and a second by Christophel, the Board unanimously approved participation in the NCMWC's 2020 groundwater exchange program under the terms provided by the San Luis & Delta-Mendota Water Authority, State of California (mostly through the Department of Water Resources) and the Natomas Central Mutual Water Company. Roll call votes as follows:

Board members

Chandra Chilmakuri
 David Christophel
 Steve Cohn

Michael Johnston
 John Shirey

Vote symbols

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Accept 2019 IRS Form 990. Roberts informed the Board that Board members' review of the Form 990 prior to filing is pursuant to IRS guidelines.

(Res.20.06.05) On a motion by Shirey and a second by Johnston, the Board unanimously accepted the Conservancy's IRS Form 990 as presented. Roll call votes as follows:

Board members

Chandra Chilmakuri
 David Christophel
 Steve Cohn

Michael Johnston
 John Shirey

Vote symbols

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

ACTION

Accept the Conservancy's December 31, 2019 audited financial statements. Peggy Vande Vooren with Gilbert CPAs reviewed the December 31, 2019 audited financial statements report with the Conservancy's Board. Gilbert issued a clean opinion on the Conservancy's 2019 financial statements. Staff recommended Board acceptance of the audited financial statements as presented for the year ended December 31, 2019.

(Res.20.06.06) On a motion by Johnston and a second by Shirey, the Board unanimously accepted the Conservancy's audited financial statements for the year ended December 31, 2019. Roll call votes as follows:

Board members

Chandra Chilmakuri
 David Christophel
 Steve Cohn

Michael Johnston
 John Shirey

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Insurance presentation. John Bolce and Amy Callahan with LP Insurance reviewed with the Board the Conservancy's recently renewed insurance policies. The Conservancy presently holds the following policies: Directors and Officers, employee practices liability, crime, pollution, worker's compensation, flood, cyber, umbrella, package liability policy includes; general liability, property, auto and inland marine. Management recommended adding a new excess policy for \$2 million. Also, management sought approval of the policies and their coverage limits.

Johnston disagreed with adding the excess policy and thought it should be cancelled.

(Res.20.06.07) On a motion by Johnston and a second by Cohn, the Board unanimously approved of the above-listed policies and limits with the exception of the excess policy and recommended cancellation of that policy. Roll call votes as follows:

Board members

Chandra Chilmakuri
 David Christophel
 Steve Cohn

Michael Johnston
 John Shirey

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DISCUSSION

City of Sacramento report. Cheryle Hodge with the City of Sacramento provided an update on City activities related to development in the Natomas Basin and other topics.

Financial statement review. Burns presented unaudited April 30, 2020 financial statements. Additional information was provided.

Biological Effectiveness Monitoring Report for 2019. Doug Leslie with ICF International, the Conservancy’s biological monitoring contractor, presented the Conservancy’s annual biological monitoring report for 2019 and entertained questions from the Board.

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

ACTION

Adjustment to Executive Director’s compensation. The Compensation and Governance Committee met with the full Board in Executive Session and reported out the following: the Conservancy had an excellent year in 2019 and Executive Director’s performance was excellent was well. The Board approved a 2.9% cost of living allowance and due to the times, the Board did not award a merit increase.

(Res.20.06.08) On a motion by Chilamkuri and a second by Cohn, the Board unanimously approved a 2.9% cost of living adjustment for the Executive Director. Roll call votes as follows:

Board members

Chandra Chilmakuri
 David Christophel
 Steve Cohn

Michael Johnston
 John Shirey

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“Just and reasonable” determination for the Executive Director and Chief Financial Officer. The Board is required to determine that changes to an 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 declare that the "just and reasonable" test had been met for the Executive Director and Chief Financial Officer. Roberts explained that the CFO was included as certain milestones had been achieved since the last approval and necessitated adjustment.

(Res.20.06.09) On a motion by Chilamakuri and a second by Cohn, the Board unanimously approved that declaration of "just and reasonable" test had been met for the Executive Director and Chief Financial Officer. Roll call votes as follows:

Board members

Chandra Chilmakuri
 David Christophel
 Steve Cohn

Michael Johnston
 John Shirey

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Quinn recommended Conservancy delete recording of meeting.

ADJOURNMENT

Official adjournment of the meeting.

(Res.20.06.10) On a motion by Johnston and a second by Chilmakuri the Board unanimously voted to adjourn the meeting at 7:43 pm.

Board members

Chandra Chilmakuri
 David Christophel
 Steve Cohn

Michael Johnston
 John Shirey

Vote symbols

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ATTEST:

Chandra Chilmakuri, Secretary

Date