

Minutes of a Regular Meeting¹
of
The Natomas Basin Conservancy

August 5, 2020

Offices of the Natomas Basin Conservancy
(Meeting held via gotowebinar.com)
4:40 p.m.

BOARD MEMBERS

PRESENT:

= attended
 = did not attend

Chandra Chilmakuri
 David Christophel
 Steve Cohn
 Michael Johnston
 John Shirey
 Gabrielle Stadem

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

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

GUESTS:

Nick Avdis, Sean Fisher, Cheryle Hodge, Bob Shattuck, Tom Ramos, Allison Schaffer, Adam Stewart, and Dylan Wood.

EXECUTIVE SESSION

Executive Session was held for real estate. Nothing was reported out.

CALL TO ORDER

Shirey called the Regular Meeting of the Board of Directors to order at 5:45 pm, noting a quorum was present. Introduction of new Sutter County Board member Gabrielle Stadem was conducted.

PUBLIC COMMENTS

Shirey called for public comments. None were heard.

IMPLEMENTATION ANNUAL MEETING (Implementation Agreement §5.4)

- A. Meeting minutes were included for the June 5, 2019 Board of Directors meeting minutes, previously made available to the Board and approved by the Board.

¹ Notice of meeting posted on TNBC website.

(Res.19.06.01) On a motion by Christophel and a second by Norton, the Board unanimously approved the 2018 Implementation Annual Meeting minutes.

Board members

- | | |
|--|---|
| <input checked="" type="checkbox"/> Chandra Chilmakuri | <input 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 type="checkbox"/> Jeff Helm | <input checked="" type="checkbox"/> John Shirey |
| <input checked="" type="checkbox"/> Michael Johnston | <input type="checkbox"/> Anthony Van Ruiten |

Vote symbols

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

- B. Discussion of Implementation Annual Report. Concerns, comments, recommendations.
- C. City of Sacramento comments.
- D. County of Sutter comments.
- E. California Department of Fish and Wildlife comments.
- F. U.S. Fish and Wildlife Service comments.
- G. Adjourn Implementation Annual Meeting.

No comments were heard.

Shirey called for a motion to adjourn the Implementation Annual Meeting.

(Res.20.08.01) On a motion by Christophel and a second by Chilmakuri, the Board unanimously adjourned the 2020 Implementation Annual Meeting.

Board members

- | | |
|--|--|
| <input checked="" type="checkbox"/> Chandra Chilmakuri | <input checked="" type="checkbox"/> Michael Johnston |
| <input checked="" type="checkbox"/> David Christophel | <input checked="" type="checkbox"/> John Shirey |
| <input checked="" type="checkbox"/> Steve Cohn | <input checked="" type="checkbox"/> Gabrielle Stadem |

Vote symbols

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

APPROVAL OF MINUTES AND CONSENT ITEMS

Shirey requested a motion to approve the June 3, 2020 Board of Directors meeting minutes and the consent agenda items.

| | | |
|---|--------------------------------|--|
|  | <p>Approval of the minutes</p> | <p>The Board Chair will request approval of the minutes of the Board of Directors meeting of June 3, 2020.</p> |
|---|--------------------------------|--|

| | | |
|---|--|--|
|  | <p>Request for Proposals – Audit Services</p> | <p>The December 31, 2019 financial statement audit reported at the June Board meeting concluded the current contract between the Conservancy and Gilbert CPAs.</p> <p>The Conservancy has had other accounting firms over the years conduct financial statement audits. The Conservancy has prepared a Request for Proposals (RFP) designed to solicit responses from qualified accounting firms to conduct audits for fiscal years 2020, 2021, and 2022. Responses to the call for RFPs will be presented to the Board at its October 7, 2020 Board meeting for selection of a responding, qualified accounting firm beginning January 1, 2021. The contract is proposed for three years with two one-year options to renew.</p> <p>Conservancy staff recommends the Board authorize the release of the RFP for audit services with the intent to obtain responses from multiple qualified respondents.</p> |
|  | <p>Request for Proposals – Land Management and Maintenance</p> | <p>The three-year term of the Conservancy’s land management and maintenance contract is expiring at year’s end (see Board resolution #17.10.09). Management requests the Board authorize the release of a RFP in order to obtain submissions from qualified firms for a three-year engagement as a Conservancy land management and maintenance contractor beginning January 1, 2021. The goal is to have multiple submissions and from that a recommended land management and maintenance contractor for the Board to consider at its October 7, 2020 Board meeting.</p> <p>(Note: A significant part of the Fisherman’s Lake Reserve Area is managed under contract with HRS, Inc., and is not a part of this agenda item. Much of that area under management is SAFCA property.)</p> |
|  | <p>Employee Handbook update</p> | <p>The Conservancy’s Employee Handbook was last updated on August 7, 2019. This policy is presented for Board review and approval with minor changes and adjustments as suggested by legal counsel with regards to COVID-19.</p> |
|  | <p>Audit Committee Charter update</p> | <p>The Conservancy’s Audit Committee Charter is presented for Board review and approval with minor updates. The policy was last updated October 2, 2019.</p> |

| | | |
|---|--|---|
|  | <p>SAFCA/HRS land management agreement</p> | <p>HRS will have completed its three-year agreement for the Sacramento Area Flood Control Agency (SAFCA) Land Management Agreement on December 31, 2020. The contract is three years with an option to extend for two additional years. The Conservancy would like to exercise the renewal option under the terms of the contract. Staff recommends approval of the two-year extension with HRS.</p> |
|  | <p>SAFCA enter and construct agreement</p> | <p>SAFCA, the U.S. Army Corp of Engineers and the Central Valley Flood Protection Board are constructing improvements to the Sacramento River East Levee and relocating the Natomas Central Mutual Water Company Riverside Canal. This construction requires an Enter and Construct Agreement as the improvements are on the Conservancy's Alleghany and Cummings properties. After work activities on Alleghany and Cummings are completed SAFCA has assured the Conservancy that it will be compensated in the event of crop loss or damage to soil related to construction activities.</p> |

The Board pulled from Consent Agenda the following items: June 3, 2020 minutes, Request for Proposals – Audit Services, Request for Proposals – Land Management and Maintenance, and Audit Committee Charter.

The following Consent Agenda items were moved for approval: Employee Handbook update, SAFCA/HRS land management agreement and SAFCA enter and construct agreement.

(Res.20.08.02) On a motion by Johnston and a second by Chilmakuri, the Board unanimously approved the following Consent Agenda items: Employee Handbook update, SAFCA/HRS land management agreement and SAFCA enter and construct agreement. Roll call:

Board members

- Chandra Chilmakuri
- David Christophel
- Steve Cohn

- Michael Johnston
- John Shirey
- Gabrielle Stadem

Vote symbols

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

Approval of the Minutes. Shirey sought clarification of the excess policy language with regards to cancellation of the policy. Staff explained the Conservancy maintained an umbrella policy but cancelled the excess policy per the Board’s instruction at the June meeting.

(Res.20.08.03) On a motion by Shirey and a second by Cohn, the Board unanimously approved the June 3, 2020 Board meeting minutes. Roll call:

Board members

Chandra Chilmakuri
 David Christophel
 Steve Cohn

Michael Johnston
 John Shirey
 Gabrielle Stadem

Vote symbols

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

Request for Proposals – Audit Services / Audit Committee Charter. These two items were moved together. The Board wanted to add tax services to the audit services RFP and inquired further to the changes in the Audit Committee Charter. Staff noted the charter was presented with minor change to the make-up of the committee and had been reviewed by Compensation and Governance Committee.

(Res.20.08.04) On a motion by Shirey and a second by Chilmakuri, the Board unanimously approved the Request for Proposals – Audit Services (with the inclusion of tax services) and the updated Audit Committee Charter. Roll call:

Board members

Chandra Chilmakuri
 David Christophel
 Steve Cohn

Michael Johnston
 John Shirey
 Gabrielle Stadem

Vote symbols

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

Request for Proposals – Land Management and Maintenance. Staff informed the Board that the current contract for land management and maintenance was due to expire on December 31, 2020. Staff proposed release of an RFP seeking proposals to conduct the work beginning January 1, 2021.

(Res.20.08.05) On a motion by Christophel and a second by Chilmakuri, the Board unanimously approved release of the Request for Proposals – Land Management and Maintenance. Roll call:

Board members

Chandra Chilmakuri
 David Christophel
 Steve Cohn

Michael Johnston
 John Shirey
 Gabrielle Stadem

Vote symbols

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

ACTION

2020 Mid-Year Budget Revision. A mid-year budget revision was presented for Board review. Several line items were adjusted based on current needs. Major line items adjusted were; a reduction to contract work, a reduction to facilities maintenance and improvement, an increase to land acquisition and an increase to legal expense. Staff recommended Board approval.

(Res.20.08.06) On a motion by Cohn and a second by Chilmakuri, the Board unanimously approved the 2020 mid-year budget revision as presented. Roll call:

Board members

Chandra Chilmakuri
 David Christophel
 Steve Cohn

Michael Johnston
 John Shirey
 Gabrielle Stadem

Vote symbols

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

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 June 30, 2020 financial statements. Additional information was provided.

NBHCP Finance Model sensitivity analysis. As a result of conversations some months ago with senior City of Sacramento finance officials regarding the long-term adequacy of the NBHCP fee, Conservancy management engaged in a series of conversations with Economic and Planning Systems (EPS). EPS is tasked each year with recalculating the NBHCP Finance Model, and its work in the recalculation effort has positioned the firm to be especially knowledgeable about NBHCP implementation finance. Accordingly, excellent support was available to the Conservancy as it contemplated some of the larger questions City management posed that test the NBHCP Finance Model.

Conservancy management presented to the Board the results of the sensitivity analysis that was completed in response to City management’s questions. In brief, if the Conservancy accepts existing, accepted assumptions, the NBHCP fee that is currently in place is adequate over the long term. However, if less optimistic assumptions are considered, there is an underfunding. In all scenarios—each one less optimistic than the current assumption that drives the NBHCP Finance Model calculation—the delta is not extraordinary but should be addressed.

As we approach the season where the Conservancy conducts the 2021 NBHCP Finance Model recalculation, which begins in a couple of months, a harder look at that nexus between the current assumptions used and those that are less optimistic will be considered. In the meantime, Board members are invited to review, comment upon and make recommendations on this important aspect of the Conservancy’s mission as we move into budget and NBHCP Finance Model recalculation season.

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

ADJOURNMENT

Official adjournment of the meeting.

(Res.20.08.07) On a motion by Johnston and a second by Cohn the Board unanimously voted to adjourn the meeting at 7:45 pm.

Board members

- Chandra Chilmakuri
- David Christophel
- Steve Cohn

- Michael Johnston
- John Shirey
- Gabrielle Stadem

Vote symbols

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

ATTEST:

Chandra Chilmakuri, Secretary

Date