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| <p>TNBC</p> | <p>Regular Meeting of the Board of Directors</p> | <p>Upcoming Regular Meetings</p> |  |
| <p>The Natomas Basin Conservancy Web site: www.natomasbasin.org</p> | <p>4:00 p.m. 2150 River Plaza Drive, #460 Sacramento, CA <i>(meeting in Suite 400)</i></p> | <ul style="list-style-type: none"> • March 3 • April 7 • May 5 | <p>February 3, 2010</p> |

Agenda

Agenda format and readings tips

• *Agenda packet sections*

| Agenda packet # | Section name | What's included |
|-----------------|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ① | Agenda | This is the main agenda. Reading this section will provide the reader with an understanding of the plan for the meeting. |
| ② | Supplemental materials | On some agenda items, there are handouts that are more extensive than can be covered in the "Discussion" section of the main agenda. These materials are included in agenda packet #2. |
| ③ | Executive Director's packet | The Executive Director includes items of general interest to the Board of Directors in agenda packet #3. The items in this packet are for general information, not action. |
| ④ | Executive Session | Material in this packet is for Board members' information in closed, executive session. It is confidential and not made public. |

• *Item organization*

This agenda is prepared in order to facilitate understanding of the Conservancy Board of Director's agenda packet. Each agenda item is numbered in the far left-hand column. Then, as the reader moves from left to right, more information is provided. Ultimately, the far right-hand column presents a discussion of the agenda item.

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|---|---------------|----------------------------------------------------------------|--------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Call to Order | Call to Order of the Regular Meeting of the Board of Directors | Admin. | ∅ | ○ The Board President will call the meeting to order if a quorum is present. Announcements by the Board President or Executive Director may be made at this time. |
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• *Exhibit symbols attendant with agenda item*

| Agenda exhibit symbol in the "Pg." column | Definition |
|-------------------------------------------|----------------------------------------------------------------------------------------|
| ∅ | There is no supplemental information that accompanies an agenda item. |
| ① | There is more information in supplemental handouts. |
| 2.21 | Means that in agenda packet number 2, there will be supporting information on page 21. |

• *Staff agenda item recommendations symbols*

In the "Discussion" column, there are a series of symbols used, also in order to facilitate quick understanding. These indicate the status of staff recommendations.

| Agenda exhibit symbol in the "Pg." column | Definition |
|-------------------------------------------|-------------------------------------------------|
| ○ | There is no staff recommendation on the matter. |
| ⊕ | Staff recommends approval. |
| ● | Staff does not recommend approval. |

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| <h1>TNBC</h1> <p>The Natomas Basin Conservancy</p> <p>Web site: www.natomasbasin.org</p> | <p>Regular Meeting of the Board of Directors</p> | <p>Upcoming Regular Meetings</p> |  <p>February 3, 2010</p> |
| | <p>4:00 p.m.</p> <p>2150 River Plaza Drive, #460 Sacramento, CA (meeting in Suite 400)</p> | <ul style="list-style-type: none"> • March 3 • April 7 • May 5 | |

| # | Section | Item | Type | Pg. | Discussion |
|---|---------------|-------------------------------------------------------------------------------------------------------|---------|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Call to Order | Call to Order of the Regular Meeting of the Board of Directors | Admin. | ∅ | ○ The Board President will call the meeting to order if a quorum is present. Announcements by the Board President or Executive Director may be made at this time. |
| 2 | Action | Approval of the Minutes | Consent | 2.1 | ⊕ The Board President will request approval of the minutes of the Board of Directors meeting of December 2, 2009. |
| 3 | Action | Office sublease agreement | Action | 2.9 | ⊕ The Conservancy's office space is leased through a sublease arrangement with Economic Planning Systems (EPS). The lease is scheduled to expire on April 1, 2010. Staff recommends that the Conservancy exercise its option to renew the lease for 12 months with a second 12 months to follow unless the Conservancy gives notice of non-renewal on the second 12 months. |
| 4 | Action | Authorization to cast ballots in the Natomas Central Mutual Water Company Board of Directors election | Action | 2.10 | ⊕ The annual election of Directors of the Natomas Central Mutual Water Company (NCMWC) takes place on February 9, 2010. The Conservancy holds 3,407 shares of stock in the Company (out of approximately 32,000). Conservancy staff recommends that votes be cast for candidates committed to preserving the NCMWC's historic policy of keeping the NCMWC stock linked to the land owned by the shareholder (that is, not allowing the stock to be severed from the land). This action authorizes the Conservancy's Executive Director to vote the Conservancy's shares in the Conservancy's interest after getting verbal okay from the Conservancy's Board President. |
| 5 | Action | 2010 HCP fee recommendation | Action | 2.20 ∅ | ⊕ At the December 2, 2009 Board of Directors meeting, the Board approved a budget for 2010. With that approval, the Board submitted a request to the City of Sacramento to adopt the NBHCP's Finance Model's indicated fee from: • the current fee of: \$38,133 per acre (\$20,633 with land dedication) |

Ⓢ = More information in supplemental handouts.
∅ = No additional exhibits in Agenda Packet.

⊕ = Staff recommends approval.
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| | | | | <p>• <i>to a new (2010) fee of:</i></p> <p style="padding-left: 40px;"><i>\$45,423 per acre</i> <i>(\$27,923 with land dedication).</i></p> <p>The primary reason for the fee increase is the State of California’s termination of Williamson Act subventions and resultant increases in property taxes. The Board approved the request, but a question was raised about the Williamson Act assumptions used.</p> <p>Conservancy staff indicated to the Board that it would take another look at the assumptions, and if the re-examination warranted a return to the Board for reconsideration, the matter would be brought back at the Board’s February 2010 meeting.</p> <p>Staff met with economists at EPS, Conservancy legal counsel, City staff, the Natomas Working Group and others and determined that a less conservative Williamson Act assumption was appropriate as follows:</p> <p><u>Current assumption:</u></p> <ol style="list-style-type: none"> 1. The State of California’s Williamson Act subventions to counties remains unfunded or largely unfunded. 2. Counties with which the Conservancy has Williamson Act contracts give notice to terminate its contracts. 3. The 10-year phase down process begins, and the Conservancy is faced with a larger property tax burden. <p><u>New assumption:</u></p> <ol style="list-style-type: none"> 1. The State of California’s Williamson Act subventions to counties remains unfunded or largely unfunded. 2. Counties with which the Conservancy has Williamson Act contracts make no change to existing contracts. 3. Counties permit no new properties to be enrolled in Williamson Act contracts. 4. All new properties acquired by the Conservancy for HCP mitigation purposes enjoy no Williamson Act property tax protection and are assessed at their full value. <p>Under this new assumption, the fee recommendation submitted to the City of Sacramento would appear as follows:</p> <p>• <i>a new (2010) fee of:</i></p> <p style="padding-left: 40px;"><i>\$44,050 per acre</i> <i>(\$26,550 with land dedication).</i></p> <p>This item requests adoption of a resolution to be submitted to the City of Sacramento which amends the fee request, as follows:</p> |
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| | | | | | <p>A RESOLUTION RECOMMENDING ADJUSTMENT IN THE NATOMAS BASIN HABITAT CONSERVATION PLAN FEE TO THE CITY OF SACRAMENTO</p> <p>WHEREAS, the Conservancy is charged with implementing the Natomas Basin Habitat Conservancy Plan (NBHCP), and</p> <p>WHEREAS, in order to accomplish its mission the Conservancy receives fees paid to it which are normally collected by the City of Sacramento, and these fees are in turn conveyed to the Conservancy to use in implementing the NBHCP, and</p> <p>WHEREAS, as required by the NBHCP, each year the Conservancy evaluates the costs associated with implementation of the NBHCP and determines if the fees are adequate, and</p> <p>WHEREAS, the Conservancy has re-run the NBHCP Finance Model that has been used to evaluate the adequacy of funds necessary to implement the NBHCP, and</p> <p>WHEREAS, when the fee is deemed in need of adjustment to permit continued successful implementation of the NBHCP, the Conservancy has requested that the City of Sacramento approve a fee level that is adequate, and</p> <p>WHEREAS, in order to adequately finance the NBHCP's implementation given current levels of income and expense, the Conservancy believes that the current fee must be increased.</p> <p>NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE NATOMAS BASIN CONSERVANCY THAT,</p> <p>1. The Conservancy believes an NBHCP fee of \$38,133.00 per developed acre ("base fee") be increased to \$44,050.00 per developed acre and requests the City of Sacramento establish this new, requested fee level.</p> <p>2. The Conservancy believes a fee increase from \$20,633.00 per developed acre to \$26,550.00 per developed acre with satisfactory land dedication is necessary in lieu of paying the Land Acquisition Fund portion of the NBHCP fee, and requests the City establish this new, requested fee level.</p> |
| 6 | Discussion | City of Sacramento report | No action | ∅ | ○ Report from the City of Sacramento regarding HCP-related activity and other topics. |
| 7 | Discussion | Financial statement review | No action | 2.39 | ○ A financial statement will be provided for the period ended December 31, 2009 (draft and unaudited). The year-end close is still in process, so the statement presented will be in draft form. |

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| 8 | Discussion | Endowment funds investment manager report | No action | ① | ○ An update on the Conservancy's endowment funds will be provided by Sheree Arntsen of Arnerich Massena & Associates, Inc. |
| 9 | Discussion | Annual meeting of the Corporation scheduled for next month | No action | ∅ | ○ The Conservancy's Annual Meeting of the Corporation is scheduled for next month. The primary function of this meeting is to elect officers for the year. |
| 10 | Discussion | Sacramento Area Flood Control Agency update on the Natomas Levee Improvement Project | No action | ① | ○ Guest Tim Washburn of the Sacramento Area Flood Control Agency (SAFCA) will be present to update the Board on the Natomas Levee Improvement Project (NLIP). |
| 11 | Public Comments | Public Comments | No action | ∅ | ○ Opportunity for members of the public to address the Conservancy's Board of Directors. |
| 12 | Executive Session | Executive Session | Action | ① | ○ Executive Session is planned. |
| 13 | Executive Director's Report | Executive Director's Report | No action | ① | ○ Various matters for Board members' general information. |
| 14 | Adjournment | Adjournment | Admin. | ∅ | ○ Official adjournment of the meeting. |

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