

Natomas Basin Conservancy
Board of Directors
Agenda
Wednesday, August 06, 2014, 4:00 pm - 7:00 pm
2150 River Plaza Drive

Item

A. 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.

B. Approval of the minutes Page . 6

CONSENT: The Board President will request approval of the minutes and consent items of the Board of Directors meeting of June 4, 2014.

C. Contract Amendment for Lake WebWorks Page . 10

CONSENT: Earlier this year the Conservancy's Board of Directors authorized staff to spend up to \$14,000.00 to convert the Conservancy's website to a new platform, and with a new website developer, Lake WebWorks. The new platform will allow Conservancy staff to make changes and update the website for most operations, thus reducing monthly expense paid to the former web site developer, as well as increasing response time. The new platform also allows for "responsive design," so that the website may be viewed unobstructed on various electronic devices (e.g., smartphones, tablets as well as laptops and desktop computers). This has been completed and is working seamlessly.

Now that the transfer has been completed and the web site stabilized, several more minor refinements need to be made (see listed on the attached). This item requests \$7,500.00 to make the refinements and include staff training for website updating.

D. Mid-year Budget revision Page . 11

ACTION: To update the Conservancy's annual budget, staff submits a mid-year budget correction. The proposed amended budget projects a decrease in expense allocation due to savings on the BKS North Course Channel Clearing Phase 4 project. In this proposed mid-year budget revision, some of the savings from this project were reallocated to offset increased water costs, to begin work on updating the Conservancy SSMPs as well as other smaller items. See below for further details.

--Property maintenance (change proposed: decrease \$146,000.00 from the budgeted \$718,000.00 to total \$572,000.00). Savings from the BKS North Course Channel Clearing Project Phase 4 of \$41,000.00 has been reallocated to general clean up and improvement of the entire BKS site. Now that all the channel clearing operations have been completed (2009 through 2014), separate items such as interior access repair, drainage, re-establishment of native grass, etc. need to be done. Also, and separate from the channel-clearing budget for 2014, is \$25,000 budgeted for the proposed preserve access project, which is not going to happen, at least not in 2014. This item proposes moving \$18,000.00 of the preserve access budget to the equipment line item for equipment that will be used to reduce contract labor and maintenance expense in the future, with the balance of the budgeted allocation returned to offset total expenses.

--SSMP (change proposed: add \$50,000.00 to the budgeted \$0 to total \$50,000.00). With part of the savings from the BKS project, staff proposes to get started on updating the SSMPs for all Conservancy properties rather than attempt to do all of the work in 2015 as planned. Staff anticipates including a SSMP allocation in next year's budget as well. This year's allocation will focus on preliminary planning, surveying and aerial photograph, all essential elements in getting the required SSMPs completed.

--Water costs (change proposed: add \$35,000.00 to the budgeted \$386,931.00 to total \$421,931.00). The Natomas Central Mutual Water Company substantially increased its water tolls for 2014 well after the Conservancy's budget was set. The total impact to the Conservancy's budget is estimated to be \$35,000.00, but even this number could change given the dynamics of water sales in an extreme drought. This item amends the 2014 budget to add \$35,000.00 to the \$386,931.00 budgeted for water in

the 2014 budget.

--Administration; telecommunications (change proposed: add \$7,500.00 to the budgeted \$35,000.00 to total \$42,500.00). Earlier this year the Conservancy's Board of Directors authorized staff to spend up to \$14,000.00 to convert the Conservancy's website to a new platform, and with a new website developer, Lake WebWorks. The new platform will allow Conservancy staff to make changes and update the website for most operations, thus reducing monthly expense paid to the former web site developer, as well as increasing response time. The new platform also allows for "responsive design," so that the website may be viewed unobstructed on various electronic devices (e.g., smartphones, tablets as well as laptops and desktop computers). This has been completed and is working seamlessly. This item requests \$7,500.00 to make additional refinements to the website as outlined in item "C" of this agenda as well as include staff training.

Conclusion. It is expected that with the additions and subtractions, the budget will decrease by \$102,750.00. No change is proposed for the revenue side of the budget.

This item requests Board approval of the proposed 2014 Mid-year Budget Revision.

E. Proposed revisions to the NBHCP Page . 15

ACTION: Proposed revisions to the NBHCP

The NBHCP, in Section VI.L.3, pages VI-47 – VI-49, provides for revisions to the NBHCP. The Conservancy is the designated facilitator of any revision proposals, and the keeper of all records of revisions.

This item requests the Board's approval on two proposed revisions (see below). If the Board approves the revisions, the Conservancy's staff will canvass the Parties to the NBHCP for approval or otherwise use the file and notice provisions provided for in the NBHCP.

The proposed revisions are as follows:

A. Proposing Party: County of Sutter.

Nature of proposed revision: Sutter County proposes to formally define its 7,467 Permitted Acres within the larger area authorized in the 2003 NBHCP. This entails the filing of a map, which map will be added to the NBHCP and IA if the Board and the Parties approve.

Justification:

--Will the proposed revision, if accepted, result in operations under the NBHCP that are significantly different from those analyzed in connection with the NBHCP? No. During the last federal litigation, Sutter County assured the court that once it was certain as to the exact boundaries of its Permitted Area, it would submit a map that clearly defined this area. This action simply fulfills that commitment.

--Will the proposed revision, if accepted, result in adverse impacts on the environment that are new or significantly different from those analyzed in connection with the NBHCP as approved? No. This action would have no adverse impact on the environment, and merely complies with earlier commitments to formalize it Permit Area.

Staff recommendations: Conservancy staff recommends approval.

B. Proposing Party: Natomas Basin Conservancy

Nature of proposed revision: The NBHCP, at VI.L.4 (page VI-47) notes: "Revisions to the NBHCP are changes to the Plan provided for under the Operation Conservation Program, including...Mitigation Fee adjustments." Elsewhere in the NBHCP, the matter is addressed as follows (at pages VI-4 and 5), "Adjustments to the Mitigation Fee...to meet ongoing management and monitoring costs...do not require amendments to the NBHCP or Permits." Also elsewhere (at Page VI-6) is: "Such fee increases are provided for under the Plan's Operating Conservation Program and therefore do not trigger amendment of the Plan or Permits."

This item seeks to make clear that as long as the Conservancy follows the prescribed fee adjustment protocols in the NBHCP, approval by the Wildlife Agencies is not required.

Justification:

--Will the proposed revision, if accepted, result in operations under the NBHCP that are significantly different from those analyzed in connection with the NBHCP? No. Fee adjustment practices have been the same for 15 years and the NBHCP has endured multiple state and federal court tests, and the funds for conducting the Conservancy's program of work have been adequate.

--Will the proposed revision, if accepted, result in adverse impacts on the environment that are new or significantly different from those analyzed in connection with the NBHCP as approved? No. See answer above.

Staff recommendations: Staff recommends approval as follows:

At Section VI.L.3 (page VI-47) make the following wording change (strikethrough text proposed for deletion):

Revision to the NBHCP are changes to the Plan provided for under the Operation Conservation Program, including Adaptive Management changes and the Mitigation Fee adjustments.

F. SAFCA Implementation Agreement #1, Amendment #5 (Brookfield) Page. 16

ACTION: Staff proposes to amend the Brookfield agreement between the Conservancy and the Sacramento Area Flood Control Agency "Fifth Amendment to Implementation Agreement No. 1 between the Natomas Basin Conservancy and the Sacramento Area Flood Control Agency Regarding the Natomas Levee Improvement Program (Brookfield property)". This agreement engages the Conservancy to conduct certain land management practices on the SAFCA-owned Brookfield tract, including farming operations to restore the property's ability to produce a rice crop in the future. This item authorizes the Executive Director to execute and deliver the above-referenced Brookfield agreement.

G. SAFCA Implementation Agreement #5 (South Sutter) Page. 22

ACTION: This item requests authorization for the Executive Director to execute and deliver an agreement between the Conservancy and the Sacramento Area Flood Control Agency (SAFCA). The agreement pertains to the South Sutter tract (approximately 75.08 acres) located approximately on West Elkhorn Road west of the Sacramento airport. The Conservancy is asked by SAFCA to manage a portion of the property.

Staff recommends approval of this agreement so that the Executive Director is authorized to execute and deliver these agreements on behalf of the Conservancy.

H. SAFCA Implementation Agreement #6 (Willey) Page. 33

ACTION: This item requests authorization for the Executive Director to execute and deliver an agreement between the Conservancy and the Sacramento Area Flood Control Agency (SAFCA). The agreement pertains to the Willey Field tract (approximately 4.69 acres) located generally on the north side of Interstate 5 southwest of the Sacramento airport. The Conservancy is asked by SAFCA to manage a portion of the property.

Staff recommends approval of this agreement so that the Executive Director is authorized to execute and deliver these agreements on behalf of the Conservancy.

I. Groundwater exchange program, Natomas Central Mutual Water Company Page. 46

ACTION: The Natomas Central Mutual Water Company (NCMWC) continues its groundwater exchange program and has twice enhanced the incentive for participants to draw more groundwater from the Natomas Basin aquifer(s). At first, the NCMWC stated its goal was to get 5,000 acre-feet of water from Natomas Basin wells. Later, it indicated it wanted 10,000 acre-feet.

As an 11 percent owner of the NCMWC's stock, the Conservancy has numerous concerns with the program.

--First, it runs counter to the Conservancy Board's expression and unanimous vote on the matter.

--Second, Conservancy staff believes there have been governance shortfalls at the NCMWC level over the program.

--Third, it is conceivable that non-participant shareholders could in effect end up subsidizing the few mostly insider beneficiaries of the program if claims are made against the NCMWC over the program, and if groundwater over drafting takes place.

--Fourth, based on actual experience last winter, the Conservancy's ability to water up its marsh complexes could be severely compromised if groundwater over drafting does in fact take place.

The Conservancy's legal counsel has taken a look at certain NCMWC corporate documents and has notified Conservancy staff of its questions about the authority the NCMWC has to engage in its groundwater exchange program. Conservancy staff has inquired with multiple parties about the matter. The result has been that Conservancy staff recommends that a letter be sent to the NCMWC requesting clarification as to its participation in this program based on what appears to be inadequate authority in the NCMWC's Articles of Incorporation.

This item requests the Board's concurrence that such a letter should be sent to the NCMWC.

J. City of Sacramento report

DISCUSSION: Report from the City of Sacramento regarding HCP-related activity and other topics.

K. Financial statement review Page . 51

DISCUSSION: A financial statement will be provided for the period ended June 30, 2014 (unaudited). Additional financial information will be provided.

L. Update: endowments funds mid-year report

DISCUSSION: The Board will be briefed by staff and the Conservancy's Finance Committee on the report provided by T. Rowe Price's Phil Burger covering the six months ended June 30, 2014. A report is provided.

M. Update: Conservancy insurance

DISCUSSION: The Conservancy's insurance broker, Vince Juarez of Wells Fargo Insurance Services will be on hand to review with the Board insurance coverage. This includes general liability, directors and officers liability, workers' compensation, etc.

N. Update: building moratorium due to flood designation Page . 69

DISCUSSION: HCP fee revenue sufficient to implement the NBHCP and MAPHCP has been challenged the last several years by a building moratorium triggered by federal flood designations in the Natomas Basin. In late May, legislation was passed in Congress which would likely restore building and development. The legislation, named the Water Resources Reform and Development Act (WRRDA), was passed in the House of Representatives on a 412 to 4 vote and by the U.S. Senate on a 91 to 7 vote. The President signed the legislation June 10, 2014.

Conservancy staff believes the action will set in motion a significant change in Conservancy operations into the near and immediate-term future. Staff will update the Board on the matter.

O. Update on BKS North Course channel clearing and maintenance project

DISCUSSION: Staff will update the Board on the BKS North Course channel clearing and maintenance project currently underway.

P. Update: property tax research

DISCUSSION: Staff will update the Board on the progress made in obtaining property tax relief.

Q. Initiative: Clean Water Act mitigation

DISCUSSION: Staff will discuss with the Board an idea that would have the Conservancy providing wetland mitigation under the Federal Clean Water Act, Section 404. Board members' advice and counsel will be requested.

R. Public Comments

Opportunity for members of the public to address the Conservancy's Board of Directors.

S. Executive Session

No Executive Session is scheduled.

T. Executive Director's Report Page . 70

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

U. Adjournment

ADMIN: Official adjournment of the meeting.

Minutes of a Regular Meeting¹
of
The Natomas Basin Conservancy

June 4, 2014
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
- Mike Bradbury
- George Carpenter
- David Christophel
- William Edgar
- Kevin McRae (left at 5:30 pm)
- Dan Silva
- Danelle Stylos
- Steven Willey

STAFF/LEGAL COUNSEL

PRESENT:

Kim Burns, Valerie Huezco, Jeremy Lor, John Roberts, Ed Quinn

GUESTS:

Nick Avdis, Attorney; Scott Mende, City of Sacramento; Cara Ueda, Best, Best & Krieger; Rob Paschoal, Farmers' Rice Cooperative; Bob Shattuck, Lennar

TAC:

None

CALL TO ORDER

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

ANNOUNCEMENTS

Stylos on behalf of all board and staff thanked Christophel for the time he served as president of the Conservancy board. A new Board member was appointed for Sutter County, Davin Norene.

ACTION-REGULAR SESSION

Addition to Action Items. Implementation Annual Meeting (Proposed)

The Board President proposed the Implementation Annual Meeting be added to the agenda.

(Res. 14.06.01) On a motion by Carpenter and a second by Christophel, the Board unanimously approved the addition of Implementation Annual Meeting to the agenda.

¹ Notice of meeting posted on TNBC website and front office marquee.

Board members

- Kay Backer
- Mike Bradbury
- George Carpenter
- David Christophel
- William Edgar

- Kevin McRae
- Dan Silva
- Danelle Stylos
- Steven Willey

Vote symbols

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

IMPLEMENTATION ANNUAL MEETING (Implementation Agreement §5.4)

- A. Meeting notes from the August 7, 2013 meeting are found on pg. 2 of the Minutes of the August 7, 2013 Regular meeting. No action was taken.
- B. Discussion of Annual Report. Concerns, comments, recommendations.
- C. City of Sacramento issues.
- D. County of Sutter issues.
- E. California Department of Fish and Wildlife issues.
- F. U.S. Fish and Wildlife Service issues.
- G. Adjourn Implementation Annual Meeting.

ADJOURNMENT OF THE IMPLEMENTATION ANNUAL MEETING

(Res.14.06.02) On a motion by Backer and a second by Bradbury, the Board voted unanimously to adjourn the Implementation Annual Meeting.

Board members

- Kay Backer
- Mike Bradbury
- George Carpenter
- David Christophel
- William Edgar

- Kevin McRae
- Dan Silva
- Danelle Stylos
- Steven Willey

Vote symbols

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

ACTION-REGULAR SESSION (Cont.)

Approval of the minutes. The Board President requested approval of the minutes of the Board of Directors meeting of May 7, 2014. Christophel wanted Carpenter and Willey to call attention to the minutes item where the Board voted to not to participate in this year's conjunctive use water sale with the Natomas Central Mutual Water Company.

(Res. 14.06.03) On a motion by Christophel and a second by Bradbury, the Board unanimously approved the minutes of the May 7, 2014 Board meeting.

Board members

- Kay Backer
- Mike Bradbury
- George Carpenter
- David Christophel
- William Edgar

- Kevin McRae
- Dan Silva
- Danelle Stylos
- Steven Willey

Vote symbols

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

DISCUSSION

City of Sacramento report. Mende gave a brief report on future mitigation.

Financial statement review. Burns provided a financial statement update for the period ended April 30, 2014 (unaudited).

Meeting with legal counsel on Board and staff rights and responsibilities. Ueda gave a brief overview of the board members' responsibilities and obligations, including duty of care, duty of loyalty and a discussion of the business judgment rule.

Update: briefing on the impact of the drought and new federal farm legislation. Rob Paschoal, Vice President, Field Services for Farmers' Rice Cooperative (FRC), addressed the Board. FRC has approximately 850 farmer members and handles 20 to 25 percent of California's rice crop.

Rice farming activities occupy 50 percent of all Conservancy land and much of the staff's time. From a biological perspective, rice farming serves as a key element of the Conservancy's overall strategy for Giant Garter Snake mitigation. Rice farming in California is dealing with two important recent developments, 1.) new federal farm legislation, and 2.) the ongoing drought facing California. The Board was briefed on the status of the industry in Northern California as it is influenced and impacted by the drought and the new federal farm legislation.

Update: building moratorium due to flood designation. HCP fee revenue sufficient to implement the NBHCP and MAPHCP has been challenged the last several years by a building moratorium triggered by federal flood designations in the Natomas Basin. In late May, legislation was passed in Congress which would likely restore building and development. The legislation, named the Water Resources Reform and Development Act (WRRDA), was passed in the House of Representatives on a 412 to 4 vote and by the U.S. Senate on a 91 to 7 vote. The President is expected to sign the legislation June 6, 2014.

Conservancy staff believes the action will set in motion a significant change in Conservancy operations into the near and immediate-term future. Staff briefed the Board on its expectations as a result of the legislation.

Update on BKS North Course channel clearing and maintenance project. Staff updated the Board on the Conservancy's BKS North Course channel clearing and maintenance project. A photo slideshow was shown of the progress made to the Board.

Update: property tax research. Staff updated the Board on the progress made in obtaining property tax relief.

Initiative: Clean Water Act mitigation. Staff discusse with the Board an idea that would have the Conservancy providing wetland mitigation under the Federal Clean Water Act, Section 404. Board members' requested management provide more information on this issue and bring it back to the Board for further discussion.

PUBLIC COMMENTS

Shattuck indicated it might be very expensive for developers to pay the NBHCP mitigation fees, as well as Clean Water Act, Section 404, wetland mitigation fees. If the Conservancy were to offer both it might be more attractive.

EXECUTIVE SESSION

No Executive Session was scheduled.

EXECUTIVE DIRECTOR’S REPORT

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

ADJOURNMENT

(Res.14.06.04) On a motion by Edgar and a second by Christophel, the Board voted unanimously to adjourn the meeting at 6:05 p.m.

Board members

- Kay Backer
- Mike Bradbury
- George Carpenter
- David Christophel
- William Edgar

- Kevin McRae
- Dan Silva
- Danelle Stylos
- Steven Willey

Vote symbols

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

ATTEST:

David Christophel, Secretary

date

From: **David Lake** lakewebworks@gmail.com
Subject: Proposed areas of improvement for Phase 2
Date: July 28, 2014 at 2:01 PM
To: John Roberts jroberts@natomasbasin.org

Hi John,

Here are the areas of improvement that I'd like to propose that we add to the Phase 2 description to pitch to the board. I'm also including the description of the responsive design development that we've already accomplished (which increased the budget by 2K). Please review and let me know if there are any items that you'd like to add, remove or edit from the board pitch. Also let me know if you require any additional information or more detailed descriptions of any of the proposed action items.

Thanks!
David

NatomasBasin.org Phase 2 Development

- 1) Responsive Behaviors for Increased Mobile-Friendliness. \$2,000 (already completed)
Contemplates implementing "responsive" behaviors into the current design templates to allow the site to adapt to smaller screen sizes for increased readability and usability on mobile devices with smaller screen sizes.
- 2) Search Engine Optimization Training \$400-600
Contemplates review of search engine marketing objectives, identification of priority keywords, and training on how to optimize pages for specific keywords (including methods for analyzing current optimization, competitive analysis and identifying areas for improvement).
- 3) Google Search. \$300-400
Google provides its search free for use by nonprofits on their websites. Implementing a Google-powered search will improve the site's search function and quality of search results.
- 4) Improvement of Archives for Articles and Blog Entries. \$300-400
Contemplates training on best practices and techniques for dating, tagging and categorizing articles for more effective archiving to make it easier for people to research particular topics of interest. Once these techniques have been implemented, improved navigation elements can be developed to make it easier for people to find information on specific topics or from particular time periods. These best practices will also improve search engine optimization for pertinent keywords.
- 5) Add Comment Capabilities to Blog Entries and Other Selected Content. \$300-400
Contemplates identifying content where reader comments and dialogs with the other would be beneficial, implementing comment capabilities and configuring system to enforce the desired rules for moderator approval and spam control.
- 6) Additional WordPress and Website Management Training \$200-400
Contemplates 2-4 hours of additional training to help answer questions Conservancy staff may have to date and further develop their skill sets with hands on training to improve and expand in-house site management capabilities. Can include training on how to review site analytics and gather information about how the site is used.
- 7) Extended Responsive Design \$2000-3000
Contemplates redesigning templates to take advantage of larger screen sizes, and revisiting the design of key landing pages (particularly the home page) which might benefit from increased "screen real estate" when available. Would include discussion of key audience groups, most wanted responses, content hierarchies and key paths that we wish to guide each audience group down. Also includes further refinement responsive behaviors at smaller screen sizes for increased readability and usability.

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Lake WebWorks
916.505.6136
www.lakewebworks.com

Mid-Year Budget Revision

August 6, 2014

The Natomas Basin Conservancy
Draft FY 2014 Mid-Year Budget Revision

Budget line item information

I. Revenue			
Line item	Discussion	Proposed Mid-Yr 2014	Budgeted FY 2014
Mitigation fees	The City of Sacramento estimates approximately 7.25 acres of public project mitigation in 2014.	\$233,878	\$233,878
Mitigation fees	Estimate zero acres for Sutter County mitigation in 2014.	-	-
Mitigation fees	Estimate zero acres for Metro Air Park mitigation in 2014.	-	-
Mitigation fee - other	Additional one-time projects surface from time-to-time and this is a budgeted project placeholder. One such project could exceed this amount or no such funds could be received.	\$50,000	\$50,000
Investment income - Restricted	Investment and interest income expected from Endowment and Supplemental funds, based on 3% projected real rate of return. This also includes interest income on the SAFCA endowment fund. <i>Endowment Fund \$449,875</i> <i>Supplemental Fund \$73,835</i>	\$523,710	\$523,710
Investment income - Unrestricted Funds	Interest is accrued on account balances. Interest fluctuates periodically, and the total investment income will vary depending on the date available funds are used for various expenditures as well as interest rate changes. Allocation to each of the Conservancy's unrestricted funds is based on the fund balance at the time interest is accrued. Based on 2% projected real rate of return. <i>Administration Fund \$132,906</i> <i>Restoration & Enhancement Fund \$28,319</i> <i>Land Acquisition Fund \$44,116</i>	\$205,341	\$205,341
Farm rent	Gross rent from farmable acres under contract.	\$450,000	\$450,000
Miscellaneous income	Gross rent from residences, SAFCA contract payments, various reimbursements, etc.	\$50,000	\$50,000
Total revenue		1,512,929	\$1,512,929
Gross operating income	HCP-related income and investment income from all funds with the exception of the Endowment Fund and the SAFCA funds.	\$458,878	\$458,878
Total non-fee revenue	Includes investment income, farm rent and miscellaneous income with the exception of the Endowment Fund and SAFCA funds.	\$675,000	\$675,000

The Natomas Basin Conservancy
Draft FY 2014 Mid-Year Budget Revision

Budget line item information

II. Expenditures			
Line item	Discussion	Proposed Mid-Yr 2014	Budgeted FY 2014
Program Expenditures			
Biological monitoring	Pertains exclusively to biological monitoring as required by the 2003 NBHCP.	\$298,196	\$298,196
Land Management	This is an estimate of land management costs based on 2013 costs.	\$400,000	\$400,000
SSMP Preparation and Revision	Mid-Year Revision: These funds were reallocated from Property Maintenance to begin revisions to Conservancy's SSMPs.	\$50,000	\$0
Contract work, public education and publications	Similar to last year's budget, and includes general contract work, public education and publications. Includes \$20,000 for the Ag Water Waiver program instituted by regional and state water regulatory agencies.	\$42,500	\$42,500
Property taxes	This is an estimate of property taxes for TNBC real property based on actual tax bills. This excludes RD 1000 assessments, which is approximately \$60,000.	\$208,051	\$208,051
Water - RD 1000 and NCMWC	This includes RD 1000 and the Natomas Mutual Water Company's assessment and water usage rates which are projected to be approximately \$120 per acre for rice (the Conservancy's largest crop). Conservancy farm tenants pay up to \$65.00/acre leased. Adjustments are made for marsh watering, fallow ground and winter water. Mid-Year Revision: Natomas Mutual Water Company has increased their water tolls 23%. This may be offset some by water sales. Funds were reallocated from Property Maintenance.	\$421,931	\$386,931
Property maintenance	General property maintenance items, including fences, signs, road maintenance, weed control, security and general repairs. This also includes; selected field leveling, estimated allowance for preserve access program and channel clearing for BKS - North Course, Phase 4. Mid-Year Revision: With the savings on the BKS - North Course, Phase 4 construction project, funds were reallocated to SSMP Revision and Water, as noted above.	\$572,000	\$718,000
Electricity	Includes electricity costs for lights and irrigation pumps on various Conservancy properties.	\$50,000	\$50,000
Restoration & enhancement	No restoration and enhancement projects budgeted for 2013.	-	-
Land acquisition	No land acquisitions budgeted for 2013.	-	-
Loan repayments	The Conservancy has a line of credit with the City of Sacramento to aid with land acquisitions. At present, the Conservancy has a zero balance on this account.	-	-
Administration			
Administrative			
Staff	This includes five staff members: Executive Director, Manager of Business and Accounting, Manager of Contracts and Compliance, Administrative Assistant and Field Services Assistant. (Included for potential salary adjustments is 2.5%.)	\$388,655	\$388,655
Benefits, taxes and charges	Includes statutory wage payments, employment taxes and fringe benefits. Includes basic retirement plan and group health insurance plan (employer-sponsored health savings account with a high deductible health insurance plan). Retirement plan involves no on-going liability to the Conservancy after employee separation and can be discontinued in any given year by action of the Board. Eligibility for participation in the plan (Simplified Employee Pension-Individual Retirement Account) at 13% of gross salary begins after completion of 12 months employment.	\$137,096	\$137,096

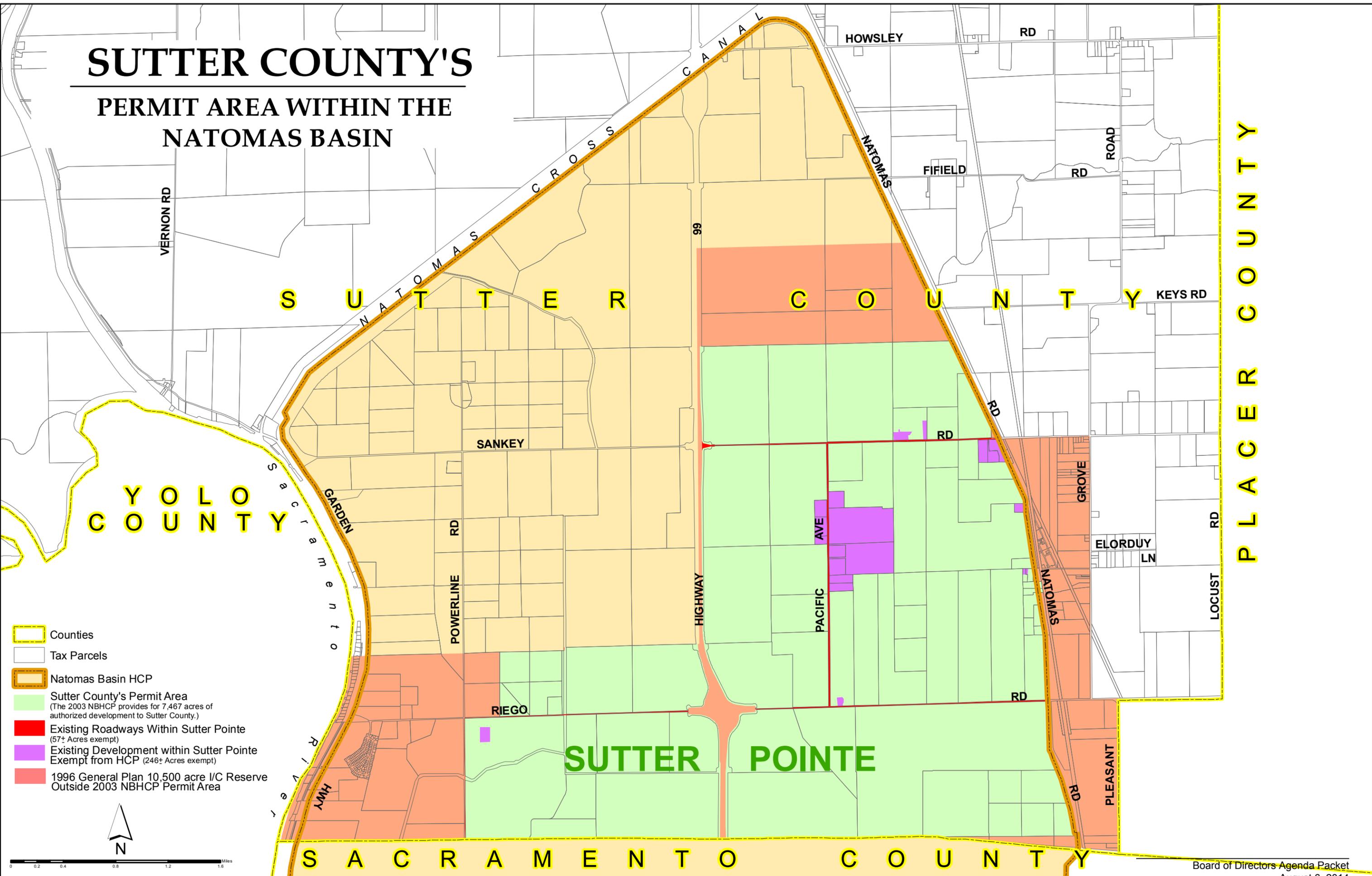
The Natomas Basin Conservancy
Draft FY 2014 Mid-Year Budget Revision

Budget line item information

II. Expenditures (cont.)			
Line item	Discussion	Proposed Mid-Yr 2014	Budgeted FY 2014
Board expense	Includes \$100 per meeting fee; anticipates 10 Board members for entire year plus Committee meetings. Includes small amount for miscellaneous Board expenses.	\$10,000	\$10,000
Office expense			
Rent	Includes basic office space at 2150 River Plaza Drive, Suite 460 (\$5,669 per month for 2,806 square feet). With the lease amendment signed in 2012, the Conservancy received three months free rent in 2013 (Sep-Nov).	\$72,613	72,612.65
Telecommunications	For basic telecommunications service, including telephone, internet connection, email and webhosting.	\$42,500	\$35,000
Copying & printing	For oversize photocopying, surveys, aerial photos, associated printing, electronic media, archives and copies.	\$20,000	\$20,000
Office supplies	Essential and common office supplies.	\$16,000	\$16,000
Postage	General postage.	\$2,000	\$2,000
Equipment	For basic office equipment, furniture.	\$25,000	\$25,000
Vehicle expense	For vehicle allowance and mileage expenses for staff as well as Board as needed.	\$25,200	\$25,200
Miscellaneous expense			
Insurance	Basic business insurance.	\$45,000	\$45,000
Accounting	For general accounting work and fiscal year-end audit.	\$36,000	\$36,000
Legal	General legal work.	\$75,000	\$75,000
Fees	For general corporation fees and investment management fees.	\$100,000	\$100,000
Contingency	10% contingency on all above administration items.	\$103,756	\$103,006
Subtotal TNBC expenditures		\$3,141,498	\$3,194,248
SAFCA Projects	Investment and interest income based on 3% projected real rate of return	\$21,763	\$21,763
SAFCA Projects	Non-HCP income - SAFCA's Natomas Levee Improvement Project Contract	\$343,560	\$343,560
SAFCA Projects	Less Non-HCP - SAFCA's Natomas Levee Improvement Project Management	(\$323,560)	(\$323,560)
Total expenditures		\$3,183,261	\$3,236,011
Total revenue over expenditures		(1,670,332)	(\$1,723,082)
Modified revenue over expenditures	This line excludes Endowment Fund investment income.	(2,120,207)	(2,172,957)

SUTTER COUNTY'S

PERMIT AREA WITHIN THE NATOMAS BASIN



- Counties
- Tax Parcels
- Natomas Basin HCP
- Sutter County's Permit Area
(The 2003 NBHCP provides for 7,467 acres of authorized development to Sutter County.)
- Existing Roadways Within Sutter Pointe
(57± Acres exempt)
- Existing Development within Sutter Pointe
Exempt from HCP (246± Acres exempt)
- 1996 General Plan 10,500 acre I/C Reserve
Outside 2003 NBHCP Permit Area



**FIFTH AMENDMENT TO IMPLEMENTATION AGREEMENT NO. 1
BETWEEN THE NATOMAS BASIN CONSERVANCY AND
THE SACRAMENTO AREA FLOOD CONTROL AGENCY
REGARDING THE NATOMAS LEVEE IMPROVEMENT PROGRAM
(BROOKFIELD PROPERTY)**

THIS FIFTH AMENDMENT TO IMPLEMENTATION AGREEMENT NO. 1 (“Amendment”) is made this ____ day of _____, 2014, by and between THE NATOMAS BASIN CONSERVANCY, a California nonprofit public benefit corporation (“TNBC”), and the SACRAMENTO AREA FLOOD CONTROL AGENCY, a joint exercise of powers agency established pursuant to the laws of the State of California (“SAFCA”). TNBC and SAFCA, and each of their respective successors and assigns, are sometimes hereinafter referred to collectively as “Parties” and individually as “Party.”

RECITALS

WHEREAS, TNBC and SAFCA have executed that certain Master Agreement dated March 9, 2009 (the “Master Agreement”), in connection with the NLIP (as defined in the Master Agreement) setting forth the general agreement between the Parties regarding TNBC’s involvement with the NLIP and its management of habitat compensation features (“HCFs”) (as defined in the Master Agreement); and

WHEREAS, SAFCA has acquired Sutter County Assessor’s Parcel No. 35-008-031 (the “Brookfield Property”) and has obtained borrow material from the Brookfield Property for use in constructing certain levee improvements provided for in the NLIP and has retained the Brookfield Property for perpetual rice production to mitigate for the impacts of its borrow operations on the Brookfield Property and for the impacts of other activities in the Natomas Basin to be determined in the future; and

WHEREAS, in pursuit of the goals and objectives of the Master Agreement, SAFCA and TNBC have entered into Implementation Agreement No.1 dated June 3, 2009 pursuant to which TNBC has agreed to operate, manage and maintain the Brookfield Property in accordance with a SSMP (as defined in the Master Agreement) for the Brookfield Property (“Brookfield SSMP”), provided that SAFCA: (a) records an HCF Easement (as defined in the Master Agreement) over the Brookfield Property (“Brookfield Conservation Easement”), (b) places the Brookfield Property in a condition that will allow the Brookfield Property to reach the goals set forth in the Brookfield SSMP, and (c) provides TNBC the funds necessary to perpetually operate, manage and maintain the Brookfield Property; and

WHEREAS, SAFCA and TNBC adopted a First Amendment to Implementation Agreement No.1 effective September 16, 2010 (First Amendment) to document the steps that SAFCA and TNBC agree must be taken to place the Brookfield Property in a condition suitable

for rice production and to provide the funding necessary to take these steps; and

WHEREAS, SAFCA and TNBC adopted a Second Amendment to Implementation Agreement No. 1 effective May 19, 2011 (Second Amendment) declaring that, as of the date of the Second Amendment, due to delays and complications in completing borrow operations at the site, SAFCA had not placed the Brookfield Property in a condition that will allow TNBC to operate, manage and maintain the Brookfield Property for rice production in accordance with the Brookfield SSMP; and

WHEREAS, SAFCA and TNBC adopted a Third Amendment to Implementation Agreement No. 1 effective March 15, 2012 (Third Amendment) declaring that, as of the date of the Third Amendment, due to weather delays in completing remediation operations at the site, the entire Brookfield Property had not been placed in a condition that will allow TNBC to operate, manage and maintain the Brookfield Property for rice production in accordance with the Brookfield SSMP; and

WHEREAS, SAFCA and TNBC adopted a Fourth Amendment to Implementation Agreement No. 1 effective March 6, 2013 (Fourth Amendment) declaring that, as of the date of the Fourth Amendment, due to weather delays in completing remediation operations at the site and operational considerations in the normal multi-year remediation process, the entire Brookfield Property had not been placed in a condition that will allow TNBC to operate, manage and maintain the Brookfield Property for rice production in accordance with the Brookfield SSMP; and

WHEREAS, the comprehensive program of rehabilitation improvements, begun with the Second Amendment and extended with the Third Amendment and Fourth Amendment, will be continued and completed in 2014.

AGREEMENT

NOW, THEREFORE, the Parties agree as follows:

Section 1. The following sections shall be added to Implementation Agreement No. 1:

“4.11 Field Preparation in 2014. The Parties agree that in order to rehabilitate the Brookfield Property to full crop production, in this third year of the establishment period, field preparation costs will again be elevated and crop yields will likely be below full production. During 2014, TNBC will at SAFCA’s expense complete the field preparation tasks described in Exhibit A to this Fifth Amendment on Fields 1A, 2, 3, and 4, as said fields are depicted on Exhibit B to this Fifth Amendment.

4.12 Funding for 2014. Because of the additional costs during the third year of the extended establishment period, TNBC’s costs for additional field preparation and cultivation activities on the property in 2014 are estimated not to exceed \$218,000, plus TNBC administrative costs of \$20,620 (calculated by multiplying the total 202.955 acres of the Brookfield Property [as depicted on Exhibit C to this Fifth Amendment] by the

\$101.59 per acre management fee), for a new total not to exceed amount of \$238,620. SAFCA shall pay TNBC up to the total not to exceed amount, offset by any and all revenue TNBC has or will receive from the Brookfield Property in 2014 for the 2013 rice crop. SAFCA's payment shall also be subject to adjustment as provided in the Master Agreement, including, without limitation, Section 8.3 thereof."

4.13 Funding for 2015 and 2016. The Brookfield Property will return to normal rice production and management arrangements in 2015. Because the revenue generated from the 2014 rice crop will not be received by TNBC until 2015 or 2016, the total amount that will be paid by SAFCA to TNBC for management of the property in these years shall, in addition to other revenue received in these years, be offset by any and all revenue TNBC receives for the 2014 rice crop. SAFCA's payment shall also be subject to adjustment as provided in the Master Agreement, including, without limitation, Section 8.3 thereof."

Section 2. In all other respects, Implementation Agreement No. 1, as amended, remains in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have caused this Fifth Amendment to be duly effective as of the day and year first written above.

TNBC:

SAFCA:

**THE NATOMAS BASIN
CONSERVANCY**, a California nonprofit
mutual benefit corporation

**SACRAMENTO AREA FLOOD
CONTROL AGENCY**, a California joint
exercise of powers agency

By: _____

By: _____
Richard M. Johnson, Executive Director

Name: _____

Its: _____

APPROVED AS TO FORM:

By: _____
M. Holly Gilchrist, Agency Counsel

EXHIBIT A
to
Fifth Amendment to Implementation Agreement No. 1

Brookfield Property
Rice Cultivation and Site Restoration Work to Be Completed in 2014

Fields 1A and 2 will be planted to rice in 2014. Fields 3 and 4 will be fallowed, leveled and amended in 2014.

A. Cultivation Costs (Fields 1A & 2)

All cultivation costs (see Attachment A)	\$151,200
---	-----------

B. Fallow, Second Leveling & Amendments (Fields 3 & 4)

All restoration costs (see Attachment B)	\$ 61,150
---	-----------

C. Contingency

<u>\$ 5,650</u>
\$ 218,000

Legend

- ▲ Contractor Access Point
- ▲ Farmer Access Point
- Culvert
- Road
- Excavation Limit
- Irrigation Canal
- Drainage ditch
- Property Line
- Haul Route
- NMWC Highline Canal
- NMWC Lateral
- NMWC Pump
- RD1000 Main Drain
- RD1000 Sub-Drain
- Check Structure



Exhibit B

Brookfield Property

Source data: Sutter County, CASIL NAIP aerial imagery, Psomas



SACRAMENTO AREA FLOOD CONTROL AGENCY

Natomas Levee Improvement Program

Board of Directors Agenda Packet

September 2010

Page 20 of 108

S:\19415-00108001\Tech\GIS\Brookfield exhibit rev.mxd

RECORD OF SURVEY

PARCEL 2 OF THE PARCEL
MAP NO. 292, 2 PARCEL MAPS 42
BEING A PORTION OF SECTIONS 9 & 10
T. 11. N., R. 4 E., M.D.M.

Sutter County - California
Scale 1" = 600' February, 2010

PSOMAS

1075 Creekside Ridge Drive, Suite 200
Roseville, CA 95678
(916) 788-8122 (916) 788-0600 (FAX)

SURVEYOR'S STATEMENT

THIS MAP CORRECTLY REPRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECTION IN CONFORMANCE WITH THE REQUIREMENTS OF THE PROFESSIONAL LAND SURVEYORS' ACT AT THE REQUEST OF PSOMAS IN FEBRUARY, 2010.

Brian E. Bullock
BRIAN E. BULLOCK P.L.S. 5260
LICENSE EXPIRATION DATE: 12/31/11
DATE: 2-25-10



COUNTY SURVEYOR'S STATEMENT

THIS MAP HAS BEEN EXAMINED IN ACCORDANCE WITH SECTION 8766 OF THE PROFESSIONAL LAND SURVEYORS' ACT THIS 26th DAY OF FEBRUARY, 2010.

Jerry E. Orr
COUNTY SURVEYOR R.C.E. 21203
LICENSE EXPIRATION DATE: 9/30/11
DATE: 2-26-10



RECORDER'S STATEMENT

FILED THIS 1st DAY OF March, 2010, AT 3:52 P.M. IN BOOK 18 OF RECORD OF SURVEYS AT PAGE 119, AT THE REQUEST OF PSOMAS.

Donna M. Johnston
DONNA M. JOHNSTON
COUNTY RECORDER
FILE #: 2010-0003012

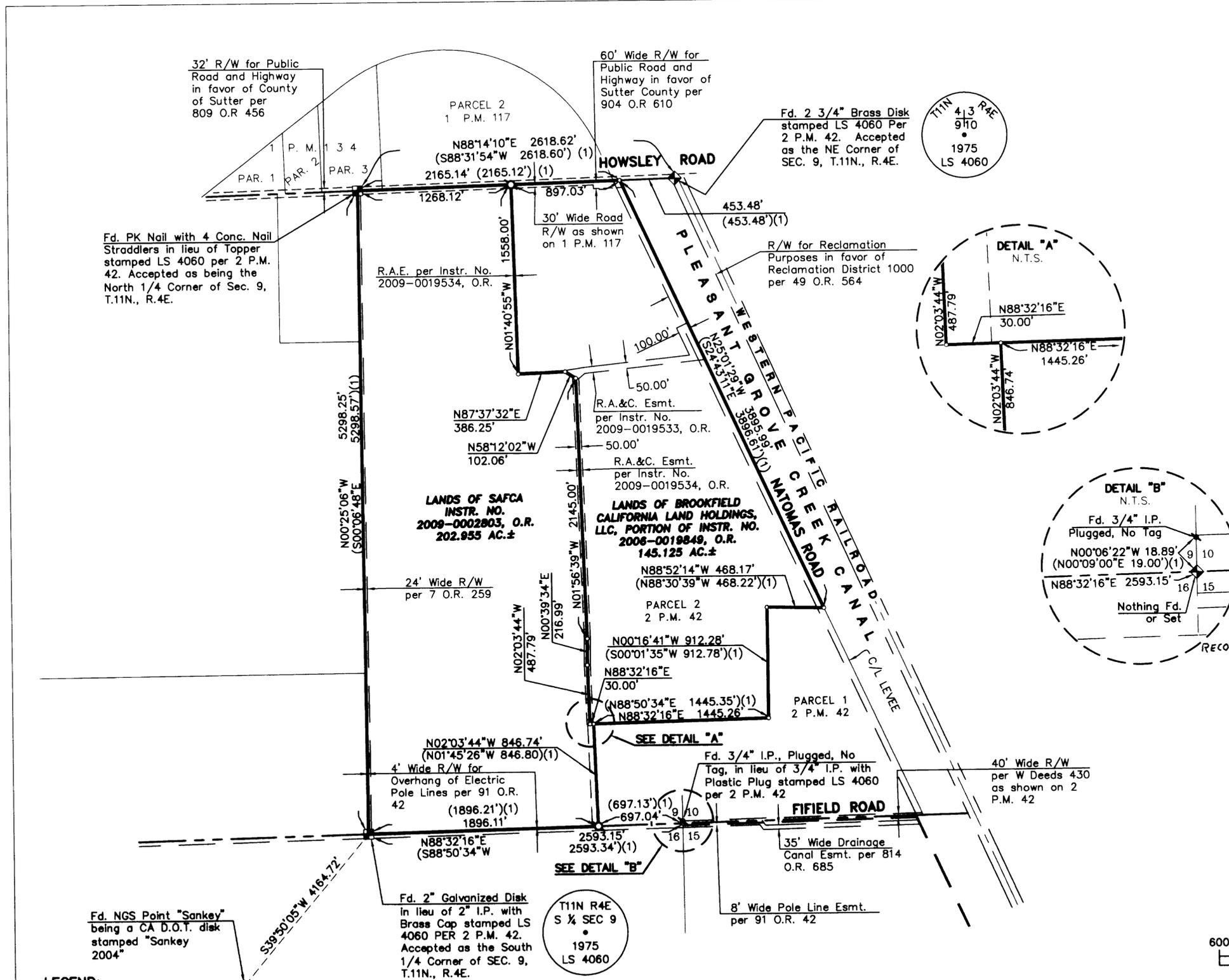
BY: *[Signature]*
DEPUTY
FEE: \$ 7.00

NOTES:

- All measured distances shown on this survey are grid distances. To obtain ground distances, multiply distances shown hereon by the combined scale factor of 1.00006027.
- This record of survey has been prepared for the following purposes: 1) to show the exterior boundary of Parcel 2 as said Parcel is shown on the 'Parcel Map No. 292' as resolved by a field survey conducted by Psomas under the supervision of the licensed land surveyor, whose signature and stamp are affixed hereto; 2) to show the boundary of the parcel that was deeded to SAFCA by Instrument No. 2009-0002803, O.R., S.C.R., and the boundary of the remainder of the lands of Brookfield California Land Holdings, LLC per Instrument No. 2006-0019849, O.R., S.C.R. in accordance with the provisions of Section 66428 of the Subdivision Map Act as part of the Natomas Levee Improvement Program; and 3) to document the monumentation that was set to mark the parcel line common to the two (2) said parcels.
- Distances shown hereon are in feet and decimals thereof.
- Record documents are Sutter County Official Records.

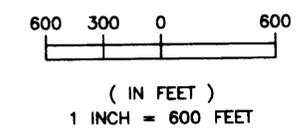
BASIS OF BEARINGS:

THE BASIS OF BEARINGS FOR THIS SURVEY IS IDENTICAL TO THAT OF THE NORTH AMERICAN DATUM OF 1983 (NAD83) (1991.35 EPOCH) BEING THE CALIFORNIA STATE COORDINATE SYSTEM, CCS83, ZONE 2.



LEGEND:

○	Dimension Point (Nothing Found or Set)	Fd.	Found	Instr. No.	Instrument Number
●	Found Monument As Noted	Esmt.	Easement	N.T.S.	Not to Scale
⊙	Set 1" I.P. With Cap Stamped "L.S. 5260"	O.R.	Official Records	P.M.	Parcel Map
⊠	Section Corner (nothing found or set)	Conc	Concrete	R.A.E.	Reciprocal Access Easement
⊞	1/4 Section Corner (found as noted)	R/W	Right-of-Way	R.A.&C. Esmt.	Reciprocal Access & Canal Easement
▲	Found National Geodetic Survey (NGS) Point	Par.	Parcel	—————	Boundary line
CA D.O.T.	California Department of Transportation	I.P.	Iron Pipe	—————	Adjacent Property Line
Sec.	Section	Cor.	Corner	-----	Easement Line
(1)	Record Information Per Indicated Reference	AC.	Acres	-----	Section Line



REFERENCES:

- (1) 2 PARCEL MAPS 42

**IMPLEMENTATION AGREEMENT NO. 5 BETWEEN
THE NATOMAS BASIN CONSERVANCY AND
THE SACRAMENTO AREA FLOOD CONTROL AGENCY
REGARDING THE NATOMAS LEVEE IMPROVEMENT PROGRAM
SOUTH SUTTER AGRICULTURAL FIELDS**

THIS IMPLEMENTATION AGREEMENT NO. 5 (“Agreement”) is made this _____ day of _____, 2014, by and between THE NATOMAS BASIN CONSERVANCY, a California non-profit public benefit corporation (“TNBC”), and the SACRAMENTO AREA FLOOD CONTROL AGENCY, a joint exercise of powers agency established pursuant to the laws of the State of California (“SAFCA”). TNBC and SAFCA, and each of their respective successors and assigns, are sometimes hereinafter referred to collectively as “Parties” and individually as “Party.”

RECITALS

WHEREAS, TNBC and SAFCA have executed that certain Master Agreement dated as of March 4, 2009 (the “Master Agreement”) which sets forth the general agreement between the Parties regarding TNBC’s involvement with the Natomas Levee Improvement Program (“NLIP”) and its management of the habitat compensation features (“HCF’s” as defined in the Master Agreement) being created by SAFCA to offset the NLIP’s unavoidable impacts on woodlands and agricultural lands that provide important upland and aquatic habitat values.

WHEREAS, SAFCA has acquired certain real property adjacent to the east levee of the Sacramento River between W. Elverta Road and W. Elkhorn Boulevard, which property is referred to herein as the South Sutter Property, to provide a source of earthen soil materials utilized in improvements to the levee and to subsequently establish HCF’s for NLIP impacts on agricultural lands with upland habitat values. Exhibit A is the legal description and Exhibit B is a plat of the entire South Sutter Property, both of which are attached hereto and incorporated herein by this reference. Exhibit C identifies the portions of the South Sutter Property that will be managed as agricultural fields for high value cropland (Area A-f) and the area that will be used as staging area for the agricultural operations (Area A-s); as well as the area to be utilized by Reclamation District No. 1000 (RD 1000) for the levee and other utility infrastructure (Area L) and for its M-6 and M-5 Drains (Area D1) and for the Bianchi Drain (Area D2); and by the Natomas Central Mutual Water Company (“NCMWC”) for its Elkhorn Irrigation Canal (Area C) and for its Walnut Road Ditch (Area WR).

WHEREAS, the purpose of this Agreement is to set forth the understanding of the parties as to how they will carry out their responsibilities under the Master Agreement for creating and managing the HCF’s on the portions of the South Sutter Property that will be managed as agricultural fields (Area A-f and Area A-s on Exhibit C).

AGREEMENT

NOW, THEREFORE, the Parties agree as follows:

1. Incorporation of Master Agreement. The recitals and terms of the Master Agreement are hereby incorporated into this Agreement by this reference. All terms not defined herein shall have the meanings ascribed to them in the Master Agreement. In the event of a conflict between the terms of the Master Agreement and this Agreement, the terms of this Agreement shall prevail.

2. Consideration of and Potential Recordation of Conservation Easement. SAFCA has purchased the South Sutter Property for several purposes including mitigation needs for NLIP Swainson hawk habitat impacts. SAFCA has yet, however, to determine the final impacts of the NLIP on various habitat types and, consequently, how best to mitigate for those impacts in an efficient and productive manner. Therefore, SAFCA and TNBC will not record a conservation easement against the South Sutter Property until it is ultimately determined the size and type of the mitigation lands that are required for the NLIP. At the time such a determination is made, SAFCA and TNBC will determine the proper extent and form of such easement(s), which extent(s) and form(s) shall be as approved by TNBC's Director or his designee and SAFCA's Executive Director or his designee.

3. Improvement of South Sutter Property.

3.1 Existing Improvements. SAFCA has conducted various ground preparation activities in anticipation of TNBC's agricultural activities on the Area A-f portions of the South Sutter Property. SAFCA has planted a triangle-shaped area in the southwest portion of Area A-s with a "beneficial insect" palette of forbs. SAFCA has also constructed irrigation facilities to serve the site including: an on-site irrigation well; two turnouts from NCMWC's Elkhorn Irrigation Canal; and one turnout from NCMWC's Walnut Road Ditch. Field drainage flows to nearby RD 1000 facilities in Area D1. The on-site well is currently providing water to irrigate the woodlands SAFCA planted in Area L, under a Sacramento Municipal Utility District (SMUD) account in SAFCA's name. The use of the well for woodland irrigation is expected to cease in 2016 or 2017.

3.2 TNBC Responsibilities. As of the effective date of this Agreement, TNBC shall be responsible for managing the agricultural fields on the South Sutter Property comprising a total of approximately 75.078 acres, shown as Area A-f and Area A-s on Exhibit C, that will be dedicated to agricultural crop production, agricultural support activities and habitat. TNBC shall have the authority to undertake such additional improvements, such as grading and installation of on-site water delivery ditches, in Area A-f of the property as may be necessary to facilitate sustained production of crops. Area A-s may also be planted as habitat. However, ground disturbance, such as discing or ripping, shall not exceed a depth of twelve inches in Area A-s. Initially, the target crops and habitat shall be selected to provide Swainson's hawk foraging habitat,

which may include but is not limited to alfalfa, hay or other row crops. TNBC shall be responsible for requesting and paying NCMWC for water used from their system. TNBC shall also be responsible for paying SMUD charges when the on-site well is used for agricultural irrigation. Once SAFCA's use of the well for woodland irrigation is discontinued, the SMUD account for the well shall be transferred to TNBC who shall then be responsible for paying the ongoing SMUD charges.

3.3 SAFCA Responsibilities. SAFCA shall be responsible for paying the annual non-usage related NCMWC fees and the annual taxes and assessments that are levied against the South Sutter Property. SAFCA shall be responsible for paying the SMUD charges when the well is used for woodland irrigation.

3.4 RD 1000 and NCMWC Activities. The portions of the South Sutter Property shown as Area C and Area WR on Exhibit C will be managed by NCMWC. The portions of the South Sutter Property shown as Area L, Area D1 and Area D2 on Exhibit C will be managed by RD 1000.

4. Preparation of Plan Documents. TNBC shall cooperate with SAFCA in preparing a Site Specific Improvement Plan and a Site Specific Management Plan (“SSIP” and “SSMP” as these terms are defined in the Master Agreement) for the South Sutter Property. These planning documents shall detail the Parties’ efforts to improve the property and shall describe the management measures that TNBC will undertake on a long-term basis to manage the agricultural areas of the South Sutter Property in accordance with the MMMP.

5. Administration and Management Costs.

5.1 Funding For 2014. Upon execution of this Agreement, SAFCA shall pay TNBC \$12,630 to cover TNBC’s 2014 costs to manage Area A-f and Area A-s on the South Sutter Property and carry out the planning and administrative responsibilities set forth herein, as provided in the budget estimate attached hereto as Exhibit D.

5.2 Funding for 2015 through 2037. In accordance with Section 8 of the Master Agreement, commencing as of January 1, 2015 and continuing through 2037, SAFCA shall pay TNBC an amount sufficient to cover TNBC’s annual costs to manage, operate, and maintain Area A-f and Area A-s on the South Sutter Property. These costs shall be calculated in accordance with the NBHCP Finance Model (as defined in the Master Agreement), as such model is modified to reflect TNBC's management of several of SAFCA's mitigation lands. Such costs shall reflect the income received for lease/rental of Area A-f and Area A-s of the South Sutter Property for agricultural activities.

5.3 Funding of Endowment for 2037 and Beyond. At such time that the appropriate portions of the South Sutter Property are determined to be required as permanent mitigation for the NLIP, SAFCA agrees that it will provide TNBC with an endowment sufficient in amount to cover TNBC’s projected costs to forever manage Area A-f and Area A-s of the South Sutter Property from calendar year 2037 and beyond.

The endowment shall be calculated in accordance with the NBHCP Finance Model; it shall be subject to adjustment as provided in Section 10.1 of the Master Agreement; and it shall be invested as provided in Section 10.2 of the Master Agreement. In the event that all or portions of Area A-f and Area A-s of the South Sutter Property are not required as permanent mitigation for the NLIP, SAFCA shall continue to pay TNBC annually, as provided in Section 5.2 above, as long as TNBC continues to manage the areas for SAFCA.

6. Indemnification.

6.1 SAFCA Indemnification. SAFCA shall defend, indemnify and hold harmless TNBC and its officers, directors, agents, employees and volunteers from and against all demands, claims, actions, liabilities, losses, damages, and costs, including reasonable attorneys' fees, arising out of or resulting from the breach of this Agreement by SAFCA.

6.2 TNBC Indemnification. TNBC shall defend, indemnify and hold harmless SAFCA and its governing Board, officers, directors, agents, employees and volunteers from and against all demands, claims, actions, liabilities, losses, damages, and costs, including reasonable attorneys' fees, arising out of or resulting from the breach of this Agreement by TNBC.

6.3 Survival. The indemnifications set forth in this Section 6 shall survive the expiration or termination of this Agreement.

7. Miscellaneous Provisions.

7.1 Notice. Any notice, demand, request, consent, communication, or approval given pursuant to this Agreement shall be in writing and shall be either personally delivered or sent by first class mail, postage prepaid, addressed as follows:

SAFCA: SAFCA
Attn: Executive Director
1007 7th Street, 7th Floor
Sacramento, California 95814
Facsimile No.: (916) 874-8289

With a copy to: SAFCA
Attn: Agency Counsel
1007 7th Street, 7th Floor
Sacramento, California 95814
Facsimile No.: (916) 874-8289

TNBC: The Natomas Basin Conservancy
2150 River Plaza Dr., Suite 460
Sacramento, CA 95833
Attn: John Roberts
Facsimile No.: (916) 649-3322

Either Party may change the address to which subsequent notice and/or other communications should be sent by giving written notice designating a change of address to the other Party, which shall be effective upon receipt.

7.2 Legal Fees. SAFCA hereby agrees to pay all legal fees incurred by TNBC to negotiate and draft this Agreement.

7.3 Compliance with Laws. TNBC and SAFCA shall observe and comply with all applicable laws, regulations and ordinances.

7.4 Governing Laws and Jurisdiction. This Agreement shall be deemed to have been executed and to be performed within the State of California and shall be construed and governed by the internal laws of the State of California and applicable Federal laws. Any legal proceedings arising out of or relating to this Agreement shall be brought in Sacramento County, California.

7.5 Amendment and Waiver. Except as provided herein, no alteration, amendment, variation, or waiver of the terms of this Agreement shall be valid unless made in writing and signed by both Parties. Waiver by either Party of any default, breach or condition precedent shall not be construed as a waiver of any other default, breach or condition precedent, or any other right hereunder.

7.6 Successors. This Agreement shall be binding upon, and inure to the benefit of, the successors and assigns of TNBC and SAFCA in the same manner as if they were expressly named. The obligations under this Agreement may not be assigned without the express written consent of the other Party.

7.7 Interpretation. This Agreement shall be deemed to have been prepared equally by both of the Parties, and the Agreement and its individual provisions shall not be construed or interpreted more favorably for one Party on the basis that the other Party prepared it.

7.8 Prevailing Party. In the event either Party initiates or defends any legal action or proceeding to enforce or interpret any of the terms of this Agreement, the prevailing Party in any such action or proceeding shall be entitled to recover from the losing Party in any such action or proceeding its reasonable costs and attorneys' fees, including its reasonable costs and attorneys' fees on appeal or in enforcing any judgment awarded to it.

7.9 Partial Invalidity. If any term or provision of this Agreement or the application of it to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances, other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

7.10 Non-Liability of Officials, Employees and Agents. Notwithstanding anything to the contrary in this Agreement, no Board member, officer, employee or agent of SAFCA shall be personally liable to TNBC, its successors and assigns, in the event of any default or breach by SAFCA or for any amount which may become due to TNBC, its

successors and assigns, or for any obligation of SAFCA under this Agreement. Likewise, notwithstanding anything to the contrary in this Agreement, no Board member, officer, employee or agent of TNBC shall be personally liable to SAFCA, its successors and assigns, in the event of any default or breach by TNBC or for any amount which may become due to SAFCA, its successors and assigns, or for any obligation of TNBC under this Agreement.

7.11 Duplicate Counterparts. This Agreement may be executed in duplicate counterparts. The Agreement shall be deemed executed when it has been signed by both Parties.

7.12 Authority to Execute. Each person executing this Agreement represents and warrants that he or she is duly authorized and has legal authority to execute and deliver this Agreement for or on behalf of the Parties to this Agreement. Each Party represents and warrants to the other that the execution and delivery of the Agreement and the performance of such Party's obligations hereunder has been duly authorized.

7.13 Incorporation of Recitals and Introductory Paragraph. The Recitals contained in this Agreement and the introductory paragraph preceding the Recitals are hereby incorporated into this Agreement as if fully set forth herein.

7.14 Further Assurances. The Parties hereby agree to cooperate with each other by executing such other documents or taking such other action as may be reasonably necessary to complete this transaction in accordance with the intent of the Parties as evidenced in this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be effective as of the day and year first written above.

TNBC:

SAFCA:

**THE NATOMAS BASIN
CONSERVANCY**, a California non-profit
mutual benefit corporation

**SACRAMENTO AREA FLOOD
CONTROL AGENCY, A JOINT
EXERCISE OF POWERS AGENCY**

By: _____

By: _____

Name: _____

Richard M. Johnson, Executive
Director

Its: _____

APPROVED AS TO FORM:

By: _____

M. Holly Gilchrist, Agency Counsel

EXHIBIT "A"
LEGAL DESCRIPTION

All that real property situate in the County of Sacramento, State of California, in Section 26, Township 10 North, Range 3 East, Mount Diablo Meridian, being Lots 77, 78, 79 and 135 of that certain plat entitled Natomas Elkhorn Subdivision, filed in Book 15 of Maps, Map No. 42, Sacramento County Records.

EXCEPTING THEREFROM Parcels A and B as shown on that certain Parcel Map filed in Book 3 of Parcel Maps, at Page 30; Parcels A and B as shown on that certain Parcel Map filed in Book 24 of Parcel Maps, at Page 9; Parcels 1, 2 and 3 as shown on that certain Parcel Map filed in Book 4 of Parcel Maps, at Page 4; Parcels C and D as shown on that certain Parcel Map filed in Book 2 of Parcel Maps, at page 22; all that real property described in that certain Grant Deed recorded in Book 20060511, Official Records, Page 2694, all of Sacramento County Records.

Containing 98.077 acres, more or less.

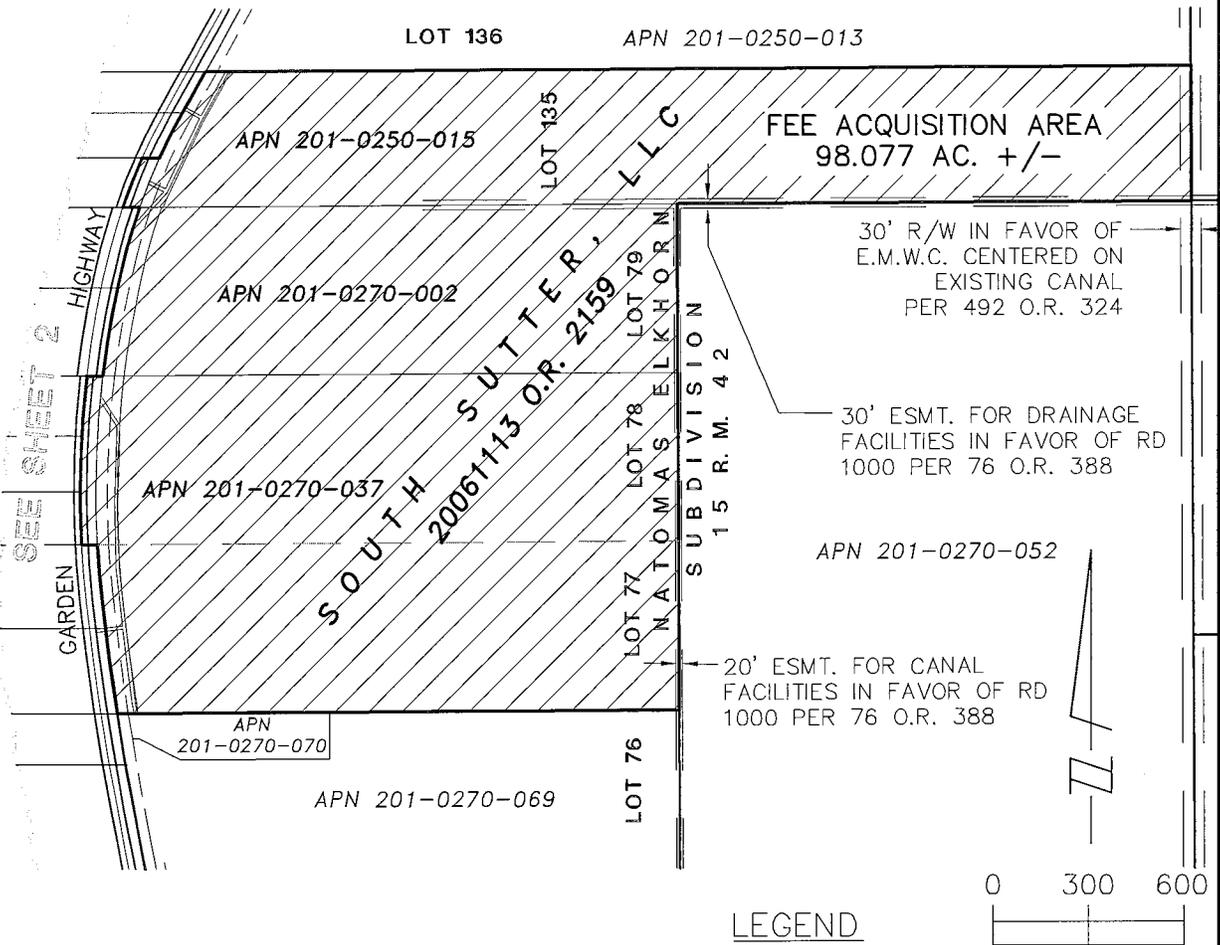
The above-described real property is identified as "Fee Acquisition Area" on the plat labeled "Exhibit B" attached hereto and made a part hereof.

End of Description



EXHIBIT 'B'

SACRAMENTO RIVER



NOTES:

- 1) DISTANCES USED TO CALCULATE AREAS SHOWN ARE GRID, MULTIPLY BY 1.00006027 TO OBTAIN GROUND VALUES.
- 2) TITLE REPORT USED: FIDELITY NATIONAL TITLE COMPANY. REPORT NO. 07-5004938-A-CS DATED 11/27/07.
- 3) THE HORIZONTAL DATUM FOR THIS PLAT IS BASED ON THE CCS, NAD83, ZONE 2 DATUM.
- 4) ALL RECORD REFERENCES ARE SACRAMENTO COUNTY RECORDS

FEE ACQUISITION AREAS:

UNENCUMBERED = 92.236 AC±
 ENCUMBERED = 5.841 AC±
 TOTAL = 98.077 AC±



LEGEND

- Fee Acquisition Area
- AC: Acres
- ESMT: Easement
- E.M.W.C.: Elkhorn Mutual Water Company
- G.W.P.C.: Great Western Power Company of California
- Pcl.: Parcel
- PM: Parcel Maps
- RD 1000: Reclamation District 1000
- R/W: Right of Way
- S.S.J.D.D.: Sacramento & San Joaquin Drainage District

SAFCA South Sutter Property

COUNTY OF SACRAMENTO

STATE OF CALIFORNIA

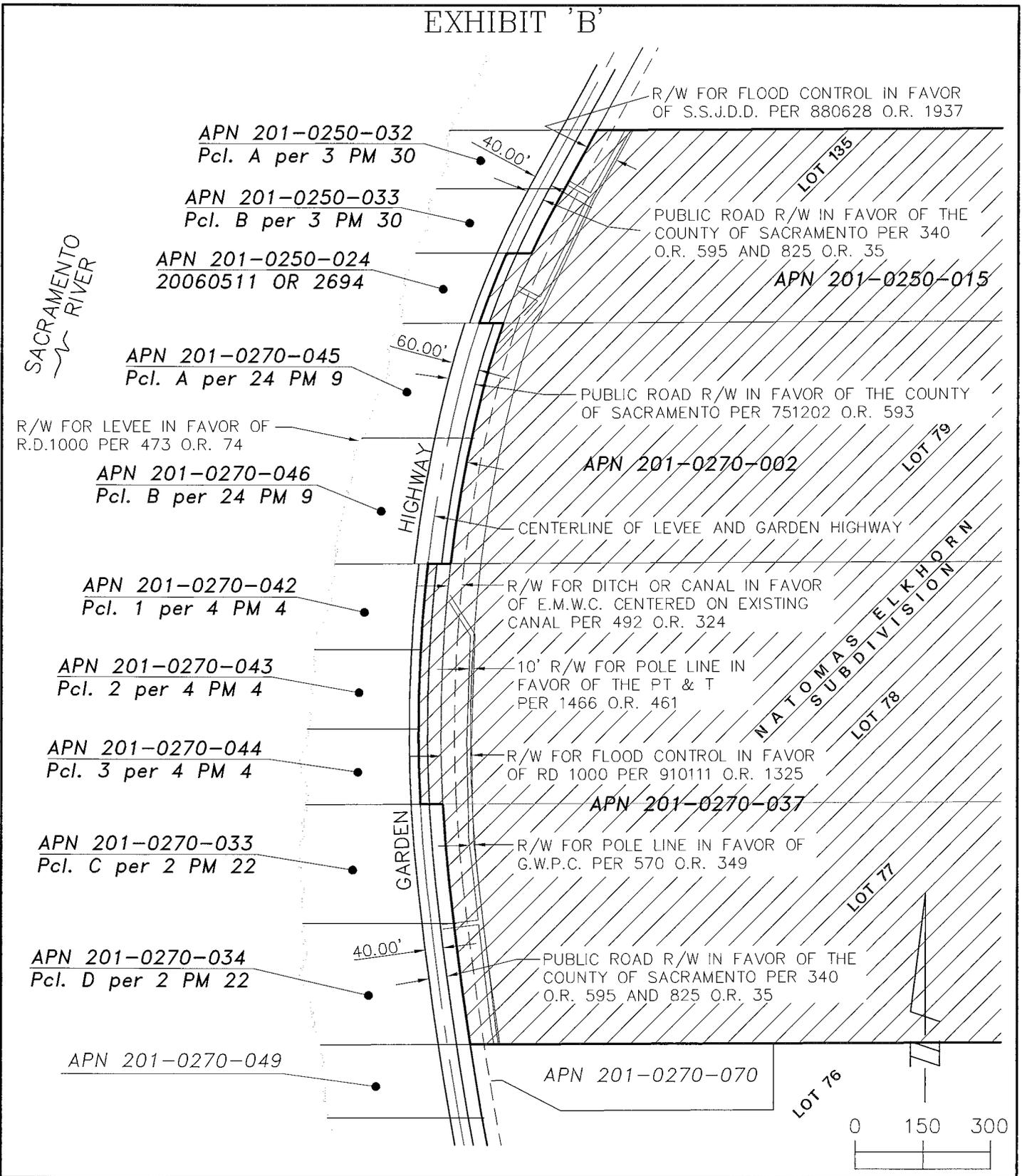
DATE: 2/4/2010	SCALE: 1" = 600	
DRWN. BY: JRB	CHK. BY: DJF	SHEET 1 OF 2

Plotted: Jul/02/2013 11:57 AM | By: Dforgey
 DWG: P:\SAFCA\2006.NLIP\survey\legals\Sac-River-2008\Plots\South-Sutter-Full_rev.dwg

P S O M A S

1075 Creekside Ridge Drive, Suite 200
 Roseville, Ca. 95678
 (916) 788-8122 (916) 788-0600 (FAX)

EXHIBIT 'B'



SAFCA South Sutter Property

COUNTY OF SACRAMENTO

STATE OF CALIFORNIA

DATE: 2/4/2010

SCALE: 1" = 300'

DRWN. BY: JRB CHK. BY: DJF

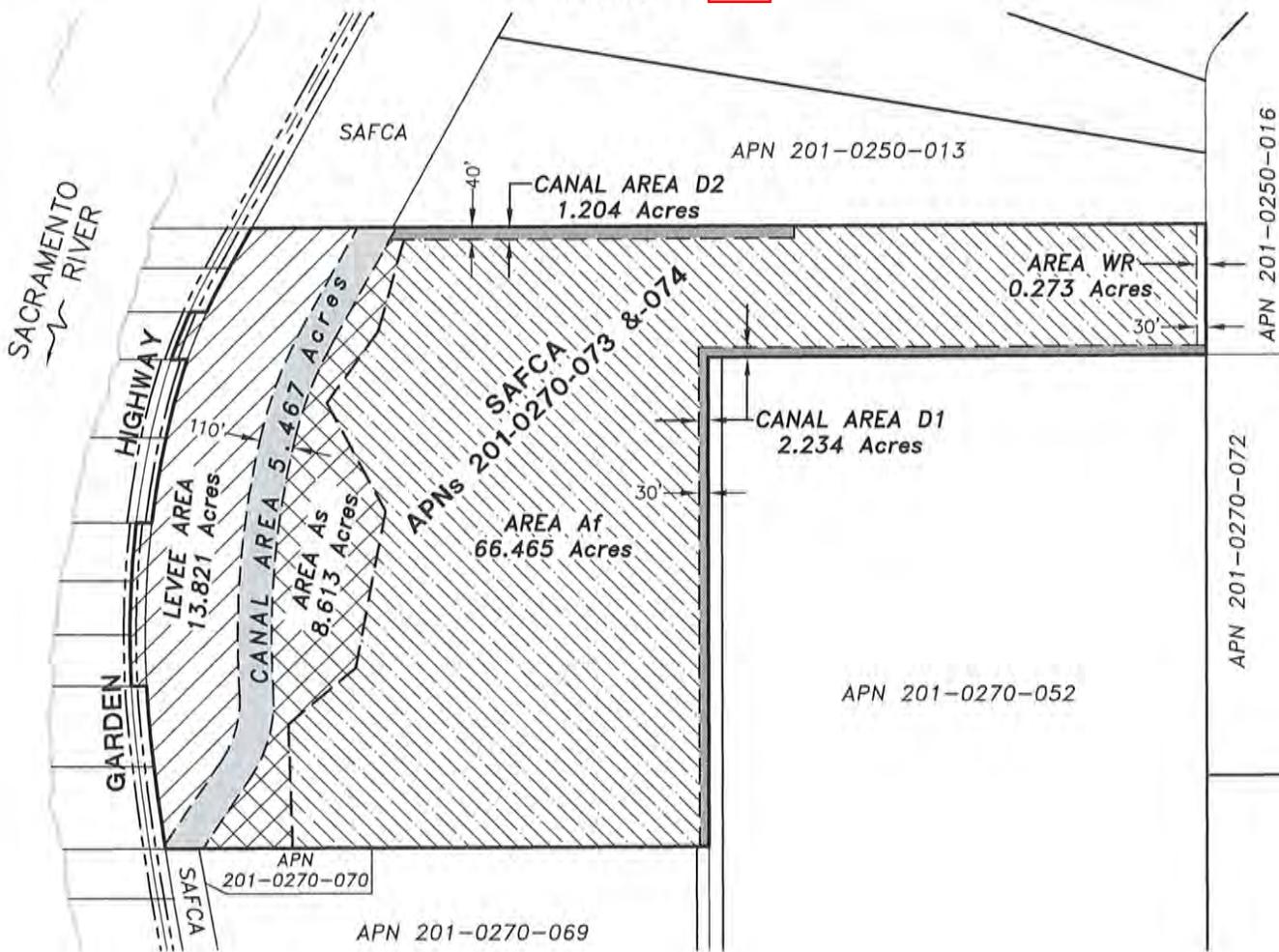
SHEET 2 OF 2

P S O M A S

1075 Creekside Ridge Drive, Suite 200
Roseville, Ca. 95678
(916) 788-8122 (916) 788-0600 (FAX)

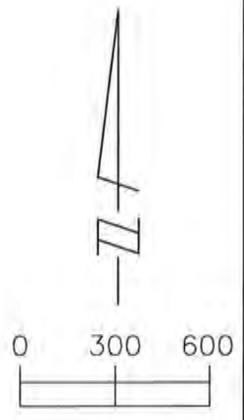
Plotted: Jul/02/2013 11:57 AM | By: Dforgey
DWG: P:\SAFCA\2006.NLIP\survey\legals\Sac-River-2008\Plots\South-Sutter-Full_rev.dwg

EXHIBIT **C**



LEGEND

- Property Boundary
- Right of Way Line
- Management Area Limit



**SAFCA's - SOUTH SUTTER
PROPERTY MANAGEMENT CORRIDOR EXHIBIT**

COUNTY OF SACRAMENTO STATE OF CALIFORNIA

DATE: 7/31/2014 SCALE: 1" = 600'
 DRWN. BY: DJF CHK. BY: SAB SHEET 1 OF 1

Plotted: Jul/31/2014 4:56 PM | By: Dforgey
 DWG: P:\SAFCA\2006.NLP\survey\legals\Sac-River-2008\Plots\South-Sutter-Corridors.dwg

PSOMAS
 1075 Creekside Ridge Drive, Suite 200
 Roseville, Ca. 95678
 (916) 788-8122 (916) 788-0600 (FAX)

Exhibit D

to

SAFCA-TNBC Implementation Agreement No. 5
South Sutter Agricultural Fields
July 31, 2014

TNBC's costs for 2014 are estimated to be the following:

Management & Administrative Costs – 75.078 acres x \$101.59/acre	=	\$7,630
Tenant Lease Setup Costs	=	<u>\$5,000</u>
Total	=	\$12,630

SAFCA shall pay TNBC this estimated amount immediately following the execution of the implementation agreement. Final accounting for annual costs incurred shall reflect any and all revenue TNBC has received from the South Sutter Agricultural Fields. SAFCA's payment shall also be subject to adjustment as provided in the Master Agreement, including, without limitation, Section 8.3 thereof.

**IMPLEMENTATION AGREEMENT NO. 6 BETWEEN
THE NATOMAS BASIN CONSERVANCY AND
THE SACRAMENTO AREA FLOOD CONTROL AGENCY
REGARDING THE NATOMAS LEVEE IMPROVEMENT PROGRAM
WILLEY PROPERTY AGRICULTURAL FIELD**

THIS IMPLEMENTATION AGREEMENT NO. 6 (“Agreement”) is made this _____ day of _____, 2014, by and between THE NATOMAS BASIN CONSERVANCY, a California non-profit public benefit corporation (“TNBC”), and the SACRAMENTO AREA FLOOD CONTROL AGENCY, a joint exercise of powers agency established pursuant to the laws of the State of California (“SAFCA”). TNBC and SAFCA, and each of their respective successors and assigns, are sometimes hereinafter referred to collectively as “Parties” and individually as “Party.”

RECITALS

WHEREAS, TNBC and SAFCA have executed that certain Master Agreement dated March 4, 2009 (the “Master Agreement”) which sets forth the general agreement between the Parties regarding TNBC’s involvement with the Natomas Levee Improvement Program (“NLIP”) and its management of the habitat compensation features (“HCF’s” as defined in the Master Agreement) being created by SAFCA to offset the NLIP’s unavoidable impacts on woodlands and agricultural lands that provide important upland and aquatic habitat values.

WHEREAS, SAFCA has acquired that certain real property along the east levee of the Sacramento River south of Interstate 5 referred to herein as the Willey Property Agricultural Field (“Willey Property”) to accommodate improvements to the levee. Exhibit A is the legal description and Exhibit B is a plat of the lands SAFCA acquired from the Willey Revocable Trust, as described in that Final Order of Condemnation filed in the Office of the Recorder of Sacramento County in Book 20140527 Page 0197. The portion of the acquisition that is the subject of this Implementation Agreement is the area described as and labeled as the West Drainage Canal Fee Acquisition Area.

WHEREAS, SAFCA ultimately intends to use the West Drainage Canal Fee Acquisition Area for the realignment of the West Drainage Canal as part of Phase 4b of the NLIP.

WHEREAS, the purpose of this Agreement is to set forth the understanding of the parties as to how they will manage the Willey Property until this realignment is accomplished.

AGREEMENT

NOW, THEREFORE, the Parties agree as follows:

1. Incorporation of Master Agreement. The recitals and terms of the Master Agreement are hereby incorporated into this Agreement by this reference. All terms not defined herein shall have the meanings ascribed to them in the Master Agreement. In the event of a conflict between the terms of the Master Agreement and this Agreement, the terms of this Agreement shall prevail.

2. Consideration of Conservation Easement. SAFCA has purchased the Willey Property as right of way for future NLIP project components. SAFCA and TNBC will not record a conservation easement against the West Drainage Canal Fee Acquisition Area of the Willey Property.

3. Improvement of Willey Property.

3.1 TNBC Responsibilities. As of the effective date of the Agreement, TNBC shall be responsible for managing the portion of the West Drainage Canal Fee Acquisition Area of the Willey Property, comprising approximately 4.698 acres, that will on an interim basis be dedicated to crop production or habitat. For crop production, it is anticipated that TNBC will provide this management by entering into a lease or other suitable agreement with the entity that farms the remainder of the Willey Revocable Trust property. Should TNBC decide not to enter into such an agreement, it shall nevertheless manage the property for habitat purposes compatible with surrounding agricultural operations. TNBC shall have the authority to undertake improvements, such as grading and installation of on-site water delivery ditches, to this area of the property as may be necessary to facilitate sustained production of crops. Irrigation water for crop production would only be available should TNBC enter into an agreement with entity that farms the remainder of the Willey Revocable Trust property. The Natomas Central Mutual Water Company (NCMWC) facilities do not serve this property. TNBC shall be responsible for paying for irrigation water.

3.2 SAFCA Responsibilities. SAFCA shall be responsible for paying all taxes and assessments for the West Drainage Canal Fee Acquisition Area portion of the Willey Property.

4. Administration and Management Costs.

4.1 Funding Through 2014. Commencing immediately upon execution of this Agreement and continuing through 2014, SAFCA shall pay TNBC \$5,500 to cover TNBC's costs to manage the West Drainage Canal Fee Acquisition Area of the Willey Property to carry out the planning and administrative responsibilities set forth herein, as provided in the budget attached hereto as Exhibit C.

4.2 Funding Beyond 2014. In accordance with Section 8 of the Master Agreement, commencing as of January 1, 2015 and continuing until such time that this Agreement is terminated, SAFCA shall pay TNBC an amount sufficient to cover TNBC's

annual costs to manage, operate, and maintain the West Drainage Canal Fee Acquisition Area of the Willey Property. These costs shall be calculated in accordance with the NBHCP Finance Model (as defined in the Master Agreement), as such model is modified to reflect TNBC's management of several of SAFCA's mitigation lands. Such costs shall reflect the income received for lease/rental of the West Drainage Canal Fee Acquisition Area of the Willey Property for agricultural activities.

5. Indemnification.

5.1 SAFCA Indemnification. SAFCA shall defend, indemnify and hold harmless TNBC and its officers, directors, agents, employees and volunteers from and against all demands, claims, actions, liabilities, losses, damages, and costs, including reasonable attorneys' fees, arising out of or resulting from the breach of this Agreement by SAFCA.

5.2 TNBC Indemnification. TNBC shall defend, indemnify and hold harmless SAFCA and its governing Board, officers, directors, agents, employees and volunteers from and against all demands, claims, actions, liabilities, losses, damages, and costs, including reasonable attorneys' fees, arising out of or resulting from the breach of this Agreement by TNBC.

5.3 Survival. The indemnifications set forth in this Section 6 shall survive the expiration or termination of this Agreement.

6. Miscellaneous Provisions.

6.1 Notice. Any notice, demand, request, consent, communication, or approval given pursuant to this Agreement shall be in writing and shall be either personally delivered or sent by first class mail, postage prepaid, addressed as follows:

SAFCA: SAFCA
Attn: Executive Director
1007 7th Street, 7th Floor
Sacramento, California 95814
Facsimile No.: (916) 874-8289

With a copy to: SAFCA
Attn: Agency Counsel
1007 7th Street, 7th Floor
Sacramento, California 95814
Facsimile No.: (916) 874-8289

TNBC: The Natomas Basin Conservancy
2150 River Plaza Dr., Suite 460
Sacramento, CA 95833
Attn: John Roberts
Facsimile No.: (916) 649-3322

Either Party may change the address to which subsequent notice and/or other communications should be sent by giving written notice designating a change of address to the other Party, which shall be effective upon receipt.

6.2 Legal Fees. SAFCA hereby agrees to pay all legal fees incurred by TNBC to negotiate and draft this Agreement.

6.3 Compliance with Laws. TNBC and SAFCA shall observe and comply with all applicable laws, regulations and ordinances.

6.4 Governing Laws and Jurisdiction. This Agreement shall be deemed to have been executed and to be performed within the State of California and shall be construed and governed by the internal laws of the State of California and applicable Federal laws. Any legal proceedings arising out of or relating to this Agreement shall be brought in Sacramento County, California.

6.5 Amendment and Waiver. Except as provided herein, no alteration, amendment, variation, or waiver of the terms of this Agreement shall be valid unless made in writing and signed by both Parties. Waiver by either Party of any default, breach or condition precedent shall not be construed as a waiver of any other default, breach or condition precedent, or any other right hereunder.

6.6 Successors. This Agreement shall be binding upon, and inure to the benefit of, the successors and assigns of TNBC and SAFCA in the same manner as if they were expressly named. The obligations under this Agreement may not be assigned without the express written consent of the other Party.

6.7 Interpretation. This Agreement shall be deemed to have been prepared equally by both of the Parties, and the Agreement and its individual provisions shall not be construed or interpreted more favorably for one Party on the basis that the other Party prepared it.

6.8 Prevailing Party. In the event either Party initiates or defends any legal action or proceeding to enforce or interpret any of the terms of this Agreement, the prevailing Party in any such action or proceeding shall be entitled to recover from the losing Party in any such action or proceeding its reasonable costs and attorneys' fees, including its reasonable costs and attorneys' fees on appeal or in enforcing any judgment awarded to it.

6.9 Partial Invalidity. If any term or provision of this Agreement or the application of it to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances, other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

6.10 Non-Liability of Officials, Employees and Agents. Notwithstanding anything to the contrary in this Agreement, no Board member, officer, employee or agent of SAFCA shall be personally liable to TNBC, its successors and assigns, in the event of any default or breach by SAFCA or for any amount which may become due to TNBC, its successors and assigns, or for any obligation of SAFCA under this Agreement. Likewise,

notwithstanding anything to the contrary in this Agreement, no Board member, officer, employee or agent of TNBC shall be personally liable to SAFCA, its successors and assigns, in the event of any default or breach by TNBC or for any amount which may become due to SAFCA, its successors and assigns, or for any obligation of TNBC under this Agreement.

6.11 Duplicate Counterparts. This Agreement may be executed in duplicate counterparts. The Agreement shall be deemed executed when it has been signed by both Parties.

6.12 Authority to Execute. Each person executing this Agreement represents and warrants that he or she is duly authorized and has legal authority to execute and deliver this Agreement for or on behalf of the Parties to this Agreement. Each Party represents and warrants to the other that the execution and delivery of the Agreement and the performance of such Party's obligations hereunder has been duly authorized.

6.13 Incorporation of Recitals and Introductory Paragraph. The Recitals contained in this Agreement and the introductory paragraph preceding the Recitals are hereby incorporated into this Agreement as if fully set forth herein.

6.14 Further Assurances. The Parties hereby agree to cooperate with each other by executing such other documents or taking such other action as may be reasonably necessary to complete this transaction in accordance with the intent of the Parties as evidenced in this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed as of the day and year first written above.

TNBC:

**THE NATOMAS BASIN
CONSERVANCY**, a California non-profit
mutual benefit corporation

By: _____

Name: _____

Its: _____

SAFCA:

**SACRAMENTO AREA FLOOD
CONTROL AGENCY, A JOINT
EXERCISE OF POWERS AGENCY**

By: _____

Richard M. Johnson, Executive
Director

APPROVED AS TO FORM:

By: _____

M. Holly Gilchrist, Agency Counsel

EXHIBIT "A"
LEGAL DESCRIPTION

All that real property situated in the County of Sacramento, State of California, in Section 1 and 2, Township 9 North, Range 3 East, Mount Diablo Meridian, being a portion of the lands of Willey Revocable Trust - 1991 as said lands are described in that certain Individual Quitclaim Deed recorded September 2, 1992 in Book 9209-2, Official Records, Page 938, Sacramento County Records, said real property also being a portion of Parcel "2" and Parcel "3" as said parcels are shown on that certain parcel map filed June 11, 1990 in Book 119, of Parcel Maps at Page 8, Sacramento County Records, being the two(2) parcels described as follows:

PARCEL A
WEST DRAINAGE CANAL FEE ACQUISITION

All that portion of said Parcels "2" and "3" lying easterly of the following described line:

COMMENCING at a found ½ inch iron pipe in concrete marking the most westerly corner of Lot 24, as said lot is shown on that certain plat entitled "Map of Natomas Elkhorn Subdivision" filed in Book 15 of Maps at Page 42, Sacramento County Records; thence from said point of commencement South 53°57'09" East 2854.98 feet to a point on the northeasterly line of said Parcel "2", said point being the **POINT OF BEGINNING** of Parcel A; thence from said point of beginning, South 08°03'04" West 840.75 feet to a point on the southeasterly line of said Parcel "3", said point being the **POINT OF TERMINATION** of Parcel A, said point lying South 76°45'47" West 1089.24 feet from a found 10 inch by 10 inch concrete monument marking the southeasterly corner of Lot 26, as said lot is shown on said plat.

Containing 4.698 acres, more or less.

The above-described real property is identified as "West Drainage Canal Fee Acquisition Area" on the plat labeled "Exhibit B" attached hereto and made a part hereof.

PARCEL B
LEVEE FEE ACQUISITION

All that portion of said Parcels "2" and "3" lying southwesterly of the following described line:

COMMENCING at the above-described found ½ inch iron pipe, thence from said point of commencement South 08°34'53" East 3039.10 feet to a point on the northwesterly line

of said Parcel "2", said point being the **POINT OF BEGINNING** of Parcel B; thence from said point of beginning, South 51°30'17" East 469.44 feet; thence South 50°25'41" East 354.16 feet to a point on the southeasterly line of said Parcel "3", said point being the **POINT OF TERMINATION** of Parcel B, said point lying South 59°42'45" West 2497.96 feet from the above-described found 10 inch by 10 inch concrete monument.

Containing 8.899 acres, more or less.

The above-described real property is identified as "Levee Fee Acquisition Area" on the plat labeled "Exhibit B" attached hereto and made a part hereof.

TOGETHER WITH all riparian and other water rights appurtenant to the above described property.

TOGETHER WITH all rights, title and interest in an easement and right of way, 30.00 feet wide, over, under and across the northwesterly 30.00 feet of Parcel 1 of said parcel map as said easement and right of way are reserved and described in that certain grant deed recorded in Book 9008-2, Official Records, Page 1291, Sacramento County Records.

The above-described easement and right of way is identified as "Easement Rights Acquisition" on the plat labeled "Exhibit B" attached hereto and made a part hereof.

RESERVING THEREFROM the riparian and other water rights appurtenant to the remaining lands of Willey Revocable Trust - 1991, as set forth in that certain grant deed recorded in Book 9008-2, Official Records, Page 1291, Sacramento County Records, which rights shall remain with the said remaining lands.

ALSO RESERVING THEREFROM a non-exclusive easement for the purpose of constructing, maintaining, reconstructing or replacing a pipe line for the purpose of serving water from the Sacramento River to the remaining lands of Willey Revocable Trust - 1991 extending over and across a portion of the above described "Levee Fee Acquisition"; said easement shall be subject to and subordinate to the rights of the United States of America, the State of California, Reclamation District No. 1000 and/or the Sacramento Area Flood Control Agency, their successors and assigns, to construct, operate, inspect, maintain, repair, alter, or augment flood control works, irrigation and utility facilities and habitat; said easement being further described as follows:

The southeasterly 30.00 feet of the above-described "Levee Fee Acquisition" as measured perpendicularly to the southeasterly line thereof.

The general northwesterly sideline of said 30.00-foot wide easement being lengthened or shortened to begin on the northeasterly line of the above-described "Levee Fee Acquisition" and extending to the southwesterly line of said Parcel 3.

Containing 0.327 acres, more or less.

The above-described real property is identified as "Pipe Easement" on the plat labeled "Exhibit B" attached hereto and made a part hereof.

ALSO RESERVING THEREFROM a non-exclusive easement for the purpose of ingress and egress to and from the Garden Highway extending over and across a portion of the above described "Levee Fee Acquisition"; said easement shall be subject to and subordinate to the rights of the United States of America, the State of California, Reclamation District No. 1000 and/or the Sacramento Area Flood Control Agency, their successors and assigns, to construct, operate, inspect, maintain, repair, alter, or augment flood control works, irrigation and utility facilities and habitat; said easement being further described as follows:

COMMENCING at the aforesaid point of beginning of the above-described "Levee Fee Acquisition", being a point on the northwesterly line of said Parcel "2"; thence along the northeasterly line of the above-described "Levee Fee Acquisition" South 51°30'17" East 397.40 feet to the **POINT OF BEGINNING**; thence from said point of beginning, continuing along last said line, South 51°30'17" East 30.00 feet to a point thereon; thence leaving last said line South 38°31'32" West 430.19 feet to the beginning of a curve, concave easterly, having a radius of 50.00 feet; thence southerly along said curve through a central angle of 52°44'23" an arc distance of 46.02 feet (said curve being subtended by a chord which bears South 12°09'20" West 44.42 feet) to a point on the southwesterly line of said Parcel 3; thence along last said line North 51°30'17" West 69.71 feet to a point thereon, said point being the point of cusp of a curve, concave northwesterly, having a radius of 50.00 feet, to which point a radial line bears South 01°37'32" West; thence northeasterly along said curve through a central angle of 53°06'00" an arc distance of 46.34 feet (said curve being subtended by a chord which bears North 65°04'32" East 44.70 feet); thence North 38°31'32" East 430.03 feet to the point of beginning.

Containing 0.335 acres, more or less.

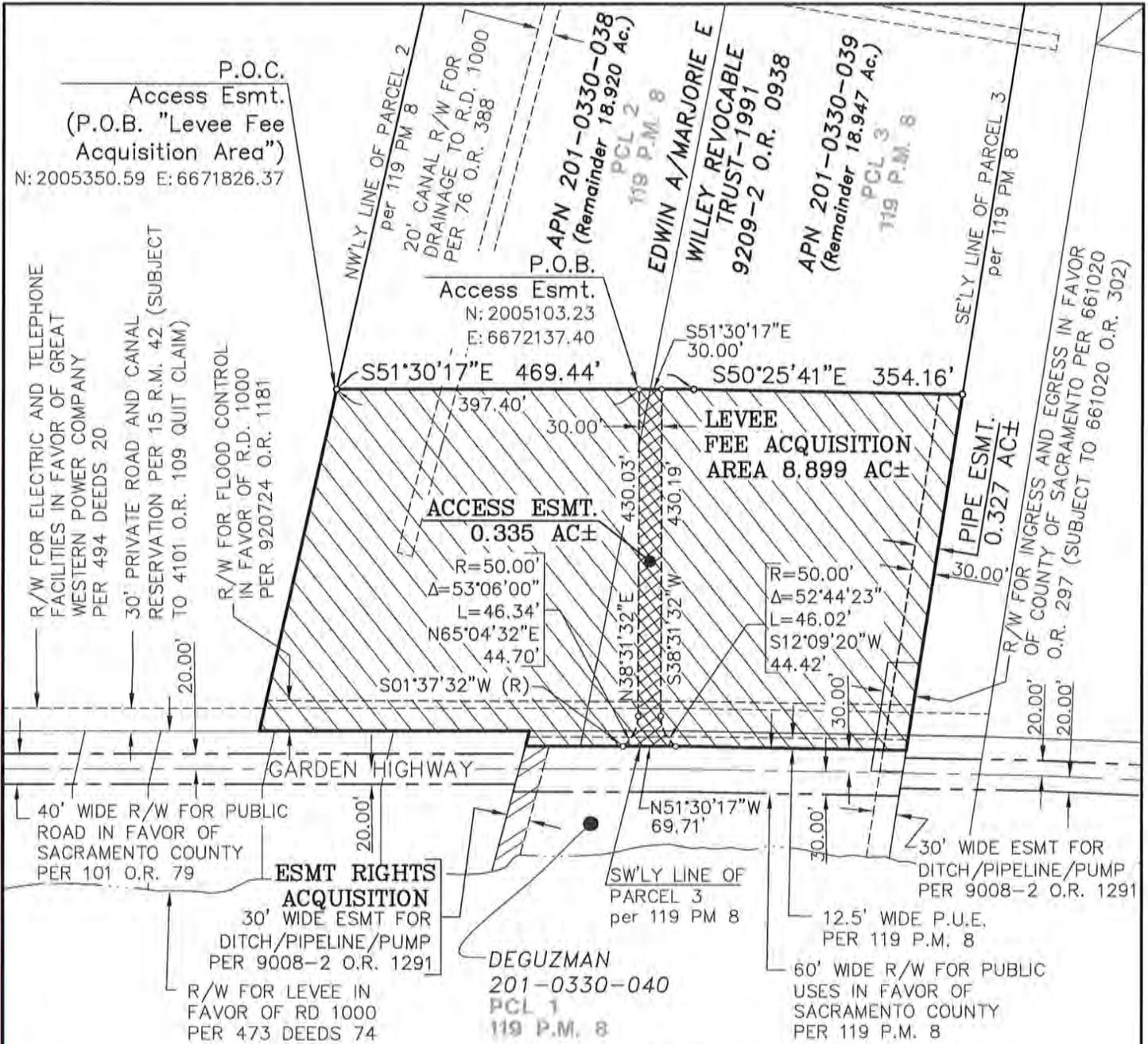
The above-described real property is identified as "Access Easement" on the plat labeled "Exhibit B" attached hereto and made a part hereof.

The basis of bearings for this description is NAD 83, California State Coordinate System, Zone 2 (1991.35 epoch date) and is based on the NLIP project survey control established by Psomas and documented on the Record of Survey filed in Book 84 of Surveys, Page 8, Sacramento County Records. All distances cited herein are grid values, which are the basis for the areas shown hereon. To obtain ground values multiply the distances and by 1.00006027.

End of Description



EXHIBIT 'B'

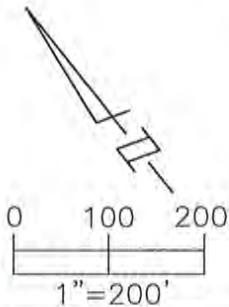


LEGEND

- ESMT: Easement
- O.R.: Official Records
- PCL: Parcel
- P.O.B.: Point of Beginning
- P.O.C.: Point of Commencement
- RD 1000: Reclamation District No. 1000
- R/W: Right of Way

*SEE SHEET 1 FOR NOTES

-  Fee Acquisition Area
-  Access Easement
-  Easement Rights Acquisition Area



WILLEY REVOCABLE TRUST
APN: 201-0330-038, -039

COUNTY OF SACRAMENTO

STATE OF CALIFORNIA

DATE: 1/30/2014

SCALE: 1" = 200'

DRWN. BY: PEB CHK. BY: BEB

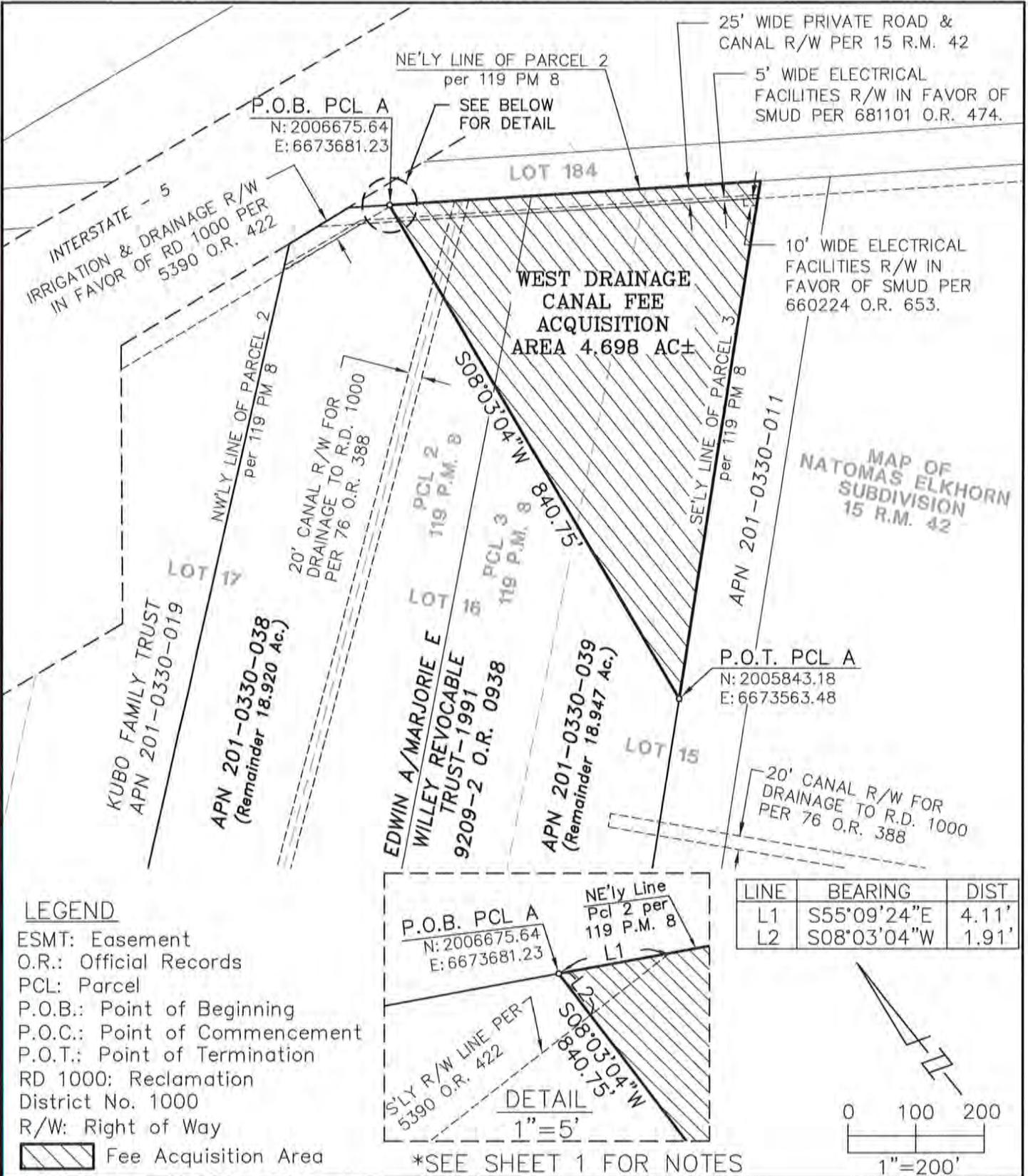
SHEET 2 OF 3

PSOMAS

1075 Creekside Ridge Drive, Suite 200
 Roseville, Ca. 95678
 (916) 788-8122 (916) 788-0600 (FAX)

Plotted: Jan/30/2014 4:08 PM | By: Justin Lambert
 DWG: P:\SAFCA\2006.NLIP\survey\legals\Sac-River-2008\Plots\WILLEY-201-0330-038-Rev4.dwg

EXHIBIT 'B'



WILLEY REVOCABLE TRUST APN: 201-0330-038, -039

COUNTY OF SACRAMENTO

STATE OF CALIFORNIA

DATE: 1/30/2014

SCALE: 1" = 200'

DRWN. BY: PEB CHK. BY: BEB

SHEET 3 OF 3

P S O M A S

1075 Creekside Ridge Drive, Suite 200
 Roseville, Ca. 95678
 (916) 788-8122 (916) 788-0600 (FAX)

Plotted: Jan/30/2014 4:08 PM | By: Justin Lambert
 DWG: P:\SAFCA\2006.NLIP\survey\legals\Sac-River-2008\Plots\WILLEY-201-0330-038-Rev4.dwg

Exhibit C

to

SAFCA-TNBC Implementation Agreement No. 6
Willey Property Agricultural Field

TNBC's costs for 2014 are estimated to be \$5,500 based on the following:

Management & Administrative Costs - 4.698 acres x \$101.59/acre = \$478

Tenant Lease Setup Costs = \$5,000

Rounded to \$5,500

SAFCA shall pay TNBC this estimated amount immediately following the execution of the implementation agreement. Final accounting for costs incurred shall reflect any and all revenue TNBC has received from the Willey Property Agricultural Field. SAFCA's payment shall also be subject to adjustment as provided in the Master Agreement, including, without limitation, Section 8.3 thereof.

[NATOMAS BASIN LETTERHEAD]

July 30, 2014

Brett Gray
General Manager
Natomas Central Mutual Water Company
2601 West Elkhorn Blvd.
Rio Linda, CA 95673

Re: Non-Shareholder Water Transfers

Dear Brett,

As you know, the Natomas Basin Conservancy is concerned with the ongoing policy of the Company to facilitate the export of water from the Company's service area. This concern is particularly acute in light of current drought conditions and uncertainty as to whether those conditions may continue over the longer term. We have made clear our objection to the fact that the transfer program disproportionately benefits Company insiders, and does so without full disclosure to all shareholders. Our underlying concern remains, as stated before, the future of water supplies in the Basin. This letter, then, questions the appropriateness of transfers to non-shareholders in light of the governing documents of the Company.

With respect to the governing documents of the Company, we have taken a close look at the Articles of Incorporation and Bylaws of the Company and have the following observations:

1. Since the Articles of Incorporation for the Company were adopted in 1921, there have been numerous amendments to the Articles to reflect changes in the service area of the Company as the result of acquiring or merging with other water companies. Despite these amendments, the key language on the powers of the Company has largely remained unchanged; that is, to serve water for irrigation on the lands of the shareholders. In reading through the Articles, we find this founding principle of the Company given strong emphasis, with the primacy of water availability for agricultural use being the touchstone of the purpose of the Company and its duty to the shareholders. This founding principle was expanded in 1988 and again in 1993 when the last paragraph of Section 2 of the Articles were amended to allow the Company to "*...engage in the business of wholesaling raw water to stockholders for non-agricultural purposes for use within the service area of the Company.*" In 1993, the following additional language was added to address potential conflicts in the allocation of water use: "*Notwithstanding any other provision of these Articles of Incorporation, where the Board of Directors approves the wholesaling of raw water for non-agricultural purposes, such non-agricultural water shall be allocated based on the principle of equal priority as between agricultural and non-agricultural uses.*" The Articles have not been amended since 1999, when the Class B stock that was created to allow for the wholesale purchase of non-agricultural water by shareholders was eliminated. There currently is no authorization in the Articles to allow for the wholesale transfer of water for use outside of the service area of the Company or for the transfer of such water to non-shareholders. If the Company has been relying on the catch all language of Article 2, final paragraph, to support the notion that the Company has the authority to take such action as is necessary to further the purposes of the Company, we would disagree that this is applicable. The Company cannot perform an act in furtherance of providing water solely to shareholders with their existing lands by transferring such water to non-shareholders outside the service area. The current policy

of engaging in such transactions is in conflict with the authorized powers and paramount objective of the Company, which is providing water to the shareholders of the Company for use on land within the Company's service area.

2. Due to the limitation in the Articles which is noted above, we believe that Article III, Section (g) of the Bylaws of the Company goes beyond what is authorized in the Articles when it allows for the "...transfer of water to non-shareholders in accordance with applicable law." The Company Articles are quite specific that water be used to "...irrigate lands owned by shareholders," or "...for non-agricultural uses within the service area." There is no language that would authorize the transfer of water to non-shareholders, particularly if that transfer could limit the availability of water for irrigation and/or non-agricultural use by the shareholders. Accordingly, without debating whether or not the transactions entered into by the Company fall within what a mutual is allowed to do "*in accordance with applicable law*" (which we understand is subject to statutory restrictions), the Company is still bound by the express authority and powers set forth in its Articles of Incorporation.

There has been an ongoing debate at the meetings of the Company's Board of Directors regarding the wisdom of water transfers in light of the current allocations of water. As recently as the April 23 minutes, the Board approved a resolution not to engage in providing water outside the service area during a period of reduced allocation. This decision was apparently reversed at subsequent meetings when the Board also acted to change the profit allocation between the shareholder and the Company in connection with water transfers to be more favorable to shareholders participating in the program. Although water company staff has relied on the Scalini report to argue that there is a 10,000 acre foot safe yield, this report appears to be overly optimistic in the current environment. Accordingly, we would like to remind staff and the Board that there is a fiduciary duty to the shareholders to preserve water resources for the primary purpose of the Company, which is the availability of water for irrigation use within the service area. This duty to preserve the availability of water is reflected both in the Articles of Incorporation and Article XII of the Bylaws.

We realize that there is a significant economic incentive for shareholders to engage in water transfers given the increase in the value of water during the drought. We also appreciate that these transfers provide income to the Company to offset the cost of serving water to the shareholders. However, the Board also has a duty to look after the interests of the shareholders who do not participate in the water transfer program and to carefully evaluate the potential economic harm to all shareholders if the primary function of the Company to provide water for agricultural use is compromised. We believe the Company has failed to serve its shareholders on this last account.

We ask that staff and the Board take the issues raised in this letter under consideration, particularly whether the current action by the Company is in compliance with the governing documents of the Company.

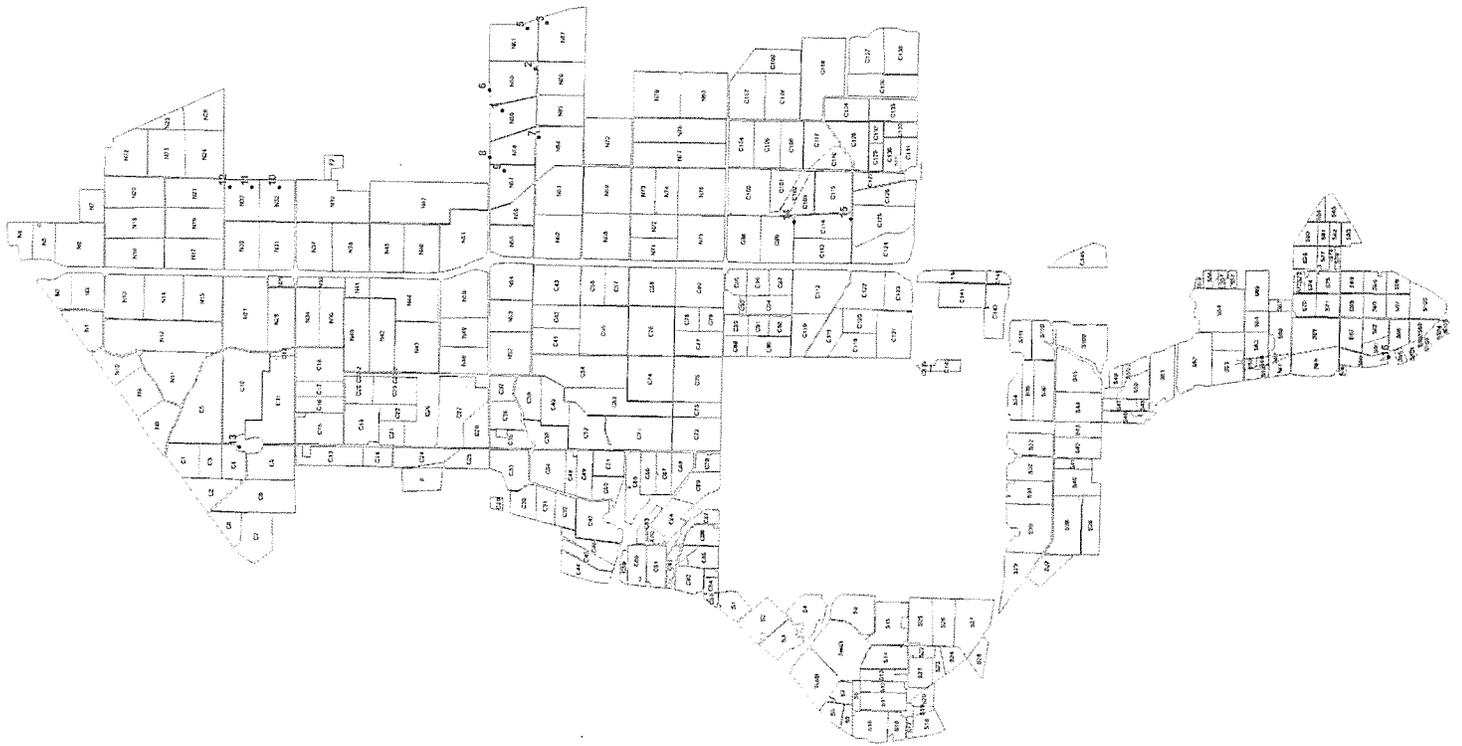
Please feel free to contact me if you want to discuss any of the foregoing.

Sincerely,

John R. Roberts, Jr.
Executive Director

cc: Board of Directors

Well	Month	Produced (AF)	Loss (AF) 12%	Total (AF)
15	May	-	-	-
	June	166.3	20.0	146.3
	Total			146.3
14	May	-	-	-
	June	270.8	32.5	238.3
	Total			238.3
16	May	36.9	4.4	32.5
	June	246.4	29.6	216.8
	Total			249.3
13	May	-	-	-
	June	272.9	32.7	240.2
	Total			240.2
9	May	33.7	4.0	29.7
	June	159.9	19.2	140.7
	Total			170.4
1	May	0.6	0.1	0.5
	June	186.4	22.4	164.0
	Total			164.6
2	May	104.5	12.5	92.0
	June	224.7	27.0	197.7
	Total			289.7
7	May	41.1	4.9	36.2
	June	128.0	15.4	112.6
	Total			148.8
10	May	52.4	6.3	46.1
	June	118.9	14.3	104.6
	Total			150.7
11	May	77.4	9.3	68.1
	June	165.3	19.8	145.5
	Total			213.6
12	May	84.9	10.2	74.7
	June	177.6	21.3	156.3
	Total			231.0
			Total	2,242.9



June 2014 Unaudited Financial Statements

June 2014 Financial Dashboard

Total Assets

Asset Category	Asset Value
Current Assets	\$30,571,695
Receivables	\$115,217
Fixed Assets	\$34,180,291
Total assets	\$64,867,203

Total Liabilities & Fund Balances

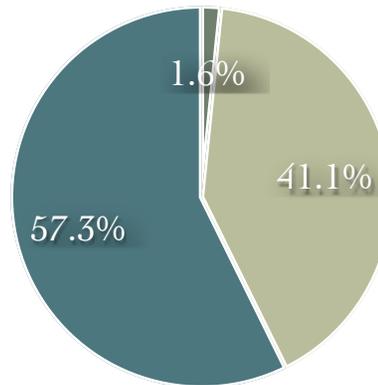
Category	Value
Liabilities	\$258,505
Fund Balances	\$64,608,698
Total liabilities and fund balances	\$64,867,203

Total Revenue & Expenses

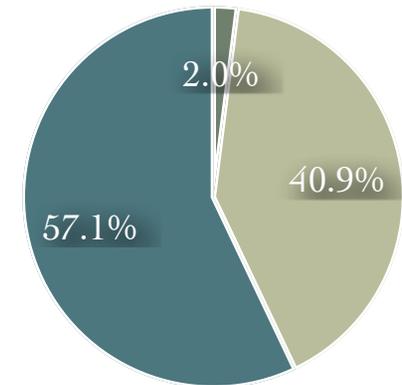
Category	Jun	YTD	2014B	2013A
Total Revenue	\$286,756	\$1,030,018	\$1,858,252	\$4,308,088
Total Expenses	\$139,179	\$1,194,336	\$3,517,808	\$3,422,505
Change in fund balance	\$147,577	-\$164,318	-\$1,659,556	\$885,583

2Q14 Endowment Funds Asset Allocation

Endowment
Total: \$16,148,098



Supplemental Endowment
Total: \$2,552,226

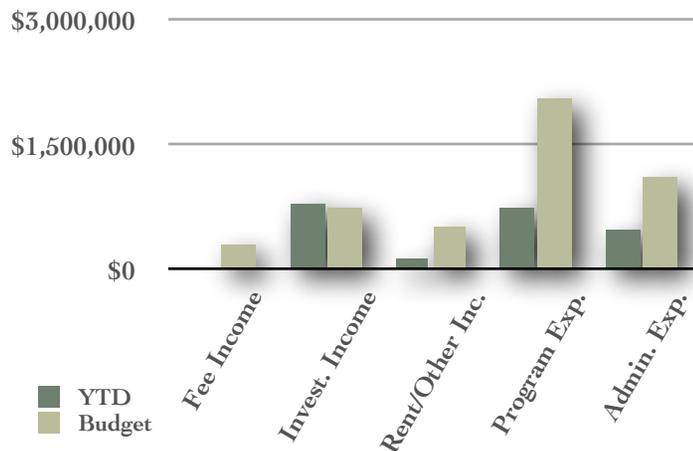


● Cash ● Fixed Income ● Equities

The strategic asset allocation ranges for the endowment accounts are: 0-20% Cash, 30-60% Fixed Income, and 35-60% Equities or Growth.



Mid-Year Budget Review



The Natomas Basin Conservancy
Statement of Net Assets
Unaudited YTD - June 30, 2014

	NBHCP Funds					Non-HCP Funds	Total
	Administration	Restoration & Enhancement	Land Acquisition	Endowment	Supplemental Endowment	SAFCA NLIP	
ASSETS							
<i>Current Assets:</i>							
Checking - Wells Fargo Bank	23,228	-	-	-	-	53,349	76,577
PayPal Account	604	-	-	-	-	-	604
Investments - City of Sacramento	56,228	-	-	-	-	-	56,228
Investments - American Century Investments	1,500,080	-	500,008	-	-	-	2,000,088
Investments - Wells Fargo Investments	2,787,605	1,702,786	1,035,075	-	-	904,017	6,429,483
Investments - U.S. Bank	2,000,351	-	1,001,751	-	-	-	3,002,102
Investments - T. Rowe Price	-	-	-	16,148,098	2,658,515	-	18,806,613
Subtotal Cash	6,368,096	1,702,786	2,536,834	16,148,098	2,658,515	957,366	30,371,695
<i>Receivables:</i>							
Accounts Receivable ¹	25,167	14,391	8,748	-	-	23,414	71,720
Due from Other Funds	9,509	-	-	-	-	-	9,509
Prepaid Items	33,988	-	-	-	-	-	33,988
Subtotal Receivables	68,664	14,391	8,748	-	-	23,414	115,217
<i>Fixed Assets:</i>							
Land	-	-	32,488,567	-	-	-	32,488,567
Land Improvements - Habitat & Bldgs, Net	129,005	-	1,548,665	-	-	-	1,677,670
Office Equipment & Machinery, Net	14,054	-	-	-	-	-	14,054
Subtotal Fixed Assets	143,059	-	34,037,232	-	-	-	34,180,291
Total Cash and Assets	6,579,819	1,717,177	36,582,814	16,148,098	2,658,515	980,780	64,667,203
LIABILITIES & FUND BALANCES							
<i>Liabilities ²</i>							
Accounts Payable	112,395	-	-	-	-	2,058	114,453
Accrued Vacation	54,081	-	-	-	-	-	54,081
Due to Other Funds / Conditional Deposits	1,000	-	-	-	-	88,971	89,971
Subtotal Liabilities	167,476	-	-	-	-	91,029	258,505
<i>Equity:</i>							
Investment in General Fixed Assets	143,059	-	34,037,232	-	-	-	34,180,291
Fund Balances:	-	-	-	-	-	-	-
Reserved for Endowment - Permanent	-	-	-	9,341,092	-	-	9,341,092
Reserved for Endowment - Temporary	-	-	-	6,807,006	-	-	6,807,006
Designated ⁵	1,218,382	-	2,308,080	-	-	-	3,526,462
Undesignated	5,050,902	1,717,177	237,502	-	2,658,515	889,751	10,553,847
Subtotal Fund Balances	6,412,343	1,717,177	36,582,814	16,148,098	2,658,515	889,751	64,408,698
Total Liabilities & Fund Balances	6,579,819	1,717,177	36,582,814	16,148,098	2,658,515	980,780	64,667,203

**The Natomas Basin Conservancy
Statement of Activities
Unaudited YTD - May 31, 2014**

	NBHCP Funds					Non-HCP Funds	YTD Total	YTD Budget	% Variance	Full 2014 Budget
	Administration	Restoration & Enhancement	Land Acquisition	Endowment	Supplemental Endowment	SAFCA NLIP				
REVENUES										
Mitigation Fees										
City of Sacramento	-	-	-	-	-	-	-	116,939	0%	233,878
County of Sutter	-	-	-	-	-	-	-	-	0%	-
Other	-	-	-	-	-	-	-	25,000	0%	50,000
Rent Revenue	14,190	-	-	-	-	-	14,190	225,000	6%	450,000
Investment Income - Realized	5,356	11,527	8,195	160,145	27,516	6,858	219,598	375,407	58%	750,814
Investment Income - Unrealized	6,508	3,851	3,804	478,326	76,622	(3,968)	565,144	-	0%	-
Other / Reimbursement	97,825	-	-	-	-	133,261	231,086	186,780	124%	373,560
Total Revenue	123,878	15,378	11,999	638,472	104,139	136,152	1,030,018	929,126	111%	1,858,252
EXPENDITURES - PROGRAM										
Property Tax	131,557	-	-	-	-	-	131,557	104,026	126%	208,051
Water District & Drainage	149,239	-	-	-	-	-	149,239	193,466	77%	386,931
Property Maintenance	151,552	-	-	-	-	-	151,552	359,000	42%	718,000
Electricity	19,975	-	-	-	-	-	19,975	25,000	80%	50,000
Biological Monitoring	85,631	-	-	-	-	-	85,631	149,098	57%	298,196
Contract Work	186,919	-	-	-	-	495	187,414	422,033	44%	844,066
Subtotal Program	724,874	-	-	-	-	495	725,369	1,252,622		2,505,244
EXPENDITURES - ADMINISTRATION										
Staff & Staff Expenses	248,111	-	-	-	-	-	248,111	262,876	94%	525,751
Board Expense	3,500	-	-	-	-	-	3,500	5,000	70%	10,000
Office Lease	37,180	-	-	-	-	-	37,180	36,307	102%	72,613
Telecommunications	23,890	-	-	-	-	-	23,890	17,500	137%	35,000
Office Supplies	19,135	-	-	-	-	81	19,216	19,000	101%	38,000
Office Equipment	7,915	-	-	-	-	-	7,915	12,500	63%	25,000
Vehicle Expense	11,932	-	-	-	-	-	11,932	12,600	95%	25,200
Insurance	23,643	-	-	-	-	-	23,643	22,500	105%	45,000
Professional Services	55,155	-	-	-	-	4,416	59,570	65,500	91%	131,000
Fees and Taxes	15,238	-	-	15,009	2,463	1,301	34,010	52,500	65%	105,000
Subtotal Program	445,699	-	-	15,009	2,463	5,797	468,968	506,282		1,012,564
Total Expenditures	1,170,572	-	-	15,009	2,463	6,292	1,194,336	1,758,904	68%	3,517,808
Excess (deficiency) of revenues over (under) expenditures	(1,046,694)	15,378	11,999	623,463	101,675	129,860	(164,318)	(829,778)	20%	(1,659,556)
Fund Balances, beginning of period	7,459,040	1,701,798	36,570,813	15,524,636	2,556,840	759,890	64,573,017			
Fund Balances, end of period	6,412,346	1,717,176	36,582,812	16,148,099	2,658,515	889,750	64,408,699			

Footnotes to June 30, 2014 Unaudited Financial Statements:

1 – **Accounts Receivable** – The funds listed in Accounts Receivable are comprised of:

<u>Accounts Receivable</u>	
Accounts Receivable	18,022
City of Sacramento - Pool A	161
Wells Fargo - Investment Management Account	46,697
Wells Fargo - SAFCA NLIP	6,839
Total	71,719

2 – **Liabilities** – As the managed marsh construction component follows and lags acquisition, approximately 4.9% of the 25% managed marsh target remains in process and is not yet completed. Accordingly, the Conservancy will need to construct managed marsh on approximately 176 acres. At an average cost of \$8,750 per acre of managed marsh construction costs, this results in an on-going managed marsh R&E obligation of approximately \$1,542,473.

UPDATE: 110.372 acres of Frazer South are planned for managed marsh construction in 2016 and 80 acres of Bianchi West are planned for managed marsh construction in 2017.

3 – **Designated - NBHCP Funds** – The funds in this category may be derived from HCP fees. Board designation is required for use of HCP Designated funds. Source of funding is as follows:

<u>Designated - NBHCP Funds</u>	
GGS	204,808
Supplemental-HCP Donations	11,130
Supplemental-HCP Elderberry Mitigation	69,506
Tree/Shrub Mitigation	53,195
Fixed Assets Reserve	879,743
Total	1,218,382

Designated - Non-HCP Funds – The funds in this category are not derived from HCP fees or NBHCP/MAPHCP related sources. Board designation is required for use of non-HCP funds. Source of funding is as follows:

<u>Designated - Non-HCP Funds</u>	
SAFCA NLIP	889,750
Supplemental Mitigation (Land Acquisition)	
SAFCA Settlement - Huffman West	810,110
SAFCA Settlement - Atkinson	229,810
SAFCA Settlement - Natomas Farms	1,268,160
Total	3,197,830

The Natomas Basin Conservancy Cash Flow Projections ¹

OPERATING INCOME	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Projected Jun	Projected Jul	Projected Aug	Projected Sep	Projected Oct	Projected Nov	Projected Dec	Projected Total	Budget Total
Admin - Mitigation fees	-	-	-	-	-	-	-	-	114,687	-	-	-	114,687	114,687
Admin - Rent revenue	9,100	800	800	800	800	1,890	-	440,900	-	-	-	-	455,090	450,000
Admin - Investment income	11,023	12,478	11,491	(10,403)	(12,088)	(7,145)	11,076	11,076	11,076	11,076	11,076	11,076	71,809	132,906
Admin - Marketable securities	(7,172)	(8,380)	(10,793)	13,011	17,273	2,569	-	-	-	-	-	-	6,508	-
Admin - Other & misc.	97,825	-	-	-	-	-	-	-	-	-	-	-	97,825	50,000
R&E and Land Acq - Mitigation fees	-	-	-	-	-	-	-	-	109,618	-	-	-	109,618	109,618
R&E and Land Acq - Inv. income	3,509	4,180	3,377	5,382	4,136	6,793	6,036	6,036	6,036	6,036	6,036	6,036	63,595	72,435
Total	114,285	9,078	4,875	8,790	10,120	4,107	17,112	458,012	241,417	17,112	17,112	17,112	919,132	929,646

USES OF CASH

Administration	68,635	68,298	93,629	76,972	64,393	58,878	82,297	82,297	82,297	82,297	82,297	82,297	924,587	987,564
Program	69,011	56,752	221,119	194,278	62,002	66,858	158,890	158,890	158,890	158,890	158,890	158,890	1,623,363	1,906,684
BKS North Course channel clearing	-	-	-	-	73,776	13,443	100,000	100,000	-	-	-	-	287,219	300,000
Total	137,645	125,050	314,749	271,250	200,171	139,179	341,187	341,187	241,187	241,187	241,187	241,187	2,835,168	3,194,248
Excess (deficiency) of revenue over expense	(23,360)	(115,972)	(309,873)	(262,460)	(190,050)	(135,072)	(324,076)	116,824	229	(224,076)	(224,076)	(224,076)	(1,916,037)	(2,264,602)

2014 Actual Cash Balance

Beginning cash balance (Operating)	11,694,419	11,671,059	11,555,087	11,245,213	10,982,753	10,792,703	10,657,631	10,333,555	10,450,380	10,450,609	10,226,533	10,002,458		
Ending cash balance (Operating)	11,671,059	11,555,087	11,245,213	10,982,753	10,792,703	10,657,631	10,333,555	10,450,380	10,450,609	10,226,533	10,002,458	9,778,382		

2014 Budget Cash Balance

Beginning cash balance (Operating)	11,694,419	11,470,344	11,246,269	11,022,194	10,798,119	10,574,044	10,249,969	9,925,894	10,042,719	10,042,949	9,818,874	9,594,799		
Ending cash balance (Operating)	11,470,344	11,246,269	11,022,194	10,798,119	10,574,044	10,249,969	9,925,894	10,042,719	10,042,949	9,818,874	9,594,799	9,370,724		

RESTRICTED INCOME ²

	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Projected Jun	Projected Jul	Projected Aug	Projected Sep	Projected Oct	Projected Nov	Projected Dec	Projected Total	Budget Total
Endowment - Mitigation fees	-	-	-	-	-	-	-	-	59,574	-	-	-	59,574	59,574
Endowment - Investment income	19,060	17,951	57,081	16,216	44,739	32,614	43,643	43,643	43,643	43,643	43,643	43,643	449,516	523,710
Endowment - Marketable securities	(242,566)	525,917	(183,127)	(76,583)	281,273	250,036	-	-	-	-	-	-	554,950	-
Restricted gifts, grants & related	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	(223,506)	543,868	(126,046)	(60,367)	326,012	282,650	43,643	43,643	103,217	43,643	43,643	43,643	1,064,040	583,284

2014 Actual Cash Balance

Beginning cash balance (Restricted)	18,081,476	17,857,970	18,401,839	18,275,792	18,215,425	18,541,437	18,824,087	18,867,730	18,911,372	19,014,589	19,058,231	19,101,874		
Ending cash balance (Restricted)	17,857,970	18,401,839	18,275,792	18,215,425	18,541,437	18,824,087	18,867,730	18,911,372	19,014,589	19,058,231	19,101,874	19,145,516		

2014 Budget Cash Balance

Beginning cash balance (Operating)	18,081,476	18,125,119	18,168,762	18,212,405	18,256,048	18,299,691	18,343,334	18,386,977	18,430,620	18,533,837	18,577,480	18,621,123		
Ending cash balance (Operating)	18,125,119	18,168,762	18,212,405	18,256,048	18,299,691	18,343,334	18,386,977	18,430,620	18,533,837	18,577,480	18,621,123	18,664,766		

Restoration & Enhancement

	Acres	Total
Est. funds necessary to balance 25/25/50 - at \$8,750/acre		
Acres planned but not yet constructed	190	\$ 1,662,500

Summer 2014 possible mitigation				
Acres	Full Fee	Non-Acq Fee	Partial Fee	Total (\$)
7	233,878	-	-	233,878
-	-	-	-	-
-	-	-	-	-
7	233,878	-	-	233,878

Big events & issues-revenue

1. NBHCP fees received between May-Sep
2. Farm rent is received in July

Big events & issues-expense

- 1 - BKS, North Course, Phase IV

Surprise potential

1. Legal expense

¹ These Cash Flow Projections include only NBHCP funds (excludes SAFCA NLIP project funds).

² Restricted income includes the Endowment Fund and the Supplemental Endowment Fund.

The Natomas Basin Conservancy

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Register: 1001 · TNBC Checking
 From 06/01/2014 through 06/30/2014
 Sorted by: Date, Type, Number/Ref

<u>Date</u>	<u>Number</u>	<u>Payee</u>	<u>Account</u>	<u>Memo</u>	<u>Payment</u>	<u>C</u>	<u>Deposit</u>	<u>Balance</u>
06/01/2014			1003 · Cash & Inv - WFI	Funds Transfer		X	100,000.00	111,461.38
06/04/2014	8385	Best Best & Krieger	2100.1 · A/P - Admin		10,725.52	X		100,735.86
06/04/2014	8386	CG Construction	2100.1 · A/P - Admin	Inv # 237	73,775.75	X		26,960.11
06/04/2014	8387	Fong Enterprises	2100.1 · A/P - Admin		399.99	X		26,560.12
06/04/2014	8388	ICF Jones & Stokes ...	2100.1 · A/P - Admin	Inv # 0100702	19,885.03	X		6,675.09
06/04/2014	8389	Westervelt Ecologica...	2100.1 · A/P - Admin		3,030.00	X		3,645.09
06/04/2014	8390	Xerox Corp.	2100.1 · A/P - Admin	Inv # 074335034	601.83	X		3,043.26
06/04/2014	8391	Fidelity Investments	2100.1 · A/P - Admin	Acct # 484-679...	839.80	X		2,203.46
06/04/2014	8392	T. Rowe Price	2100.1 · A/P - Admin	Acct # 124104...	2,086.09	X		117.37
06/04/2014	8393	Wells Fargo HBS	2100.1 · A/P - Admin	HSA Contribut...	1,200.00	X		-1,082.63
06/04/2014	8394	Lake WebWorks	2100.1 · A/P - Admin	Inv # 2014070	6,760.00	X		-7,842.63
06/04/2014			1003 · Cash & Inv - WFI	Funds Transfer		X	100,000.00	92,157.37
06/06/2014			-split-	Deposit		X	1,890.00	94,047.37
			Rent - Real Property	Betts Track Cat...			90.00	
			Rent - Real Property	Use of Diesel P...			1,000.00	
			Rent - Real Property	June 14 Rent S...			800.00	
06/12/2014		Intuit	6383 · Office Supplies	Checks and env...	305.92	X		93,741.45
06/13/2014	8395	Lor, Jeremy	6422 · Mileage Expense	Mileage Reimb...	448.56	X		93,292.89
06/13/2014	8396	Huezo, Valentina V	6422 · Mileage Expense	Mileage Reimb...	31.92	X		93,260.97
06/13/2014	8397	cSpot Interworks, Inc.	2100.1 · A/P - Admin	Inv # 33956	407.45	X		92,853.52
06/13/2014	8398	Gilbert Associates, Inc.	2100.1 · A/P - Admin	Inv # 306067	3,000.00	X		89,853.52
06/13/2014	8399	Odell's Pump & Mot...	2100.1 · A/P - Admin	Inv # 13498	168.32	X		89,685.20

The Natomas Basin Conservancy

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Register: 1001 · TNBC Checking
 From 06/01/2014 through 06/30/2014
 Sorted by: Date, Type, Number/Ref

<u>Date</u>	<u>Number</u>	<u>Payee</u>	<u>Account</u>	<u>Memo</u>	<u>Payment</u>	<u>C</u>	<u>Deposit</u>	<u>Balance</u>
06/13/2014	8400	Real Pest Management	2100.1 · A/P - Admin		120.00	X		89,565.20
06/13/2014	8401	Sopwith Farms	2100.1 · A/P - Admin		27,761.42	X		61,803.78
06/13/2014	8402	Westervelt Ecologica...	2100.1 · A/P - Admin	Inv # 14-1004f	1,155.00	X		60,648.78
06/13/2014	8403	Wells Fargo Insuranc...	2100.1 · A/P - Admin		26,897.00	X		33,751.78
06/13/2014	8404	SMUD	2100.1 · A/P - Admin		417.42	X		33,334.36
06/13/2014	8405	PG&E	2100.1 · A/P - Admin		1,148.13	X		32,186.23
06/13/2014	8406	Consolidated Comm...	2100.1 · A/P - Admin	Acct ID: 71258...	288.49	X		31,897.74
06/13/2014	8407	ICF Jones & Stokes ...	2100.1 · A/P - Admin	Inv # 0101230	6,450.13	X		25,447.61
06/13/2014	8408	JMZ Cleaning Services	2100.1 · A/P - Admin	061314	230.00	X		25,217.61
06/13/2014			1003 · Cash & Inv - WFI	Funds Transfer		X	50,000.00	75,217.61
06/15/2014		Wells Fargo Payroll ...	6306 · Payroll Fees	Payroll fees 06/...	56.25	X		75,161.36
06/15/2014	Payroll		6301 · Salaries [split]	06/15/14 Payroll	9,328.56	X		65,832.80
06/15/2014	Payroll		6301 · Salaries [split]	06/15/14 Payroll	4,738.94	X		61,093.86
06/18/2014	8409	AT&T Mobility	2100.1 · A/P - Admin	Acct # 287257...	56.68	X		61,037.18
06/18/2014	8410	Baker Williams Engi...	2100.1 · A/P - Admin		637.50	X		60,399.68
06/18/2014	8411	Blue Shield	2100.1 · A/P - Admin	Cust # 4325412	3,057.00	X		57,342.68
06/18/2014	8412	Fong Enterprises	2100.1 · A/P - Admin	Inv # 20140093	180.00	X		57,162.68
06/18/2014	8413	Marketing by Design	2100.1 · A/P - Admin		2,991.47	X		54,171.21
06/18/2014	8414	PG&E	2100.1 · A/P - Admin		2,050.65	X		52,120.56
06/18/2014	8415	Sir Speedy Printing	2100.1 · A/P - Admin	Inv # 51344	30.43			52,090.13

The Natomas Basin Conservancy

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 From 06/01/2014 through 06/30/2014
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<u>Date</u>	<u>Number</u>	<u>Payee</u>	<u>Account</u>	<u>Memo</u>	<u>Payment</u>	<u>C</u>	<u>Deposit</u>	<u>Balance</u>
06/18/2014	8416	Unum	2100.1 · A/P - Admin	Bill # 0144773...	291.04	X		51,799.09
06/18/2014	8417	Hines VAF II Sacra...	2100.1 · A/P - Admin	Jul 14 - Rent	6,039.35	X		45,759.74
06/20/2014	8418	Huezo, Valentina V	6422 · Mileage Expense	Mileage Reimb...	36.48	X		45,723.26
06/20/2014	8419	Westervelt Ecologica...	2100.1 · A/P - Admin		2,915.00	X		42,808.26
06/30/2014		Wells Fargo Payroll ...	6306 · Payroll Fees	Payroll fees 06/...	60.75	X		42,747.51
06/30/2014			6321 · Service Charges	Service Charge	28.50	X		42,719.01
06/30/2014	8420	Burns, Kimberli S.	-split-	Jun 14 - Reimb...	141.14			42,577.87
			Newspapers/Magazines	Newspapers	-22.99			
			Software Purchases	Software	-25.00			
			Cellular Phones	Cell phone	-75.23			
			Mileage Expense	Mileage	-17.92			
06/30/2014	8421	Lor, Jeremy	6422 · Mileage Expense	Mileage Expense	461.44			42,116.43
06/30/2014	8422	Federal Express	2100.1 · A/P - Admin	Inv # 2-692-55...	36.35			42,080.08
06/30/2014	8423	Fong Enterprises	2100.1 · A/P - Admin	Inv # 2014-004...	431.28			41,648.80
06/30/2014	8424	Sacramento County ...	2100.1 · A/P - Admin	Acct # 500005...	147.02			41,501.78
06/30/2014	8425	Wells Fargo	2100.1 · A/P - Admin	Acct # ...6339	764.94			40,736.84
06/30/2014	Payroll		6301 · Salaries [split]	06/30/14 Payroll	12,203.92	X		28,532.92
06/30/2014	Payroll		6301 · Salaries [split]	06/30/14 Payroll	5,304.79	X		23,228.13



Natomas Basin Conservancy

PayPal Account : kburns@natomasbasin.org

2150 River Plaza Dr #460, Sacramento, 95833

Financial Statement for the month of June 2014

	Amounts in USD	
	Beginning	Ending
Total balance	603.94	603.94
Available balance	603.94	603.94
Payables balance	0.00	0.00

Note: This is not an actual bill.

THE NATOMAS BASIN CONSERVANCY

MONTHLY REVIEW – JUNE 2014

STRATEGY

The TNBC funds are invested in the City of Sacramento’s Pool A investment fund. The Fund seeks to maximize the level of current income consistent with the preservation of principal while meeting the liquidity needs of the City and the pooled investors. The Fund is invested pursuant to the prudent person standards and the California Code Section 53601 (GC 53601).

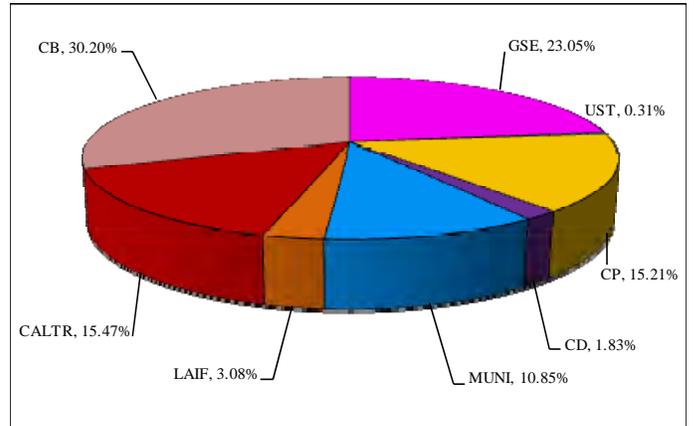
PORTFOLIO STATISTICS

Portfolio’s Beginning Balance	927,261
Contributions	0
Withdrawals	(871,036)
Interest Earned	165
Month-End Market Value	56,390

PERFORMANCE

Earned Interest Yield for the Month	0.97
Laif Rate of Return (book value)	0.23
ML Ready Asset	-
90 Day T-Bill	0.02
Federal Funds	0.08

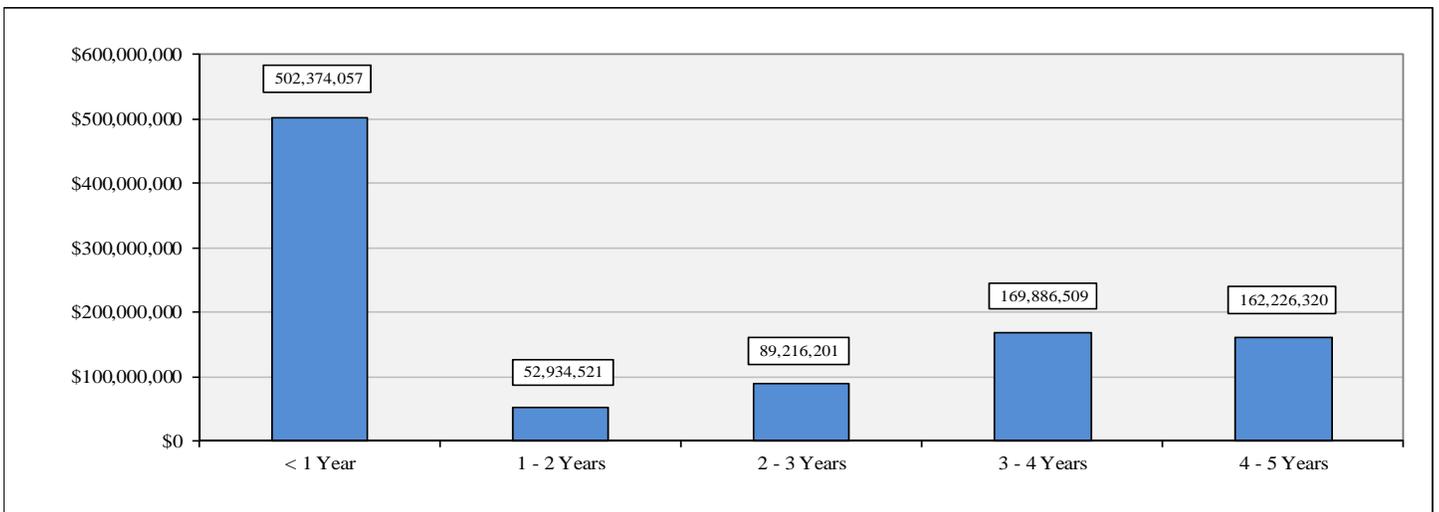
POOL A BY ASSET CLASS



POOL A MATURITY SCHEDULE

Maturity	Market Value	%
< 1 Year	502,374,057	51.43%
1 - 2 Years	52,934,521	5.42%
2 - 3 Years	89,216,201	9.14%
3 - 4 Years	169,886,509	17.40%
4 - 5 Years	162,226,320	16.61%
Total	976,637,608	100.00%

Investment Description	Portfolio at Cost	Yield at Month End
US Agency Notes (GSE)	23.05%	1.18%
US Treasuries	0.31%	1.75%
Commercial Paper (CP)	15.21%	0.22%
Certificates of Deposit (CD)	1.83%	0.57%
Municipals	10.85%	1.56%
LAIF	3.08%	0.23%
CalTrust	15.47%	0.64%
Corporate Bonds (CB)	30.20%	1.60%

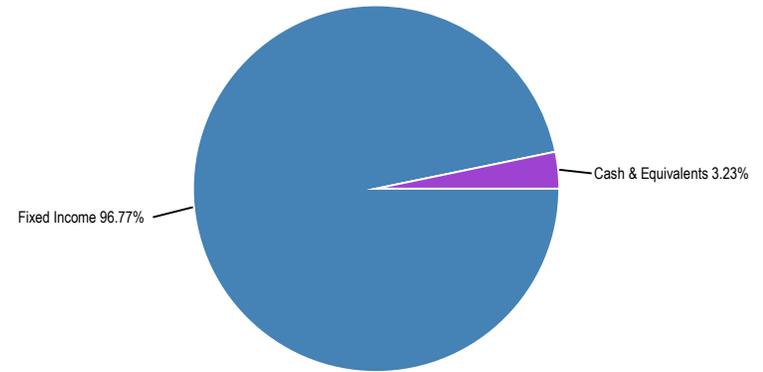
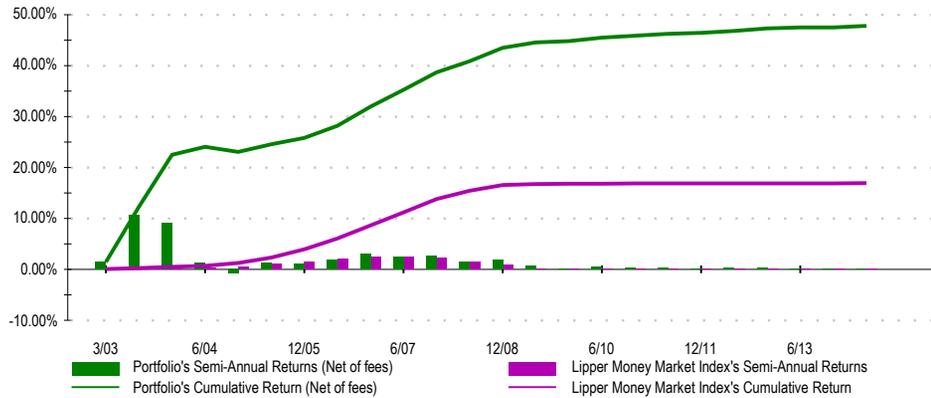


PORTFOLIO ALLOCATION & PERFORMANCE SUMMARY - REPORT PERIOD: 3/1/03 TO 6/30/14

NATOMAS BASIN CONSERVANCY- IMA

PORTFOLIO RETURNS

ALLOCATION (BY CLASS)



PORTFOLIO SUMMARY

	LAST 3 MONTHS	YEAR TO DATE	LAST 12 MONTHS	LAST 3 YEARS	LAST 5 YEARS	SINCE INCEPTION
Beginning Value ¹	5,666,828	5,446,666	5,257,855	5,008,974	7,716,825	1,893,898
Net Contributions & Withdrawals ²	-100,443	114,668	304,668	506,069	-2,281,750	2,052,265
Investment Gain or Loss ¹	5,775	10,826	9,637	57,117	137,084	1,625,996
Ending Value ¹	5,572,159	5,572,159	5,572,159	5,572,159	5,572,159	5,572,159

PERFORMANCE SUMMARY

	ENDING MARKET VALUE ¹	CURRENT PORTFOLIO ALLOCATION	LAST 3 MONTHS	YEAR TO DATE	LAST 12 MONTHS	LAST 3 YEARS ³	LAST 5 YEARS ³	SINCE INCEPTION ³
TOTAL PORTFOLIO (Net of fees)²	5,572,159	100.00%	0.11%	0.20%	0.19%	0.34%	0.45%	3.51%
<i>Lipper Money Market Index</i>			0.00%	0.01%	0.01%	0.01%	0.02%	1.39%
FIXED INCOME	5,392,309	96.77%	0.19%	0.35%	0.51%	0.67%	0.77%	-
<i>Lipper Money Market Index</i>			0.00%	0.01%	0.01%	0.01%	0.02%	-
EQUITIES	-	-	-	-	-	-	-	-
COMPLEMENTARY STRATEGIES	-	-	-	-	-	-	-	-
OTHER	-	-	-	-	-	-	-	-

¹ Values include Accrued Income.

² Starting March 2003, management fees have been incorporated into performance calculations.

³ Annualized Return

RECEIVED

JUL 11 2014

AB 02 275875 80631 H 1048 A
The Natomas Basin Conservancy
2150 River Plaza Dr Ste 460
Sacramento CA 95833-4141



americencentury.com



1-800-345-3533



P.O. Box 419385
Kansas City, Missouri 64141-6385

Total Assets **\$2,000,087.88**

Activity Overview

	This Quarter	Year-To-Date
Beginning Value	\$1,000,048.49	\$1,000,024.31
+ Investments	+1,000,000.00	+1,000,000.00
- Withdrawals	0.00	0.00
+/- Market Change/Adjustments	+39.39	+63.57
Ending Value	\$2,000,087.88	\$2,000,087.88

7-day Current Yield as of 06-30-2014

Visit our website and search **yields** to compare them for all of our money market

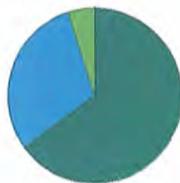
Capital Preservation 0.01%

Asset Mix



Current Allocation

0% Stock Funds
0% Bond Funds
100% Money Market Funds



Moderate Example

65% Stock Funds
30% Bond Funds
5% Money Market Funds

These charts reflect your current asset allocation based on the date and fund holdings shown on this statement compared to a moderate hypothetical example.

Want a customized target allocation? Log in to your account online, select the Asset Mix & Guidance tab and then choose Set Target Allocation.



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REVIEWED

JUL 18 2014

John R. Roberts

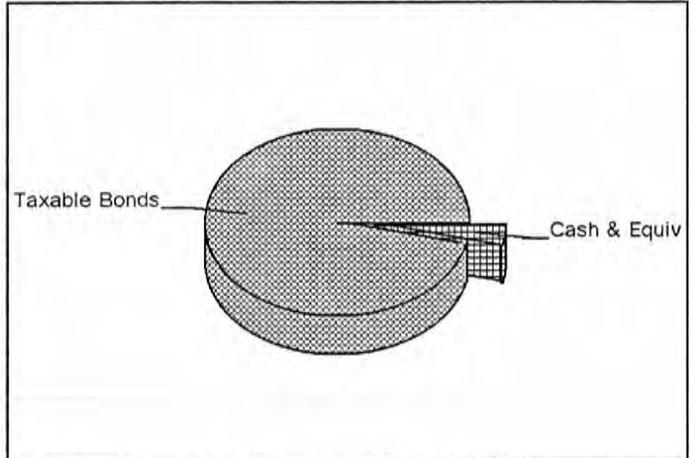
JOHN R. ROBERTS



This statement is for the period from
June 1, 2014 to June 30, 2014

ASSET SUMMARY AS OF 06/30/14

Assets	Current Period Market Value	% of Total	Est Annual Income
Cash & Equivalents	61,389.80	2.00	.00
Taxable Bonds	2,940,712.29	98.00	26,089.65
Total Market Value	\$3,002,102.09	100.00	\$26,089.65



YOUR INVESTMENT OBJECTIVE IS ALL FIXED/NON
TAXABLE

MARKET VALUE SUMMARY

	Current Period 06/01/14 to 06/30/14	Year-to-Date 01/01/14 to 06/30/14
Beginning Market Value	\$3,001,901.68	\$0.00
Taxable Dividends	1,986.92	3,442.81
Fees and Expenses	- 993.08	- 2,951.00
Cash Receipts		3,000,000.00
Change in Investment Value	- 793.43	1,610.28
Ending Market Value	\$3,002,102.09	\$3,002,102.09

REVIEWED
JUL 18 2014
[Signature]
JOHN R. ROBERTS

PORTFOLIO OVERVIEW

NATOMAS BASIN CONSERVANCY ENDOWMENT

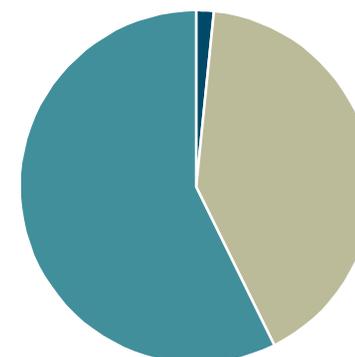
JUNE 30, 2014



PORTFOLIO ASSET ALLOCATION

CURRENT HOLDINGS	COST*	ESTIMATED ANNUAL INCOME	ESTIMATED YIELD AT MARKET**	MARKET VALUE***	PERCENT
Reserves	\$260,528.87	\$260.53	0.10%	\$260,528.87	1.61%
Fixed Income	6,646,499.17	184,312.87	2.78	6,635,337.99	41.09
Equities	7,110,149.10	74,083.30	0.80	9,252,231.58	57.30
Total Account	\$14,017,177.14	\$258,656.70	1.60%	\$16,148,098.44	100.00%

ASSET ALLOCATION CHART



Reserves	1.61%
Fixed Income	41.09
Equities	57.30

INVESTMENT GUIDELINES

	MINIMUM	MAXIMUM
Reserves	0%	20%
Fixed Income	30	60
Equities	35	60

YEAR-TO-DATE INFORMATION

REALIZED GAIN/(LOSS)	AMOUNT
Short-Term	\$0.00
Long-Term	\$37,566.65
Net Realized Gain/(Loss)	\$37,566.65

EARNED INCOME	AMOUNT
Past Three Months	\$59,534.88
Year-to-Date	\$121,903.15

*Amortized cost will be reflected where applicable.

**Estimated Yield at Market is calculated by multiplying the number of shares/units held by the income rate and dividing by the Market Value. Data is supplied by T. Rowe Price Associates, Inc. to existing clients as an update on their current holdings and portfolio.

***Market values include accrued income where applicable.

Note: T. Rowe Price strongly encourages you to reconcile this statement to the statements you receive directly from your custodian, broker, or the Price Funds, as applicable, to ensure consistency. If you have any questions with respect to this statement, please contact your T. Rowe Price Portfolio Manager.

PORTFOLIO OVERVIEW

NATOMAS BASIN CONSERVANCY SUPPLEMENTAL ENDOWMENT

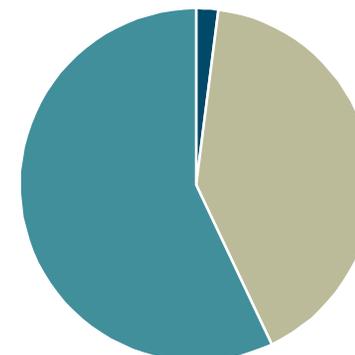
JUNE 30, 2014



PORTFOLIO ASSET ALLOCATION

CURRENT HOLDINGS	COST*	ESTIMATED ANNUAL INCOME	ESTIMATED YIELD AT MARKET**	MARKET VALUE***	PERCENT
Reserves	\$53,619.75	\$53.62	0.10%	\$53,619.75	2.02%
Fixed Income	1,088,227.10	30,079.36	2.76	1,088,025.15	40.93
Equities	1,165,676.94	12,115.26	0.80	1,516,870.02	57.06
Total Account	\$2,307,523.79	\$42,248.24	1.59%	\$2,658,514.92	100.00%

ASSET ALLOCATION CHART



Reserves	2.02%
Fixed Income	40.93
Equities	57.06

INVESTMENT GUIDELINES

	MINIMUM	MAXIMUM
Reserves	0%	20%
Fixed Income	30	60
Equities	35	60

YEAR-TO-DATE INFORMATION

REALIZED GAIN/(LOSS)	AMOUNT
Short-Term	\$0.00
Long-Term	\$7,496.29
Net Realized Gain/(Loss)	\$7,496.29

EARNED INCOME	AMOUNT
Past Three Months	\$9,682.67
Year-to-Date	\$19,867.17

*Amortized cost will be reflected where applicable.

**Estimated Yield at Market is calculated by multiplying the number of shares/units held by the income rate and dividing by the Market Value. Data is supplied by T. Rowe Price Associates, Inc. to existing clients as an update on their current holdings and portfolio.

***Market values include accrued income where applicable.

Note: T. Rowe Price strongly encourages you to reconcile this statement to the statements you receive directly from your custodian, broker, or the Price Funds, as applicable, to ensure consistency. If you have any questions with respect to this statement, please contact your T. Rowe Price Portfolio Manager.

The Natomas Basin Conservancy

7/17/2014 3:00 PM

Register: 1020 · SAFCA NLIP - Checking

From 06/01/2014 through 06/30/2014

Sorted by: Date, Type, Number/Ref

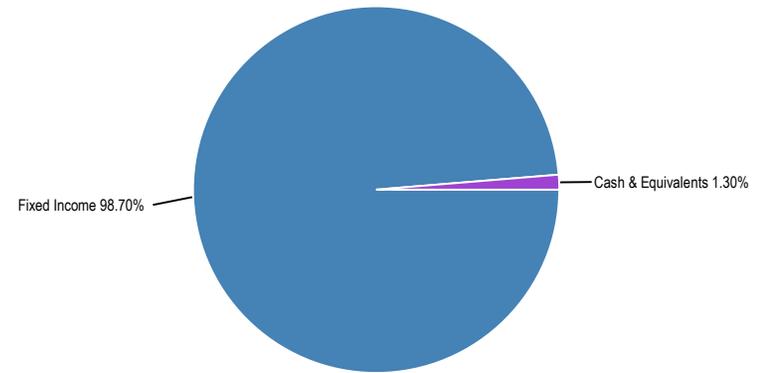
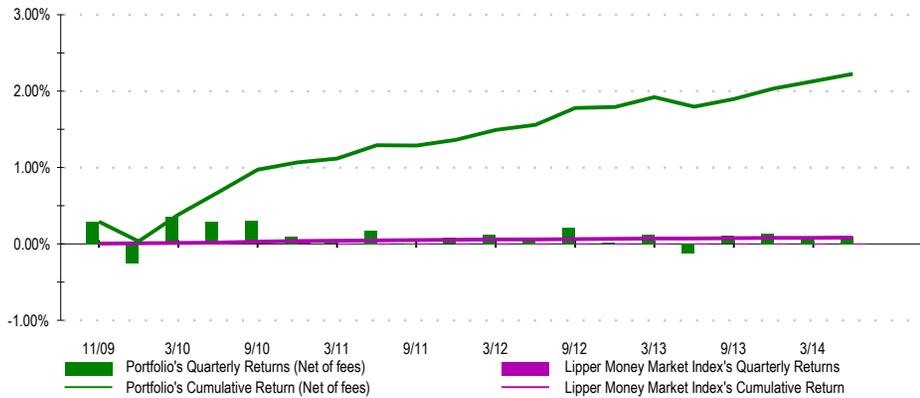
<u>Date</u>	<u>Number</u>	<u>Payee</u>	<u>Account</u>	<u>Memo</u>	<u>Payment</u>	<u>C</u>	<u>Deposit</u>	<u>Balance</u>
06/13/2014	2059	Gilbert Associates, Inc.	2120 · Accounts Payab...	Inv # 306071	187.50	X		53,843.62
06/13/2014	2060	Westervelt Ecologica...	2120 · Accounts Payab...	Inv # 14-1001e1	165.00	X		53,678.62
06/20/2014	2061	Westervelt Ecologica...	2120 · Accounts Payab...	Inv # 4-1002e1	330.00			53,348.62

PORTFOLIO ALLOCATION & PERFORMANCE SUMMARY - REPORT PERIOD: 11/1/09 TO 6/30/14

NATOMAS BASIN CONSERVANCY NLIP - IMA

PORTFOLIO RETURNS

ALLOCATION (BY CLASS)



PORTFOLIO SUMMARY

	LAST 3 MONTHS	YEAR TO DATE	LAST 12 MONTHS	LAST 3 YEARS	SINCE INCEPTION
Beginning Value ¹	894,503	776,004	757,483	754,016	744,385
Net Contributions & Withdrawals ²	15,495	133,261	149,984	149,374	149,374
Investment Gain or Loss ¹	858	1,590	3,389	7,466	17,097
Ending Value ¹	910,855	910,855	910,855	910,855	910,855

PERFORMANCE SUMMARY

	ENDING MARKET VALUE ¹	CURRENT PORTFOLIO ALLOCATION	LAST 3 MONTHS	YEAR TO DATE	LAST 12 MONTHS	LAST 3 YEARS ³	SINCE INCEPTION ³
TOTAL PORTFOLIO (Net of fees)²	910,855	100.00%	0.09%	0.19%	0.42%	0.31%	0.47%
<i>Lipper Money Market Index</i>			<i>0.00%</i>	<i>0.01%</i>	<i>0.01%</i>	<i>0.01%</i>	<i>0.02%</i>
FIXED INCOME	899,035	98.70%	0.17%	0.35%	0.76%	0.66%	0.82%
<i>Lipper Money Market Index</i>			<i>0.00%</i>	<i>0.01%</i>	<i>0.01%</i>	<i>0.01%</i>	<i>0.02%</i>
CASH & EQUIVALENTS	11,821	1.30%	0.00%	0.00%	0.01%	0.01%	0.05%
<i>Lipper Money Market Index</i>			<i>0.00%</i>	<i>0.01%</i>	<i>0.01%</i>	<i>0.01%</i>	<i>0.02%</i>

¹ Values include Accrued Income.

² Starting November 2009, management fees have been incorporated into performance calculations.

³ Annualized Return

From: **Dietrich, Nathan** nathan.dietrich@mail.house.gov 
Subject: Natomas Update
Date: July 24, 2014 at 12:21 PM
To:

Dear Friends,

With WRRDA being signed into law in June, FEMA (with the City of Sacramento, County of Sacramento and County of Sutter) has now started the process of remapping the Natomas area. There have been questions asked about the steps that are part of a remapping process and the associated timeline. Below you will find the current schedule from FEMA. It is in line with previous expectations of roughly a year. However, I must note that some of these dates could shift. Congresswoman Matsui will continue to stay engaged with FEMA on this issue and be closely following their scheduling benchmarks.

Please let me know if you have any questions about this timeline or the remapping process.

Sincerely,

Nathan Dietrich

Natomas Remap Timeline As of July 2014

- WRRDA signed into law, authorizes NLIP (June 10, 2014) - **completed**
- City/ County submit letter to FEMA requesting remap (June 10, 2014) - **completed**
- FEMA responds to City/ County request (June 24, 2014) - **completed**
- City/ County submit final information to FEMA (July 21, 2014) - **completed**
- FEMA sends A99 letter of approval to City/ County (late July 2014)
- Preliminary maps issued (early August 2014)
- City/ County/ FEMA officials meeting (mid-August 2014)
- 90 day appeal period begins (late September 2014)
- 90 day appeal period ends (late December 2014)
- FEMA issues Letter of Final Determination (mid-March 2015)
- New maps become effective (June 2015)

*Follow Congresswoman Matsui and her work for Sacramento
on Facebook, YouTube, Twitter, Instagram and Flickr!!!*



Nathan Dietrich
District Director
Congresswoman Doris O. Matsui
Robert T. Matsui United States Courthouse
501 I Street, Suite 12-600
Sacramento, CA 95814
(916) 498-5600 --- (916) 444-6117 (fax)
nathan.dietrich@mail.house.gov



EXECUTIVE DIRECTOR'S REPORT

George M. Carpenter, Jr.
3001 I Street, Suite 300
Sacramento, CA 95816
Tel. (916) 343-2401

July 16, 2014

Via Email

Danelle Stylos
President
Board of Directors
The Natomas Basin Conservancy
2150 River Plaza Drive, Suite 460
Sacramento, CA 95833

Via Email

Stan Cleveland
Chairman
Board of Supervisors
County of Sutter
1160 Civic Center Boulevard
Yuba City, CA 95993

Re: The Natomas Basin Conservancy

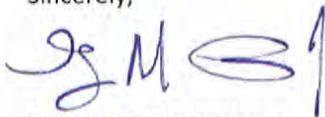
Dear Supervisor Cleveland and Ms. Stylos:

This letter will serve as my resignation from the Natomas Basin Conservancy ("NBC") Board of Directors effective immediately. Sutter Pointe has recently achieved a number of milestones toward its future development, including completion of the Riego Road/SR 99 Interchange, authorization by Congress of the Natomas Levee Improvement Program, and approval by the California Public Utility Commission of Golden State as the municipal water supplier. With this progress toward future development, I am concerned I will find myself in potential conflict of interest positions as matters come before the board. Therefore, now seems like an appropriate time for me to step off of the board of directors.

I want to thank the County Board of Supervisors for appointing me to this position. I have enjoyed serving as a member of the board of directors and working with the other directors and staff at the NBC.

I would ask that Sutter County immediately advertise the vacancy left by my resignation so that the County can immediately begin recruiting a new director.

Sincerely,



George M. Carpenter, Jr.

cc: James Gallagher, Supervisor, County of Sutter (*via email*)
John Roberts, Executive Director, The Natomas Basin Conservancy (*via email*)
James Arkens, County Administrator, County of Sutter (*via email*)

From: John Roberts jroberts@natomasbasin.org
Subject: Carpenter resignation and vacancy
Date: July 17, 2014 at 12:04 PM
To: Danelle Stylos dstylos@co.sutter.ca.us
Cc: Michael Bradbury Mike.Bradbury@water.ca.gov, David Christophel dchristo@ch2m.com, Bill Edgar bedgar@edgarandassociates.com, Ed Quinn Edward.Quinn@bbklaw.com, Kim Burns kburns@natomasbasin.org

Danelle: In an earlier communication, you and I discussed the possibility of George Carpenter's resignation from the Board of Directors, so yesterday's resignation letter from him was no surprise. Also discussed was the great value George brought to the Board. His knowledge of the HCP process is unsurpassed. As I told him yesterday by telephone, the Conservancy is a better organization today because of his service.

Now we look to his successor, as the County of Sutter has the authority and responsibility to appoint that person to the Conservancy's Board of Directors.

Thoughts and suggestions on successor selection. As executive officer for the organization, I have a responsibility to inform the leadership of the needs and skill sets I believe would best serve the Conservancy. In several instances in the past, we have provided this type of information to the County of Sutter and the City of Sacramento. Early on, it was the Sutter County Administrator who requested that we provide such information in order to inform the County's appointment process. We were happy to accommodate his request.

As you know, the Conservancy's Board is well represented by biologists (two by profession, one by avocation), farmers (three by profession) and government (two by profession). We also have two tax preparers (by profession) and a land development person who has no Sacramento-area projects or interests. We have several Board members who are residents of the Natomas Basin (three). Also on the Board are those skilled in water matters and urban and regional planning. We also have on the Board a former member of the Sutter County Board of Supervisors.

In our opinion, the Board needs two types of skills to round out its Board: a financial "expert" and a civil engineer, surveyor or related profession.

1.) Financial expert. Best practices for Boards these days is for at least one of its members to be a so-called financial expert. Having more than one is considered desirable. We do have two Board members who prepare income taxes as their business area, and they are in essence standing in as financial experts (e.g., Audit and Finance committees). It would be even better to have on the Board a banker involved in real estate or agricultural lending, someone involved in public finance, an audit partner in a firm of CPAs, an economist involved in public finance and analysis or someone with a similar skill set.

2.) Civil engineer. In the past, Sutter County appointed its civil engineer to the Conservancy's Board. That person was very helpful, and his skills and advice to staff are missed. Moreover, as the Sutter Pointe development gets further conceptualized, initiated and implemented, we can see several scenarios where we'll need such a Board member even more in the future. One such scenario includes the discussions we've had with development proponents of Sutter Pointe whereby the Conservancy would agree to accept tertiary and maybe secondary storm water runoff from the development into its flagship marsh complex that lies immediately south of the Sutter County and Sutter Pointe boundary. This will require some serious planning and Board oversight. We expect the Conservancy's Board would be more comfortable entering into such arrangements if one of its members was skilled and knowledgeable about public works and civil engineering.

Diversity. Additionally, two out of the 10 Board seats are held by women, none are filled by racial or ethnic minorities, and with one exception, all are middle-aged or older. As you know, the population of the Natomas Basin is very ethnically diverse, equally represented by gender, and demographically speaking, is younger than the average population in the region. The Conservancy's staff has long recommended that such matters be considered in the Board member selection process.

Conclusion. As you know, Conservancy staff never engages in recommending individuals for the Board. But we do feel an obligation to inform the Board's leadership what our views are with respect to quality Board governance, needed skill sets and the other social issues such as those raised above. And that is the purpose of this communication.

No need to respond, but we're always willing to take questions and help in any way we can.

John Roberts
Natomas Conservancy

THE SACRAMENTO BEE sacbee.com

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Bruce Maiman: Building again in Natomas is too risky

By Bruce Maiman
Special to The Bee

Published: Tuesday, Jul. 22, 2014 - 12:00 am



Growth is returning to Natomas, but a troubling question is going to be ignored or dismissed by those with the power to address it: Is building in a floodplain a good idea?

The rapid development in Natomas came to a screeching halt in 2008 when federal authorities revoked the area's 100-year flood protection rating. But the newly enacted Water Resources Reform and Development Act authorizes the Army Corps of Engineers to finish fortifying the 42 miles of levees encircling the Natomas basin, much to the excitement of developers, realtors and Sacramento City Hall – all of whom are ready to cash in on new neighborhoods, strip malls, sales commissions and property taxes.

This is misguided enthusiasm, said Ian Adams, a policy analyst specializing in insurance markets for R Street Institute, a libertarian think tank. "Overhauling the levees makes sense for existing residents, but not as a basis for further development."

"It depends on what precautions have been taken to secure that floodplain," countered Angelique Ashby, the Sacramento City Council member who represents Natomas with unbridled passion. "Natomas, particularly North Natomas, was specifically engineered to withstand a major weather event."

"Last year's heavy rain was a real test of the system," Ashby added, referring to a five-day stretch last December that delivered nearly 5 inches of rain to the region. "Will that engineering beat Mother

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3 months, 4 weeks ago



Faith and health care law to collide at Supreme Court
4 months ago

Nature on the day we need it to? All indications so far show we're doing quite well.”

So far.

There is no dispute: After New Orleans, Sacramento – which sits at the confluence of the Sacramento and American rivers and near the Delta – is the nation's most flood-prone city. Natomas, with its 100,000 residents and \$7 billion worth of property, is particularly vulnerable.

Two events could destroy the levees and cause a mega-flood. One is an earthquake. Seismologists say a quake of 6.7 magnitude or greater in the vicinity of the Delta has a 62 percent chance of occurring sometime before 2032.

The more likely threat is a violent Pacific superstorm, the so-called Pineapple Express, dumping ocean water with fire-hose intensity. Using a composite of three historical storms to estimate a worst-case event, the U.S. Geological Survey developed a winter storm scenario – aptly named “ARKstorm” – that would overwhelm many of the state's 1,100 miles of levees, with much of Natomas likely submerged under 20 feet of water.

Federal flood insurance data is illuminating. Over the life of a 30-year mortgage, homes in Natomas have a 26 percent chance of flooding. In the free market, insuring a \$300,000 home in Natomas with \$280,000 in coverage would cost about \$21,000 annually. The cost under the federal government's National Flood Insurance Program is \$353 annually – what Adams calls “a massive transfer of risk from a small percentage of homeowners onto the backs of all U.S. taxpayers.”

But there's more.

A new building boom would substantially increase potential flood losses, currently estimated at \$8.6 billion, and that's just for Natomas homeowners and businesses and doesn't count the impact on Sacramento International Airport, 32 schools and nearly 100 million motorists annually traversing the intersection of interstates 5 and 80.

“Ironically, even though we're reducing the probability of risk through levee improvements, as Natomas develops more that risk will be higher, maybe even more than before we started levee improvements,” Army Corps spokesman Chris Gray-Garcia said.

Nor do 100-year floods happen once a century; that designation means they have a 1 percent chance of happening every year. Devastating floods have occurred along the Mississippi River in 1993, 2008, 2011 and now. We're seeing a second straight year of flooding in Colorado. Flooding has occurred in Sacramento in 1986, 1997 and 2006. Since 1950, the American River has set five flood records, meaning floods have been getting more severe for 60 years. Experts predict climate change will bring more frequent and increasingly intense winter storms.

“We are staunch believers that you can never eliminate risk; you can only reduce it,” said DeDe Cordell, the Army Corps public affairs chief in Sacramento. “No matter how big, strong or tough we build those levees, Mother Nature can always provide a storm that is bigger and stronger than we prepared for.”

So it's more than just building in a floodplain. It's whether we're wise to incur greater risk and

indemnify still more people by funding new development in flood-prone areas when we are virtually assured there will be another calamity.

That discussion won't happen. Instead, you'll hear that we shouldn't use such scenarios to prohibit growth. We're Californians, they'll say. We can meet the challenge!

But I guarantee you: They'll all be people who stand to profit from a new building boom.

Bruce Maiman is a former radio host who lives in Rocklin. Contact him at brucemaiman@gmail.com. Follow him on Twitter @Maimzini.

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New currency law went into effect July 1st, 2014. [Devastating for Seniors]



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Commission OKs water plan for Sutter Pointe

By Andrew Creasey. acreasey@appealdemocrat.com | Posted: Wednesday, July 2, 2014 12:08 am

Step by step, the largest development in Sutter County history is moving forward, even though it's still likely years away.

Sutter Pointe, which would add thousands of homes and generate millions in county revenue, now has a water provider after the California Public Utilities Commission last week granted Golden State Water Co. approval to provide water utility service to the area.

It's a noteworthy milestone in the timeline of Sutter Pointe, but there are many steps and at least three years before the development can get off the ground, said George Carpenter, Sutter Pointe project manager.

Carpenter said getting sewer service to the development is the most critical step to moving the project forward and is still about three years away.

The project also hinges on improvements to the Natomas levees to establish the 200-year level of flood protection necessary for development to start.

That work was pushed along by the recent passage of the Water Resources Reform and Development Act by Congress that authorizes almost \$1 billion of the federal share of the \$1.4 billion project.

Construction is well underway on an overpass at Highway 99 and Riego Road that will serve the area's build-out. Carpenter said the work should be done by the end of the year.

Whenever Sutter Pointe moves forward, the development will be a significant economic boon for Sutter County.

The 7,500-acre development could host 17,500 new homes and draw almost 50,000 residents once completed.



Appeal-Democrat

Sutter Pointe

The project's plan proposes nearly 50 million square feet of nonresidential employment and mixed use development, including office, retail and industrial uses. About 67,000 employees could work in the development at full build-out, according to a fiscal impact analysis prepared in 2008 by Economic and Planning Systems Inc.

The project could generate \$13.6 million in surplus revenue for the county, according to the analysis.

Golden State Water will create a water service district to supply the Sutter Pointe development with groundwater and surface water from the Sacramento River.

The project will involve construction of an underground infrastructure and groundwater wells with a treatment plant and storage facility to serve retail, industrial and about 17,000 residential customers at final build-out.

The proposed project is in southern Sutter County east of Highway 99.

CONTACT reporter Andrew Creasey at 749-4780 and on Twitter @AD_Creasey.

From the Sacramento Business Journal

:<http://www.bizjournals.com/sacramento/news/2014/07/03/huge-sutter-county-project-groundbreaking-slated.html>

Jul 3, 2014, 12:11pm PDT

Huge Sutter County project groundbreaking slated for 2016-17



[Ben van der Meer](#)

Staff Writer- *Sacramento Business Journal*

[Email](#) | [Twitter](#) | [LinkedIn](#) | [Google+](#)

Though many of the necessary infrastructure pieces are falling into place, actual development of the Sutter Pointe master plan project just north of Sacramento County is still two to three years away, said project manager [George Carpenter](#).

Even with the strides in homebuilding activity over the last couple years, the rate of new permits is still too far below historical averages to justify breaking ground on the south Sutter County project, he said.

"If you look at the projections for 2016, 2017, that's when we're looking to be more at the historical average," he said. "So our timing might be good to start then."

In the interim, Carpenter and developer [Winn Communities](#) can work on another necessary final step, one already on the way to completion: wastewater service. [With water service secured](#), the end of a building moratorium in sight and transportation infrastructure, in the form of a full interchange at Riego Road and Highway 99, set to be complete by year's end, connecting to the Sacramento Regional County Sanitation District is the final step, Carpenter said.

Already, the district's board of directors has approved adding Sutter Pointe to its service, but engineering to make it happen will take about two to three years, he said.

When Sutter Pointe – slated to have 17,000 homes as well as industrial and retail job centers at buildout – gets off the ground, the first phase will be at the eastern end of the 7,500 acres that'll make up the project.

On that side, Lennar Homes will do a mixed-use residential project around an amenity such as a recreation center, similar to a project the company's done in north Natomas, Carpenter said.

"They're the major property owner, so they'd be the ones taking the lead," he said.

Ben van der Meer covers real estate, development, local and regional planning, construction, transportation, agriculture and water for the Sacramento Business Journal.



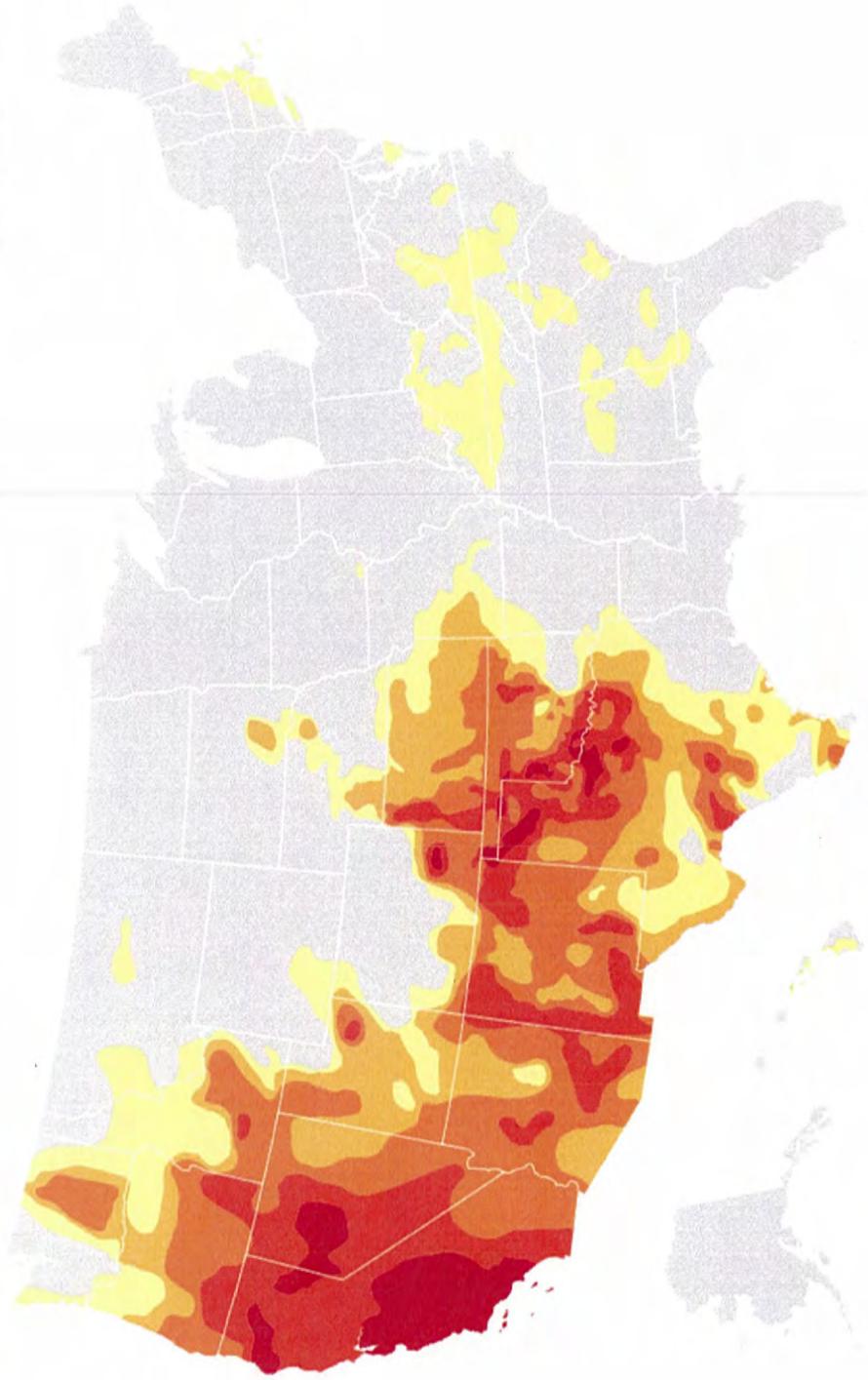
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Mapping the Spread of Drought Across the U.S.

By MIKE BOSTOCK and KEVIN QUEALY JULY 24, 2014

Maps and charts updated weekly show the latest extent of the drought in the United States.



2150 RIVER PLAZA DRIVE
SUITE 460
SACRAMENTO, CA 95833
PHONE: 916.649.3331
FAX: 916.649.3322

June 16, 2014

Mr. Tom Ramos, Board President
Natomas Central Mutual Water Company
2601 West Elkhorn Blvd.
Rio Linda, CA 95673

RE: Conjunctive use program

Dear Tom:

It is our understanding that the Natomas Central Mutual Water Company's Board is contemplating making another change in the payment ratio for its conjunctive use program. We're advised that the amount apportioned to groundwater pumping participants has been expanded from 50 percent of overall proceeds to 65 percent. We further understand that the Water Company Board will be entertaining a proposal to expand the groundwater pumping participants' share to 70 percent. Water Company officials tell us that the water-side beneficiaries of the program are mostly water users south of the Delta.

The Conservancy's Board of Directors recently voted unanimously to decline to participate in the Water Company's conjunctive use program. Board members expressed concern that the predicted extended drought could cause us to be facing even further dire consequences in future years. The Conservancy's Board members were concerned that precipitation could fail to replenish aquifers so that water is available for critical functions, including, on the shareholders' side, farming and habitat needs, and on the Natomas Water Company's side, keeping its revenue stream flowing and in covering Bureau of Reclamation costs. In making its decision, the Board was mindful of the fact that in a mutual company, expenses in excess of revenue must be covered by *all* shareholders, not just those who have participated in this lucrative water sale program sponsored by the Water Company.

Moreover, there can be no doubt that increasing the groundwater pumping participants' share of sales is a clear incentive to even larger groundwater extraction. When more money is paid for something, you get more of it. This is fundamental economics. Therefore, if the Water Company continues to expand the financial incentive to extract more groundwater, we believe it does so at the risk of inducing groundwater overdraft. If we are faced with low precipitation this winter, then the groundwater mining that is taking place could seriously jeopardize shareholder economics next year. It could be a budget buster for institutional organizations like the Conservancy, and it could cause severe economic hardship on such organizations as well as on individual farming operations.

We ask that you and the Water Company's Board of Directors consider the position the Water Company would be in in such an eventuality. Board members must exercise, by law, a duty of care. Its obligation is to all shareholders, not just those few who wish to make more money tapping the very aquifers we may need to rely on in future years.

The Conservancy, as an 11 percent owner of the Natomas Water Company, strongly encourages you and the Board to first and foremost stop increasing the incentive for further groundwater exploitation in the Natomas Basin. Following that, we urge the Board consider ending the program as soon as possible. Should we be faced with a dry

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STEVEN WILLEY
Board Member

EXECUTIVE OFFICER

John R. Roberts
Executive Director



year next year and in future years, all shareholders should not be overly burdened by higher costs and fees—including perhaps inadequate water—because of the Board’s action this year.

We are aware, of course, that a portion of the water sale proceeds accrue to the Water Company for its role in this conjunctive use program. However, this will be little comfort if, as predicted by several authorities we rely on, we are faced with a number of future dry years. The Water Company will have, in essence, eaten the proverbial seed corn, and then left the rest of us hungry.

We further suggest that the Water Company consider its own groundwater well operations and discontinue the current program where it is literally pitting a few shareholders against all the others in what is developing into a classic “beggar thy neighbor” campaign. The negative externalities (a gain by one which creates an unreimbursed and unwelcomed cost on another) created by the current program are neither defensible nor fair to all shareholders, and would not be allowed in most other states where groundwater is more thoughtfully managed.

Thank you for your consideration of this matter.

Sincerely,

The Natomas Basin Conservancy, a California
Non-profit Public Benefit Corporation



By: John Roberts
Executive Director

c: --Brett Gray, General Manager
Natomas Central Mutual Water Company
--Board of Directors, Natomas Basin Conservancy, a California
Non-profit Public Benefit Corporation
--Ed Quinn, Conservancy Legal Counsel, Best, Best & Krieger





June 20, 2014

Mr. John Roberts
Executive Director
The Natomas Basin Conservancy
2150 River Plaza Dr – Suite 460
Sacramento, CA 95833

Re: NCMWC Conjunctive Use Program

Dear John,

We are in receipt of your letter dated June 16, 2014 concerning Natomas Central Mutual Water Company's (Natomas Water) planned participation in the U.S. Bureau of Reclamation's (Bureau) 2014 program to provide additional water to other needy Central Valley Project (CVP) water contractors through the conjunctive use of ground water ("Program"). Be assured that the Natomas Water Board of Directors has carefully considered this matter, including but not limited to the various concerns raised by the Conservancy.

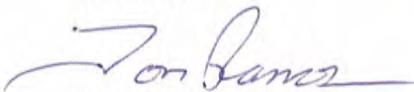
Throughout the Sacramento Valley properly managed ground water conjunctive use programs have long been recognized as an important tool for water resource management, particularly during times of drought. At Natomas Water, although we have not participated in conjunctive use programs in the recent past, we have been planning and preparing to implement a program for some time. Then, the severe drought conditions of 2014 brought us both unexpected challenges and opportunities. Fortunately with careful management of our reduced contract supply from the Bureau we will be able to meet all of the needs of our shareholders who have requested water, meaning groundwater pumping capacity within our service area could potentially be available for this year's CVP Program. Thus, Natomas Water requested participation in the Program and sent a letter to each shareholder inquiring whether they were able and interested in participating in the 2014 Program. To date we have several shareholders planning on participating subject to the final terms and we can still include additional participants.

In all its decisions, the Natomas Water Board must exercise its business judgment, balancing competing interests while looking out for the welfare of all its shareholders. Our deliberations led to the decision to participate in the 2014 Program under terms that encourage shareholder participation and also retain benefits to the Company as a whole by assisting in our continuing efforts to maintain affordable water and assessments rates for all shareholders. The sale of water this year, in the restricted quantities anticipated is not, in the Board's opinion, detrimental to ongoing groundwater supplies. We anticipate that regulatory agencies will impose groundwater monitoring requirements for the 2014 Program which remain under development. Natomas Water will of course comply diligently with all monitoring requirements.

The Natomas Water Board is also aware of the precedent issue that you mention in your letter. But each year is a new year, and each year these types of issues must be vetted and decisions made accordingly. We invite the Conservancy to help us in continuing to analyze these issues and develop policy as the future unfolds.

The Conservancy is an important and respected part of the Natomas Basin and a significant shareholder in Natomas Water. As a result, we have a mutual interest in the economic viability of the Company and the Conservancy's mission of managing the habitat lands of the Natomas Basin and Metro Air Park Habitat Conservation Plans. We look forward to working with you to those ends and are available to discuss your letter and this response further if you so desire.

Sincerely,



Tom Ramos
President

Cc: Brett Gray, General Manager NCMWC
NCMWC Board of Directors
Belan Wagner, NCMWC Legal Counsel
Kevin O'Brien, NCMWC Legal Counsel

From: John Roberts jroberts@natomasbasin.org
Subject: Re: Response ltr to Conservancy 6/16 ltr
Date: June 20, 2014 at 12:12 PM
To: Tom Ramos tramos@ramco-ent.com
Cc: Brett Gray bgray@natomaswater.com
Bcc: Jim Sopwith Sopwith@myfam.com, Ed Quinn Edward.Quinn@bbklaw.com, Danelle Stylos dstylos@co.sutter.ca.us, Mike@DWR Bradbury Mike.Bradbury@water.ca.gov, David Christophel dchristo@ch2m.com, bill edgar bedgar@edgarandassociates.com, Kim Burns kburns@natomasbasin.org

Tom; thanks for the reply.

You underlined in your letter that each shareholder was contacted about the program prior to its adoption by the NCMWC Board.

Our point, just to make sure we are clear, was and is that the Board's action to extend an added incentive to well owner beneficiaries of the program, first to 65 percent from 50 percent and then later to 70 percent, were not noticed to shareholders. These are significant changes, and the Conservancy would like to have had a chance to comment prior to both Board meetings and action.

We will have more in response later. We have requested from NCMWC staff the minutes from those Board meetings where the above-referenced action was taken, and are awaiting fulfillment of that request before we again respond.

We appreciate your attention to this important matter as well as your consideration of the Conservancy's views.

John Roberts
Natomas Conservancy

On Jun 20, 2014, at 11:16 AM, Tom Ramos <tramos@ramco-ent.com> wrote:

| <20140620092031571.pdf>



From: John Roberts jroberts@natomasbasin.org
Subject: Shareholder notice
Date: July 2, 2014 at 2:25 PM
To: Tom Ramos tramos@ramco-ent.com, Brett Gray bgray@natomaswater.com
Cc: Danelle Stylos dstylos@co.sutter.ca.us, Steven Willey swilley@syix.com, David Christophel dchristo@ch2m.com, Bill Edgar bille@eanda.org, Kevin McRae kevin@mcracpa.com, George Carpenter georgemcarpenter@comcast.net, Dan Silva dan.calvalleynut@gmail.com, Michael Bradbury Mike.Bradbury@water.ca.gov, Kay Backer kbiusa@aol.com, Davin Norene rdnorene@gmail.com, Kim Burns kburns@natomasbasin.org
Bcc: Edward Quinn Edward.Quinn@bbklaw.com, Jim Sopwith Sopwith@myfam.com

We just received the Shareholder Participation in Ground Water Management Plan memo from the Natomas Central Mutual Water Company in today's mail. We are glad that you notified shareholders that the program continues.

However, we were again disappointed by the Water Company's handling of this project. What is most evidently missing is the fact that the Water Company's Board of Directors has raised the incentive payout to participants, first from 50 percent of proceeds to 65 percent, and later from 65 percent to 70 percent. This should have been mentioned in this communication to shareholders. We also believe that the Water Company should include a list of the participating beneficiaries of this project.

Until and unless the Water Company engages in quality governance practices and transparency (to shareholders) about the project, it is vulnerable to criticism (at best) and a worsening of the growing sense that Water Company leadership is governed by elites who are themselves or through proxies or family the largest beneficiaries of an extraordinary monetary benefit. All parties would benefit by openness and transparency.

Separately, and to repeat, we request a list of the Board members that attended the three decisions to set the monetary incentive to participants in the project. That is, first, to adopt the 50 percent benefit to shareholder participants, then second, to increase the incentive to 65 percent, and third, to further increase the incentive to 70 percent, as well as whether Board members were present during the discussion leading to the votes, and how each Board member voted.

Thanks for your attention to these matters.

John Roberts
Natomas Conservancy

SECOND AMENDMENT TO AGREEMENT TO ENTER AND CONSTRUCT

THIS SECOND AMENDMENT (the "Amendment 2") shall be effective as of December 30, 2012 ("Effective Date") by THE NATOMAS BASIN CONSERVANCY, a California nonprofit public benefit corporation ("Owner" or "TNBC"), and the SACRAMENTO AREA FLOOD CONTROL AGENCY, a joint exercise of powers agency established pursuant to the laws of the State of California ("Agency" or "SAFCA").

RECITALS

WHEREAS, the Parties entered into an Agreement to Enter and Construct on or about June 1, 2011 ("ATEC") to allow SAFCA to enter onto certain parcels owned by TNBC as set forth therein; and

WHEREAS, the Parties entered into the First Amendment to the Agreement to Enter and Construct on or about July 26, 2011 ("Amendment 1") to allow the Agency to stockpile soil material on a portion of Sacramento County APN 225-0090-077 (comprising Owner's Souza Tract) and regrade it after such stockpiling; and

WHEREAS, to improve the efficiency and effectiveness of the irrigation water and marsh drainage system and consequently the quality of the water in Fisherman's Lake habitats, the Parties desire to further amend the ATEC to allow SAFCA to enter into additional areas of Sacramento County APN 225-0090-080 (comprising Owner's Natomas Farms East preserve) in order to modify the outlet draining marsh circulation water into the ditches along Del Paso Road.

AGREEMENT

Now, therefore, Owner and Agency agree that the ATEC is amended as follows:

1. In addition to the license granted by Owner to Agency pursuant to the ATEC, Amendment 1 and upon the terms and subject to the conditions set forth in this Amendment 2, Owner does hereby grant to the Agency and its representatives, contractors, and agents a license to enter upon additional portions of the Owner's property located within Sacramento County and commonly known as APN 225-0090-080 (comprising Owner's Natomas Farms East preserve), which property is more particularly shown on **Exhibit 2A** to this Amendment 2, attached hereto and incorporated herein by this reference (the "Subject Property").

2. Agency's operations in constructing the drainage outfall modifications include those outlined in Exhibit B to the ATEC.

3. The drainage outfall modifications are shown on the construction drawings labeled **Exhibit 2B**, attached hereto and incorporated herein by this reference.

4. Agency shall coordinate work on the outfall modifications with Owner's Preserve Manager. Discharge through the outfall shall not be interrupted except for short durations, less than 24 hours, during construction at the existing outfall.

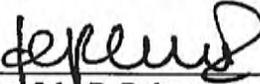
5. The Term of the ATEC shall be extended to December 31, 2015.

6. In all other respects, the above referenced ATEC, as amended, remains in full force and effect.

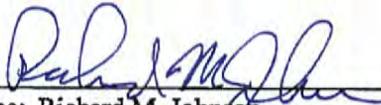
7. The ATEC, as amended, and any attachments hereto, constitute the entire understanding between the Owner and Agency concerning the subject matter contained herein.

IN WITNESS HEREOF, the parties hereto have caused this Second Amendment to be effective as of the date first above-written.

THE NATOMAS BASIN CONSERVANCY, a
California nonprofit corporation

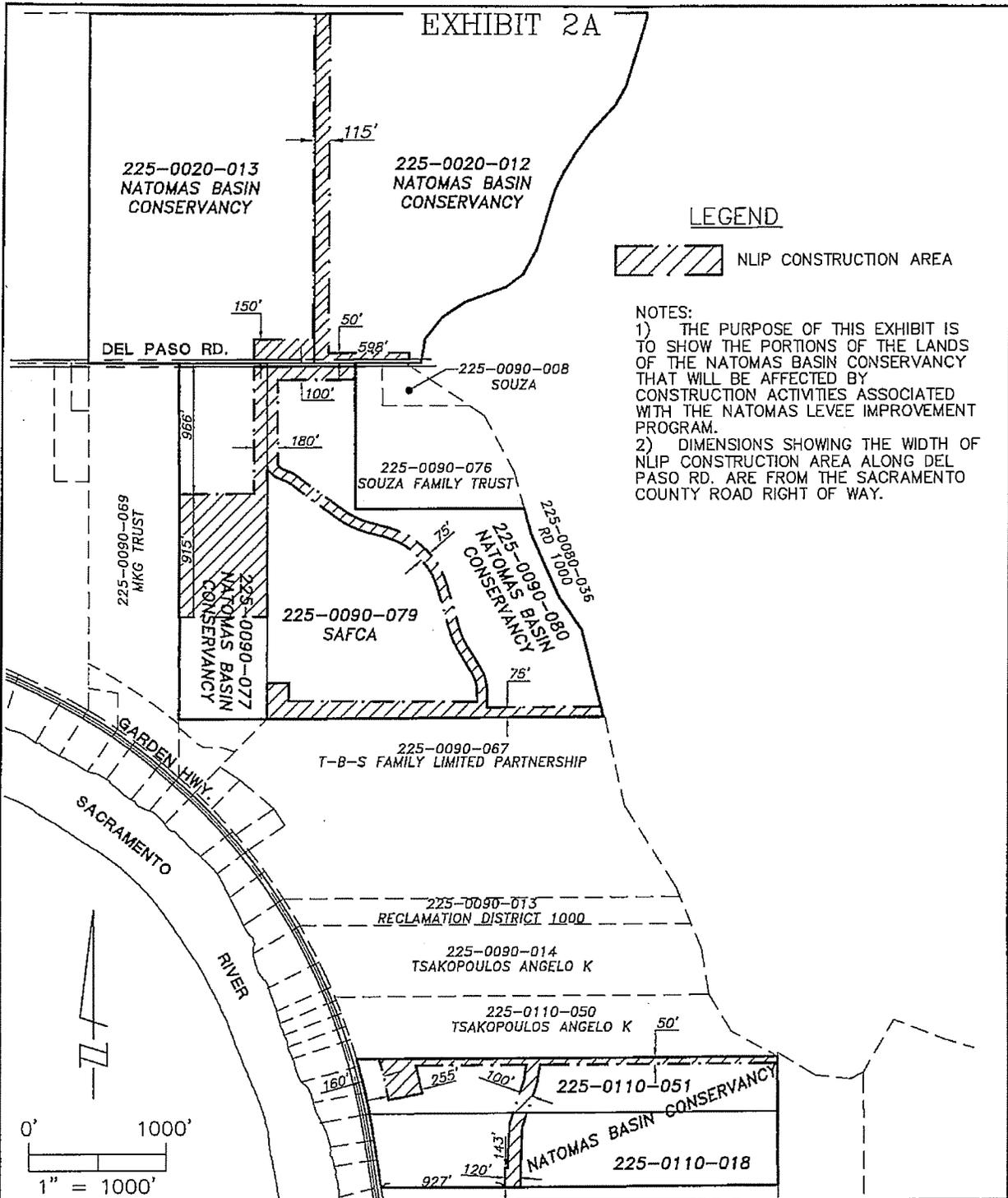
By  _____
Name: John R. Roberts
Title: Executive Director

SACRAMENTO AREA FLOOD CONTROL
AGENCY, a joint exercise of powers agency

By  _____
Name: Richard M. Johnson
Title: Executive Director

S:\ca\shared\agency\counsel\tnbc\2014-07-18 TNBC Second Amend Marsh Outfall.doc

Exhibit 2A
Preserve Work Area Map



NATOMAS BASIN CONSERVANCY
APN's: 225-0090-062, -077 225-0020-012, -013, 225-0110-018, -051

DATE: 07/21/2014	SCALE: 1" = 1000'
DRWN. BY: DJF	CHK. BY: BEB
SHEET 1 OF 1	
<small>Plotted: Jul/21/2014 11:42 AM By: Dfongey DWG: P:\SAFCA\2006.NUP\Borrow Sites\FISHERMAN'S LAKE\Natomas Farms\DWG\X-EX-TNBC-TCE-R2.dwg</small>	

PSOMAS

1075 Creekside Ridge Drive, Suite 200
 Roseville, Ca. 95678
 (916) 788-8122 (916) 788-0600 (FAX)

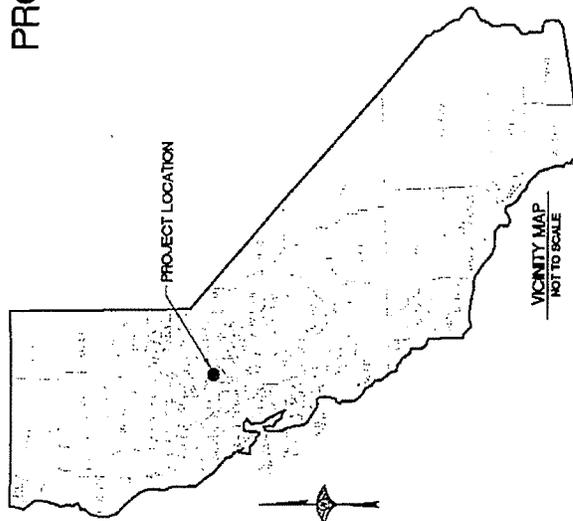
Exhibit 2B

Drainage Outfall Construction Drawings

SACRAMENTO AREA FLOOD CONTROL AGENCY
 PROJECT PLANS FOR CONSTRUCTION OF
NATOMAS LEVEE IMPROVEMENT PROGRAM
 SACRAMENTO RIVER EAST LEVEE (SREL)

VOLUME 3

PROJECT SITE FINISH GRADING WORK
 SACRAMENTO COUNTY, CALIFORNIA



ISSUED FOR CONSTRUCTION
 OCTOBER 23, 2013

CONFORMED
 NOTE: THESE COMPANED DOCUMENTS ARE INTENDED TO BE A COMPLETE SET OF DOCUMENTS FOR THE PROJECT AND ALL INFORMATION SHOWN ON THESE DOCUMENTS IS BASED ON THE ASSUMPTIONS AND INFORMATION PROVIDED TO THE ENGINEER. THE ENGINEER HAS CONDUCTED VISUAL GENERAL VERIFICATION OF THE INFORMATION PROVIDED TO HIM/HER AND HAS FOUND NO DISCREPANCY BETWEEN THESE COMPANED DOCUMENTS AND THE ORIGINAL SET OF DOCUMENTS (INCLUDING ADDENDA), THE ORIGINAL SET OF DOCUMENTS INCLUDING ADDENDA, THE ORIGINAL SET OF DOCUMENTS INCLUDING ADDENDA, THE ORIGINAL SET OF DOCUMENTS INCLUDING ADDENDA, THE ORIGINAL SET OF DOCUMENTS INCLUDING ADDENDA.

ACCEPTED BY: *[Signature]* DATE: 10-28-13
 General Manager
 National Flood Control Agency

ACCEPTED BY: *[Signature]* DATE: 10/23/2013
 Paul T. Overman
 General Manager
 Sacramento Area Flood Control Agency

ISSUED FOR CONSTRUCTION
 SUBMITTED FOR APPROVAL BY: *[Signature]* DATE: 10/22/2013
 Director of Engineering
 National Flood Control Agency

APPROVED BY: *[Signature]* DATE: 10/23/13
 Engineer-in-Chief
 Sacramento Area Flood Control Agency

CONTRACT NO. 480
 APPROVED ON: OCTOBER 17, 2013
 RESOLUTION NO. 2013081
 BY SACRA BOARD OF DIRECTORS
[Signature]
 Report Case of the Board

NO.	DATE	BY	CHK.	APP.	DESCRIPTION
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1	NOV 13 2013	ELK	SRL	ELK	ISSUED FOR CONSTRUCTION
2	NOV 13 2013	ELK	SRL	ELK	ISSUED FOR CONSTRUCTION
3	NOV 13 2013	ELK	SRL	ELK	ISSUED FOR CONSTRUCTION
4	NOV 13 2013	ELK	SRL	ELK	ISSUED FOR CONSTRUCTION
5	NOV 13 2013	ELK	SRL	ELK	ISSUED FOR CONSTRUCTION
6	NOV 13 2013	ELK	SRL	ELK	ISSUED FOR CONSTRUCTION
7	NOV 13 2013	ELK	SRL	ELK	ISSUED FOR CONSTRUCTION
8	NOV 13 2013	ELK	SRL	ELK	ISSUED FOR CONSTRUCTION
9	NOV 13 2013	ELK	SRL	ELK	ISSUED FOR CONSTRUCTION
10	NOV 13 2013	ELK	SRL	ELK	ISSUED FOR CONSTRUCTION

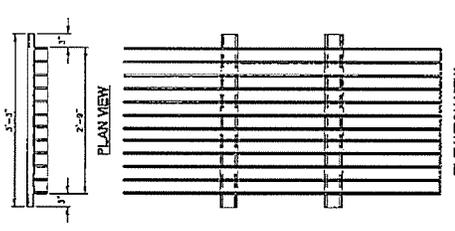
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 CIVIL ENGINEERS
 1400 17th Ave.
 Ste 300
 Sacramento, CA 95811
 www.mh-engineers.com

STEPHEN SULLIVAN
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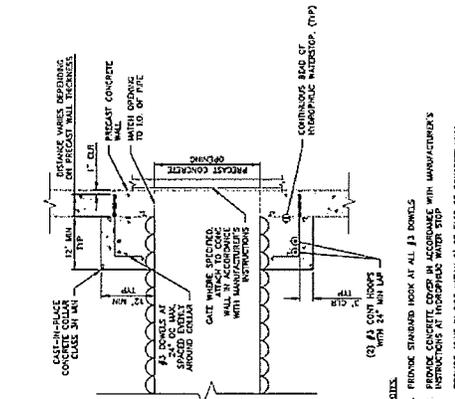
SARCA
 NLIIP SREL PROJECT SITE FINISH GRADING WORK
 COVER SHEET

VERIFY SCALES
 & DIMENSIONS
 BEFORE PROCEEDING
 WITH THIS PROJECT

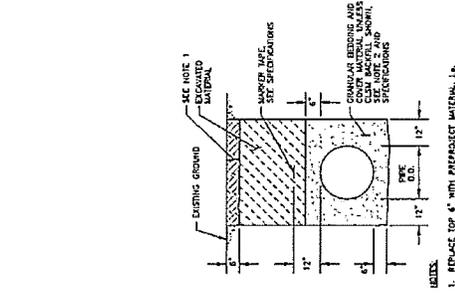
DRAWING NO.: 3167
 SHEET NO.: 1



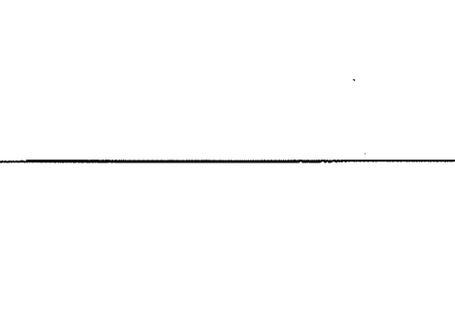
PLAN VIEW
ELEVATION VIEW
GRATING SUPPORT DETAIL
SCALE: 1"=4'-0"



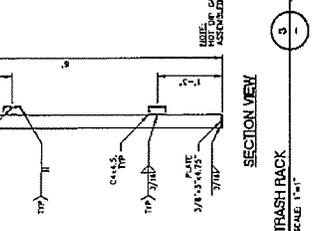
TRASH RACK
SCALE: 1"=4'-0"



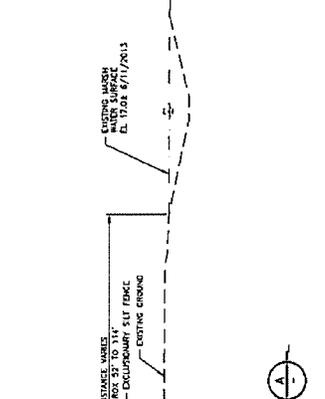
TRASH RACK
SCALE: 1"=4'-0"



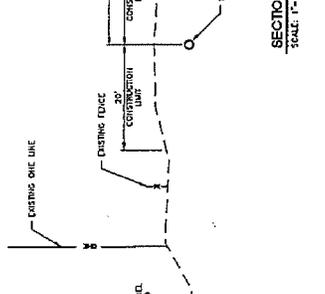
TRASH RACK
SCALE: 1"=4'-0"



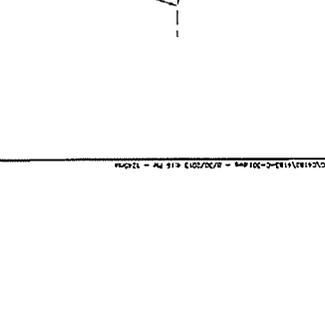
TRASH RACK
SCALE: 1"=4'-0"



TRASH RACK
SCALE: 1"=4'-0"



TRASH RACK
SCALE: 1"=4'-0"



TRASH RACK
SCALE: 1"=4'-0"

CONFORMED SET

SAFCA
NLIIP SREL PROJECT SITE FINISH GRADING WORK
NATOMAS FARMS MARSH RECAPTURE PIPE
DETAILS

SAFCA
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Tricolored blackbird suffering dramatic declines

Posted on June 23, 2014 (http://blogs.mercurynews.com/pets/2014/06/23/tricolored-blackbird-suffering-dramatic-declines/) by Joan Morris (http://blogs.mercurynews.com/pets/author/jmorris/)



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UC Davis avian ecologist Robert Meese prepares to release a banded tricolored blackbird at Conaway Ranch, Yolo County. (Photo by Sylvia Wright)

A new survey coordinated by UC Davis has found California's tricolored blackbird is suffering a dramatic decline, probably linked to farming practices, hunters and poor breeding successes.

The numbers are down by 64 percent with an estimated 145,000 of these unique colonial songbirds now living in the state. In the 1930s, there were millions of the birds, but in a 2008 survey, the numbers were estimated at 400,000. Three years later, the numbers had dropped to about 260,000.

Except for a few hundred tricolored blackbirds, California is home to the entire population.

"It's California's blackbird," says UC Davis staff researcher Robert Meese, who has studied the birds for the past decade and coordinated the survey this year. "If we, as Californians, don't care about the species, we can't rely on any other state to come in and bail us out. It's our responsibility because it's our bird."

The 2014 statewide survey was conducted April 18-20 with support from the U.S. Fish and Wildlife Service, California Department of Fish and Wildlife, and Audubon California.

During the three-day survey, 143 volunteers surveyed 801 sites across 41 counties. In 2008, 361 sites were surveyed. Results were entered into the Tricolored Blackbird Portal, developed and hosted by UC Davis.

"More than 90 percent of the entire population of tricolored blackbirds are found within California's borders, yet a bird that was once common is now a rare sight," says Audubon California conservation project manager Monica Iglecia, who provided survey coordination assistance. "This survey helps us not only get an accurate population estimate, it also tells us where we can focus our recovery efforts."

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The cause of the decline may be three-fold.

According to survey data, the tricolor is declining most rapidly in California's "dairy belt," in areas where triticale — a wheat-rye hybrid feedstock for dairy cattle — is grown. Tricolors historically nested in vast wetlands of the Central Valley, but for decades, the birds have established large nesting colonies in triticale.

Harvested conducting while young birds still are in the nest, or females are sitting on eggs, results in the loss of thousands of eggs and nestlings. Some farmers have been given compensation to delay the harvests, but in doing so, some of the nutritional value of the crop is lost. The efforts have resulted in protection of many breeding tricolor colonies, but losses to harvest continue.

Another threat to the tricolor, Meese says, is from hunters shooting the birds, mistaken them for their cousins, the red-winged blackbirds. Under an exemption to the Migratory Bird Treaty Act, it is legal to kill red-winged blackbirds that are causing severe losses in ripening rice field. Thousands of blackbirds are killed each year in Sacramento Valley rice fields, including many tricolors, which are protected under the treaty.

The biggest problem for the species, however, are low reproductive successes first noted in 2007. The low rates are tied to the availability of food sources, namely insects. When insect populations are high, the birds produce more offspring, but when they are lower, breeding is curtailed. Since 2007, there have been only a few locations in the Central Valley where insects have been abundant enough to support breeding by this insect-eating, colonial songbird.

The drought may also be having an impact. Water shortages in the San Joaquin Valley has robbed some seasonally flooded wetlands and the loss of natural nesting habitat likely forced many birds to move into triticale fields, making them vulnerable to losses due to harvest.

The information may help agencies, advocacy groups and donors develop conservation strategies and actions to assist the birds.

"The reality is we have to get on the ground and start taking immediate action," Meese says. "If that process doesn't get started right away, we're going to lose these birds."

The survey, conducted every three years, found that tricolored blackbirds are:



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After banding the bird for future identification, Meese releases it. (Photo by Sylvia Wright)

surveys.



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Meese takes trapped tricolored blackbirds to a shaded area for banding. (Photo by Sylvia Wright)

Decreasing rapidly in the Southern Central Valley, which had been where the vast majority of the breeding birds had been found (89 percent in 2011). Their numbers plummeted in Kern and Merced counties. Only six were found in Fresno County.

Absent entirely traditional nesting areas in Kings, Santa Clara and Sonoma counties.

Appear to have suffered less in the Sierra Foothills, where the surrounding rangelands may provide greater numbers of insects upon which tricolor breeding depends. Relatively greater percentages of the birds were seen in Amador, El Dorado and Sacramento counties than in recent

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JOAN MORRIS

I'm the Pets & Wildlife columnist for the Bay Area News Group. I've also been a professional journalist since 1978.

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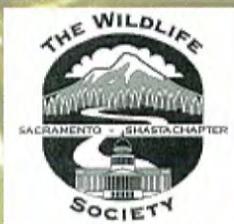
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2014 Midyear Outlook

Muted Expectations for Global Stock and Bond Markets

T. ROWE PRICE

BRIEFLY

- After a surprisingly strong first half of the year, global stock and bond returns are likely to be more moderate for the rest of 2014.
- A downturn in the aging U.S. bull market could occur anytime, and global bond markets are still threatened by the prospect of rising U.S. interest rates over the next year.
- T. Rowe Price asset allocation managers are still tactically tilting their portfolios toward stocks over bonds based on relative valuations, non-U.S. stocks over U.S. stocks, and emerging market stocks over developed market stocks. They're also favoring high yield and emerging market bonds.

In the first half of this year, global stock and bond markets displayed notable resiliency, defying expectations with rising valuations and a return to low volatility. In the process, though, risk perceptions have been heightened.

"There were at least five areas of the market at the beginning of the year in which there was an almost universal consensus, and all of them turned out to be wrong," says Mike Gitlin, T. Rowe Price director of fixed income.

"Rates were to go up, bond returns were not supposed to compete with stock returns, long Treasuries were supposed to be the worst-performing sector this year, the dollar would be very strong, commodities would languish, and so on. All wrong."

Mr. Gitlin still expects the 10-year U.S. Treasury rate—which in the first half of this year fell from 3.0% to at one juncture below 2.5%—will rise to 2.75% or higher through December, dampening full-year bond returns for 2014.

"We've had a pretty exceptional first half of this year for bonds, and the second half is unlikely to be as strong," he says. "A lot of this year's full-year total return in bonds may have already happened."

Brian Rogers, T. Rowe Price chairman and chief investment officer, has similarly muted expectations for stocks. "This is not the time



to take great new risks,” he says. “Investors should be satisfied with more moderate return levels over the course of 2014.

“The U.S. equity market in 2014 basically appears to have tracked corporate earnings growth, which still is improving—but more slowly,” he adds. “The market’s underpinnings—dividends, buybacks, mergers and acquisitions—will continue to be fairly supportive, but it’s pretty much gone straight up from the bottom more than five years ago so a correction at any time is likely.”

In this environment, managers of T. Rowe Price’s diversified asset allocation portfolios are modestly overweight stocks over bonds, having lowered equity allocations over the last several quarters. Within non-U.S. stocks, they are tilted toward emerging markets over developed markets. They also have introduced an overweight to emerging market bonds while moderating their overweight to high yield bonds.

The overweight to stocks largely stems from low bond yields. “Treasury yields are so low that you still may want to invest in equities even if their valuations are extended simply because returns on alternatives to stocks are so low,” Mr. Rogers says.

One sector with particularly attractive valuations is emerging market stocks relative to developed market stocks, says Charles Shriver, manager of the Global Allocation Fund and the Personal Strategy Funds. By contrast, small-cap U.S. stocks warrant underweighting because of their notably rich valuations relative to U.S. large-caps.

“Looking broadly across asset classes, you generally don’t have the same sort of extreme undervaluation levels that you had a couple years ago,” Mr. Shriver says. “Investors should be conscious of relative valuation opportunities where they’re supported by underlying fundamentals.”

RISK VIEWS

T. Rowe Price funds operate under individual mandates that their managers independently follow. As a result, their risk/reward analyses may vary.

For example, David Giroux manages the Capital Appreciation Fund, a multi-asset class fund for which

capital preservation over a three-year basis is a key goal. At midyear, Mr. Giroux sees considerable risk in both U.S. stock and bond markets, primarily because of valuations.

He has positioned the fund for a potential stock market decline by underweighting stocks and holding more cash than usual. Among stocks, he is focused on higher-quality firms with stable earnings growth and defensible business models—companies that tend not to decline in downturns as much as the overall market.

“In general, the overall odds of equities having a down year are about one in five,” Mr. Giroux says. “Based on current valuations, sentiment, and how far into the economic cycle we are, the odds of having a down year are now well above normal.”

One sector favored by Mr. Giroux is very high-quality (BB rated) bonds. He believes these offer relative safety, shorter maturities, and attractive valuations. At the end of June, more than 10% of the Capital Appreciation Fund invested in such bonds.

From a different perspective, David Eiswert, manager of the growth-oriented Global Stock Fund, sees a range of overlooked opportunities amid the low global growth environment.

Like other T. Rowe Price managers, Mr. Eiswert relies on fundamental research to build the Global Stock Fund, not on top-down themes. He says he is particularly seeking companies that may profit from industries in which the seeds of capacity “bottlenecks” and thus pricing power were sown by an overreaction to the 2008–2009 financial crisis.

“Many developed world CEOs have become completely convinced that growth and inflation will never return and are focusing on stock buybacks, dividends, and consolidation—making their businesses like low volatility bonds, instead of investing in them for growth,” he says.

As an example, Mr. Eiswert cites the U.S. airline industry, which has consolidated and restructured in the wake of the financial crisis but not added additional seats—becoming, in his view, a potentially high-return industry because of an ability to raise prices now that employment has risen.

“Growth is not booming,” he says. “But the world is self-adjusting to the point where we expect prices will rise and returns will get better—which will cause people to invest. This is the natural economic cycle.”

INTERNATIONAL RECOVERIES

Despite continuing stimulus in the United States, Europe, and China that has helped drive stock gains, global growth has remained stubbornly low since the financial crisis. In June, the Federal Reserve cut its U.S. growth estimate for this year. The World Bank also trimmed its global growth estimate for 2014, citing the severe U.S. winter and the Russia-Ukraine turmoil. However, the World Bank indicated that the global recovery generally remains intact—with the U.S. likely to rebound at the end of the year.

Europe’s recession ended last year, and Alan Levenson, T. Rowe Price’s chief economist, expects continued growth this year. But deleveraging persists. This spring, the European Central Bank further lowered interest rates to fight the risk of deflation—driving yields on some Spanish sovereign bonds, for example, lower than those of U.S. Treasuries, while European stocks hit multiyear highs.

“Europe has turned a corner to recovery and is doing much better, but it’s not going gangbusters,” says Ray Mills, manager of the Overseas Stock Fund. “A lot of European stock gains came from expansion of multiples [such as price-to-earnings ratios], but that’s not sustainable forever, so we need some earnings growth to come through.”

Mr. Mills says there’s “a lot of good news” already built into the prices of some European stocks, so it’s getting harder to find stocks in which “the nearer-term fundamentals outweigh current valuations.”

One area he now favors: European financials. “Once regulatory and litigation pressures start to moderate for European banks,” he says, “they should be able to increase their returns.”

In Japan, economic stimulus has boosted growth and corporate profits. But the next step—needed structural reforms—has fallen short so far.

Nevertheless, Archibald Ciganer, manager of the Japan Fund, says there have been more shareholder-friendly actions by Japanese firms: share buybacks, mergers

and acquisitions, and steps to improve corporate governance that could “reward long-term investors by unlocking value.”

Policies, politics, and corporate adjustments also played a large role in the divergence among emerging market returns this year. Indonesia and India—dependent on foreign investment and hard hit last year when U.S. interest rates rose—had strong returns through June because of aggressive rate hikes and the election of a probusiness government, respectively.

Emerging markets are in a transition year because of slowing growth, the potential for more withdrawal of global liquidity, and a number of elections around the world. We're starting to see companies adjust to slower growth by cutting costs to drive growth. There's increasing room for earnings to surprise this year and next. □

There could be continued weakness in the short term, but emerging market stock valuations remain historically low so “we continue to encourage investors to be incrementally raising their exposure,” says Gonzalo Pángaro, manager of the Emerging Markets Stock Fund.

Emerging markets are in “a transition year because of slowing growth, the potential for more withdrawal of global liquidity, and the potential impact of a number of elections around the world,” he says. “We’re starting to see companies adjust to slower growth by cutting costs to drive growth. There’s increasing room for earnings to surprise this year and next.”

Slowing Chinese growth remains a key trend, but Eric Moffett, manager of the new Asia Opportunities Fund, says a “soft landing” remains T. Rowe Price’s base case. Meanwhile, he is finding high-quality, dividend-paying cyclical companies in China and Korea at extremely low valuations. “They’re unloved right now,” he says, “but the market is doing a poor job differentiating between high-quality cyclical stocks and those that will struggle as growth slows.”

BONDS

If stock markets continued to reflect optimism through June, the global bond market pointed to the slowdown in global growth.

As U.S. growth pickup is expected for the rest of 2014, Mr. Gitlin sees risks from rising Treasury yields. “Total returns will be weaker than they have been over the last five years,” he says, “but we still see opportunities in high yield and emerging market debt.”

U.S. high yield rates are near historic lows, and their yield spreads over U.S. Treasuries could compress further. Mark Vaselkiv, manager of the High Yield Fund, says the U.S. high yield market is in the later innings of a positive cycle, but European and emerging market high yield bonds have more room to run.

He’s invested about 13% of the fund in European credits (less susceptible to rising U.S. rates) and about 7.5% in emerging market credits (which can potentially offer higher yields and ratings than U.S. high yield bonds). The fund also has more than 7% in bank loans, which have less interest rate sensitivity.

We believe we may see “coupon-like returns,” perhaps 5% to 6%, over the next six months to a year for high yield bonds. “In a global context, we feel that’s a good return for the level of credit risk and warrants consideration for high yield exposure,” he says.

Also attractive in a low-yield world are emerging market bonds, which boasted among the best fixed income returns in the first half of 2014. Like high yield bonds,

these bonds ended June with historically low yields of about 5%, and Mike Conelius, manager of the Emerging Markets Bond Fund, says investors are likely to be coupon clipping through the end of 2014, as they seek higher yields.

As with many other bond and stock asset classes, the biggest risk to these bonds is the continued threat of U.S. interest rate hikes, which could spark a retreat from emerging markets.

But emerging market debt has expanded as an asset class and credit ratings have improved, so “investors should focus on emerging markets as a long-term allocation within their portfolios and get away from risk-on, risk-off market timing,” Mr. Conelius says.

“The asset class has been repeatedly challenged—by the global financial crisis, last year’s U.S. tapering concerns, emerging market elections, and geo-political instability—and has continued to prove itself capable of adjusting,” Mr. Conelius says.

Diversification cannot assure a profit or protect against loss in a declining market. Investing in stocks and bonds involves market risk including possible loss of principal. Investing internationally is also subject to currency risk and political risk. Bonds are subject to credit risk and interest rate risk. High yield bonds carry a much greater risk of default and tend to be more volatile than higher rated bonds.

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