



OCTOBER 1, 2014

BOARD OF DIRECTORS MEETING

AGENDA ATTACHMENTS

Minutes of a Regular Meeting
of
The Natomas Basin Conservancy

August 6, 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 (arrived 4:20 pm)
- David Christophel
- William Edgar
- Kevin McRae
- Davin Norene
- Dan Silva
- Danelle Stylos
- Steven Willey

STAFF/LEGAL COUNSEL

PRESENT:

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

GUESTS:

Nick Avdis, Attorney; George Carpenter, South Sutter,
LLC; Vince Juarez, Wells Fargo Insurance Services

TAC:

None

CALL TO ORDER

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

ANNOUNCEMENTS

Norene was welcomed as a new Board member for Sutter County. Kelley was introduced as the Conservancy's new Contracts & Compliance Manager. Stylos on behalf of all Board and staff thanked Carpenter for the time he served as a Board member on the Conservancy Board.

ACTION-REGULAR SESSION

Approval of the minutes. The Board President requested approval of the minutes of the Board of Directors meeting of June 4, 2014.

(Res. 14.08.01) On a motion by Willey and a second by Backer, the Board unanimously approved the minutes of the June 4, 2014 Board meeting.

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

Board members

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| <input checked="" type="checkbox"/> Kay Backer | <input checked="" type="checkbox"/> Davin Norene |
| <input type="checkbox"/> Mike Bradbury | <input checked="" type="checkbox"/> Dan Silva |
| <input checked="" type="checkbox"/> David Christophel | <input checked="" type="checkbox"/> Danelle Stylos |
| <input checked="" type="checkbox"/> William Edgar | <input checked="" type="checkbox"/> Steven Willey |
| <input checked="" type="checkbox"/> Kevin McRae | |

Vote symbols

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

Contract Amendment for Lake WebWorks. 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 allows 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 improving 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. This item requested \$7,500.00 to make the refinements and include staff training for website updating.

(Res. 14.08.02) On a motion by Willey and a second by Silva, the Board unanimously approved the proposed \$7,500.00 budget amount to make the refinements and for staff training for the website.

Board members

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| <input type="checkbox"/> Mike Bradbury | <input checked="" type="checkbox"/> Dan Silva |
| <input checked="" type="checkbox"/> David Christophel | <input checked="" type="checkbox"/> Danelle Stylos |
| <input checked="" type="checkbox"/> William Edgar | <input checked="" type="checkbox"/> Steven Willey |
| <input checked="" type="checkbox"/> Kevin McRae | |

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Mid-year Budget revision. To update the Conservancy's annual budget, staff submitted 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, \$25,000 is budgeted for the proposed preserve access project, which is not going to happen, at least not in 2014. This item proposed 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 photographs, 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). 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.

It is expected that with the additions and subtractions, the 2014 budget will *decrease* by \$102,750.00. No change is proposed for the revenue side of the budget.

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

(Res. 14.08.03) On a motion by Edgar and a second by Christophel, the Board unanimously approved the proposed 2014 Mid-year Budget Revision.

Board members

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| <input type="checkbox"/> Mike Bradbury | <input checked="" type="checkbox"/> Dan Silva |
| <input checked="" type="checkbox"/> David Christophel | <input checked="" type="checkbox"/> Danelle Stylos |
| <input checked="" type="checkbox"/> William Edgar | <input checked="" type="checkbox"/> Steven Willey |
| <input checked="" type="checkbox"/> Kevin McRae | |

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Bradbury joined the meeting.

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 requested 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.

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.

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.

(Res. 14.08.04) On a motion by Silva and a second by Edgar, the Board unanimously approved the proposed revisions to the NBHCP and their forwarding to the Wildlife Agencies for acceptance.

Board members

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| <input checked="" type="checkbox"/> Kay Backer | <input checked="" type="checkbox"/> Davin Norene |
| <input checked="" type="checkbox"/> Mike Bradbury | <input checked="" type="checkbox"/> Dan Silva |
| <input checked="" type="checkbox"/> David Christophel | <input checked="" type="checkbox"/> Danelle Stylos |
| <input checked="" type="checkbox"/> William Edgar | <input checked="" type="checkbox"/> Steven Willey |
| <input checked="" type="checkbox"/> Kevin McRae | |

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SAFCA Implementation Agreement #1, Amendment #5 (Brookfield). Staff proposed 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 functions 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.

(Res. 14.08.05) On a motion by Willey and a second by Norene, the Board unanimously approved the SAFCA Implementation Agreement #1, Amendment #5 (Brookfield) agreement between the Conservancy and the Sacramento Area Control Agency.

Board members

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| <input checked="" type="checkbox"/> Kay Backer | <input checked="" type="checkbox"/> Davin Norene |
| <input checked="" type="checkbox"/> Mike Bradbury | <input checked="" type="checkbox"/> Dan Silva |
| <input checked="" type="checkbox"/> David Christophel | <input checked="" type="checkbox"/> Danelle Stylos |
| <input checked="" type="checkbox"/> William Edgar | <input checked="" type="checkbox"/> Steven Willey |
| <input checked="" type="checkbox"/> Kevin McRae | |

Vote symbols

- = "aye" vote
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SAFCA Implementation Agreement #5 (South Sutter). 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.

(Res. 14.08.06) On a motion by Backer and a second by Edgar, the Board unanimously approved the execution and delivery of the SAFCA Implementation Agreement #5 (South Sutter).

Board members

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| <input checked="" type="checkbox"/> Kay Backer | <input checked="" type="checkbox"/> Davin Norene |
| <input checked="" type="checkbox"/> Mike Bradbury | <input checked="" type="checkbox"/> Dan Silva |
| <input checked="" type="checkbox"/> David Christophel | <input checked="" type="checkbox"/> Danelle Stylos |
| <input checked="" type="checkbox"/> William Edgar | <input checked="" type="checkbox"/> Steven Willey |
| <input checked="" type="checkbox"/> Kevin McRae | |

Vote symbols

- = "aye" vote
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◆ = abstain or recuse

SAFCA Implementation Agreement #6 (Willey Field). This item requested 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.

(Res. 14.08.07) On a motion by Edgar and a second by Bradbury, the Board unanimously approved the execution and delivery of the SAFCA Implementation Agreement #6 (Willey Field).

Board members

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| <input checked="" type="checkbox"/> Kay Backer | <input checked="" type="checkbox"/> Davin Norene |
| <input checked="" type="checkbox"/> Mike Bradbury | <input checked="" type="checkbox"/> Dan Silva |
| <input checked="" type="checkbox"/> David Christophel | <input checked="" type="checkbox"/> Danelle Stylos |
| <input checked="" type="checkbox"/> William Edgar | <input checked="" type="checkbox"/> Steven Willey |
| <input checked="" type="checkbox"/> Kevin McRae | |

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Willey noted he is not a party to this agreement and is not related to any principals in the matter even through his last name is the same as the property name.

Groundwater exchange program, Natomas Central Mutual Water Company. 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.

The Conservancy's legal counsel reviewed certain NCMWC corporate documents and has notified Conservancy staff of some concerns regarding 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.

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

(Res. 14.08.08) On a motion by Edgar and a second by Backer, the Board approved to send the letter to the NCMWC with additional changes urged by the Board to strengthen the draft letter's conclusion.

Board members

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| <input checked="" type="checkbox"/> Mike Bradbury | <input checked="" type="checkbox"/> Dan Silva |
| <input checked="" type="checkbox"/> David Christophel | <input checked="" type="checkbox"/> Danelle Stylos |
| <input checked="" type="checkbox"/> William Edgar | <input checked="" type="checkbox"/> Steven Willey |
| <input checked="" type="checkbox"/> Kevin McRae | |

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Immediately following the vote Willey expressed his interest to modify his vote. All members of the Board gave verbal consent to reconsideration of the Board's action.

(Res. 14.08.09) On a motion by Edgar and a second by Backer, the Board unanimously rescinded the previous action regarding sending a letter to the NCMWC with additional changes so the matter could be re-voted.

Board members

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| <input checked="" type="checkbox"/> Kay Backer | <input checked="" type="checkbox"/> Davin Norene |
| <input checked="" type="checkbox"/> Mike Bradbury | <input checked="" type="checkbox"/> Dan Silva |
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| <input checked="" type="checkbox"/> William Edgar | <input checked="" type="checkbox"/> Steven Willey |
| <input checked="" type="checkbox"/> Kevin McRae | |

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The Board reconsidered the letter to be sent to the NCMWC regarding their groundwater exchange program.

(Res. 14.08.10) On a motion by Edgar and a second by Backer, the Board unanimously approved direction to the Executive Director to send the letter to the NCMWC with additional changes earlier noted.

Board members

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| <input checked="" type="checkbox"/> Kay Backer | <input checked="" type="checkbox"/> Davin Norene |
| <input checked="" type="checkbox"/> Mike Bradbury | <input checked="" type="checkbox"/> Dan Silva |
| <input checked="" type="checkbox"/> David Christophel | <input checked="" type="checkbox"/> Danelle Stylos |
| <input checked="" type="checkbox"/> William Edgar | <input checked="" type="checkbox"/> Steven Willey |
| <input checked="" type="checkbox"/> Kevin McRae | |

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DISCUSSION

City of Sacramento report. There was no report given regarding the HCP and related activity and other topics.

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

Update: endowments funds mid-year report. The Board was 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 was provided.

Update: Conservancy insurance. The Conservancy's insurance broker, Vince Juarez of Wells Fargo Insurance Services reviewed with the Board insurance coverage. This includes general liability, directors and officers liability, workers' compensation, etc.

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 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 updated the Board on the matter.

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.

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

Initiative: Clean Water Act mitigation. Staff noted that proponents of the Conservancy providing wetland mitigation under the Federal Clean Water Act, Section 404 have requested the Conservancy "hold" on this matter. The proponents plan to see if Sutter County can obtain authority for such a facility, in which case the Conservancy would be re-engaged as a possible implementing administrator of such a program.

PUBLIC COMMENTS

There were no public comments heard.

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.14.08.11) On a motion by Norene and a second by Edgar, the Board voted unanimously to adjourn the meeting at 6:10 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
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- ◆ = abstain or recuse

ATTEST:

David Christophel, Secretary

date



September 19, 2014

John Roberts, Executive Director
The Natomas Basin Conservancy
2150 River Plaza Drive, Suite 460
Sacramento, California 95833

We are pleased to confirm our understanding of the services we are to provide The Natomas Basin Conservancy (Conservancy) for the year ended December 31, 2014. We will audit the financial statements of the governmental activities and each major fund, which collectively comprise the basic financial statements of the Conservancy as of and for the year ended December 31, 2014. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to accompany the Conservancy's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Conservancy's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Budgetary Comparison Schedules

We have also been engaged to report on supplementary information other than RSI that accompanies Conservancy's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

- 1) Schedule of Land Additions
- 2) Schedule of Mitigation Fees Collected

Expanded Expenditure Testing

Additionally, as part of these services, we will expand the scope of our expense internal control testing to include an additional sample size requested by the Conservancy. Sample sizes in accordance with Generally Accepted Auditing Standards (GAAS) vary based on auditor judgment and evaluation. These expanded procedures are intended to go beyond the sample sizes determined by Gilbert Associates, Inc. under GAAS. This expense testing will include an additional sample of 30 general disbursements to be selected with our internal control testing for a minimum sample size of 60 disbursements for the December 31, 2014 audit.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Conservancy and other procedures we consider necessary to enable us to express such opinions. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The reports on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Conservancy is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of your financial statements and related notes. These nonaudit services do not constitute an audit under Government Auditing Standards and such services will not be conducted in accordance with Government Auditing Standards. You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the written representation letter our assistance with preparation of the financial statements and that you have

reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Conservancy involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud, violations of contracts or grant agreements, or abuse that we may report.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about our responsibilities for the financial statements; compliance with laws, regulations, and contracts; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Conservancy's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Audit Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any invoices selected by us for testing.

The audit documentation for this engagement is the property of Gilbert Associates, Inc. and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the U.S. General Accounting Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Gilbert Associates, Inc. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned party. The parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies. The audit documentation for this engagement will be retained for a minimum of seven years after the report release date.

Our fee for the standard audit services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$18,500 for the standard audit services required under generally accepted auditing standards and *Government Auditing Standards*. Our fee for the expanded expenditure testing described above will be \$1,300. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these services will be rendered each month as work progresses; invoices are payable on presentation. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report.

You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. In the event that either party claims a breach of contract of any term of this engagement, the claim shall, at our option, be submitted to binding arbitration at 2880 Gateway Oaks Drive, Suite 100, Sacramento, California 95833.

The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. Unexpected circumstances may arise under which we must perform additional work and, thus, require additional billings for our services. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Examples of such circumstances include, but are not limited to:

- Changing audit requirements
- New professional standards or regulatory requirements
- New financial statement disclosures
- Work caused due to the identification of, and management's correction of, inappropriate application of accounting pronouncements
- Erroneous or incomplete accounting records
- New or unusual transactions
- Failure of your staff to prepare information in a timely manner
- Numerous revisions to your information
- Lack of availability of appropriate personnel during audit fieldwork

Our fee assumes that we will be provided with auditable financial statements for all funds at year end, that all bank accounts and investment accounts will be reconciled through the end of the year being audited to the trial balances, that interfund and transfer accounts will balance, and that beginning fund equity amounts will be reconciled to prior year audited ending fund equity. Additionally, we assume the Conservancy will prepare the Management's Discussion and Analysis and the Additional Information (Schedule of Land Additions and Schedule of Mitigation Fees) of the report.

Our fee does not include implementation of any other future accounting or auditing pronouncements and/or government requirements that may change, thus, the scope or amount of auditing necessary to complete our engagements may increase beyond what is currently anticipated. Should such events occur, we would present you with our estimate of any possible increase prior to beginning our audit for the given year. An equitable adjustment in the proposed fee will be negotiated if the cost of time required for performance of the audit service is increased or decreased pursuant to a change in scope of the audit requested by the Conservancy or required by State or Federal regulations.

John Roberts, Executive Director
The Natomas Basin Conservancy
September 19, 2014
Page 7 of 7

We appreciate the opportunity to be of service to The Natomas Basin Conservancy and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

GILBERT ASSOCIATES, INC.



Peggy A. Vande Vooren, CPA
Shareholder

* * * * *

ACCEPTANCE

This letter correctly sets forth the understanding of The Natomas Basin Conservancy.

BY: _____

TITLE: Executive Director

DATE: _____

Finance Model RFP Responses



2015	2016	2017
\$13,000 Fee Update \$5,000 Special Issues	\$13,000	\$13,000

2015	2016	2017
\$14,330	\$14,330	\$14,330

Did not respond

Proposal

Professional Consultant Services for Annual NBHCP Fee and Finance Model Updates

The Economics of Land Use



Prepared for:
The Natomas Basin Conservancy

Prepared by:
Economic & Planning Systems, Inc.

September 22, 2014

EPS #142118

*Economic & Planning Systems, Inc.
2295 Gateway Oaks Drive, Suite 250
Sacramento, CA 95833-4210
916 649 8010 tel
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*Oakland
Sacramento
Denver
Los Angeles*

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September 22, 2014

Kimberli Burns
Business and Accounting Manager
The Natomas Basin Conservancy
2150 River Plaza Drive, Suite 460
Sacramento, CA 95833

Subject: Proposal to Perform the Annual NBHCP fee and Finance Model Update; EPS #142118

Dear Kimberli Burns:

Economic & Planning Systems, Inc. (EPS) would appreciate the opportunity to perform the next three annual updates of the Natomas Basin Habitat Conservation Plan (NBHCP) fee and Excel finance model (Finance Model) for The Natomas Basin Conservancy (Conservancy). These updates would annually establish the NBHCP fees for the years 2015 through 2017.

As you are aware, EPS originally developed the Finance Model, which is used to calculate the annual NBHCP fee, and EPS has a 14-year history of preparing the annual NBHCP fee update and report. Most recently, the Conservancy hired EPS to perform an enhancement of the Finance Model to improve its efficiency and ease of use. In addition, in the course of performing the fee updates, EPS has analyzed other special issues for the Conservancy. Examples of these special issues are listed below:

- The effect of changing land values on annual costs.
- The effect of a decreased rate of development on the annual and long-term cash flow.
- The effect of a reduction in Williamson Act contracts on the costs.
- The ability of the Conservancy to viably maintain the habitat in the event development does not continue in the NBHCP permit area.
- The effect of the recent recession on the long-term Endowment and Supplemental Endowment funds earnings.
- An examination of long-term real rates of return.

The Economics of Land Use



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Denver
Los Angeles*

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In the coming years, a special issue the Conservancy may wish to have analyzed is the effect of the likely elimination of the Natomas area development moratorium on the pace of development and habitat operations.

EPS's extensive experience with updating the Finance Model, preparing the report to present the findings, and analyzing other special issues for the Conservancy uniquely qualifies EPS to perform the requested work. EPS looks forward to your consideration of the enclosed proposal and, again, would appreciate the opportunity to prepare the next three annual NBHCP fee and Finance Model updates for the Conservancy.

Sincerely,

ECONOMIC & PLANNING SYSTEMS, INC.

A handwritten signature in blue ink, appearing to read 'J. Gomes', with a long horizontal flourish extending to the right.

Jamie Gomes
Managing Principal

Attachments

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1. SCOPE OF SERVICES

This proposed Scope of Services describes the tasks required to update The Natomas Basin Habitat Conservation Plan (NBHCP) Excel Finance Model (Finance Model) and prepare the annual NBHCP mitigation fee update analysis. The NBHCP fee provides the revenue for the Natomas Basin Conservancy (Conservancy) to acquire and manage habitat land for the purposes of meeting the objectives and requirements of the NBHCP. The NBHCP requires that all new development in the NBHCP area provide for the acquisition and management of one-half of an acre of habitat mitigation land for each acre of development. The NBHCP fee is updated each year based on a dynamic cash flow analysis. The fee is set to ensure sufficient funding for the acquisition and management of habitat throughout the NBHCP 50-year timeframe.

Throughout the NBHCP fee update process, EPS will work closely with the Conservancy to collect data, prepare and review draft materials, and reach consensus on the final report and tables that EPS will prepare to document the analysis and proposed fee. The tasks involved in the fee update are described below.

Task 1: Prepare Annual NBHCP Fee Update

Having developed the original Finance Model and having recently enhanced certain features of this model, EPS would be able to complete the annual fee update in an efficient manner. This update would consist of the following subtasks.

Subtask 1.1: Collect and Develop Data

EPS will work with the Conservancy staff to collect and develop the data and projections needed to update the fee. This data will include development activity, habitat status, cost, and revenue data. Data will be collected and developed for the past year, the current year, and the next year (budget year). Upon initiation of the project, EPS will provide the Conservancy with a comprehensive list of data needed to update the Finance Model used to calculate the NBHCP fee.

Subtask 1.2: Update Finance Model

EPS will update the Finance Model using the data and information collected in **Subtask 1.1**. This update will include updating the habitat status, development activity, cost assumptions, and fee and interest earning assumptions that provide the basis for the cash flow analyses. The Finance Model includes five separate cash flows, one for each of the following five funds:

- Land Acquisition
- Administration/Operations & Maintenance
- Restoration and Enhancement
- Endowment
- Supplemental Endowment

For each fund, various data is needed to project annual costs and revenues and ultimately to set the fee at a level that will provide enough funds to ensure the habitat effectively can be managed throughout the NBHCP timeframe. For each fund, EPS will update the relevant data for the different years in the cash flow analyses, as detailed below:

- For the most recent year past, EPS will update the data to reflect actual development activity, habitat acres, costs, and revenues.
- For the current year, EPS will update the data to reflect estimated development activity, habitat acres, costs, and revenues based on year-to-date data.
- For the budget year, EPS will update the data to reflect the budgeted amounts. The Conservancy budget is incorporated into the Finance Model and serves as the source for the budget year costs and revenues in the cash flow analyses.
- For the remainder of the years beyond the budget year, EPS will update assumptions, as necessary, that are used to project annual costs and revenues. For example, EPS may update assumptions about the annual level of development activity, the annual amount of restoration and enhancement, various cost components, or the level of interest earnings. In light of the likely elimination of the Natomas area development moratorium in the coming years, it will be important to give particular attention to the development projections.

Subtask 1.3: Prepare Report and Tables

After updating the Finance Model, EPS will prepare a draft report and draft tables that document the proposed fee. EPS will review all draft materials with Conservancy staff and make changes as necessary. EPS will prepare a second draft report and tables for consideration by the Conservancy's Board of Directors. EPS will make all requested modifications and prepare a final report for consideration and approval by the Sacramento City Council and the Sutter County Board of Supervisors.

After all final changes have been made to the Finance Model, EPS will transmit the model to the Conservancy for its use in future fee updates.

Subtask 1.4: Attend Meetings and Present Materials

As described in **Subtask 1.3**, EPS will prepare a draft report for consideration by the Conservancy Board of Directors and a final report for consideration by the Sacramento City Council and the Sutter County Board of Supervisors. EPS will present the draft report to the Conservancy's Board of Directors at a Board meeting. EPS will be available to answer questions and respond to requests for modifications. In addition, if requested by the Conservancy, EPS will present the final report to the Sacramento City Council or the Sutter County Board of Supervisors at a City Council or Board of Supervisors' meeting.

Task 2: Contingency to Perform Special Issues Analyses

In EPS's many years of preparing the NBHCP fee update, the Conservancy periodically has requested EPS provide additional analyses for special issues that have occurred during the

course of the update. This task would provide a contingency for special issues analyses in the event the Conservancy requests such analyses. If the Conservancy does not request any special analyses, then no time would be billed to this task. Examples of special issues for which EPS has provided analysis in conjunction with past annual fee updates are listed below:

- The effect of changing land values on annual costs (particularly property taxes and other related land costs).
- The effect of a decreased rate of development on the annual and long-term cash flow.
- The effect of a reduction in Williamson Act contracts on the costs.
- The ability of the Conservancy to viably maintain the habitat in the event development does not continue in the NBHCP permit area.
- The effect of the recent recession on the long-term Endowment and Supplemental Endowment funds earnings.
- An examination of long-term real rates of return, leading to the estimate of a rate to assume for the Endowment and Supplemental Endowment funds.

In the coming years, a special issue the Conservancy may wish to have analyzed is the effect of the likely elimination of the Natomas area development moratorium on the pace of development and habitat operations. Including **Task 2** at this time provides the Conservancy with flexibility to request special analyses or sensitivity analyses in any given year during the term of this agreement without having to execute a separate contract.

2. QUALIFICATIONS

EPS has assembled a team of highly qualified individuals with the experience necessary to successfully complete this project. Key personnel assigned to this project have extensive experience in preparing and updating development impact fee programs, including habitat mitigation fee programs. EPS originally developed the Finance Model and has a 14-year history of preparing the annual NBHCP fee update. EPS's long experience with updating the Finance Model used to calculate the NBHCP fee, preparing the report to present the findings, and analyzing other special issues for the Conservancy uniquely qualifies EPS to perform the work requested.

The key personnel assigned to the project will be Jamie Gomes, Allison Shaffer, and Ellen Martin. The qualifications and experience for each of these EPS personnel is summarized below, followed by their résumés.

Managing Principal **Jamie Gomes** has more than 15 years of consulting experience in the areas of public finance, fiscal analysis, and real estate economics and has extensive experience preparing, implementing, and administering development impact fee programs for cities, counties, and special districts throughout Northern California. His most recent experience includes establishing and updating development impact fee programs in Elk Grove, Roseville, and Turlock. Jamie's broad-based background and project management experience enable him to perform a breadth of economic and policy analyses for both public- and private-sector clients.

Senior Technical Associate **Allison Shaffer** has worked on the NBHCP fee update for many years and has extensive experience with the Finance Model. Most recently, at the Conservancy's request, Allison performed an enhancement of the Finance Model in response to a peer review that resulted in recommended changes to the Financial Model. Other recent experience includes an annual update of the Sacramento Area Flood Control Agency (SAFCA) development impact fee program, a financing framework for the Conservancy's management of SAFCA habitat, and development impact fee program updates in Turlock and Woodland.

Executive Vice President **Ellen Martin** has extensive experience in preparing development impact fee nexus studies, financial feasibility analyses, public facilities financing plans, and cash-flow models and analyses. Ellen's recent work includes the City of Roseville capital facilities fee update, the roadway and capital facilities fees for the City of Elk Grove, the drainage impact fees for Reclamation District 784, the SAFCA development impact fee update, and the financing framework for the Conservancy's management of the SAFCA habitat.

In addition to this core team, Managing Principal **Teifion Rice-Evans** will be available to serve in a technical advisory role. Teifion has particular expertise in conservation economics and in the financing and implementation of habitat conservation plans. He has led the economics, financing, and mitigation fee establishment/update for several conservation plans throughout California, including the East Contra Costa County Habitat Conservation Plan, the San Joaquin Multi Species Conservation Plan, and the Western Riverside County Regional Conservation Plan. He is working for Sacramento County on the South Sacramento Habitat Conservation Plan and has made recent contributions to development of the Yolo County Habitat Conservation Plan and Yuba/Sutter Habitat Conservation Plan.

JAMIE GOMES, MANAGING PRINCIPAL

Jamie Gomes has more than 15 years of experience consulting in the areas of public finance, fiscal analysis, and real estate economics. Jamie has directed complex consulting assignments on behalf of both public- and private-sector clients that have resulted in successful development and redevelopment projects. Jamie is one of EPS's leading experts in implementing infrastructure financing mechanisms, particularly development impact fee programs and Mello-Roos CFDs.

SELECTED PROJECT MANAGEMENT EXPERIENCE

Elk Grove Roadway and Capital Facilities Fee Programs Update

EPS worked with City of Elk Grove staff and Council and an engaged developer stakeholder group to comprehensively update the city's roadway and capital facilities fee programs. The city's Capital Facilities Fee Program included civic center, police, library, corporate yard, and transit facilities components.

Sierra Vista Specific Plan Fee Program

Working with City staff and an engaged property-owner stakeholder group, EPS prepared a nexus study to implement development impact fees for new Specific Plan development. The fee program includes features to help guide future implementation of the fee program as new Specific Plan development occurs.

Turlock Northwest Triangle and Westside Industrial Specific Plan Fee Updates

Working on behalf of the City of Turlock, EPS reviewed engineering cost estimates, allocated the infrastructure costs to new development, estimated a development impact fee based on those costs, and compared those fees with development impact fees from other jurisdictions. This comparative analysis illustrated how the proposed fees could affect the project's competitiveness with other similar types of development projects in the region.

Reclamation District No. 784 Drainage Impact Fees

Working on behalf of Reclamation District (RD) 784 located in Yuba County, EPS completed a nexus study updating the RD 784 Drainage Impact Fee Program. The drainage impact fee program allocated the costs of nearly \$40 million in drainage improvements serving new development in three separate drainage basins and two sub-basins. EPS resolved a variety of issues related to reconciling District financial and land use data and led a Stakeholder outreach process as part of the fee update implementation process.

Fresno Fire and Police Facilities Impact Fee Nexus Study Update

EPS worked with City staff and an interested stakeholder group on preparation of updated fire and police facility fee programs for the City. The fee program update analysis included a new capital improvement program, revised estimates of service populations for multiple benefit areas and multiple cost allocation methodologies.

EDUCATION

Master of Business Administration with concentration in Urban Land Development, California State University Sacramento, 1997

Bachelor of Arts in Economics with a minor in History, University of California Davis, 1991

PREVIOUS EMPLOYMENT

Sr. Loan Officer, First Federal Credit Union, Sacramento, 1994-1998

Assistant Manager, Norwest Financial CA, Inc., Stockton, 1992-1994

AFFILIATIONS

Urban Land Institute (ULI), Sacramento District Council, Treasurer

Growth and Infrastructure Consortium, Member and Presenter

First U.S. Community Credit Union, Sacramento, CA, Board of Directors

The Economics of Land Use



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Los Angeles

www.epsys.com

ALLISON SHAFFER, SENIOR TECHNICAL ASSOCIATE

Allison Shaffer has professional experience in the areas of public finance, financial feasibility analysis, and land use planning. Allison has played a major role in preparing various public facilities financing plans, urban services plans, development impact fee nexus studies, and habitat mitigation fee studies.

SELECTED PROJECT EXPERIENCE

Natomas Basin Habitat Conservation Plan Mitigation Fee Studies

EPS has a 14-year history of preparing annual fee update studies for the Natomas Basin Habitat Conservation Plan (NBHCP) mitigation fee program. The current NBHCP requires that one-half of an acre of habitat be provided for each acre of land developed in the Natomas Basin area. Developers must pay a mitigation fee to cover the costs to acquire, develop, operate, and maintain the required habitat. For many years, Allison has calculated the fee update to account for updated cost and revenue assumptions, development projections, and habitat acquisitions. She has also prepared the annual fee update reports.

TNBC Finance Model Enhancement

EPS worked for the Natomas Basin Conservancy (Conservancy) to update the Excel financial model that the Conservancy uses to calculate the annual update of the Natomas Basin Habitat Conservation Plan (NBHCPF) mitigation fee. EPS performed the model enhancements in response to a peer review of the Excel model by another consultant hired by TNBC. The model enhancements served to improve the efficiency of the model.

Sacramento Area Flood Control Agency Habitat Management Strategy

As part of the Sacramento Area Flood Control Agency (SAFCA)'s Natomas Levee Improvement Program, state and federal resource agencies require mitigation for the impacts on various habitat categories. SAFCA contracted with the Natomas Basin Conservancy (Conservancy) for management of SAFCA habitat to fulfill state and federal permitting requirements. Working on SAFCA's behalf, Allison helped to develop a financing strategy to ensure that the Conservancy's anticipated costs to conduct habitat maintenance activities would be funded in perpetuity. Allison is currently working with SAFCA to update that strategy.

Northwest Triangle Specific Plan and Westside Industrial Specific Plan Fee Nexus Studies

The Northwest Triangle Specific Plan and Westside Industrial Specific Plan areas are located in the City of Turlock. EPS prepared Development Impact Fee Nexus Studies that updated the sanitary sewer and water development impact fees in these two areas. Allison performed the technical analysis, worked with City staff to obtain the development and facility cost data needed for the cost allocation and fee update, and prepared a Draft Development Impact Fee Nexus Study for each specific plan area.

EDUCATION

Master of Administration,
University of California,
Davis, School of
Management, 1984

Bachelor of Sciences in
Mathematics with a
minor in English,
University of California,
Davis, 1982

PREVIOUS EMPLOYMENT

Accounting Computer
Systems Analyst for the
University of California,
Berkeley, Department of
Housing and Food
Services, 1987-1988

Accounting Computer
Systems Analyst for
Westec, Inc.,
Washington, D.C.,
1984-1986

The Economics of Land Use



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Los Angeles*

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ELLEN MARTIN, EXECUTIVE VICE PRESIDENT

Ellen Martin has academic and professional experience in the areas of public finance, development feasibility, economic impact analysis, fiscal impact analysis, and land use planning. Through her tenure at EPS, Ellen has gained significant experience developing and implementing development impact fee programs, taking into consideration public agency policy considerations and the market and economic effects of such programs.

SELECTED PROJECT MANAGEMENT EXPERIENCE

Sacramento Area Flood Control Agency Habitat Management Strategy

As part of the Sacramento Area Flood Control Agency (SAFCA)'s Natomas Levee Improvement Program, state and federal resource agencies require mitigation for the impacts on various habitat categories. SAFCA contracted with the Natomas Basin Conservancy (Conservancy) for management of SAFCA habitat to fulfill state and federal permitting requirements. Working on SAFCA's behalf, Ellen helped to develop a financing strategy to ensure that the Conservancy's anticipated costs to conduct habitat maintenance activities would be funded in perpetuity. Ellen is currently working with SAFCA to update that strategy.

Elk Grove Roadway and Capital Facilities Fee Programs Updates

EPS worked with City of Elk Grove staff and Council and an engaged developer stakeholder group to comprehensively update the city's roadway and capital facilities fee programs. EPS worked with the City and stakeholder groups to identify facility needs to serve future development, develop future facility cost estimates, and establish a nexus-based fee program to fund those improvements and maintain the desired level of service. Ms. Martin served as Project Manager for this effort, leading the technical analysis and managing the day to day aspects of the project.

Sacramento Area Flood Control Agency Levee Protection Fee Program

In conjunction with the SAFCA team, EPS developed a levee protection fee program to fund flood protection improvements. Ms. Martin participated in developing fee program implementation strategies and analyzed the apportionment methodologies to determine the appropriate distribution of levee improvement costs between existing and future development and various geographic areas within the fee program boundary.

Reclamation District 784 Drainage Impact Fee Nexus Study

Working on behalf of Reclamation District (RD) 784 located in Yuba County, EPS completed a nexus study updating the RD 784 Drainage Impact Fee Program. The drainage impact fee program allocated the costs of nearly \$40 million in drainage improvements serving new development in three separate drainage basins and two sub-basins. As project manager, Ms. Martin worked extensively with District staff to resolve a variety of issues, including conducting a detailed reconciliation of District financial and land use data.

EDUCATION

Master of Public Policy and Administration, California State University, Sacramento, 2005

Bachelor of Arts in Political Science, University of California at Davis, 2003

PREVIOUS EMPLOYMENT

Policy Analyst/Legislative Coordinator, United Domestic Workers of America, Sacramento, California, 2004-2005

Program Assistant, California State Assembly Fellows Program, Sacramento, California, 2004

AFFILIATIONS

Urban Land Institute (ULI)

ULI Sacramento, Young Leaders Group

Co-Coordinator, YLG Forums, ULI Sacramento YLG, 2007 and 2008

The Economics of Land Use



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Denver
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3. REFERENCES

***Sacramento Area Flood Control Agency (SAFCA) Habitat Management Strategy;
SAFCA Development Fee Program and Updates***

Sacramento, California

Reference: SAFCA
Tim Washburn, Director of Planning
1007 7th Street, 7th Floor, Sacramento, CA 95814
washburnt@saccounty.net
(916) 874-8732

Sacramento Development Impact Fee Nexus Studies

Sacramento, California

Reference: City of Sacramento—Public Improvement Financing Division
Mark Griffin, Program Manager
915 I Street, 3rd Floor, Sacramento, CA 95814
mgriffin@cityofsacramento.org
(916) 808-8788

Cordova Hills Public Facilities Financing Plan, Urban Services Plan, and Cash Flow Analysis

Sacramento County, California

Reference: Cordova Hills, LLC
Mark Hanson, Project Manager
5241 Arnold Avenue, McClellan, CA 95652
mhanson@sbmcorp.com
(916) 565-3667

4. DISCLOSURE

EPS has provided consulting services to hundreds of public- and private-sector clients throughout the United States since 1983. EPS offers consulting services in real estate market analysis, feasibility analysis, fiscal impact analysis, infrastructure financing strategies, affordable housing strategies, and similar areas of expertise that are of value to local jurisdictions and authorities, as well as to developers. EPS has been involved in several public/private development negotiations throughout the United States, usually under contract to the public-sector party, but sometimes under contract to the private-sector party.

The firm's reputation and success have been built on EPS's ability to perform objective and transparent analyses that allow all stakeholders to understand the economics of development and the financial implications of various approaches to projects' programmatic features and financing. This emphasis on objectivity, rather than advocacy, is one of EPS's official "core values" and is instilled in EPS's staff from their first day with the firm.

EPS strives to inform all potential clients of any conflicts of interest, real or perceived, so they can decide whether or not EPS is the best firm to provide consulting services, given the unique technical requirements of the assignments, as well as the political considerations in place. EPS is proud of its longstanding success in providing quality services to a wide variety of clients and believes this breadth of experience enables EPS to understand the perspectives and needs of all parties involved in complex urban development.

As the Conservancy is aware, EPS has performed past work for SAFCA to establish a financial framework to provide for the Conservancy's management of SAFCA's habitat and is under contract with SAFCA to update that framework. Because the final work product of prior and current EPS work projects is subject to Conservancy review, input, and final agreement, EPS does not believe these efforts represent a conflict with the proposed work effort.

EPS also has a long history of providing consulting services to the City of Sacramento and continues to provide these services. EPS has maintained its relationship with the City of Sacramento through all prior years in which EPS completed the annual NBHCP fee update and does not believe this presents a conflict with the proposed fee update work.

5. COST PROPOSAL

The estimated annual budget to complete this project is summarized below and detailed in the attached **Table 1**. EPS's 2014 rates are included after **Table 1**.

- **Task 1:** Prepare Annual NBHCP Fee Update: **\$13,000**
- **Task 2:** Contingency to Perform Special Issues Analyses: **\$5,000**

This budget represents the budget for the first year of the 3-year contract. It is anticipated that the budget would be the same for the following 2 years, but EPS requests to re-evaluate the budget with the Conservancy each year to determine if any changes should be made based on changes in the fee program, the extent of the update, or other unknown issues.

EPS charges for its services on a direct-cost (hourly billing rates plus direct expenses), not-to-exceed basis; therefore, you will be billed only for the work completed up to the authorized budget amount. Invoices are submitted monthly and are payable on receipt. If additional work or meetings are required, EPS will request authorization for additional budget with the understanding that terms will be negotiated in good faith.

Table 1
 NBHCP Finance Model and Fee Update
 Budget Estimate
 Economic & Planning Systems, Inc.: EPS #142118

Task/Description	EPS Staff Hours				Total Budget
	Managing Principal Gomes / Rice-Evans	Exec. Vice President Martin	Sr. Technical Associate Shaffer	Production	
Billing Rates *	\$245	\$210	\$175	\$80	
Task 1: Prepare the Annual NBHCP Fee Update					
Subtask 1.1: Collect and Develop Data	0	0	5	0	\$875
Subtask 1.2: Update Finance Model	4	3	18	0	\$4,760
Subtask 1.3 Prepare Report and Tables	4	4	18	6	\$5,450
Subtask 1.4 Attend Meetings and Present Materials	4	0	5	0	\$1,855
Total Task 1	12	7	46	6	\$12,940
TASK 1 TOTAL COSTS	\$2,940	\$1,470	\$8,050	\$480	\$12,940
TASK 1 TOTAL COSTS (ROUNDED)					\$13,000
Task 2: Contingency to Perform Special Issues Analyses	4	2	20	2	\$5,060
TASK 2 TOTAL COSTS	\$980	\$420	\$3,500	\$160	\$5,060
TASK 2 TOTAL COSTS (ROUNDED)					\$5,000
TOTAL PROJECT COSTS (ROUNDED)					\$18,000

* 2014 Billing Rates; subject to change annually.

2014 HOURLY BILLING RATES

California Offices

Managing Principal	\$245-\$300
Senior Principal	\$300
Principal	\$245-\$250
Executive/Senior Vice President	\$210-\$215
Vice President	\$190-\$200
Senior Technical Associate	\$175-\$195
Senior Associate	\$165-\$175
Associate	\$140
Research Analyst II	\$90-\$120
Research Analyst I	\$80-\$85
Production and Administrative Staff	\$80-\$85

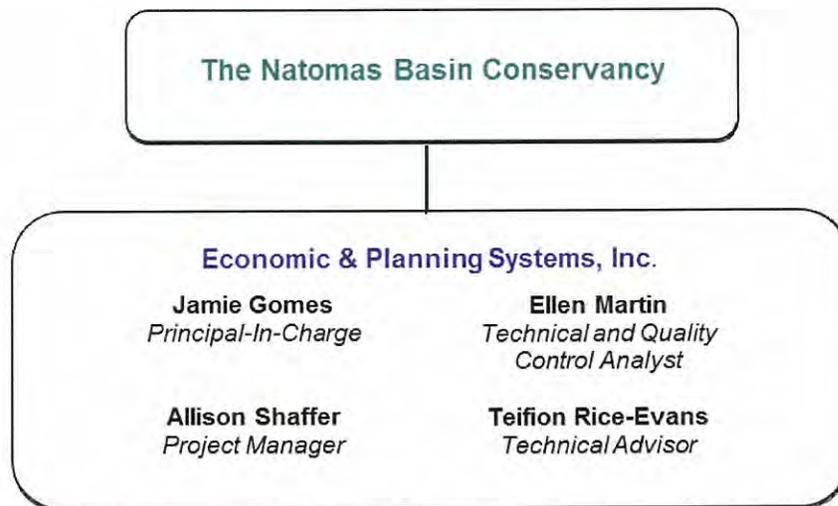
Billing rates updated annually.



6. WORK PLAN AND SCHEDULE

Key Personnel

EPS has assembled a team of highly qualified personnel to perform this project. The EPS team will be led by **Jamie Gomes**, who will serve as Principal-in-Charge of this project and will oversee all aspects of the work. As Principal-in-Charge of the project, Jamie has ultimate responsibility for project delivery. He also will be available to advise on and help resolve issues that may arise. Senior Technical Associate **Allison Shaffer** will serve as the Project Manager and primary technical analyst for this project. She will perform the majority of the day-to-day work, including modeling and report writing. Executive Vice President **Ellen Martin** will serve as a technical and quality control analyst on the project. She will review all documents and tables for accuracy, transparency, and clarity. As an expert in conservation economics, Managing Principal **Teifion Rice-Evans** also will be available to serve as a technical advisor on the project. The organization chart below summarizes EPS's proposed team organization.



Work Commitments and Resources

The major anticipated work commitments and time availability of the key personnel is summarized below. In addition to this core team, EPS has nine other professional staff in its Sacramento office, as well as three other offices, providing ample resources and expertise to perform the project in the timeframe requested by the Conservancy.

Jamie Gomes

Availability: 10 percent

Commitments: Folsom Plan Area Specific Plan Development Impact Fee Nexus Study, Lincoln Village 1 Fiscal Impact Analysis, Fremont Pacific Commons Fiscal and Economic Impact Analysis, Sierra Vista Specific Plan Services Community Facilities District

Allison Shaffer

Availability: 25 percent

Commitments: Capital Southeast Connector Joint Powers Authority Plan of Finance, Cordova Hills Urban Services Plan, Folsom Plan Area Specific Plan Development Impact Fee Nexus Study

Ellen Martin

Availability: 10 percent

Commitments: Roseville Public Facilities Fee Update, Arboretum Public Facilities Financing Plan, Rio Del Oro Specific Plan Financing Plan, North Lake Tahoe Transit Vision

Teifion Rice-Evans

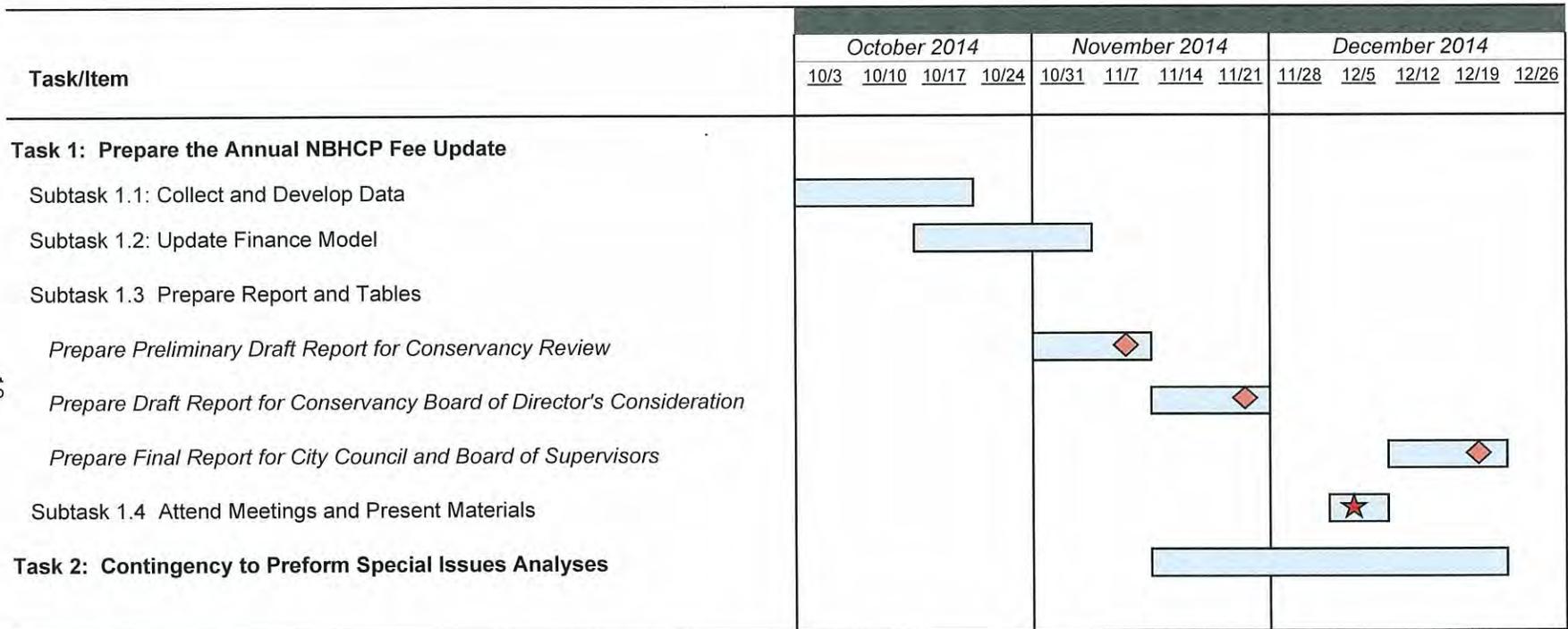
Availability: 15 percent

Commitments: Financing Plan for South Sacramento Habitat Conservation Plan, City of West Covina Development Impact Fee, Financing Plan for Metro Bakersfield Habitat Conservation Plan, Memorial Park Activity Center Master Plan

Schedule

Figure 1 outlines a schedule for completion of the project for the first year of the update. This schedule encompasses the timeframe from the beginning of the work to delivery of the final report for consideration and adoption by the Sacramento City Council and Sutter County Board of Supervisors. As noted in this figure, attendance and presentations at meetings of these two governing entities may be required in 2015.

Figure 1
NBHCP Finance Model and Fee Update
Estimated Work Schedule
Economic & Planning Systems, Inc.: EPS #142118



19

-  Ongoing work
-  Reports
-  Conservancy Board of Director's meeting

Note: Schedule subject to change. Additional materials or presentations will be included as needed in coordination with the Conservancy. City Council and Board of Supervisor presentations may be required in February 2015.



PUBLIC FINANCE
& MANAGEMENT
RESOLVED

LARSEN WURZEL
& Associates, Inc.

DEREK LARSEN, Principal

SETH WURZEL, Principal

1750 Creekside Oaks

Drive, Suite 210

Sacramento, CA 95833

Natomas Basin Habitat Conservation Plan Finance Model 2015 – 2017 Update

PROPOSAL & QUALIFICATIONS

Submitted to: The Natomas Basin Conservancy

Submission date: September 22, 2014

September 22, 2014

The Natomas Basin Conservancy
2150 River Plaza Drive, Suite 460
Sacramento, CA 95833

RE: Natomas Basin Habitat Conservation Plan Finance Model 2015-2017 Update

Larsen Wurzel & Associates, Inc. (LWA) very much appreciates the opportunity to submit this proposal to provide consulting services to The Natomas Basin Conservancy (TNBC). LWA looks forward to the opportunity to work with TNBC to provide annual review and updates to the Natomas Basin Habitat Conservation Plan (NBHCP) Finance Model for fiscal years 2015-2017.

LWA is interested in assisting TNBC administer, in the most cost effective and efficient manner, its NBHCP Financial Model in a way that meets TNBC's intentions as LWA understand them, based on the September 4, 2014, Request of Proposals (RFP). The attached materials provide LWA's understanding of the project, a detailed approach and Scope of Services that we believe meets TNBC's needs. Also included is a description of LWA's qualifications and experience that we believe demonstrates our unique ability to perform the requested services.

I hope this letter and proposal meet your approval. Should you find the scope and proposal to be agreeable, LWA assumes that TNBC will provide a professional service agreement for LWA's review. If you require any changes to this letter and proposal or would like to discuss the proposal further, please do not hesitate to call me at (530) 633-7384.

Sincerely,



Seth M. Wurzel, CGFM
President
Larsen Wurzel & Associates, Inc.

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Attachments

- A. Resumes
- B. Disclosure
- C. Rate Sheet
- D. Schedule Format
- E. Firm Standard Statement of Qualifications

RFP Response

Project Understanding

TNBC is the operator of the NBHCP on behalf of the jurisdictions operating under the Incidental Take Permits issued by the US Fish and Wildlife Service and California Department of Fish and Game. TNBC is subject to the conditions of these permits and the associated Implementation Agreement. TNBC maintains a finance model that supports the calculation of the Habitat Conservation Plan Fee (HCP Fee), which is collected by the land use jurisdictions in the basin to fund the cost of implementation of the NBHCP. Under the terms of the Implementation Agreement, TNBC is to update the NBHCP finance model each February for the life of the HCP. The HCP Fee revenue pays for the land acquisition, restoration and enhancement, administration and operations and maintenance, operations and maintenance endowment, and supplemental endowment funds associated with implementing the HCP and mitigating impacts of urban development on the species covered under the NBHCP.

LWA understands that TNBC is requesting the services of a qualified economic consultant to review the current Finance Model and perform three annual updates for 2015, 2016 and 2017 and provide optional annual extensions to update the model in 2018 and 2019. The annual updates of the model will require the economic consultant to review all of the assumptions and inputs into the model within five specific areas of cost including Land Acquisition, Restoration and Enhancements, Administration and O&M, O&M Endowment, and the Supplemental Endowment. The economic consultant will also need to review numerous factors and assumptions that drive the revenues received by TNBC that offset costs to determine the amount of the HCP Fee.

The following describes the scope of services proposed by LWA to achieve the objectives requested by TNBC as they are understood by LWA.

Scope of Work

The following scope of services will be performed on an annual basis for the three years identified and as requested by TNBC.

Task 1: Data Collection and Development

LWA will meet with TNBC staff and review materials provided related to conservancy financial activities including financial statements and accounting data reports. LWA has already performed a preliminary review of publicly available prior HCP Fee update reports prepared by New Economics & Advisory (NEA) and Economic & Planning Systems (EPS). LWA will perform a more detailed review of these reports as well as a review of all electronic files provided by TNBC. As part of this review, model assumptions and variables will be identified. These factors will be updated based upon additional research performed by LWA or information provided by TNBC staff. LWA will track and document any changes to the model based on the updated information and provide, within the model, references to source information for ease in future updates of the model.

Task 2: Fee Calculation and Analysis / Model Update

LWA will update the current MS Excel NBHCP Finance Model provided by TNBC on an annual basis as directed by TNBC for the three years requested. The MS Excel model update will be performed by Seth Wurzel, LWA Principal. Seth Wurzel is former Vice President at Economic & Planning Systems, Inc. and, given this

experience, has a detailed understanding of excel modeling techniques utilized by EPS, the firm that originally developed the model. The model update will be peer reviewed by Scott Brown, LWA Senior Vice President. Scott is a licensed Professional Civil Engineer and a consultant to SAFCA and Natomas Mutual Water Company. In these roles, he has a strong understanding of the HCP and how TNBC operates. As such, Scott is well qualified to perform this peer review.

Task 3: Calculation Spreadsheets and Methodology

LWA will provide Conservancy staff with the updated MS Excel worksheets on an annual basis to allow for future fee updates. A meeting to review the updated MS Excel model and the output from the model with Conservancy Staff will take place each year.

Task 4: Presentation of Materials

LWA will prepare a technical memorandum documenting the update in a similar format as prior fee update reports have been prepared for TNBC. LWA will attend and present at meetings with TNBC staff, its Finance Committee and Board of Directors as well as attend and present at meetings of the Sacramento City Council and Sutter County Board of Supervisors as requested.

Qualifications

Key Personnel

As previously noted within the Scope of Services, Seth Wurzel, CGFM, LWA Principal will be the lead consultant on the engagement. Seth will directly perform all excel modeling updates to the TNBC HCP Finance Model. Scott Brown, PE, Senior Vice President will perform a peer review of the updates to the finance model. Lisa Murphy, LWA Project Assistant will provide production support for the delivered work products.

Resumes for Seth Wurzel and Scott Brown have been included within **Attachment A**.

Similar Project Experience

The TNBC Finance Model is rooted in the development of detailed cash flow models that are driven by a series of assumptions and robust spreadsheet calculations. Both Seth Wurzel & Scott Brown have extensive experience building similar large complex cash flow models to administer long term funding programs for many of the Flood Control JPA's throughout the Central Valley, including Sutter Butte Flood Control Agency and Three Rivers Levee Improvement Authority.

As a firm, Larsen Wurzel & Associates also administers funding programs and cash flow models for the Sacramento Area Flood Control Agency and West Sacramento Area Flood Control Agency. All of our firm's professional staff have superior excel modeling skills and provide cross-functional support to leverage available resources.

References

Three Rivers Levee Improvement Authority

Seth Wurzel is the contract financial manager for the Authority. In this capacity, Seth maintains the Agency's cash flow model that tracks the historical and forecasted expenditures for the Agency and its projected revenues. Seth also administers the Agency's Development Impact Fee and Credit and Reimbursement funding program.

Mr. Paul Brunner, PE
1114 Yuba Street, Rm 218
Marysville, CA 95901
PBrunner@co.yuba.ca.us
(530) 749-5679

Sutter Butte Flood Control Agency

Seth Wurzel is the Budget Manager for the Agency. In this capacity, Seth provides staff level support to the Agency on a contract basis to support all of the financial activities of the Agency. This includes preparing and administering the Agency's annual budget, overseeing the Agency's financial audit and administering the Agency's grant funds among other financial related tasks. Seth regularly reports to the Agency's Board of Directors and Finance Committee.

Scott Brown is the Schedule Manager for the Agency, responsible for maintaining the Agency's master program schedule. His role requires that he coordinate with Agency staff and their consultants to update progress on activities and their costs, report on earned value performance, and revise the projected expenditures of the program to support budget and finance decisions.

Mr. Mike Inamine, PE
PO Box M
Yuba City, CA 95991
inamine@water.ca.gov
(530) 755-9869

Sacramento Area Flood Control Agency

Scott Brown provides planning level engineering services to the Agency on an as-needed basis. In this role, Scott provides feasibility level design and cost estimates to assist the agency in making long-term planning and financing decisions. Scott also provides the Agency with Natomas Mutual Water Company's perspective on capital improvements, operations and maintenance of irrigation facilities that are potentially impacted by flood control improvements in the Natomas Basin.

Mr. Timothy Washburn
1007 Seventh Street, 7th Floor
Sacramento, CA 95814
washburnt@saccounty.net
(916) 874-8732

Natomas Mutual Water Company

Scott Brown has been providing planning, design and program management services to the NMWC for over 15 years and currently serves two primary roles. As Program Manager for NMWC's American Basin Fish Screen Program, Scott is responsible for administrating funds from NMWC's cost share partners and projecting the program's cash flow to support on-going funding decisions by the resource agencies. Scott's second role is to support the implementation of facility automation and modernization projects. In this role, Scott supports NMWC's planning efforts, secures and administrates grant funds, and provides engineering design and construction support for capital improvements and SCADA modernization projects.

Mr. Brett Grey
2301 West Elkhorn Blvd.
Rio Linda, CA 95673
bgrey@natomaswater.com
(916) 419-5936

Disclosure

A listing of all on-going contractual engagements of the Firm are included in **Attachment B**. There are no personal financial interest by the owners of the firm or its employees, which the firm believes could be a possible conflict of interest in performing the requested services.

Cost Proposal

LWA's cost proposal for the services proposed for the contract term and the optional extensions requested in the RFP is presented on the following page. The firm's rate sheet is included as **Attachment C**.

LWA charges for its services on a direct cost of time and materials basis up to a mutually agreed upon budget amount. The level of effort required is based upon LWA's best estimate of the described scope of services. LWA will work efficiently to manage the costs for this effort. LWA will communicate frequently with TNBC and will provide, on at least a monthly basis, an update of the cumulative expenditures against the approved budgeted amount to provide as much advanced notice as possible if it is determined that the cost of the services could exceed the approved budget. Given the multi-year nature of the engagement, it is expected that efficiencies with respect to the services provided will be gained, however, the budgeted amount is based upon providing the full described scope of services on an annual basis.

Budget Estimate
TNBC HCP Finance Model Update FY 2015-2017

Task: Description	Wurzel Principal	Brown Senior VP	Murphy Project Assistant	Staff Cost Subtotal Year 1	Direct Costs	Mark Up 10%	Direct Costs	Grand Total
Task 1: Data Collection and Development	16.0	4.0	0.0	\$3,580	\$0	\$0	\$0	\$3,580
Task 2: Fee Calculation and Analysis	24.0	8.0	0.0	\$5,720	\$0	\$0	\$0	\$5,720
Task 3: Calculation Spreadsheets and Methodology	8.0	0.0	4.0	\$1,740	\$0	\$0	\$0	\$1,740
Task 4: Presentation of Materials	16.0	0.0	4.0	\$3,180	\$0	\$0	\$0	\$3,180
Direct Costs (production, etc.)					\$100	\$10	\$110	\$110
Total per Fiscal Year	64	12	8	\$14,220	\$100	\$10	\$110	\$14,330
Billing Rates - 2014	\$180	\$175	\$75					
TOTAL ANNUAL PROJECT COSTS - YEAR 1	\$11,520	\$2,100	\$600	\$14,220	\$100	\$10	\$110	\$14,330
Billing Rates - 2015	\$180	\$180	\$80					
TOTAL ANNUAL PROJECT COSTS - YEAR 2	\$11,520	\$2,160	\$640	\$14,320	\$100	\$10	\$110	\$14,430
Billing Rates - 2016	\$185	\$185	\$85					
TOTAL ANNUAL PROJECT COSTS - YEAR 3	\$11,840	\$2,220	\$680	\$14,740	\$100	\$10	\$110	\$14,850
TOTAL CONTRACT TERM BUDGET								\$43,610
Optional Annual Extensions								
Billing Rates - 2017 & 2018	\$190	\$190	\$90					
TOTAL ANNUAL PROJECT COSTS - YEARS 4 & 5	\$12,160	\$2,280	\$720	\$15,160	\$100	\$10	\$110	\$15,270

Service costs and reimbursible expenses are invoiced on a month basis and due within 30 days.

Work Plan & Schedule

As described above, Seth Wurzel will be the primary consultant on the engagement and will prepare the model update. Seth will work directly with TNBC staff and will be the primary point of contact. Upon engagement with TNBC, the first task will be to develop a detailed schedule that lists the critical dates such as Board and Council meeting dates as well as key interim deliverables milestones and steps to deliver the first year’s final product by November 21st. LWA understands the critical nature of the timing associated with the model update and that implementation of the fee update has multiple levels of approval, including TNBC Board of Directors, Sacramento City Council and Sutter County Board of Supervisor’s. All of these actions are preceded by staff review periods and associated agenda deadlines prior to action, thus the timing and delivery of work product is critical.

Seth Wurzel will dedicate the necessary time and effort to meet the deadlines of the project. For staff’s review, a preliminary format of the schedule has been included as **Attachment D**.

As requested, Seth Wurzel’s current active engagements include:

Client	Activity	Hours Per Month
Three Rivers Levee Improvement Authority	Ongoing Financial Manager Services	40 Hours
Sutter Butte Flood Control Agency	Ongoing Budget Manager Services	60 Hours
Reclamation District 1000	Completion of Development Impact Fee Nexus Study	Remaining Work estimated to be less than 20 Hours total
Regional Flood Management Planning	Completion of Financial Plans	Remaining Work estimated to be less than 20 Hours total

Scott Brown’s engagement in the project is expected to be limited and thus not constrained by other work load activities.

General Firm Qualifications

LWA’s standard SOQ has been included at **Attachment E**.



LARSEN WURZEL
& Associates, Inc.

1750 Creekside Oaks Drive, Suite 210
Sacramento, CA 95833
(530) 633-7384
seth@larsenwurzel.com



Education

Master of Business
Administration, Concentrations in
Finance and Corporate
Environmental Management,
University of California, Davis,
2005

Bachelor of Science, Civil
Engineering *cum laude*, Rose-
Hulman Institute of Technology,
Terre Haute, Indiana, 1998

Previous Employment

Consultant, Capitol Public Finance
Group, LLC, 2010-2011

Vice President, Economic &
Planning Systems, 2005-2010

Intern, California State Teacher's
Retirement System, Real Estate
Investments, 2005

Underwriting Intern, Bank of the
West, SBA Loan Department,
2004

Affiliations

Association of Government
Accountants
Floodplain Management
Association
American Planning Association
Woodland Rotary

Appointments

Chairman, City of Woodland
Planning Commission

Certifications

Certified Governmental Financial
Manager, Association of
Government Accountants

Seth M. Wurzel, CGFM

Seth has over a decade of experience assisting public agencies fund municipal infrastructure and services. Seth's experience involves public-private development, transactional real estate, financial feasibility analyses, real estate investment analysis, and pro forma cash-flow analysis. Seth specializes in working with flood control agencies to develop, implement and administer local and non-local funding programs for levee improvement, operations and maintenance.

Flood Control Experience

DWR Program Funding Experience

Seth is currently working with SBFCA, TRLIA and SJAFCA on projects where Benefit Assessment Districts, Mello-Roos Community Facilities Districts and Development Impact Fee Programs are being used to fund the local cost share of flood control projects. He has assisted with preparing various grant applications and developed associated detailed financial plans and works closely with DWR staff to administer funding agreements. For some clients, Seth also manages accounting systems, budgets and cash flows during EIP project implementation.

Three Rivers Levee Improvement Authority

Seth serves as the contract Financial Manager for the Authority. Since 2005, Seth has worked with TRLIA, Yuba County, RD 784, DWR and various landowner groups to secure funding for TRLIA's levee improvement program. This work includes a development impact fee program, a fee credit and reimbursement program, negotiation and implementation of advanced funding agreements, the formation of Mello-Roos Community Facilities Districts, and assistance with a \$78 million Bond issuance by Yuba County and its Water Agency. Seth advised on the formation of TRLIA's Assessment District for operations and maintenance and continues to administer funding agreements with DWR for over \$250 million of levee improvements.

Sutter Butte Flood Control Agency

Seth serves as the Agency's Budget Manager and is responsible for administering all of the Agency's finances. In this role he developed, and is implementing, the Agency's financial plan which includes multiple sources of State and Local funding and debt financing for the Agency's levee improvement program. Seth administers all of the agencies funding agreements with DWR and various loan / indenture agreements for local financing. Seth regularly reports to the Agency's Board of Directors and Citizen Advisory Committee.

San Joaquin Area Flood Control Agency / Reclamation Districts 1614 & 828

Seth is leading a multidisciplinary team implementing Assessment Districts for the construction and maintenance of a closure structure at the mouth of the Smith Canal in Stockton and Pump Station within Smith Tract. He is responsible for overall project coordination and implementation, the preparation of the project financing plan and required Engineer's Report, the Proposition 218 ballot proceeding and legislative process.

Reclamation District 2103

Seth led a multidisciplinary team to develop and implement an Assessment District for levee operations and maintenance services for the Bear River North Levee in Wheatland. The District was formed in July 2010, with nearly 90% approval by property owners. He coordinated all aspects of the assessment district formation and implementation including public outreach, the ballot proceeding, the required local agency legislative process as well as having prepared the Engineer's Report.

West Sacramento Area Flood Control Agency

Seth worked with WSAFCA to create financing mechanisms needed to fund levee improvements and long term enhanced maintenance. He assisted with the formation of an assessment district and an in-lieu development fee for flood control improvements. He worked with WSAFCA staff to set the fee amounts, prepare the nexus study, and develop a cash flow analysis to model the revenues generated by the assessment district and development fees as part of the planning process.

Sacramento Area Flood Control Agency

Seth worked with SAFCA's consulting team to establish mechanisms for capital improvements to the SAFCA levee systems. These mechanisms included establishing an assessment district and Development Impact Fee. He also worked to help model the job creation impacts of the flood control improvements to aid SAFCA in obtaining federal appropriations.



LARSEN WURZEL
& Associates, Inc.

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Sacramento, CA 95833
(530) 665-8225
derek@larsenwurzel.com



Education

Bachelor of Science, Civil
California Polytechnic State
University, San Luis Obispo, 1998

Previous Employment

Parsons Brinkerhoff, 2007-2014
Program/Project Manager &
Water Group Manager

Quad Knopf, 2006-2007
Project Manager

Mead & Hunt, 2002-2006
Project Engineer

Ensign & Buckley, 1998-2002
(Purchased by Mead & Hunt in
2002)
Civil Engineer

Affiliations

Floodplain Management
Association

Registrations

Professional Engineer:
California (C61696)
Certified Floodplain Manager

Scott L. Brown, PE, CFM

Scott Brown, PE, CFM is Senior Vice President with Larsen Wurzel and Associates, Inc., and a registered civil engineer in California with 15 years of experience in water resources planning and engineering. He is currently providing project management services for the Feather River West Levee Project and the American Basin Fish Screen Project. He has been involved in the planning, design, permitting and implementation of comprehensive flood control, irrigation, and hydroelectric projects. His project experience includes storm drains, levees, floodwalls, pump stations, diversion facilities, fish screens, and fish ladders. He has designed concrete, masonry, steel and wood structures, including pump sumps, floodwalls, retaining walls, rock bin walls and control buildings.

Project Experience

Scott is currently working with SAFCA and SBFA on multi-million dollar flood control projects. Scott is also working with NCMWC on their multi-million dollar American Basin Fish Screen Project and their canal modernization program. Scott has experience successfully advancing projects while leading multidisciplinary teams to navigate dynamic and complex State and federal regulatory permitting processes to achieve client goals and implement projects. Scott has assisted NMWC with securing agricultural water use efficiency grants for the design and construction of automated control structures, pump station upgrades and SCADA integration projects.

Sacramento Area Flood Control Agency (SAFCA)

Since 1998, Scott Brown has worked for SAFCA on a variety of efforts including: Deputy Project Manager and engineer for channel improvements to Morrison Creek downstream of Franklin Boulevard; design engineer for levee improvements to Dry Creek and Robla Creek; and design engineer on multiple small local flood improvement projects. His involvement varied from a supporting design role to design lead. Construction projects required review of project staking, approval of contractor submittals, responding to RFIs and assisting county inspectors with field instructions, pay estimates, and change orders. He was involved in the following SAFCA projects: Natomas Levee Evaluation Program – agency engineer with local infrastructure knowledge, Sacramento River east bank setback levee feasibility, Alternative analysis for incorporating flood control features into Natomas Mutual Water Company's fish screen project, Arcade Creek levee and floodwall, Exhibit preparation for expert witness testimony – Dry Creek floodplain, Magpie Creek diversion, Magpie Creek channel enhancements, and Garden Highway stability berm.

Sutter Butte Flood Control Agency (SBFA)

Since 2011, Scott Brown has worked for SBFA on Feather River West Levee Project providing project management support for planning and design of a \$270 million levee reinforcement project in northern California. Project management activities include development and monitoring of the work plan, schedule, and budget and risk management tools for a diverse team of permitting and funding agencies, consultants and contractors. Scott maintains the master project schedule and monitors progress on the project through earned value techniques.

Natomas Central Mutual Water Company (NCMWC)

Since 1998, Scott Brown has worked for the NCMWC providing planning, engineering and program management support for the \$36 million Sankey Diversion Fish Screen Project; a 434 cfs diversion off the Sacramento River. Scott's role has continued to provide program management for the Pritchard Lake Pumping Plant Project; reconstructing a 125 cfs diversion off the Sacramento River and equipping with cylindrical fish screens. Since 2007, Scott has provide program management support to begin and expand the NCMWC's canal modernization and SCADA program. Responsibilities include planning and developing the projects within the program, securing agricultural water use efficiency grants, designing facilities reconstruction/improvement projects and overseeing construction and SCADA integration.

Attachment B

CURRENT CONTRACTUAL ENGAGEMENTS:

CH2MHILL (DWR 2017 CVFPP Update)

City of West Sacramento

City of Woodland

Kjeldsen, Sinnock, Neudeck (KSN)

MBK Engineers

Natomas Central Mutual Water Company

Parsons Brinckerhoff (SBFCA & SAFCA)

Peterson Brustad, Inc. (Mid/Upper Sacramento & Lower San Joaquin/Delta South Regional Flood Management Plans)

Reclamation District 1000

Reclamation District 2103

Sacramento Area Flood Control Agency (SAFCA)

San Joaquin Area Flood Control Agency (SJAFCFA)

Sutter Butte Flood Control Agency (SBFCA)

Three Rivers Levee Improvement Authority (TRLIA)

West Sacramento Area Flood Control Agency (WSAFCA)



Attachment C Hourly Rate Schedule*

Staff Billing Rates	2014	2015	2016	2017
Principal	\$180.00	\$180.00	\$185.00	\$190.00
Senior Vice President	\$175.00	\$175.00	\$180.00	\$185.00
Vice President	\$165.00	\$170.00	\$175.00	\$180.00
Project Manager	\$150.00	\$155.00	\$160.00	\$165.00
Project Engineer	\$135.00	\$140.00	\$145.00	\$150.00
Senior Analyst	\$130.00	\$135.00	\$140.00	\$145.00
Associate Engineer	\$125.00	\$130.00	\$135.00	\$140.00
Assistant Engineer	\$115.00	\$120.00	\$125.00	\$130.00
Analyst II	\$115.00	\$120.00	\$125.00	\$130.00
CAD Tech	\$105.00	\$110.00	\$115.00	\$120.00
Analyst	\$100.00	\$110.00	\$110.00	\$115.00
Junior Engineer	\$90.00	\$95.00	\$100.00	\$105.00
Project Coordinator	\$80.00	\$85.00	\$90.00	\$95.00
Project Assistant	\$75.00	\$80.00	\$85.00	\$90.00
Technical Editor	\$60.00	\$65.00	\$70.00	\$75.00
Clerical Staff	\$50.00	\$55.00	\$60.00	\$65.00
Engineering Intern	\$50.00	\$50.00	\$55.00	\$55.00

**Rates adjust January 1st of each year.*

Automobile mileage is billed at the federal reimbursement rate plus 5%. **Local mileage (less than 20 miles) will not be billed.**

Professional services provided by others billed through LWA are billed at cost plus a service charge of 5%.

Attachment D

The Natomas Basin Conservancy

NBHCP Finance Plan Update

Working Schedule Draft – September XX, 2014

September 2014						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

October 2014						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November 2014						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

December 2014						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

January 2015						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
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February 2015						
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-  Major Milestones
-  Deadline for Completion of Public Review Draft
-  TNBC Board meets: 1st Wednesday of every month [outlined].

Involved Party Legend	
TNBC	Conservancy Staff
BOARD	Conservancy Board
LWA	Project Manager – Larsen Wurzel & Assoc.
CITY	City of Sacramento
SUT CTY	Sutter County

Date (Milestone/ Time Frame)	Description	Responsible Parties	Notes
10/1/2014	Project Kickoff	TNBC/LWA	
TBD	Administrative Draft	TNBC/LWA	
11/21/2014	Final Product Delivered	LWA	
12/3/2014	TNBC Board Meeting (presentation)		
TBD	Sacramento City Council Meeting (presentation)		
TBD	Sutter County Board of Supervisors Meeting (presentation)		

LARSEN WURZEL
& Associates, Inc.

DEREK LARSEN, Principal
SETH WURZEL, Principal
1750 Creekside Oaks
Drive, Suite 210
Sacramento, CA 95833

Statement of Qualifications

LARSEN WURZEL & ASSOCIATES, INC.

- Firm Profile
- Staff Profile
- Services
- Client Profiles

Last Updated: September 18, 2014

Larsen Wurzel & Associates, Inc. is an independent public finance and management consulting firm based in Sacramento, California. The firm was founded by Seth Wurzel and Derek Larsen in 2013.

Our mission is to provide public finance, project management, and financial consulting services to public and private sector entities with the goal of efficiently and cost effectively implementing public and private improvements and services.

Seth Wurzel, CGFM - Principal

Since 2005, Seth Wurzel has served as a financial consultant advising many cities, counties, redevelopment agencies and special districts on funding strategies for infrastructure improvements and services. Seth is an expert at developing and implementing financing plans that include impact fee programs and financing districts such as Mello-Roos Community Facilities Districts and Benefit Assessment Districts. Seth has also advised and represented land-use and redevelopment agencies in their negotiations with developers, developing key terms and provisions for funding, disposition and development agreements. Seth also has experience assisting local agencies with State and Federal funding program applications and administration.

Seth received his Bachelor of Science Degree in Civil Engineering with honors from Rose-Hulman Institute of Technology in Terre Haute, Indiana. Seth worked as a project manager and project engineer on multi-million dollar projects for 5 years before pursuing his MBA from the University of California, Davis. Seth is a frequent presenter at the annual Floodplain Management Association (FMA) conference, and a member of the American Planning Association (APA). Seth is currently the Chairman of the City of Woodland Planning Commission and has earned the Certified Governmental Financial Manager (CGFM) designation from the Association of Government Accountants (AGA).

Derek Larsen, PE, CFM - Principal

Derek Larsen has over 14 years of experience as a civil engineer and 6 years helping public agencies implement flood risk reduction projects. Derek is an expert in developing and implementing financial plans, performing cash flow and bond analysis, directing flood risk reduction engineering, environmental compliance, and State and federal permitting for flood risk reduction projects. Derek has advised local agencies providing strategy support in negotiations with land owners to secure borrow for large levee improvement projects. Derek has extensive experience working with the State of California to secure funding and developing complex financial justifications required to support local investments in flood risk reduction. Derek also has experience assisting local agencies with State and federal funding program applications and administration.

Derek received his Bachelor of Science Degree in Civil Engineering from Humboldt State University, California. Derek received his Master of Business Administration from the University of California, Davis. Derek has worked as an engineer in the public sector for the State of California Department of Water Resources and the City of Santa Cruz. Derek worked for KB Homes as a forward planner and most recently at MBK Engineers providing program and project management services. Derek is licensed Professional Civil Engineer and a Certified Floodplain Manager. He is an active member of the California Society of Civil Engineers and Floodplain Management Association (FMA).

Scott L. Brown, PE, CFM – Senior Vice President

Scott Brown has 15 years of experience in water resources engineering and project management. He has been involved in the planning, design, permitting and implementation of comprehensive flood control, irrigation, and hydroelectric projects. His project experience includes storm drains, levees, floodwalls, pump stations, diversion facilities, fish screens, and fish ladders. Scott also has significant design experience having designed concrete, masonry, steel and wood structures, including pump sumps, floodwalls, retaining walls, rock bin walls and control buildings.

Scott has worked with various flood control agencies, cities, counties and water purveyors to plan and implement projects including Sutter Butte Flood Control Agency, Sacramento Area Flood Control Agency, Natomas Central Mutual Water Company, the City of Sacramento and Sacramento County. Scott received his Bachelor of Science Degree in Civil Engineering from California Polytechnic State University, San Luis Obispo. Scott was most recently the Water Group Manager for Parsons Brinkerhoff in Sacramento, CA. Scott is licensed Professional Civil Engineer and a Certified Floodplain Manager.

LWA has experience and expertise in many areas within the broad spectrum of public finance and management consulting services. In particular, LWA specializes in:

Public Finance Services including:

- Infrastructure funding and financing plan development
- New revenue implementation:
 - Mello-Roos Community Facilities District (CFD) formations
 - Benefit Assessment District formations (Prop 218 Ballot Proceedings)
 - Parcel Tax implementation
 - Development Impact Fee Nexus Study (AB 1600 Fees) preparation
 - Fee Credit and Reimbursement Program development and administration
- Cost allocation modeling

Management Consulting including:

- Program management and support
- Coordination with federal, State, and Local agencies
- Water resource engineering design
- State and Federal permitting
- Grant program application and administrative services
- Contract director level finance, engineering and program management

Flood Control Experience

LWA specializes in working with various flood control agencies in the California Central Valley to develop, manage, and implement levee improvements. LWA specializes in establishment of funding mechanisms for levee improvements and operations & maintenance. At a planning level, LWA is currently working with six different regions throughout the Central Valley to develop Regional Financial Plans for funding regional flood control projects. At a local level, LWA's clients include Sacramento Area Flood Control Agency (SAFCA), West Sacramento Flood Control Agency (WSAFCA), Three Rivers Levee Improvement Authority (TRLIA), Sutter-Butte Flood Control Agency (SBFCA), San Joaquin Area Flood Control Agency (SJAFCA), and Reclamation Districts 784 (Plumas Lake), 2103 (Wheatland), 1614 (Smith Tract) & 817 (Weber Tract).

DWR's Urban Levee Improvement Program Experience

LWA is currently working with SAFCA, WSAFCA, SBFCA, TRLIA and SJAFCA on current and proposed urban levee improvement projects where Benefit Assessment Districts, Mello-Roos Community Facilities Districts and Development Impact Fee Programs are being used to fund and finance the local cost share of flood control projects. For these agencies, LWA has assisted with, managing multi-disciplinary teams to advance engineering design and permitting, managing independent technical review panels, coordination to secure approvals from federal, State, and local agencies to modify flood control facilities, preparing grant applications and developing detailed financial plans in conformance with DWR Guidelines.

Sacramento Area Flood Control Agency

Since 2007, Derek Larsen has worked for SAFCA on the Natomas Levee Improvement Program (NLIP) assisting with program management and leading grant management efforts. The NLIP is approximately a 42 mile perimeter levee system protecting the Natomas Basin in Sacramento, CA. The State funding secured to date has helped construct over 18 miles of levee improvements.

Derek helped manage a multi-disciplinary consultant team to ensure flood control improvements were designed to meet State and federal standards. He helped SAFCA navigate the complex regulatory environment to ensure the project's ultimate construction. Derek's work completed on behalf of the Agency includes: managing the State grants, maintaining a program schedule, tracking NEPA/CEQA compliance, securing State and federal permitting, advancing engineering design, tracking real estate acquisition and construction activities.

Derek specialized in financial management support focused on assisting the agency in preparation of annual budgets and program cost estimates. Derek lead the development of SAFCA's DWR EIP funding agreement applications and helped provide Bond financing support for Sacramento County and SAFCA. Derek lead efforts to secure payments from the State during program implementation and the tracking of investments made from SAFCA's Capital Consolidated Assessment District.

Derek also assisted with the establishment of SAFCA's Natomas Basin Levee Assessment District by leading an effort to coordinate multiple engineering firms, environmental consultants and staff to prepare an updated 200-year program cost estimate. Derek supported the outreach and formation efforts Assessment District.

As a Vice President at Economic & Planning Systems, Seth Wurzel worked with the SAFCA's consulting team to help establish two funding mechanisms for capital improvements to the levee systems protecting Sacramento and the surrounding area. Seth assisted with the formation of an assessment district, which was approved by property owners in 2007. He also managed the process of developing and implementing a Development Impact Fee to be levied from new development within the floodplain. The Development Impact Fee covers the City of Sacramento, as well as portions of unincorporated Sacramento and Sutter counties. Seth prepared the required nexus study for the fee program and worked to put in place collection agreements with all three land use jurisdictions. Finally, Seth also worked to help model the job creation impacts of the flood control improvements to aid SAFCA in obtaining federal appropriations for its projects.

On behalf of SAFCA, LWA continues to administer multiple funding with DWR and supports the Agency with managing projects funded by their Assessment Districts.

West Sacramento Area Flood Control Agency

Since 2007, Derek has worked with WSAFCA and DWR to help advance the West Sacramento Levee Improvement Program (WSLIP). The WSLIP is an approximately 50 mile perimeter levee system protecting the City of West Sacramento. Derek has directed a multi-disciplinary consultant teams to ensure flood control improvements are designed to meet State and federal standards. Derek has helped WSAFCA navigate the complex regulatory environment and manage construction efforts. Derek's work completed on behalf of the Agency includes; securing State funding, developing and managing the program schedule, tracking NEPA/CEQA compliance, securing State and federal permitting, coordination and direction of

engineering design, management of the independent technical review panel, and tracking real estate acquisition and construction activities. Derek served as the City's Interim Flood Protection Manager during the recruitment of a permanent replacement.

On behalf of WSAFCA, Derek has lead successful to secure grants in excess of \$52 million. Through innovative contracting strategies, Derek has helped maximize State grant funding for WSAFCA and secure a 90% State cost share for flood risk reduction improvements in the Northern portion of the City. Derek also helped secure over \$160 million in State capital outlay funds for the agency.

As a Vice President at Economic & Planning Systems, Seth Wurzel worked with the City of West Sacramento and Reclamation District 900, jointly WSAFCA, to create the needed financing mechanisms for funding levee improvements and long term enhanced maintenance. WSAFCA looked to Seth to help aid a team of consultants to put in place an assessment district, which passed a property owner election in July 2007, as well as an in-lieu development fee for flood control improvements. Seth worked with WSAFCA staff and its consultants to set the in-lieu development fee amounts, prepare the nexus study, and develop a pro forma cash flow analysis to model the revenues generated by the assessment district and development fees.

LWA currently leads efforts to administer cash flow models, assist with development of bonding strategies, and assess ongoing funding capacity assessment during project implementation. LWA administers multiple funding agreements with DWR and is working to securing State funding for additional projects for the Agency.

Three Rivers Levee Improvement Authority

LWA currently serves as contract Financial Manager for the Agency. Since 2005, Seth Wurzel has worked with TRLIA, Yuba County, Reclamation District 784, DWR and various landowner groups to secure funding for over 46 miles of levee improvements in the southern portion of Yuba County. The funding has helped construct needed levee improvements to bring 200-year flood protection to the communities of Linda, Olivehurst and Plumas Lake. LWA's work completed on behalf of the Agency includes; a development impact fee nexus study, a fee credit and reimbursement program, negotiation and implementation of various advanced funding agreements, the formation of two Mello-Roos Community Facilities Districts, and assistance with a \$78 million Bond issuance by the County and local water agency. In addition, as Agency staff, Seth advised on the formation of its Benefit Assessment District for ongoing operations and maintenance. Seth continues to administer multiple funding agreements with DWR on behalf of the Agency.

Sutter Butte Flood Control Agency

LWA is currently engaged by SBFCA as contract agency staff. Seth Wurzel serves as the agency's Budget Manager. Seth is in charge of developing and administering the agency's operating and capital budget and debt financing. In this role, Seth has developed a cost tracking system geared toward administering the Agency's EIP funding. Seth works closely with all Agency staff and the City of Yuba City to administer all aspects of the Agency's finances. Seth regularly reports to the Agency's board of directors. LWA also administers all of the Agency's funding agreements which includes and preparing all required quarterly reporting documents to receiving funding from DWR.

San Joaquin Area Flood Control Agency / Reclamation Districts 1614 & 828

LWA led a multidisciplinary team including engineering and public outreach consultants, to successfully develop and implement a new Benefit Assessment District for the construction, operation and maintenance of a closure structure at the mouth of the Smith Canal in Stockton. Seth was responsible for overall project coordination and implementation, the preparation of the project financing plan and required Engineer's Report, the Proposition 218 ballot proceeding, and the required local agency legislative process. SJAFCA and RD 1614 successfully formed assessment districts in July 2013 after property owner approval of the proposed assessments. As part of this effort, Seth also assisted SJAFCA with its submission an EIP Grant Application for the design of closure structure.

Reclamation District 2103

Seth led a multidisciplinary team including engineering and public outreach consultants, to develop and implement a new Benefit Assessment District for the maintenance of the Bear River North Levee near Wheatland. The assessment district was successfully formed in July 2010, with nearly 90% approval of the weighted vote by property owners. The assessment district funds the enhanced maintenance associated with new flood control improvements along the Bear River constructed as part of an EIP project funded by the City of Wheatland and DWR. Seth managed all aspects of the assessment district formation including project coordination and implementation, public outreach, the Proposition 218 ballot proceeding, and the required local agency legislative process as well as having prepared the Engineer's Report.

FloodSAFE Yolo Pilot Program

As a Vice President at Economic & Planning Systems, Seth worked with FloodSAFE Yolo Pilot Program staff to evaluate various flood control funding options to resolve flooding issues associated with Lower Cache Creek. The evaluation provided a thorough review of various local funding mechanisms available to participating agencies in FloodSAFE Yolo and an overview of the various local governance structures for project implementation.

**AMENDED AND RESTATED
BYLAWS
OF
THE NATOMAS BASIN CONSERVANCY,
A California Non-Profit Public Benefit Corporation**

Revised Bylaws adopted by the Conservancy Board June 6, 2012

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**AMENDED AND RESTATED BYLAWS OF
THE NATOMAS BASIN CONSERVANCY,
A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION**

**ARTICLE I.
NAME**

The name of this corporation is The Natomas Basin Conservancy, a California Non-Profit Public Benefit Corporation (the "corporation").

**ARTICLE II.
OFFICES**

Section 1. Principal Office.

The principal office for the transaction of the activities and the affairs of the corporation shall be located in the County of Sacramento, California. The board of directors of the corporation (the "Board of Directors" or "Board") may change the principal office from one location to another, provided such location is within either the County of Sacramento or County of Sutter, State of California. Any change of location of the principal office shall be noted by the Secretary of the corporation on these bylaws ("Bylaws") opposite this section or this section may be amended to state the new location.

Section 2. Other Offices.

The corporation may establish such other branch or subordinate offices as the Board deems necessary from time to time on a geographical or functional basis, at any place or places where the corporation is qualified to conduct its activities.

**ARTICLE III.
PURPOSES**

This corporation is formed for public, scientific and educational purposes, including but not limited to, the study, preservation, protection or enhancement of land in its natural, scenic, historical, agricultural, or open space condition or use in order to preserve habitat values necessary for the plants and wildlife which inhabit such lands; the preservation, study and enhancement of habitat values on such lands used by candidate, threatened and endangered species listed under the Federal Endangered Species Act and the California Endangered Species Act, species of "Special Concern" as denominated by the California Department of Fish and Game ("~~CDFG~~" Wildlife ("~~CDFW~~") (formerly, the California Department of Fish and Game), and other species of plant and wildlife; to acquire by fee title or by conservation easement lands pursuant to the Natomas Basin Habitat Conservation Plan, to preserve, enhance and/or restore the habitat values of such lands, to manage such lands and make productive use thereof as allowed by the Natomas Basin Habitat Conservation Plan; and any other lawful purpose allowed for a corporation organized pursuant to the California Nonprofit Public Benefit Corporation Law, as amended from time to time (the "Nonprofit Public Benefit Corporation Law").

Notwithstanding any other provision of these Bylaws, the corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of the corporation, and the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States internal revenue law, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States internal revenue law.

ARTICLE IV. MEMBERS

This corporation shall have no members. Any action which would otherwise require a vote of members shall require only a vote of the Board of Directors and no meeting of members shall be required. Except as otherwise provided herein, all rights which would otherwise vest in members shall vest in the Board of Directors.

ARTICLE V. BOARD OF DIRECTORS

Section I. Powers.

A. General Corporation Powers. Subject to the provisions and limitations of the Nonprofit Public Benefit Corporation Law and other applicable laws, and subject to any limitations of the corporation's articles of incorporation (the "Articles of Incorporation") or other sections of these Bylaws, all corporate powers of the corporation shall be exercised by or under the direction of, and the activities and affairs of the corporation shall be managed by or under, the Board of Directors.

B. Specific Powers. Without prejudice to the general powers set forth in Section 1 of Article V of these Bylaws, but subject to the same limitations, the Board of Directors shall have the authority to:

- (1) Select and remove, at the pleasure of the Board of Directors, officers and the Executive Director, without prejudice to any rights of an officer or the Executive Director under any contract of employment; prescribe such powers and duties for them as may be consistent with applicable law, the Articles of Incorporation, and these Bylaws; and fix their compensation and require from them security for faithful performance of their duties.
- (2) Conduct, manage, and control the affairs and business of the corporation, and to make rules and regulations consistent with applicable law, the Articles of Incorporation, and these Bylaws.

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- (3) Borrow money and incur indebtedness on behalf of the corporation, and cause to be executed and delivered for the corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecation, or evidence of debt and securities.
- (4) Change the principal office from one location to another within Sacramento County or Sutter County, California.

Section 2. Number and Qualifications of Directors.

A. Number. The authorized number of directors of the corporation ("Directors") shall be a minimum of three (3) and a maximum of twelve (12). No reduction of the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires.

B. Qualifications. The Directors in every case shall be individuals who are willing to participate as members of the Board of Directors of the corporation. To avoid conflicts of interest, no Director shall be a current employee of the United States Fish and Wildlife Service ("USFWS"), the United States Department of the Interior, ~~CDFG~~CDFW or the State of California's Resources Agency at the time of serving as a Director.

C. Director as Interested Person. ~~Not more than twenty-five percent (25%) of the~~ ~~There shall be no~~ persons serving on the Board of Directors at any time ~~may be which be who~~ are interested persons. For the purpose of the foregoing, "interested person" means any person currently being compensated by the corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor or otherwise (excluding any reasonable compensation paid to a Director as a Director), or any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law or father-in-law of any such person.

Section 3. Term of Office.

The members of the Board of Directors shall be designated in accordance with Section 4 below. Each Director, including a Director designated to fill a vacancy, shall hold office until expiration of the term for which designated and until a successor has been designated or until the death, disqualification, resignation or removal of the Director. Initially, certain members of the Board of Directors shall serve staggered terms of one, two or three years as follows:

A. City of Sacramento Appointees. The three (3) Directors appointed by the City of Sacramento shall have one (1) Director who serves for an initial one (1)-year term, one (1) Director who serves for an initial two (2)-year term, and one (1) Director who serves for an initial three (3)-year term; provided, however, that if the City of Sacramento in accordance with Section 4, below, appoints five (5) Directors, then two (2) Directors shall serve for an initial one (1)-year term, two (2) Directors who serve for an initial two (2)-year term, and one (1) Director who serve for an initial three (3)-year term;

If, following the appointment of five (5) Directors, the number of Directors

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appointed by the City of Sacramento is reduced to three (3), as soon as practicable thereafter, the terms of office to which the next three (3) Directors are appointed may be shorter or longer than the Directors' predecessors so as to return to the one (1), two (2) and three (3)-year staggering of terms.

B. County of Sacramento Appointees. At such time as the County of Sacramento executes an Implementation Agreement with the USFWS and CDFG and receives a Federal Endangered Species Act of 1973 Section 10(1)(1)(B) Permit from USFWS and a Section 2081 Management Authorization (the "Permits"), the County may appoint one (1) Director who serves for an initial one (1)-year term, one (1) Director who serves for an initial two (2)-year term, and one (1) Director who serves for an initial three (3)-year term, except as provided for in Section 4, below.

C. County of Sutter Appointees. At such time as the County of Sutter executes an Implementation Agreement with the USFWS and CDFG and receives the Permits, the County may appoint one (1) Director who serves for an initial one (1)-year term, one (1) Director who serves for an initial two (2)-year term, and one (1) Director who serves for an initial three (3)-year term, except as provided for in Section 4, below.

D. Natomas Central Mutual Water Company Appointee. At such time as the Natomas Central Mutual Water Company executes an Implementation Agreement with the USFWS and CDFG and receives the Permits, it may appoint one (1) Director who serves for a one (1)-year term.

E. Reclamation District 1000 Appointee. At such time as Reclamation District 1000 executes an Implementation Agreement with the USFWS and CDFG and receives the Permits, it may appoint one (1) Director who serves for a one (1)-year term.

If not otherwise designated by the appointing agency, selection of terms for the first Directors appointed by an agency shall be conducted by drawing lots at the first meeting attended by the Directors following their respective appointments. Except for the terms necessary to create the staggering of terms, and except for the one (1)-year terms specifically provided in Sections 3D and 3E, above, the terms of the Directors' service shall be three (3) years.

Section 4. Designation of Directors.

A. Designation by City of Sacramento. The Mayor of the City of Sacramento, with the concurrence of a majority of the City Council, shall be entitled to designate three (3) Directors when the City of Sacramento has received the Permits; provided, however, that the Mayor of the City of Sacramento may, with the concurrence of a majority of the City Council, designate five (5) Directors when the City of Sacramento has received the Permits, if at that time ~~neither the County of Sacramento nor~~ the County of Sutter has received a Permit. If five (5) Directors are appointed pursuant to this provision, and if ~~both~~ the County of Sacramento ~~and the County of Sutter~~ thereafter receives a Permit, then the Sacramento City Council shall forthwith act to reduce the number of its appointed Directors to three (3), unless the Natomas Basin Habitat Conservation Plan and the Implementation Agreement have been previously amended to

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increase the authorized number of Directors.

B. Designation by County of Sacramento. The Chair of the Board of Supervisors of the County of Sacramento, with the concurrence of a majority of the Board of Supervisors, shall be entitled to designate five (5) Directors when the County of Sacramento has received the Permits unless the City of Sacramento and Sutter County have both received Permits. If the City of Sacramento and Sutter County have both received Permits, then the Chair of the Board of Supervisors of Sacramento County may, with the concurrence of a majority of the Board of Supervisors, appoint three (3) Directors. If five (5) Directors are appointed pursuant to this provision, and if both the City of Sacramento and the County of Sutter thereafter receive Permits, then the County of Sacramento shall forthwith act to reduce the number of its appointed Directors to three (3), unless the Natomas Basin Habitat Conservation Plan and the Implementation Agreement have been previously amended to increase the authorized number of Directors of the corporation.

C. Designation by County of Sutter. The Chair of the Board of Supervisors of the County of Sutter, with the concurrence of a majority of the Board of Supervisors, shall be entitled to designate five (5) Directors when the County of Sutter has received the Permits unless ~~the City of Sacramento and~~ Sacramento County ~~have~~has received ~~Permits. If the City of Sacramento and~~ a Permit. ~~If Sacramento County have both~~has received ~~Permits~~a Permit, then the Chair of the Board of Supervisors of the County of Sutter may, with the concurrence of a majority of the Board of Supervisors, appoint three (3) Directors. If five (5) Directors are appointed pursuant to this provision, and if ~~both the City of Sacramento and~~ the County of Sacramento thereafter ~~receive Permits~~receives a Permit, the County of Sutter shall forthwith act to reduce the number of its appointed Directors to three (3), unless the Natomas Basin Habitat Conservation Plan and the Implementation Agreement have been previously amended to increase the authorized number of Directors of the corporation.

D. Designation by Natomas Central Mutual Water Company. The Chair of the Board of Directors of Natomas Central Mutual Water Company, with the concurrence of a majority of the Board of Directors of the NCMWC, shall be entitled to designate one (1) Director when it has received the Permits.

E. Designation by Reclamation District 1000. The Chair of the Board of Directors of Reclamation District 1000, with the concurrence of a majority of the Board of Directors of RD 1000, shall be entitled to designate one (1) Director when it has received the Permits.

All Directors shall possess the qualifications described in these Bylaws for Directors of the corporation. Directors are not "representatives" of the appointing agency, insofar as Directors must act in the best interests of the corporation.

Section 5. Vacancies.

A vacancy in the Board shall be deemed to exist in case of death, resignation, removal or disqualification of any Director or if the authorized number of Directors is increased or if the Board declares vacant the position of a Director whose term has expired. Such action may be placed on the agenda for Board decision at the direction of the Board Chair or by motion of a

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majority of the Board. Vacancies on the Board of Directors because of death, resignation, removal, disqualification or otherwise shall be filled by the entity or person empowered in Section 4 to designate the member for such seat on the Board. A successor Director so designated shall serve for the remainder of the term for which designated.

Section 6. Meetings of the Board of Directors.

A. Place of Meetings. Except as provided below, regular and special meetings of the Board of Directors shall be held at the principal office of the corporation, or at any other place within the County of Sacramento or County of Sutter that has been designated from time to time in writing by resolution of the Board of Directors or by written consent of all members of the Board. In the absence of any such designation, regular meetings shall be held at the principal office of the corporation. Meetings may be held outside the County of Sacramento or County of Sutter for any of the following purposes or reasons:

- (1) To comply with state or federal law or court order, or attend a judicial or administrative proceeding to which the corporation is a party.
- (2) To inspect real or personal property which cannot be conveniently brought within the boundaries of the County of Sacramento or the County of Sutter, provided that the topic of the meeting is limited to items directly related to the real or personal property.
- (3) To participate in meetings or discussions of multiagency significance that are outside the County of Sacramento or the County of Sutter. However, any meeting or discussion held pursuant to this subdivision shall take place within the jurisdiction of one of the participating local agencies and be noticed by all participating agencies as provided for in this chapter.
- (4) To meet in the closest meeting facility if the corporation has no meeting facility within the County of Sacramento or the County of Sutter, or at the principal office of the corporation if that office is located outside the County of Sacramento or the County of Sutter.
- (5) To meet outside the County of Sacramento or the County of Sutter with elected or appointed officials of the United States or the State of California when a local meeting would be impractical, solely to discuss a legislative or regulatory issue affecting the corporation and over which the federal or state officials have jurisdiction.
- (6) To meet outside the County of Sacramento or the County of Sutter if the meeting takes place in or nearby a facility by the agency, provided that the topic of the meeting is limited to items directly related to the facility.
- (7) To visit the office of the corporation's legal counsel for a closed session

on pending litigation held pursuant to Government Code ("Code")
Section 54956.9, when to do so would reduce legal fees or costs.

B. Annual Meeting. The annual meeting of the Board of Directors shall be for the purposes of orientation and organization of the Board and the transaction of other business. The annual meeting of the Board of Directors shall be held no later than March 31 of each year at a place within the County of Sacramento or the County of Sutter as the Board of Directors may designate. Such meetings shall be held with notice as provided herein.

C. Regular Meetings. The regular meetings of the Board of Directors shall be held with notice at such time and place within the County of Sacramento or County of Sutter as shall from time to time be fixed by the Board of Directors. In the event the date of a regular meeting shall fall on a legal holiday, the meeting shall be held on the next succeeding business day.

D. Special Meetings. A special meeting may be called at any time by the Board Chair or by a majority of the Board of Directors by written notice delivered personally or by any other means (including, but not limited to, telephone call, message left on voice message system, facsimile and electronic mail) to each member of the Board and received at least twenty-four (24) hours before the time of the meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted or discussed and shall be posted as set forth in Section F below. No other business shall be considered at these meetings by the Board of Directors. The written notice may be dispensed with as to any Board member who at or prior to the time the meeting convenes files with the Secretary or clerk of the corporation a written waiver of notice. The waiver may be given by electronic mail. The written notice may also be dispensed with as to any Board member who is actually present at the meeting at the time it convenes and who, before or at the start of the meeting does not protest the lack of notice to him or her.

E. Action by Teleconference. The Board of Directors may use teleconferencing in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all requirements of this Section 6 and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

Teleconferencing may be used for all purposes in connection with any meeting. All votes taken during a teleconferenced meeting shall be by roll call.

If the Board of Directors elects to use teleconferencing, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the Board. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the Board of Directors shall participate from locations within the County of Sacramento and the County of Sutter. The agenda shall provide an opportunity for members of the public to address the Board directly at each teleconference location.

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For the purposes of this section, "teleconference" means a meeting of the Board of Directors, the members of which are in different locations, connected by electronic means, through either audio or video, or both. Nothing in this section shall prohibit the corporation from providing the public with additional teleconference locations. Participation in a teleconference meeting shall be deemed to constitute participation in person at the meeting if (1) each Board member participating in the meeting can communicate concurrently with all other Board members, and (2) each Board member is provided the means of participating in all matters before the Board, including the capacity to propose or to interpose an objection to, a specific action to be taken by the corporation.

F. Posting Agendas/Notices. The Secretary or his or her authorized representative shall post an agenda for each regular Board of Directors meeting or a notice for each special Board of Directors meeting containing a brief description of each item of business to be transacted or discussed at the meeting, together with the time and location of the meeting. Agendas/notices shall be posted at the corporation's principal office (at a location readily accessible to the public during normal business hours) and on the corporation's website at least seventy-two (72) hours in advance of each regular meeting and at least twenty-four (24) hours in advance of each special meeting. The Secretary shall maintain a record of such posting.

G. Right of Public to Appear and Speak. At every regular meeting, members of the public shall have an opportunity to address the Board of Directors on matters within the corporation's subject matter jurisdiction. Except for matters scheduled for formal public hearing, public input and comment on matters on the agenda, as well as public input and comment on matters not otherwise on the agenda, shall be made during the time set aside for public comment; provided, however, that the Board of Directors may direct that public input and comment on matters on the agenda be heard when the matter regularly comes up on the agenda.

The Board Chair or presiding officer may limit the total amount of time allocated for public discussion by particular issues and/or the time allocated for each individual speaker.

H. Nonagenda Items. Matters brought before the Board of Directors at a regular meeting which were not placed on the agenda of the meeting shall not be acted upon by the Board at that meeting unless action on such matters is permissible pursuant to the Brown Act (California Government Code § 54950 et seq.). Those nonagenda items brought before the Board of Directors which the Board determines will require consideration and action and where Board action at that meeting is not so authorized shall either be placed on the agenda for the next regular meeting or referred to staff, as directed by the Board Chair or the presiding officer.

I. Quorum. A majority of the Directors then in office shall constitute a quorum for the transaction of any business except adjournment except that, if the number of Directors then in office is an even number, then a quorum shall be 50% of the number of Directors then in office, so long as the quorum number is never less than the greater of either (a) 1/5 of the authorized number of Directors or (b) two, unless the authorized number of Directors is one, in which case a quorum may be one.

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J. Required Vote of Directors.

(1) In General. Every action taken or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be an act of the Board, subject to the more stringent requirements of either (1) other provisions of these Bylaws, or (2) the Nonprofit Public Benefit Corporation Law including, but not limited to, those provisions relating to (a) approval of contracts or transactions in which a Director has a direct or indirect material financial interest, (b) approval of certain provisions between corporations having common directorships, (c) creation of and appointments to committees of the board, and (d) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of enough Directors to leave less than a quorum, if any action taken is approved by at least a majority of the required quorum for such meeting.

(2) Manner of Voting for Certain Actions. The voting on formal resolutions, on matters pertaining to any federal, state, county or city agency, and on such other matters as may be directed by the Board Chair or by a majority of the Directors then in office, shall be by roll call, and the ayes, noes and Board members present but not voting shall be entered upon the minutes of such meeting, except on the Board vote for election of officers, which may be by ballot.

~~K.~~ J-Adjournment. The Board of Directors may adjourn any regular, adjourned regular, special or adjourned special meeting to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time. If all Board members are absent from any regular or adjourned regular meeting, the secretary or clerk of the corporation may declare the meeting adjourned to a stated time and place and he or she shall cause a written notice of the adjournment to be given in the same manner as provided for special meetings, unless such notice is waived as provided for special meetings. A copy of the order or notice of adjournment shall be conspicuously posted on or near the door of the place where the regular, adjourned regular, special or adjourned special meeting was held within twenty-four (24) hours after the time of adjournment. When an order of adjournment of any meeting fails to state the hour at which the adjourned meeting is to be held, it shall be held at the hour specified for regular meetings or by resolution.

~~L.~~ K-Brown Act Requirements. Except as otherwise explicitly provided in these Bylaws, the provisions contained in this Section 6 are intended to be consistent with the provisions set forth in the Ralph M. Brown Act, California Government Code Section 54950 et seq (the "Brown Act"). In the event any provision contained herein is inconsistent with the Brown Act, as it may be subsequently amended, the provisions contained in the Brown Act shall prevail, provided, however, that the provisions of the Brown Act regarding the disclosure of information with respect to real property transactions (including but not limited to Gov. Code, §§ 54954.5(b); 54956.8 and 54957.1(a)(1)) whether such transactions are pending or completed, shall not apply. As used herein, "real property transactions" shall include options to purchase or lease, purchases, and leases of real property, as well as farming contracts affecting real property

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that ~~NBC~~the corporation has acquired or is in negotiations to acquire. This exception to the Brown Act shall only apply if the applicable habitat conservation plans (HCPs) and implementation agreements (IAs) have been amended to provide for this exception.

Section 7. Resignation.

Any Director may resign at any time by giving written notice of such resignation to the Board Chair, the Secretary or the Board of Directors of the corporation and to the Mayor of the City of Sacramento if appointed by the Mayor, or the Clerk of the Board of Supervisors of the appointing county if appointed by the county. Such resignation shall take effect at the time specified in the notice; provided, however, that if the resignation is not to be effective upon receipt of the notice by the corporation, the corporation must accept the effective date specified. Except upon notice to the Attorney General, no Director may resign where the corporation would then be left without a duly elected Director or Directors in charge of its affairs. If the resignation is effective at a future time, a successor may be appointed to take office when the resignation becomes effective.

Section 8. Removal.

A. The Board of Directors may declare vacant the office of a Director who has: (a) become subject to an entry by a court of competent jurisdiction that appoints a guardian or conservator for the Director or estate of the Director; (b) been convicted of a felony; or (c) been found by a final order or judgment of a court of competent jurisdiction to have breached any duty under Nonprofit Public Benefit Corporation Law Sections 5230 through 5239 or any successor provisions thereto.

B. Any or all Directors may be removed by the Board of Directors, with or without cause; provided that a Director who has been designated in accordance with Section 4 of Article V, above, may not be removed without cause by the Board without the written consent of the agency which designated the Director.

C. The agency ~~who~~which designated a Director in accordance with Section 4 of Article V, above, may remove its designated Director without cause.

D. No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of such Director's term of office.

Section 9. Compensation; Expense Reimbursement.

The corporation shall pay members of the Board of Directors a fee fixed by resolution of the Board for each meeting they attend. The fee shall be fixed from time to time by resolution of the Board. Directors shall receive no other compensation or expense reimbursement for attending meetings of the Board of Directors. The Board may, however, authorize reimbursement for such extraordinary actual expenses paid while acting on behalf of the corporation as may be determined by the Board to be just and reasonable.

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Section 10. Conflict of Interest.

In accordance with the provisions of that certain Implementation Agreement for the Natomas Basin Habitat Conservation Plan, dated December 8, 1997, and entered into by and between the USFWS, CDFG, the City of Sacramento, the County of Sutter and the corporation dated as of June 27, 2003 and July 10, 2003 ("Implementation Agreement"), Directors and employees of the corporation shall be subject to and shall comply with the provisions set forth in Government Code Section 1090 et seq.

In addition, in furtherance of the provisions of the Implementation Agreement, the corporation has voluntarily approved and adopted a Conflict of Interest Code ("Conflict Code") that is identical to the requirements and provisions set forth in the Political Reform Act, Code Section 81000 et seq., and the regulations adopted by the Fair Political Practices Commission, Title 2, California Code of Regulations, Section 18730. A copy of the Conflict Code shall be maintained in the offices of the corporation, and shall be available for public inspection and reproduction in accordance with Article X, Section 5 of these Bylaws. All Directors and employees of the corporation shall be subject to and shall comply with the requirements and provisions set forth in the Conflict Code, including without limitation the disclosure and reporting requirements set forth in the Conflict Code.

In addition, the corporation and its directors shall abide by the provisions of Section 5233 of the Nonprofit Public Benefit Corporation Law regarding "self-dealing" transactions.

Section 11. Inspection by Directors.

Every Director shall have the absolute right at any reasonable time to inspect the corporation's books, records, documents of every kind, physical properties, and the records of each of its subsidiaries, if any. The inspection may be made in person or by the Director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents.

**ARTICLE VI.
COMMITTEES**

Section 1. Special Committees.

The Board of Directors may by resolution adopted by a majority of the Directors then in office, provided a quorum is present, create one (1) or more special committees, each consisting of two (2) or more Directors to serve at the pleasure of the Board. Any such special committee shall have such authority of the Board as provided in the Board resolution, except that no committee, regardless of Board resolution, may take any action proscribed by Section 2 of this Article VI of these Bylaws or by any provision of the Nonprofit Public Benefit Corporation Law or other applicable law.

- (1) Committee Members. The chairperson of each special committee, except

as otherwise provided by the Board or by these Bylaws, shall be nominated by the Board Chair and appointed by the Board and may be removed by majority vote of the Directors then in office. All other members of any special committee shall be appointed by the vote of a majority of the Directors then in office.

(2) Tenure; Vacancies. The chairperson and each member of each standing committee shall serve at the pleasure of the Board of Directors and until his or her successor is appointed or until such committee is sooner terminated, or until such person is removed, resigns or otherwise ceases to qualify as a chairperson or member, as the case may be, of the committee. Notwithstanding the preceding, the term of a committee member shall not exceed such committee member's term as a Director. Vacancies on any committee may be filled for the unexpired portion of the term in the same manner as provided in the case of original appointment.

(3) Quorum; Meetings. Each committee shall meet as often as necessary to perform its duties, at such times and places as directed by its chairperson or by the Board. A majority of the members of a committee shall constitute a quorum of such committee and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee. Each committee shall keep accurate minutes of its meetings, the chairperson designating a secretary of the committee for this purpose, and shall make periodic reports and recommendations to the Board. Such minutes of each meeting of any committee of the Board shall be kept and filed with the corporate records.

Meetings and actions of committees of the Board shall be governed by, held and taken in accordance with the provisions of these Bylaws concerning Board meetings and Board actions, except that regular meetings of such committees and the calling of special meetings of such committees may be determined either by Board resolution or, if there is none, by resolution of the committee of the Board. The Board may adopt rules for the government of any committee, provided they are consistent with these Bylaws, or, in the absence of rules adopted by the Board, the committee may adopt such rules.

(4) Expenditures. Except as may otherwise be provided by the Board or by these Bylaws, any expenditure of corporate funds by a committee shall require prior approval of the Board.

Section 2. Proscribed Committee Actions.

Regardless of any Board resolution or any contrary or inconsistent provision of these Bylaws, no committee of the Board, ~~including the Executive Committee,~~ shall have the authority to do any of the following:

- (1) Fill vacancies on the Board or on any committee that has the authority of the Board;
- (2) Fix compensation of the Directors for serving on the Board or on

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- any committee;
- (3) Amend or repeal Bylaws or adopt new Bylaws;
 - (4) Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable;
 - (5) Create any other committees of the Board or appoint the members of a committee of the Board;
 - (6) Exercise any of the specific powers granted to the Board under Section 1.B. of Article V of these Bylaws; or
 - (7) Approve any contract or transaction to which the corporation is a party and in which one (1) or more of its Directors have a material financial interest, except as special approval is provided for in Nonprofit Public Benefit Corporation Law Section 5233(d)(3).

~~Section 3. Executive Committee.~~

~~There may be an Executive Committee of the Board of Directors comprised of three (3) Directors, two (2) of which shall be appointed by a vote of a majority of the Directors then in office (provided a quorum is present), which shall have all the authority of the Board, except with respect to those matters specified in Section 2 of this Article VI of these Bylaws and except as such authority may otherwise be limited by the Nonprofit Public Benefit Corporation Law or other applicable law. The Executive Committee of the Board shall consist of the Board Chair and two (2) other Directors, all of whom must be officers of the corporation, including the Vice Chair, Secretary or Chief Financial Officer. The Board Chair shall serve as chairperson of the Executive Committee and in his or her absence a Vice Chair shall be appointed to serve. Committee chairpersons of other special committees created by the Board, if any, will report to the Executive Committee on a regular basis. The Executive Director of the corporation shall serve as a nonvoting member of the Executive Committee.~~

~~Section 4.3. Technical Advisory Council~~Committee.

~~As required by the Natomas Basin Habitat Conservation Plan, the NBHCP Technical Advisory Committee (TAC) was formed. The TAC is not a committee of the Board of Directors, but serves an advisory role to the Board of Directors. The TAC is and shall be comprised of representatives from the USFWS, CDFW, the Permittees, and any other future Permittees to advise the corporation in implementing the NBHCP. Each Land Use Agency, Water Agency, or other Permittee, the USFWS, and CDFW will appoint one or more members to the TAC. In addition, the corporation's Board of Directors may invite, as needed, other qualified experts on Covered Species or marsh construction, administrative and legal personnel to assist the TAC, for limited time periods. The TAC's role under the NBHCP is intended to be strictly technical and scientific. It is to advise the corporation in making technical and biological decisions with respect to: reserve land selection, enhancement, and management; monitoring programs and needs; species relocation or reintroduction plans; and other issues pertinent to technical implementation of the Plan. Only TAC representatives from the Permittees, the USFWS, and~~

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~~CDFW shall have the authority to vote with respect to any TAC decision, the Board of Directors shall be counseled by a Technical Advisory Council which shall assist it in matters of policy and habitat management for the lands controlled by the corporation. The Technical Advisory Council shall have at least one (1) member appointed by the USFWS, at least one (1) member appointed by the Region II Manager of CDFG CDFW, and at least one (1) member appointed to represent the public interest by the Board of Directors. The Technical Advisory Council shall make recommendations and provide guidance to the Board of Directors on the following topics: acquisition of habitat mitigation lands, in fee and by way of conservation easements; pursuit of funding from state and federal grant programs; pursuit of grants from private foundations and other nongovernmental sources; the creation of policies to guide habitat restoration and enhancement activities; administration of the Implementation Agreement for the Natomas Basin Habitat Conservation Plan; and management and income-generating activities on lands owned or controlled by the corporation. Members of the Technical Advisory Council may be reimbursed in such amounts as may be determined from time to time by the Board of Directors to be just and reasonable for expenses paid while acting on behalf of the corporation.~~

Section ~~5.4~~. Audit Committee.

A. Composition. The corporation shall have an Audit Committee consisting of at least two (2) Directors, and may include nonvoting advisors. Directors who are employees or officers of the corporation or who receive, directly or indirectly, any consulting, advisory, or other compensatory fees from the corporation (other than for service as director) may not serve on the Audit Committee. A majority of the members of the Audit Committee may not concurrently serve as members of the Finance Committee, and the chairperson of the Audit Committee may not serve on the Finance Committee. Members of the Audit Committee shall not receive compensation for their services on the Audit Committee in excess of that provided to Directors for their service on the Board.

B. Duties. The Audit Committee shall perform the duties and adhere to the guidelines set forth in the corporation's Audit Committee charter as amended from time to time by the Board. Such duties include, but are not limited to:

- (1) Assisting the board in choosing an independent auditor and recommending termination of the auditor, if necessary;
 - (2) Negotiating the auditor's compensation;
 - (3) Conferring with the auditor regarding the corporation's financial affairs;
- and
- (4) Reviewing and accepting or rejecting the annual audit prepared by the auditor.

The Audit Committee shall also ensure that any non-audit services, if any, performed by the auditing firm conform with statutory and regulatory standards for auditor independence; and shall approve the performance of non-audit services, if any, by the auditing firm.

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Section 65. Compensation and Governance Committee.

A. Compensation Review. The corporation shall have a Compensation and Governance Committee consisting of at least two (2) Directors and no one who is not a Director. Directors who are also employees of the corporation may not serve on the Compensation and Governance Committee. Pursuant to Government Code section 12586(g) and the applicable provisions of federal law, the Compensation and Governance Committee shall review the fairness of compensation, including benefits, of any person, regardless of title, with powers, duties or responsibilities comparable to a president, chief executive officer, ~~treasurer~~ or chief financial officer, including the Executive Director. Such review shall occur at least annually and upon the occurrence of any of the following events: (i) upon hiring, (ii) when the term of employment is extended or renewed, and (iii) whenever a modification in compensation is proposed. The review shall include an evaluation of the performance of the officers and an analysis of appropriate comparability data. Based on its review, the Compensation and Governance Committee shall recommend just and reasonable compensation amounts for the officers to the corporation. At the request of the Board Chair or the Board, the Compensation and Governance Committee shall review any issue involving staff compensation and benefits, including but not limited to housing, health, and retirement plans.

B. Governance Matters. The Compensation and Governance Committee's duties shall include, but not be limited to:

- (1) Developing and overseeing the corporation's policies and procedures regarding Board composition; determining qualifications and characteristics needed by Board members;
- (2) Developing and recommending to the Board and overseeing implementation of the corporation's corporate governance policies and practices, reviewing on a regular basis the overall corporate governance of the corporation and recommending improvements when necessary;
- (3) Providing guidance to management on issues related to organizational structure;
- (4) Coordinating and overseeing the annual evaluation of the role and performance of the Board, its committees, and management in the governance of the corporation;
- (5) Coordinating and overseeing the orientation of new Board members;
- (6) Coordinating and overseeing the corporation's response to major governmental investigations;
- (7) Considering corporate governance issues that arise from time to time, and developing appropriate recommendations for the Board regarding such matters and reviewing and recommending to the Board for approval any changes in, if any, to the Directors; and

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- (8) Ensuring that all Board Committee charters are consistent and taking responsibility for the update of and application of the corporation's bylaws.

Section ~~7~~6. Finance Committee.

The corporation shall have a Finance Committee comprised of at least two (2) Directors. The committee shall act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of like character and with like aims to accomplish the purposes of the institution. Individual investments shall be considered as part of an overall investment strategy. The committee shall consider present and future financial requirements, expected total return, general economic conditions, the appropriate level of risk, appropriate levels of income, growth and long-term net appreciation, and the probable safety of the funds. The committee may retain professional money managers, and shall develop an investment policy that shall be reconsidered at least annually, in light of the changing factors that may affect the corporation's tolerance of risk and need for income. The committee may recommend the retention of property contributed by a donor (whether or not it produces income), and a donor's request should be a factor in making the determination of whether to sell a particular asset contributed by a donor.

ARTICLE VII. OFFICERS

Section 1. Officers.

The officers of this corporation shall be a Board Chair, a Vice Chair, a Secretary, a ~~Chief Financial Officer~~Treasurer and an Executive Director. The corporation may also have, at the discretion of the Board of Directors, one (1) or more additional Vice Chairs, one (1) or more Assistant Secretaries, and such other officers as may be appointed in accordance with the provisions of Section 3. Any number of offices may be held by the same person; provided, however, that neither the Secretary nor the ~~Chief Financial Officer~~Treasurer may serve concurrently as the Board Chair.

Section 2. Election.

The Board of Directors shall elect officers of the corporation at the annual meeting. Officers shall serve at the pleasure of the Board, subject to the rights, if any, of any officer engaged under any contract of employment. Officers, other than the Board Chair and Vice Chair, need not be chosen from among the Directors.

Section 3. Subordinate Officers.

The Board of Directors may, and may authorize the Board Chair or other officer to, appoint such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are required in these

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Bylaws or as the Board of Directors may from time to time determine. Each officer so appointed shall have the title, hold office for the period, have the authority, and perform the duties specified in these Bylaws or as determined by the Board.

Section 4. Removal.

Without prejudice to any rights of an officer under any contract of employment, any officer may be removed with or without cause by the Board, and, if the officer was not chosen by the Board, by any officer on whom the Board may confer the power of removal.

Section 5. Resignation.

Any officer may resign at any time by giving written notice to the corporation, subject to the rights, if any, of the corporation under any contract to which the officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies.

A vacancy in any office because of death, resignation, removal, disqualification or otherwise shall be filled in the manner prescribed in these Bylaws for regular appointments to that office.

Section 7. Responsibilities of Officers.

A. Board Chair. The Board Chair shall, if present, preside at meetings of the Executive Committee and the Board of Directors, and exercise and perform such other powers and duties as, from time to time may be assigned to him or her by the Board of Directors or prescribed by the Bylaws.

B. Vice Chair. If the Board Chair is absent or disabled, the Vice Chair, if any, shall perform all duties of the Board Chair. When so acting, the Vice Chair shall have all of the powers of and be subject to all restrictions on the Board Chair. The Vice Chair shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

C. Secretary. The Secretary shall keep or cause to be kept a book of minutes of all meetings, proceedings and actions of the Board and committees of the Board. The minutes shall include the time and place that the meeting was held; whether the meeting was annual, general or special and if special, how authorized; the notice given; and the names of the persons present at the Board meeting. The Secretary shall keep or cause to be kept at the corporation's principal office, a copy of the corporation's Article of Incorporation and Bylaws, as amended to date. The Secretary shall give or cause to be given, notice of all meetings of the Board and committees of the Board that these Bylaws require to be given. The Secretary shall keep the seal of the corporation (if any) and affix the same to such papers and instruments as may be required in the regular course of business. The Secretary shall supervise the keeping of the corporate records of

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the corporation. The Secretary shall have such other powers and perform other duties as may be prescribed by the Board or these Bylaws.

D. ~~Chief Financial Officer~~ Treasurer. The Treasurer shall keep and maintain or cause to be kept and maintained, adequate and correct books and accounts of the corporation's properties and transactions. The ~~Chief Financial Officer~~ Treasurer shall send or cause to be given to the Directors and others such financial statements and reports as are required to be given by law, by these Bylaws or by the Board. The ~~Chief Financial Officer~~ Treasurer shall receive and safely keep all funds of the corporation and deposit the same in such financial institution(s) as may be designated by the Board. Such funds shall be paid out only on the check of the corporation signed by such person or persons as may be designated by the Board as authorized to sign the same. The ~~Chief Financial Officer~~ Treasurer shall have such other powers and perform other duties as may be prescribed by the Board or these Bylaws.

E. Assistant Secretary. The Assistant Secretary, if there shall be such an officer, shall have all the powers and perform all the duties of the Secretary in the absence or inability of the Secretary to act.

F. Executive Director. The Board shall select and appoint an individual to act as the Executive Director of the corporation. The Executive Director shall be the chief executive officer of the Corporation and shall supervise, direct and control the corporation's ~~officers~~ staff and shall be responsible for implementing and administering the policies and decisions of the Board of Directors and managing the affairs of the corporation in harmony with the policies and goals of the Natomas Basin Habitat Conservation Plan. The Executive Director shall have such other powers and perform such other duties as may be prescribed by the Board. At the discretion of the Board, the Executive Director shall be known in the alternative as the President and CEO of the corporation.

G. Compensation. The compensation, if any, of the officers who are also employees of the corporation shall be fixed from time to time by either the Board of Directors or a committee thereof, if such a committee is authorized, and no officer shall be prevented from receiving such compensation because the officer is also a Director of the corporation.

ARTICLE VIII. INDEMNIFICATION

Section 1. Rights of Indemnification.

A. For the purposes of this Section 1, "agent" means any person who is or was a director, officer, employee or other agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a director, officer, employee or agent of a foreign or domestic corporation which was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation; "proceeding" means any threatened, pending or completed action or proceeding, whether civil,

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criminal, administrative or investigative; and “expenses” includes, without limitation, attorneys’ fees and any expenses of establishing a right to indemnification under these Bylaws or the Nonprofit Public Benefit Corporation Law.

B. To the fullest extent permitted by law, the corporation shall indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the corporation to procure a judgment in its favor, an action brought under Nonprofit Public Benefit Corporation Law Section 5233, or an action brought by the Attorney General or a person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust) by reason of the fact that such person is or was an agent of the corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner which such person reasonably believed to be in the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the corporation or that the person had reasonable cause to believe that the person’s conduct was unlawful.

C. To the fullest extent permitted by law, the corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action by or in the right of the corporation, or brought under Nonprofit Public Benefit Corporation Law Section 5233, or brought by the Attorney General or a person granted relator status by the Attorney General for a breach of duty relating to assets held in charitable trust, to procure a judgment in its favor by reason of the fact that such person is or was an agent of the corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. However, no indemnification shall be made under this Section 1.C:

- (1) In respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation in the performance of such person’s duty to the corporation, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall determine;
- (2) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or
- (3) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval unless it is settled with the approval of the Attorney General.

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D. To the extent that an agent of the corporation has been successful on the merits in defense of any proceeding referred to in Section 1.B or Section ~~1.0~~1.C above, or in defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

E. Except as provided in Section 1.D above, any indemnification under this Section 1 shall be made by the corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Section 1.B or Section 1.C, above, by:

- (1) A majority vote of a quorum consisting of Directors who are not parties to such proceeding; or
- (2) The court in which such proceeding is or was pending upon application made by the corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney or other person is opposed by the corporation.

F. No indemnification or advance shall be made under this Section 1, except as provided in Section 1.D or Section 1.E(2) above, in any circumstance where it appears that:

- (1) It would be inconsistent with a provision of the Articles of Incorporation, Bylaws or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or
- (2) It would be inconsistent with any condition expressly imposed by a court in approving a settlement.

G. On written request to the Board by any person seeking indemnification under Section 1.B or Section 1.C, above, the Board shall promptly decide, in accordance with the provisions of this Section 1 whether the applicable standard of conduct has been met and, if so, the Board shall authorize indemnification.

Section 2. Advancement of Expenses.

To the fullest extent permitted by law, and except as otherwise determined by the Board in a specific instance, expenses incurred by an agent seeking indemnification under these Bylaws in defending any proceeding may be advanced by the corporation before final disposition of the proceeding, on receipt by the corporation of an undertaking signed by or on behalf of the agent to repay such amount unless it is ultimately determined that the person is entitled to be indemnified by the corporation for those expenses as authorized in this Article VIII or in the Nonprofit Public Benefit Corporation Law.

Section 3. Indemnification Consistent with Law.

Notwithstanding any contrary or inconsistent provision of these Bylaws, the provisions of

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this Article VIII shall be interpreted in a manner that is consistent with Nonprofit Public Benefit Corporation Law Section 5238. No provision made by the corporation to indemnify its or its subsidiary's directors or officers for the defense of any proceeding, whether contained in the Articles of Incorporation, these Bylaws, an agreement or otherwise shall be valid unless consistent with the provisions of Section 5238 of the Nonpublic Benefit Corporation Law. However, nothing in this Article VIII shall affect any right to indemnification to which persons other than such directors and officers may be entitled by contract or otherwise.

Section 4. Insurance.

The corporation shall have the right to purchase and maintain insurance to the fullest extent permitted by law on behalf of its Directors, officers, employees, and other agents, against any liability asserted against or incurred by any Director, officer, employee, or agent in such capacity or arising out of the Director's, officer's, employee's, or agent's status as such, whether or not the corporation would have the power to indemnify the agent against such liability under the provisions of this Article VIII or the Nonprofit Public Benefit Corporation Law; provided, however, that the corporation shall have no power to purchase and maintain such insurance to indemnify any agent of the corporation for a violation of Nonprofit Public Benefit Corporation Law Section 5233 (relating to self-dealing transactions).

Section 5. Enforcement; Survivability of Provisions.

The provisions of this Article VIII may be enforced against the Corporation by any agent (including, but not limited to, any present officer or director of the Corporation as well as any former officer or director of the Corporation) who served as an agent at the time that the provisions of this Article VIII were in effect. The provisions of this Article VIII shall survive and continue for the benefit of such agents even though the agent may have ceased to serve as an agent of the Corporation at the time of any proceeding and even though any or all of the provisions of this Article ~~VIII~~ VIII may have been subsequently repealed, modified or replaced through the adoption of other bylaw provisions. To the extent permitted by law, the provisions of this Article VIII may also be enforced by the respective spouses, heirs, and personal and legal representatives of such agents, and if an action is brought to enforce the provisions of this Article VIII, the prevailing party in such action shall be entitled to attorneys' fees and costs as determined by the court.

Section 6. Severability.

If any provision of this Article VIII is held or determined to be illegal, invalid or unenforceable for any reason (a) such provision will be fully severable, (b) this Article VIII will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Article VIII, (c) the remaining provisions of this Article VIII will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance from this Article, and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Article VIII a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

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**ARTICLE IX.
AMENDMENT OF BYLAWS**

These Bylaws may be amended or repealed and new Bylaws adopted by the affirmative vote of the Board of Directors at any Board meeting; except that a Bylaw fixing or changing the number of Directors may be adopted, amended or repealed only by the vote or written consent of a majority of the Directors then in office.

**ARTICLE X.
RECORDS AND REPORTS**

Section 1. Books and Records.

The corporation shall keep adequate and correct books and records of account and written minutes of the proceedings of its Board of Directors and its committees. At its principal place of business, the corporation shall keep the original or a copy of its Articles of Incorporation and Bylaws, as amended to date.

Section 2. Form of Records.

Minutes shall be kept in written form. Other books and records shall be kept either in written form or in any other form capable of being converted into written form. If any record subject to inspection pursuant to the Nonprofit Public Benefit Corporation Law is not maintained in written form, a request for inspection is not complied with unless and until the corporation, at its expense, makes such record available in written form.

Section 3. Annual Report.

The Board of Directors shall cause the corporation to prepare an annual report within one hundred twenty (120) days after the end of the corporation's fiscal year. Such annual report shall be sent to the Directors and the City Manager of the City of Sacramento, the County Executive of the County of Sacramento, the County Executive of the County of Sutter, the Regional Director of USFWS, the Regional IX Manager of ~~CDFG~~CDFW, and as may be requested, the ~~Executive Director~~General Manager of Reclamation District 1000, the ~~President~~General Manager of the Natomas Mutual Water Company, and as may be requested, the Executive Director of the Pleasant Grove Water District, the Executive Director of the Pleasant Grove Community Services District, and the Director of the Sacramento Area Flood Control Agency. In addition to any other matters which the Board of Directors may require to be included in the Annual Report, such report shall contain the following information, in appropriate detail, for the fiscal year:

- (a) The assets and liabilities (including any trust funds) of the corporation as of the end of the fiscal year;
- (b) The principal changes in assets and liabilities (including any trust funds);
- (c) The revenue or receipts of the corporation, both unrestricted and

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restricted to particular purposes;

- (d) The amount of any charitable donations to the corporation;
- (e) The expenses and disbursements of the corporation for both general and restricted purposes; and
- (f) Any information required in accordance with Section 4, below.

The annual report shall be accompanied by a report on it prepared by independent accountants ~~or, if there is no such accountants' report, by the certificate of the Board Chair and Secretary of the corporation that the annual report was prepared without audit from the corporation's books and records.~~

Comment [A1]: This clause may be deleted if NBC has annual reports prepared by an independent accountant.

This requirement of an annual report shall not apply if the corporation receives less than Twenty-Five Thousand Dollars (\$25,000) in gross receipts during the fiscal year; provided, however, that the information specified above for inclusion in an annual report must be furnished annually to all Directors and to the other specified parties above. If the Board approves, the corporation may send the report and any accompanying material sent pursuant to this Section 3 by electronic means.

Section 4. Statement of Transactions and Indemnifications.

As part of the annual report described above, or as a separate document if no annual report is issued, the corporation shall annually prepare and deliver to persons entitled to receive an annual report a statement of any ~~transaction or~~ indemnification of the following kind within one hundred twenty (120) days after the end of the corporation's fiscal year, if such a ~~transaction or an~~ indemnification took place:

~~(a) Any transaction: (i) in which the corporation, or its subsidiary, if any, was a party; (ii) in which an "interested person" (as defined by Nonprofit Public Benefit Corporation Law Section 6322(b)) had a direct or indirect material financial interest; and (iii) which involved more than Fifty Thousand Dollars (\$50,000), or was one of a series of transactions with the same interested person involving, in the aggregate, more than Fifty Thousand Dollars (\$50,000), during the fiscal year. The statement shall briefly describe the transaction and shall include the names of the interested persons involved in the transactions, stating such person's relationship to the corporation, the nature of such person's interest in the transaction and, where practicable, the amount of such interest; provided that in the case of a transaction with a partnership of which such person is a partner, only the interest of the partnership need be stated.~~

(a) ~~(b)~~ Any indemnifications or advances aggregating more than Ten Thousand Dollars (\$10,000) paid during the fiscal year to any officer or Director of the corporation under these Bylaws. The statement shall describe briefly the amount and circumstances of the indemnifications or advances.

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Section 5. Inspection of Public Records.

The corporation shall make its public records available at all times during the office hours of the corporation for inspection by any person. Any reasonably agreeable portion of a record shall be available for inspection by any person requesting the record, provided, however, that any documents relating to real property transactions, either pending or completed, of ~~NBC~~the corporation shall be exempt from disclosure. As used herein, "real property transactions" shall include options to purchase or lease, purchases and leases of real property, as well as farming contracts affecting real property that ~~NBC~~the corporation has acquired or is negotiations to acquire.

Except with respect to records exempt from disclosure by express provisions of law or these bylaws, the corporation, upon a request for a copy of records that reasonably describes an identifiable record or records, shall make the records promptly available to any person, upon payment of fees covering direct costs of duplication, or a statutory fee, if applicable. Upon request, an exact copy shall be provided unless impracticable to do so. Computer data shall be provided in a form determined by the corporation.

"Public records" includes any writing containing information relating to the conduct of the public's business prepared, owned, used or retained by the corporation regardless of physical form or characteristics.

**ARTICLE XI.
INVESTMENTS**

In investing, reinvesting, purchasing, acquiring, exchanging, selling and managing the corporation's investments, other than assets held for use or used directly in carrying out a public or charitable program of the corporation, the Board of Directors shall avoid speculation, looking instead to the permanent disposition of the funds, considering the probable income as well as the probable safety of the corporation's capital. Unless limited by the Articles of Incorporation, the corporation may continue to hold property properly acquired or contributed to it if and as long as the Board of Directors, in the exercise of good faith and reasonable prudence, discretion and intelligence, may consider that retention is in the best interests of the corporation.

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CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of The Natomas Basin Conservancy, a California Non-Profit Public Benefit Corporation, that the above Amended and Restated Bylaws, consisting of _____ pages, are the Bylaws of this corporation as adopted by the Board of Directors on _____, 2012, and that they have not been amended or modified since that date.

Executed on _____, 2012, at Sacramento, California.

SECRETARY

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Modified filename: H:\Clients\NBC\Natomas Basin Conservancy Bylaws v.4 (reviewed by BB&K).doc	
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Delete	48
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Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	84

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2150 RIVER PLAZA DRIVE
SUITE 160
SACRAMENTO, CA 95833
PHONE: 916.649.3331
FAX: 916.649.3322



September 8, 2014

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

RE: Response from NCMWC Attorney re: Groundwater Exchange Program

Dear Brett:

We received NCMWC attorney Kevin O'Brien's letter dated August 22, 2014. We appreciate his extensive reply to our letter of August 8, 2014, our letter having been addressed to you as the NCMWC's General Manager.

We do want to respond to several key points discussed in Mr. O'Brien's letter, but note that our ability to respond comprehensively remains hampered by our need to review the following documents which we have previously requested:

- the signed and dated contracts NCMWC has executed covering its groundwater exchange program;
- the Mitigation Plan relating to the exchange program; and
- information regarding the participant beneficiaries of the program.

In general, we remain unconvinced that NCMWC has the authority to carry out the transfer contemplated by the program as we understand that program. Certainly, we do not agree with Mr. O'Brien's categorical statement that "... the authority of Natomas to transfer water to non-shareholders such as the authority could not be more clear."

Incidental Powers. As we had anticipated, in an effort to justify the water transfer program, Mr. O'Brien's letter falls back on the incidental powers clause both as set forth in the Articles and as a general proposition of California corporate law. The letter argues that the transfer program is incidental to the primary purpose of the corporation based on the notion that funds derived from the transfer will be used to offset costs and therefore benefit the shareholders. If that were the case, then NCMWC (regardless of its clearly delineated core mission) could engage in essentially any business enterprise that might generate a profit, as that profit would be available to offset costs. The letter cites a case which NCMWC's attorney considers supportive of this proposition. In that case, the issuance of shares by a real estate development company to a railroad for the improvement of track that would enhance the value of the company's real estate was deemed a permitted incidental use. There is no such enhancement in the NCMWC case and, in fact, the result is quite the opposite: the pumping of groundwater resources for transfer will likely diminish the future viability and value of NCMWC's system, particularly in a drought environment like we have today.

An equally compelling argument can be made that a water transfer program that sends water outside NCMWC's service area is in no way incidental to primary powers that specifically restrict NCMWC's activities to serving water within its service area. The

OFFICERS AND
BOARD OF DIRECTORS

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President

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KEVIN MCRAE
Board Member

DAVIN NORENE
Board Member

DAN SILVA
Board Member

STEVEN WILLEY
Board Member

EXECUTIVE OFFICER

John R. Roberts
Executive Director

only way such a program could be incidental is if those water transfers resulted in enhancing the water resources available to the NCMWC's shareholders.

Corporate Powers – Bylaws. The letter further argues that the Bylaws authorize the Water Transfer Program and that under California law, corporate Bylaws can supplement the powers of a corporation as long as they do not conflict with the Articles. The letter then cites the incidental powers clause to claim that the Bylaws provision is not in conflict with the Articles. This is circular reasoning and is dependent on the outcome of the argument with respect to the Articles. If the Water Transfer Program is not authorized under the incidental powers clause, then any Bylaw provision would be in conflict with the restrictions in the Articles.

Mutual Water Company Act. The letter also relies on the authority granted under Section 14300 of the Corporations Code, which contains an exception to the general restriction that mutuals may only serve water to shareholders. This exception allows a mutual to serve water to a public agency or a school district without violating the general restriction or any restriction contained in its articles. A similar exception is also contained in the public utilities code so that a mutual can provide water to an agency without becoming subject to PUC jurisdiction. What the letter does not explain is that the purpose of this exception is to allow service to public agencies or school districts so that such agencies are not required to become shareholders of the mutual and pay assessments when property is purchased by an agency within a mutual's service area. This exception was not intended to override the grant of powers in the Articles as suggested in the letter.

Water Code Section 1745.04. The letter finally cites Water Code section 1745.04 as permitting a water supplier to transfer water if its users have received their full allocation of water. This provision is permissive and states that a supplier "may" engage in such transactions, but it has no impact or authority with respect to whether such supplier's governing documents would allow such a transfer. A Water Code provision cannot be read to specifically override limitations authorized by the Corporations Code without express authority. Furthermore, the language cited also states that the transfer cannot adversely impact the users without their consent, and that is exactly what is at issue here, whether the transfers are prudent or simply a mechanism for certain shareholders to obtain a financial benefit.

The remainder of the letter discusses the process that the Board undertook to determine that the Water Transfer Program was in the best interest of the NCMWC and the shareholders and that is more of a factual analysis of what the current or likely future water supply will be. We note that prior to sending our original response letter, we did not have access to the June 16 minutes of the Board meeting that are attached to Mr. O'Brien's letter.

Conclusion. We continue to believe that the NCMWC has made an expensive mistake, and that it should rectify this mistake immediately. The NCMWC is supposed to be in the business of representing *all* of its shareholders' interests. We fear that instead it is pursuing a program designed to enrich a select few insiders, who either directly or through proxies, business or family affiliations, have gained extraordinary sums of money at the expense of shareholders generally, the local community, and the Basin's



wildlife. We are confident this will be proven, over time, to the management and Board of Directors of the NCMWC. It is our hope that their awareness of this mistake--and corrective measures--takes place sooner rather than later, so that damage is minimized.

Given the criticality of water for necessary agricultural and biological needs in the Natomas Basin, and given the severity of the drought, we request that the NCMWC be prompt in responding to the Conservancy with these requests.



Sincerely,

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

By: John Roberts
Executive Director

c: Board of Directors

August 22, 2014

By first-class mail and e-mail: jroberts@natomasbasin.org

John Roberts
Executive Director
The Natomas Basin Conservancy
2150 River Plaza Drive
Sacramento, CA 95833

Re: Water Transfers to Natomas Non-shareholders

Dear John:

As you know, this firm is special counsel to the Natomas Central Mutual Water Company ("Natomas"). I am writing in response to your letter dated August 8, 2014 to Natomas General Manager Brett Gray ("TNBC Letter"). Natomas general counsel Belan Wagner has reviewed, and joins, this letter.

Let me say at the outset, John, that Natomas greatly values its longstanding relationship with TNBC. TNBC is not merely a significant shareholder of Natomas; it has been an important supporter of Natomas on various projects and initiatives over the past decade. Natomas looks forward to a continued close working relationship with TNBC.

As you know, 2014 has been one of the most severe drought years on record in California. Earlier this year Governor Brown issued an emergency drought proclamation which, among other things, directed state agencies to promote water transfers to mitigate the effects of the drought. Earlier this year the Board of Directors of Natomas carefully considered whether participation in a limited water transfer, for 2014 only, would be in the best interest of Natomas and its shareholders. After weighing the pros and cons of participation, the Board ultimately approved a one-year transfer of water to the San Luis & Delta-Mendota Water Authority ("Authority"). As you know, many other Sacramento Valley agricultural water purveyors also transferred water to the Authority in 2014.

You raise three principal issues in the TNBC Letter. First, you assert that Natomas, by agreeing to transfer water in 2014 to the Authority (the "2014 Water Transfer Program"), "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." (TNBC Letter, p. 1). Second, you assert that Natomas has failed to discharge "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." (TNBC Letter, p. 2). Third, you request that Natomas "enter into discussions with the Conservancy, and any other shareholders who may be interested, regarding mitigation of damages which may be caused by the Company's program." (*Id.*).

Natomas has carefully considered TNBC's concerns and responds as follows:

1. The Water Transfer Program Is Within Natomas's Corporate Authority Pursuant to Its Articles of Incorporation, Bylaws, and California Law.

A corporation's articles of incorporation generally establish the scope of a company's power. (Cal. Corp. Code § 204.) Although Natomas's articles of incorporation do not specifically refer to water transfers to non-shareholders, Article Second of the articles provides in pertinent part:

In addition to the above-described purposes, this corporation shall be permitted . . . to transact and carry on any other business and to exercise any other powers which may be necessary, proper, or convenient to be carried on or exercised in connection with any of the foregoing purposes, or incidental thereto.

This "incidental power" clause is a codification of the bedrock principle of corporate law that a corporation has inherent power to engage in activities that benefit its enumerated purposes, even if the specific activity is not identified in the articles of incorporation. For example, in *Vandall v. South San Francisco Dock Company* (1870) 40 Cal. 83, a corporation entered into an agreement to transfer some of its shares to a railroad in exchange for the railroad's agreement to widen its tracks, increase its frequency of operation and reduce its fares at various locations near real property owned by the corporation. The value of the corporation's real property near the railroad skyrocketed as a result of the transaction. Certain shareholders filed suit alleging that the corporation lacked authority to enter into the agreement since its articles did not specifically permit the selling of its shares to a third party. (The corporation's articles only provided that its purposes were to buy, improve, lease, sell, and otherwise dispose of real estate located near San Francisco.) In upholding the transaction, the California Supreme Court interpreted the corporation's articles expansively, finding that "improving" real-estate encompassed anything that would enhance the value of real-estate owned by the corporation. The court also found that every corporation has an inherent right to carry on any business incidental to its enumerated powers, stating as follows:

[A] corporation in this State may not only exercise the powers specifically enumerated in its certificate of incorporation, if they be such as are authorized by law, but, also, such other powers that shall be necessary to the exercise of the powers so enumerated and given. (*Id.* at 88)

The court went on to hold that engaging in the transaction with the railroad was "necessary" or "incidental" to the corporation's enumerated purpose (to acquire, lease, sell, and hold real estate for profit) since the transaction with the railroad directly increased the profitability of the real estate owned by the corporation. (*Id.* at 89).

Natomas's participation in the Water Transfer Program is directly analogous to the factual situation in *Vandall*. The net proceeds derived from the Water Transfer Program will be utilized by Natomas to reduce operation, maintenance and other expenses which Natomas shareholders would otherwise be required to bear. Moreover, participation in the Water Transfer Program will bolster Natomas's

record of beneficial use of its appropriative water rights, thus providing protection against claims of forfeiture. (Cal. Water Code Section 1244). The latter issue is one of vital importance to the company. Clearly, the Water Transfer Program is “incidental” to Natomas’s enumerated purpose of providing water to its shareholders at cost and thus falls within the company’s corporate powers.

Second, Natomas’s bylaws explicitly authorize the company to transfer water to non-shareholders. The bylaws of a corporation may contain provisions necessary for the management and conduct of a company’s business and affairs, provided that such provisions do not conflict with applicable law or the articles of incorporation. (Cal. Corp. Code § 212(b).) Natomas’s bylaws authorize Natomas, in the discretion of its board, “to transfer water to nonshareholders in accordance with applicable law, and to generally transact and carry on any other business and to exercise any other powers which may be necessary, proper or convenient to be carried on or exercised in connection with” Natomas’s purposes. (Bylaws, Article III, sub-paragraph (g).) Simply stated, the authority of Natomas to transfer water to non-shareholders such as the Authority could not be more clear.

Third, California Corporations Code Section 14300(a) provides additional authority for Natomas’s participation in the Water Transfer Program. Corporations Code section 14300(a) defines a “mutual water company” as any company that contains in its articles of incorporation a clause providing that “water shall be delivered, sold, supplied, and distributed only to owners of its shares and that the shares shall be appurtenant to the land.” (Cal. Corp. Code § 14300(a).) Corporations Code section 14300(a) also provides that notwithstanding such a clause in a mutual water company’s articles of incorporation or bylaws:

[A]ny such corporation may sell water to the state, or any department or agency thereof, or, to any other mutual water company...

The San Luis & Delta-Mendota Water Authority is a joint exercise of powers authority organized and existing under applicable provisions of the California Government Code. Accordingly, the Authority is a political subdivision of the State of California and a water transfer to the Authority is expressly authorized under Corporations Code Section 14300(a).

Finally, Natomas has authority to transfer water to non-shareholders under California Water Code section 1745.04, which provides:

A water supplier may contract with...any other state or local water supplier or user inside or outside the service area of the water supplier to transfer...water if the water supplier has allocated to the water users within its service area the water available for the water year, and no other user will receive less than the amount provided by that allocation or be otherwise unreasonably adversely affected without that user’s consent.

A “water supplier” is defined in Section 1745 to include a “mutual water company.” Section 1745.04 authorizes Natomas to contract to transfer water to other water suppliers, such as the San Luis & Delta-Mendota Water Authority, so long as Natomas has provided its shareholders with

their full allocation of water. Here, no Natomas shareholder received less than a full allocation of water during 2014. The Water Transfer Program thus satisfies all requirements of Section 1745.04.

For the reasons stated, Natomas must respectfully disagree with your assertion that the transfer of water to the Authority “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.” The subject water transfer is fully within the company’s authority.

2. Natomas Fully Evaluated the Effects of the Water Transfer Program and Properly Concluded That the Program Would Not Harm Any Natomas Shareholder.

You assert that Natomas has failed to discharge “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.” (TNBC Letter, p. 2)

Let me assure you that Natomas carefully considered the interests of all shareholders in determining whether to participate in the Water Transfer Program. Enclosed with this letter are three documents evidencing the lengthy and careful process undertaken by Natomas in relation to the Water Transfer Program: the first notice to shareholders regarding the proposed transfer dated April 25, 2014; the second notice regarding the proposed transfer dated June 6, 2014; and the Board meeting minutes of June 16, 2014. Natomas fully and fairly evaluated the pros and cons of participation in the Water Transfer Program. This evaluation included, but was not limited to, an analysis of the economic benefits that all Natomas shareholders would derive from the Company’s participation in the Program. The Board of Directors also considered the facts that (i) water transfers are and have been a major tool in California for mitigating the impacts of drought; and (ii) one-year transfers do not affect surface water allocations to Natomas shareholders in future years because there is no mechanism under Natomas’s water right settlement contract for carrying forward unused water from one year to another. Exercising its business judgment, the Board of Directors ultimately determined that participation in the Water Transfer Program was in the best interest of the Company.

Your letter refers to “the potential economic harm to all shareholders if the primary function of the Company to provide water for agricultural use is compromised.” It is important to recognize that no Natomas shareholder received less than a full allocation of water in 2014; accordingly, participation in the Water Transfer Program had no impact on the surface water supplies available to Natomas shareholders. Your letter does not provide any specifics regarding the “economic harm to all shareholders” that you allege has resulted from Natomas’s participation in the Water Transfer Program and at no point during the lengthy consideration process did TNBC come forward with any evidence of such harm. If TNBC has evidence of harm that will result from participation in the Water Transfer Program please provide it to Natomas immediately.

Finally, your letter suggests that Natomas shareholders will be harmed if the primary function of the Company—to provide water for agricultural water use—is “compromised.” Your letter provides no

detail as to how participation in the Water Transfer Program will “compromise” the company’s primary function. Indeed, to the contrary Natomas’s participation in the Program will enhance the company’s primary function by improving the economics of farming within Natomas (albeit on a short-term basis); by protecting Natomas’s water rights against claims of forfeiture; and by demonstrating the feasibility of water transfers based on groundwater substitution within the Natomas service area.

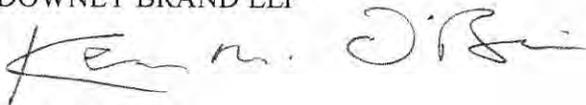
3. Natomas Has Been and Remains Willing to Meet With TNBC and Other Shareholders to Discuss the Water Transfer Program But It Denies Any Obligation “Regarding Mitigation of Damages.”

You request that Natomas “enter into discussions with the Conservancy, and any other shareholders who may be interested, regarding mitigation of damages which may be caused by the Company’s program.” (TNBC Letter, p. 2). Let me say at the outset that Natomas is always willing to meet with TNBC and other shareholders to discuss company business. However, as discussed above, there is no evidence that any shareholder will suffer harm as a result of Natomas’s participation in the Water Transfer Program, and there is no indication that Natomas has breached any legal obligation to TNBC or other shareholders. While Natomas is willing to meet with TNBC and other shareholders to discuss their concerns, Natomas respectfully denies any obligation to TNBC or other shareholders “regarding mitigation of damages.”

To summarize, Natomas appreciates TNBC articulating its concerns regarding the Water Transfer Program. We trust that this letter communicates Natomas’s position regarding the concerns raised in the TNBC Letter. If you wish to schedule a meeting to further discuss TNBC’s concerns, please contact the undersigned.

Very truly yours,

DOWNEY BRAND LLP



Kevin M. O'Brien

KMO:bc

Enclosures:

1. First notice, April 25, 2014
2. Second notice, June 6, 2014
3. Board Meeting Minutes, June 16, 2014

cc: Board of Directors, Natomas Central Mutual Water Company
Belan Wagner, Esq.
Brett Gray

1382324.1



Shareholder Participation in Ground Water Management Plan

DATE: April 25, 2014

TO: Natomas Mutual Water Company Shareholders and Water Users

SUBJECT: Well Water - Conjunctive Use Program

The Natomas Mutual Water Company is working to implement the Natomas Area Groundwater Management Plan. For this plan we are looking for wells that landowners are interested in having included in the program. Wells included in the program will have the opportunity of participating when ground water is needed. This need for ground water will arise from river supply issues, pump problems, and for conjunctive use transfers. The company will pay for well use or allow well owners to share in conjunctive use transfers. For wells to be a part of the conjunctive use program, they will need to be approved by the USBR. The following items must be submitted to begin the approval process:

1. Location map of well
2. Drillers well log
3. Approved flow meter on well
4. Air Quality District Permit for diesel powered wells

If you are interested in participating in the program, please contact us immediately as it is running late in the season to include wells for 2014. We encourage all well owners to participate in the program. Well usage is strictly voluntary for all participants. For further information please contact the office at 916-419-5936.



Shareholder Participation in Ground Water Management Plan

DATE: June 26, 2014

TO: Natomas Mutual Water Company Shareholders and Water Users

SUBJECT: Well Water - Conjunctive Use Program Update

The Natomas Mutual Water Company is continuing to work on the Natomas Area Groundwater Management Plan. We are looking for wells to be included in the program. Wells included will have the opportunity to participate when ground water is needed. This need for ground water can arise from river supply issues, pump problems, and for conjunctive use transfers. The company will pay for well use or share in the proceeds from conjunctive use transfers.

For 2014 we are participating in a conjunctive use water transfer which requires the use of well water. There is still time to add additional wells to the program but time is limited. For wells to be a part of the conjunctive use transfers, the following information will need to be supplied for USBR approval:

1. Location map of well
2. Drillers well log
3. Approved flow meter for well
4. Air Quality District Permit for diesel powered wells

Although participation is strictly on a voluntary basis, we encourage all owners with suitable wells to consider participating in the program. For further information please contact the Natomas Mutual Water Company at 916-419-5936.

Minutes

Natomas Central Mutual Water Company Board of Director's – Special Meeting June 16th, 2014

Directors in Attendance: Tom Ramos, Matt Lauppe, Rod Rosa, John Penning, Jim Sopwith, Dan Spangler (Conference Phone), and Troy Givans (Conference Phone)

Directors Absent: None

Natomas Staff: General Manager Brett Gray, Office Manager Amanda Wolken, Counsel Kevin O'Brien

CALL TO ORDER

Pursuant to prior notice a special meeting of the Natomas Central Mutual Water Company Board of Directors was held on June 16th, beginning at 12:15 in the Company conference room, called to order by Board President Tom Ramos

I. REVIEW OF SUBJECT

Director Ramos reviewed the subject briefly: This meeting is held to discuss the allocation of income between the shareholders and the Company for participation in the Conjunctive Use Water Transfer Program in 2014. At the last regular Board of Directors meeting held on June 10th, 2014 the allocation was set at 65% Shareholder/35% Company by a 3 to 2 vote of the Directors present. General Manager Gray contacted the potential groundwater pumper participants with the results of the vote. Certain of the potential participants responded that they found the allocation unsatisfactory and would not participate in the Program at that percentage, although would reconsider at a 70%/30% split.

Special Counsel Kevin O'Brien was in attendance to review any potential conflict-of-interest issues that may arise in connection with this decision. Mr. O'Brien summarized the relevant law as follows:

- Mutual water companies are private entities, and therefore not subject to the requirements of Government Code Section 1090 or the Political Reform Act. Instead, directors are bound by the general provisions of the California Corporations Code.
- Corporations Code section 309 requires directors to perform their duties in good faith, in a manner that the director believes to be in the best interests of the corporation and its

shareholders, and with the care that “an ordinarily prudent person in a like position would use under similar circumstances.”

- Under Corporations Code section 310, a contract *may* be voidable if a director has a ‘material financial interest’ in the contract; and either (a) the director fails to disclose that interest; or (b) the contract is not “just and reasonable to the corporation” at the time it was approved. Under either circumstance, a director may participate in the voting and discussion, but the directors’ votes should not be necessary in order to ratify the contract (in other words, the interested director cannot cast the deciding vote).
- Section 310 does not define a “material financial interest.” Under the Political Reform Act (which is more restrictive than the Corporations Code), an official has an interest in any governmental decision which may have a material economic effect on his or her finances. Although the particular cut-off as to dollar amount varies according to the transaction, these agreements would likely qualify under the PRA as an agreement in which the director had a material financial interest if the director stood to receive financial gain as a result of participation in the water transfer.

Mr. O’Brien recommended that any Director who would receive a direct economic benefit as a result of participation in the subject water transfer recuse himself from voting or participation. The following disclosures were made:

Director Ramos:	No direct economic benefit
Director Penning:	No direct economic benefit, although to prevent any potential perception of a conflict-of-interest, Director Penning stated that he would recuse himself from voting or participation on this issue.
Director Spangler:	No direct economic benefit
Director Rosa:	No direct economic benefit
Director Lauppe:	No direct economic benefit
Director Givans:	No direct economic benefit
Director Sopwith:	No direct economic benefit

II. DISCUSSION

The Board had a broad-ranging discussion of the pros and cons of participating in the 2014 conjunctive use groundwater transfer and, in particular, whether a 70/30 split of revenues between the participating landowners was fair and appropriate and in the best interest of the Company and its shareholders. It was noted that, 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 drought. Although Natomas has participated in conjunctive use programs in the recent past, the Company

has been planning and preparing to implement a program for some time by completing a Groundwater Management Plan in 2009, working with the Department of Water Resources to ensure proper monitoring of ground water levels, and moving forward with the installation of Company-owned wells that could be included in such a program.

It was further noted that the severe drought conditions of 2014 have brought the Company both unexpected challenges and opportunities. Fortunately with careful management of our reduced contract supply from the Bureau we will be able to essentially meet all of the needs of our shareholders who have requested water. This means groundwater pumping capacity within the Company's service area could potentially be available for this year's CVP Program. The Board discussed the fact that Natomas 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.

It was further noted that the Board of Directors decided to limit the program to a maximum transfer quantity of 10,000 acre-feet and that this program requires extensive monitoring of groundwater levels and water quality during and after the Program pumping. Natomas Water plans to meet those requirements and if possible exceed them by monitoring groundwater levels elsewhere in the Basin. Continued monitoring will help the Company determine what quantities of groundwater can be sustainably pumped when needed. Several Board members stated that the Company's goal should be to develop a sustainable and equitable conjunctive use program that benefits all shareholders along with our fellow CVP contractors and responsibly manages our renewable groundwater resources. Based on discussions with the Company's consulting engineers, the Company is confident that its participation in the program during 2014 for a transfer amount of up to 10,000 acre-feet, will not cause overdraft or other undesirable groundwater conditions

Director Sopwith stated that it is his desire to ensure that Natomas is perceived in a manner that maintains its integrity and supports its Shareholder (TNBC) and that the Company's primary goal should be to protect its resources for our Shareholders and the Basin, rather than selling water for a financial gain.

Mr. O'Brien observed that by participating in water transfers of this type the Company may be able to gain political support from other regions of the state in connection with the renewal of its USBR Contract, the current status of which is in doubt due to ongoing litigation.

Director Rosa made the observation that any economic gain from these transfers is a significant financial benefit to the Company and all of its shareholders. The 70/30 allocation would be set is for this year only, and can be reviewed and adjusted if necessary for future years. This year's program can be used to judge how much water the Company will responsibly be able to transfer in the future. Recommends that the Company pursues drilling its own wells.

Director Lauppe observed that Natomas is providing the vehicle for well owners to benefit in a way that they would otherwise be unable, with wells that are already in place. The percentage we set at this meeting will in his view set a precedent for future agreements; it is more difficult to reduce the Shareholder percentage than to increase it, if the unforeseen costs to the Company are greater than expected.

Director Ramos observed that this decision will impact the future of the program. We need to be careful to balance the needs of the Company while encouraging participation.

Director Givans observed that, considering where we are currently, it is difficult to gauge an equitable deal. He stated that he would have supported the 65%/35% split as voted upon in the June 10th meeting, but is listening to the other Board members input while considering the 70%/30% split.

Director Spangler emphasized the importance of moving forward with the program and recognized that to encourage participation, the needs of the well owners should be addressed.

II. ACTION

Motion: A motion was made by Director Ramos and seconded by Director Rosa to adjust the current rate of remuneration for participation in the Conjunctive Use Program from 65% Shareholder/35% Company to 70% Shareholder/30% Company, for 2014 only

Roll-call Vote:

Director Ramos: Aye

Director Spangler: Aye

Director Givans: Aye

Director Sopwith: No

Director Lauppe: No

Director Rosa: Aye

Director Penning: Abstain

Motion passed 4 to 2, with 1 abstention.

Following the vote, a letter was hand-delivered by John Roberts from TNBC. Board President Ramos read the letter out loud to the attendees with further discussion of its contents. Board President Ramos, General Manager Gray, Special Counsel O'Brien, and Regular Counsel Wagner will further review the letter and draft a response.

VI. SPECIAL MEETING ADJOURNED – 2:37

- ✓ June 23rd, 2014 – Executive Committee Meeting
- ✓ July 8th, 2014 – Regular Board Meeting
- ✓ July 29th, 2014 – Executive Committee Meeting
- ✓ August 11th, 2014 – Regular Board Meeting
- ✓ August 26th, 2014, Executive Committee Meeting
- ✓ September 9th, 2014 – Regular Board Meeting

Respectfully Submitted



Amanda Wolken
Office Manager

From: John Roberts jroberts@natomasbasin.org

Subject: Fwd: Natomas Remap Update

Date: September 16, 2014 at 11:24 AM

To: 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@mcraecpa.com, Dan Silva dan.calvalleynut@gmail.com, Michael Bradbury Mike.Bradbury@water.ca.gov, Kay Backer kbiusa@aol.com, Davin Norene rdnorene@gmail.com

Cc: Ed Quinn Edward.Quinn@bbklaw.com, Kim Burns kburns@natomasbasin.org

Please see below an update on the FEMA flood mapping project for Natomas. The email is from Cong. Doris Matsui's office, specifically from Nathan Dietrich, District Director. Nathan is scheduled to appear at the Conservancy's Wednesday, October 1, 2014 Board of Director's meeting to provide an update on the matter, as well as to respond to any questions Board members may have.

Please note that the revised flood maps have been submitted for public review and are now issued for the required 90-day appeal period. It appears that the process is at least on schedule, if not a bit ahead of most people's expectations.

As we have discussed, the outcome of this process has very significant impact on the Conservancy's ability to fully implement the NBHCP and the MAPHCP.

No need to respond. This is simply for your information.

Thanks.

John Roberts
Natomas Conservancy

Begin forwarded message:

From: "Dietrich, Nathan" <nathan.dietrich@mail.house.gov>

Subject: Natomas Remap Update

Date: September 16, 2014 at 9:34:02 AM PDT

Dear Friends,

This email is an update regarding the progress that FEMA is making on remapping Natomas from a Zone AE to a Zone A99. A number of milestones have been met since the legislation authorizing Natomas' levee improvements was signed into law in June and FEMA's effort remains on schedule. Attached is a copy of the Federal Register listing that officially began the 90 day appeal period, it was published on September 10th. Below you will find an updated schedule.

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
District Director
Congresswoman Doris Matsui

Natomas Remap Schedule (as of September 16, 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) - completed
- Preliminary maps issued (August 12, 2014) - completed
- City/ County/ FEMA officials meeting (August 13, 2014) - completed
- 90 day appeal period begins (September 10, 2014) - completed

- 30 day appeal period begins (September 16, 2014) - completed
- 90 day appeal period ends (mid-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 and Instagram!!!



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



Health, 6701 Rockledge Drive, Room 5134, MSC 7840, Bethesda, MD 20892, (301) 402-8228, rayam@csr.nih.gov.

Name of Committee: Musculoskeletal, Oral and Skin Sciences Integrated Review Group; Skeletal Muscle and Exercise Physiology Study Section.

Date: October 7-8, 2014.

Time: 8:00 a.m. to 5:30 p.m.

Agenda: To review and evaluate grant applications.

Place: Residence Inn Bethesda, 7335 Wisconsin Avenue, Bethesda, MD 20814.

Contact Person: Richard Ingraham, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 4116, MSC 7814, Bethesda, MD 20892, 301-496-8551, ingrahamrh@mail.nih.gov.

Name of Committee: Biological Chemistry and Macromolecular Biophysics Integrated Review Group; Biochemistry and Biophysics of Membranes Study Section.

Date: October 7-8, 2014.

Time: 8:00 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: St. Gregory Hotel, 2033 M Street NW., Washington, DC 20036.

Contact Person: Nuria E. Assa-Munt, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 4164, MSC 7806, Bethesda, MD 20892, (301) 451-1323; assamunu@csr.nih.gov.

Name of Committee: Cardiovascular and Respiratory Sciences Integrated Review Group; Cardiac Contractility, Hypertrophy, and Failure Study Section.

Date: October 7-8, 2014.

Time: 8:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Place: Marriott Wardman Park Washington DC Hotel, 2660 Woodley Road NW., Washington, DC 20008.

Contact Person: Olga A. Tjurmina, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 4030B, MSC 7814, Bethesda, MD 20892, (301) 451-1375, ot3d@nih.gov.

(Catalogue of Federal Domestic Assistance Program Nos. 93.306, Comparative Medicine; 93.333, Clinical Research, 93.306, 93.333, 93.337, 93.393-93.396, 93.837-93.844, 93.846-93.878, 93.892, 93.893, National Institutes of Health, HHS).

Dated: September 3, 2014.

David Clary,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2014-21467 Filed 9-9-14; 8:45 am]

BILLING CODE 4140-01-P

DEPARTMENT OF HOMELAND SECURITY

Federal Emergency Management Agency

[Docket ID FEMA-2014-0002; Internal Agency Docket No. FEMA-B-1440]

Proposed Flood Hazard Determinations

AGENCY: Federal Emergency Management Agency, DHS.

ACTION: Notice.

SUMMARY: Comments are requested on proposed flood hazard determinations, which may include additions or modifications of any Base Flood Elevation (BFE), base flood depth, Special Flood Hazard Area (SFHA) boundary or zone designation, or regulatory floodway on the Flood Insurance Rate Maps (FIRMs), and where applicable, in the supporting Flood Insurance Study (FIS) reports for the communities listed in the table below. The purpose of this notice is to seek general information and comment regarding the preliminary FIRM, and where applicable, the FIS report that the Federal Emergency Management Agency (FEMA) has provided to the affected communities. The FIRM and FIS report are the basis of the floodplain management measures that the community is required either to adopt or to show evidence of having in effect in order to qualify or remain qualified for participation in the National Flood Insurance Program (NFIP). In addition, the FIRM and FIS report, once effective, will be used by insurance agents and others to calculate appropriate flood insurance premium rates for new buildings and the contents of those buildings.

DATES: Comments are to be submitted on or before December 9, 2014.

ADDRESSES: The Preliminary FIRM, and where applicable, the FIS report for each community are available for inspection at both the online location and the respective Community Map Repository address listed in the tables below. Additionally, the current effective FIRM and FIS report for each community are accessible online through the FEMA Map Service Center at www.msc.fema.gov for comparison.

You may submit comments, identified by Docket No. FEMA-B-1440, to Luis Rodriguez, Chief, Engineering Management Branch, Federal Insurance and Mitigation Administration, FEMA, 500 C Street SW., Washington, DC 20472, (202) 646-4064, or (email) Luis.Rodriguez3@fema.dhs.gov.

FOR FURTHER INFORMATION CONTACT: Luis Rodriguez, Chief, Engineering Management Branch, Federal Insurance and Mitigation Administration, FEMA, 500 C Street SW., Washington, DC 20472, (202) 646-4064, or (email) Luis.Rodriguez3@fema.dhs.gov; or visit the FEMA Map Information eXchange (FMIX) online at www.floodmaps.fema.gov/fhm/fmx_main.html.

SUPPLEMENTARY INFORMATION: FEMA proposes to make flood hazard determinations for each community listed below, in accordance with section 110 of the Flood Disaster Protection Act of 1973, 42 U.S.C. 4104, and 44 CFR 67.4(a).

These proposed flood hazard determinations, together with the floodplain management criteria required by 44 CFR 60.3, are the minimum that are required. They should not be construed to mean that the community must change any existing ordinances that are more stringent in their floodplain management requirements. The community may at any time enact stricter requirements of its own or pursuant to policies established by other Federal, State, or regional entities. These flood hazard determinations are used to meet the floodplain management requirements of the NFIP and also are used to calculate the appropriate flood insurance premium rates for new buildings built after the FIRM and FIS report become effective.

The communities affected by the flood hazard determinations are provided in the tables below. Any request for reconsideration of the revised flood hazard information shown on the Preliminary FIRM and FIS report that satisfies the data requirements outlined in 44 CFR 67.6(b) is considered an appeal. Comments unrelated to the flood hazard determinations also will be considered before the FIRM and FIS report become effective.

Use of a Scientific Resolution Panel (SRP) is available to communities in support of the appeal resolution process. SRPs are independent panels of experts in hydrology, hydraulics, and other pertinent sciences established to review conflicting scientific and technical data and provide recommendations for resolution. Use of the SRP only may be exercised after FEMA and local communities have been engaged in a collaborative consultation process for at least 60 days without a mutually acceptable resolution of an appeal. Additional information regarding the SRP process can be found online at http://floodsrp.org/pdfs/srp_fact_sheet.pdf.

The watersheds and/or communities affected are listed in the tables below. The Preliminary FIRM, and where applicable, FIS report for each community are available for inspection

at both the online location and the respective Community Map Repository address listed in the tables. Additionally, the current effective FIRM and FIS report for each community are

accessible online through the FEMA Map Service Center at www.msc.fema.gov for comparison.

Community	Community map repository address
Mohave County, Arizona, and Incorporated Areas	
Maps Available for Inspection Online at: http://www.fema.gov/preliminaryfloodhazarddata	
City of Lake Havasu	City Hall, 2330 McCulloch Boulevard North, Lake Havasu City, AZ 86403.
Fort Mojave Indian Tribe	Fort Mojave Indian Reservation, 500 Merriman Avenue, Needles, CA 92363.
Unincorporated Areas of Mohave County	County Administration Building, 700 West Beale Street, Kingman, AZ 86401.
Kings County, California, and Incorporated Areas	
Maps Available for Inspection Online at: http://www.fema.gov/preliminaryfloodhazarddata	
City of Lemoore	Planning Department, 711 West Cinnamon Drive, Lemoore, CA 93245.
Unincorporated Areas of Kings County	Community Development Agency, 1400 West Lacey Boulevard, Building 6, Hanford, CA 93230.
Los Angeles County, California, and Incorporated Areas	
Maps Available for Inspection Online at: http://www.fema.gov/preliminaryfloodhazarddata	
City of Calabasas	City of Calabasas, 26134 Mureau Road, Suite 200, Calabasas, CA 91302.
City of Palos Verdes Estates	City of Palos Verdes Estates, 340 Palos Verdes Drive West, Palos Verdes Estates, CA 90274.
Unincorporated Areas of Los Angeles County	Los Angeles County Dept of Public Works, 900 S. Fremont Avenue, Alhambra, CA 91803.
Sacramento County, California, and Incorporated Areas	
Maps Available for Inspection Online at: http://www.fema.gov/preliminaryfloodhazarddata	
City of Sacramento	Department of Utilities, Engineering and Water Resources Division, 1395 35th Avenue, Sacramento, CA 95822.
Unincorporated Areas of Sacramento County	Municipal Services Agency, Department of Water Resources, 827 7th Street, Suite 301, Sacramento, CA 95814.
Sonoma County, California, and Incorporated Areas	
Maps Available for Inspection Online at: http://www.fema.gov/preliminaryfloodhazarddata	
City of Petaluma	Community Development Department, 11 English Street, Petaluma, CA 94952.
Unincorporated Areas of Sonoma County	Permit and Resource Management, 2550 Ventura Avenue, Santa Rosa, CA 95403.
Sutter County, California, and Incorporated Areas	
Maps Available for Inspection Online at: http://www.fema.gov/preliminaryfloodhazarddata	
Unincorporated Areas of Sutter County	Sutter County Water Resources Division, 1130 Civic Center Boulevard, Suite F, Yuba City, CA 95993.
Maui County, Hawaii, and Incorporated Areas	
Maps Available for Inspection Online at: http://www.fema.gov/preliminaryfloodhazarddata	
Unincorporated Areas of Maui County	County of Maui Planning Department, 2200 Main Street, Suite 315, Wailuku, HI 96793.
Kandiyohi County, Minnesota, and Incorporated Areas	
Maps Available for Inspection Online at: http://www.fema.gov/preliminaryfloodhazarddata	
City of Lake Lillian	City Hall, 531 Lakeview Street, Lake Lillian, MN 56253.
City of New London	City Hall, 20 First Avenue Southwest, New London, MN 56273.
City of Raymond	City Office, 208 Cofield Street, Raymond, MN 56282.
City of Regal	Mayor's Residence, 14465 293rd Avenue Northeast, Belgrade, MN 56312.
City of Spicer	City Hall, 217 Hillcrest Avenue, Spicer, MN 56288.
City of Willmar	City Office Building, 333 6th Street Southwest, Willmar, MN 56201.
Unincorporated Areas of Kandiyohi County	Kandiyohi County Office Building, 400 Benson Avenue Southwest, Willmar, MN 56201.

Community	Community map repository address
Alamance County, North Carolina, and Incorporated Areas	
Maps Available for Inspection Online at: http://www.fema.gov/preliminaryfloodhazarddata	
City of Burlington	City Hall, Engineering Department, 425 South Lexington Avenue, Burlington, NC 27215.
City of Graham	Planning Department, 201 South Main Street, Graham, NC 27254.
City of Mebane	Planning Department, 106 East Washington Street, Mebane, NC 27302.
Town of Elon	Town Hall, 104 South Williamson Avenue, Elon, NC 27244.
Town of Gibsonville	Planning Department, 129 West Main Street, Gibsonville, NC 27248.
Town of Green Level	Town Hall, 2510 Green Level Church Road, Green Level, NC 27215.
Town of Haw River	Town Hall, 403 East Main Street, Haw River, NC 27258.
Town of Ossipee	Ossipee Town Hall, 2608 Ossipee Front Street, Elon, NC 27244.
Town of Swepsonville	Town of Swepsonville, Alamance County Annex Building, Planning Department, 124 West Elm Street, Graham, NC 27253.
Unincorporated Areas of Alamance County	Alamance County Annex Building Planning Department, 124 West Elm Street, Graham, NC 27253.
Village of Alamance	Alamance Village Hall, 2874 Rob Shepard Drive, Burlington, NC 27215.
Chatham County, North Carolina, and Incorporated Areas	
Maps Available for Inspection Online at: http://www.fema.gov/preliminaryfloodhazarddata	
Town of Cary	Stormwater Services, Town Hall, 316 North Academy Street, Cary, NC 27513.
Town of Pittsboro	Planning Department, 635 East Street, Pittsboro, NC 27312.
Town of Siler City	Planning Department, 311 North Second Avenue, Room 301, Siler City, NC 27344.
Unincorporated Areas of Chatham County	Chatham County Planning Department, 80-A East Street, Pittsboro, NC 27312.
Orange County, North Carolina, and Incorporated Areas	
Maps Available for Inspection Online at: http://www.fema.gov/preliminaryfloodhazarddata	
Town of Carrboro	Planning Department, 301 West Main Street, Carrboro, NC 27510.
Town of Chapel Hill	Stormwater Management Program Office, 208 North Columbia Street, Chapel Hill, NC 27514.
Town of Hillsborough	Town Hall, 101 East Orange Street, Hillsborough, NC 27278.
Unincorporated Areas of Orange County	Orange County Planning Department, 306 East Revere Road, Hillsborough, NC 27278.
Philadelphia County, Pennsylvania, and Incorporated Areas	
Maps Available for Inspection Online at: http://www.fema.gov/preliminaryfloodhazarddata	
City of Philadelphia	Planning Commission Office, One Parkway, 13th Floor, 1515 Arch Street, Philadelphia, PA 19102.
Bennington County, Vermont (All Jurisdictions)	
Maps Available for Inspection Online at: http://www.fema.gov/preliminaryfloodhazarddata	
Town of Arlington	Town Clerk Building, 3828 Vermont Route 7A, Arlington, VT 05250.
Town of Bennington	Zoning Office, 205 South Street, Bennington, VT 05201.
Town of Dorset	Zoning Office, 112 Mad Tom Road, East Dorset, VT 05253.
Town of Landgrove	Town Hall, 88 Landgrove Road, Landgrove, VT 05148.
Town of Manchester	Planning and Zoning Office, 6039 Main Street, Manchester, VT 05255.
Town of Peru	Town Center, 402 Main Street, Peru, VT 05152.
Town of Pownal	Town Office, 467 Center Street, Pownal, VT 05261.
Town of Readsboro	Town Hall, 301 Phelps Lane, Readsboro, VT 05350.
Town of Rupert	Town Office, 187 East Street, West Rupert, VT 05776.
Town of Sandgate	Town Hall, 3277 Sandgate Road, Sandgate, VT 05250.
Town of Searsburg	Town Hall, 18 Town Garage Road, Searsburg, VT 05363.
Town of Shaftsbury	Cole Hall, 61 Buck Hill Road, Shaftsbury, VT 05262.
Town of Stamford	Town Hall, 986 Main Road, Stamford, VT 05352.
Town of Sunderland	Town Clerk's Office, 181 South Road, Sunderland, VT 05252.
Town of Winhall	Town Hall, 115 Vermont Route 30, Bondville, VT 05340.
Town of Woodford	Town Hall, 1391 Vermont Route 9, Woodford, VT 05201.
Village of Manchester	Village Office, 45 Union Street, Manchester, VT 05254.
Village of North Bennington	14 Prospect Street, North Bennington, VT 05257.

(Catalog of Federal Domestic Assistance No. 97.022, "Flood Insurance.")

Dated: August 22, 2014.

Roy E. Wright,

Deputy Associate Administrator for Mitigation, Department of Homeland Security, Federal Emergency Management Agency.

[FR Doc. 2014-21546 Filed 9-9-14; 8:45 am]

BILLING CODE 9110-12-P

DEPARTMENT OF HOMELAND SECURITY

U.S. Citizenship and Immigration Services

[OMB Control Number 1615-0030]

Agency Information Collection Activities: Application for Waiver of the Foreign Residence Requirement of Section 212(e) of the Immigration and Nationality Act, Form I-612; Revision of a Currently Approved Collection.

ACTION: 60-Day Notice.

SUMMARY: The Department of Homeland Security (DHS), U.S. Citizenship and Immigration Services (USCIS) invites the general public and other Federal agencies to comment upon this proposed revision of a currently approved collection of information. In accordance with the Paperwork Reduction Act (PRA) of 1995, the information collection notice is published in the **Federal Register** to obtain comments regarding the nature of the information collection, the categories of respondents, the estimated burden (i.e. the time, effort, and resources used by the respondents to respond), the estimated cost to the respondent, and the actual information collection instruments.

DATES: Comments are encouraged and will be accepted for 60 days until November 10, 2014.

ADDRESSES: All submissions received must include the OMB Control Number 1615-0030 in the subject box, the agency name and Docket ID USCIS-2008-0012. To avoid duplicate submissions, please use only one of the following methods to submit comments:

(1) *Online.* Submit comments via the Federal eRulemaking Portal Web site at www.regulations.gov under e-Docket ID number USCIS-2008-0012;

(2) *Email.* Submit comments to USCISFRComment@uscis.dhs.gov;

(3) *Mail.* Submit written comments to DHS, USCIS, Office of Policy and Strategy, Chief, Regulatory Coordination Division, 20 Massachusetts Avenue NW., Washington, DC 20529-2140.

SUPPLEMENTARY INFORMATION:

Comments

Regardless of the method used for submitting comments or material, all submissions will be posted, without change, to the Federal eRulemaking Portal at <http://www.regulations.gov>, and will include any personal information you provide. Therefore, submitting this information makes it public. You may wish to consider limiting the amount of personal information that you provide in any voluntary submission you make to DHS. DHS may withhold information provided in comments from public viewing that it determines may impact the privacy of an individual or is offensive. For additional information, please read the Privacy Act notice that is available via the link in the footer of <http://www.regulations.gov>.

Note: The address listed in this notice should only be used to submit comments concerning this information collection. Please do not submit requests for individual case status inquiries to this address. If you are seeking information about the status of your individual case, please check "My Case Status" online at: <https://egov.uscis.gov/cris/Dashboard.do>, or call the USCIS National Customer Service Center at 1-800-375-5283.

Written comments and suggestions from the public and affected agencies should address one or more of the following four points:

(1) Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

(3) Enhance the quality, utility, and clarity of the information to be collected; and

(4) Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses.

Overview of This Information Collection

(1) *Type of Information Collection:* Revision of a Currently Approved Collection.

(2) *Title of the Form/Collection:* Application for Waiver of the Foreign Residence Requirement of Section 212(e) of the Immigration and Nationality Act.

(3) *Agency form number, if any, and the applicable component of the DHS sponsoring the collection:* I-612; USCIS.

(4) *Affected public who will be asked or required to respond, as well as a brief abstract: Primary:* Individuals or households. This information collection is necessary and may be submitted only by an alien who believes that compliance with foreign residence requirements would impose exceptional hardship on his or her spouse or child who is a citizen of the United States, or a lawful permanent resident; or that returning to the country of his or her nationality or last permanent residence would subject him or her to persecution on account of race, religion, or political opinion. Certain aliens admitted to the United States as exchange visitors are subject to the foreign residence requirements of section 212(e) of the Immigration and Nationality Act (the Act). Section 212(e) of the Act also provides for a waiver of the foreign residence requirements in certain instances.

(5) *An estimate of the total number of respondents and the amount of time estimated for an average respondent to respond:* The estimated total number of respondents for the information collection I-612 is 1,300 and the estimated hour burden per response is .333 hours.

(6) *An estimate of the total public burden (in hours) associated with the collection:* The total estimated annual hour burden associated with this collection is 433 hours.

(7) *An estimate of the total public burden (in cost) associated with the collection:* The estimated total annual cost burden associated with this collection of information is \$159,250.

If you need a copy of the information collection instrument with instructions, or additional information, please visit the Federal eRulemaking Portal site at: <http://www.regulations.gov>. We may also be contacted at: USCIS, Office of Policy and Strategy, Regulatory Coordination Division, 20 Massachusetts Avenue NW., Washington, DC 20529-2140, Telephone number 202-272-8377.

Dated: September 2, 2014.

Laura Dawkins,

Chief, Regulatory Coordination Division, Office of Policy and Strategy, U.S. Citizenship and Immigration Services, Department of Homeland Security.

[FR Doc. 2014-21499 Filed 9-9-14; 8:45 am]

BILLING CODE 9111-97-P

August 2014 Unaudited Financial Statements

August 2014 Financial Dashboard

Total Assets

Asset Category	Asset Value
Current Assets	\$30,711,060
Receivables	\$120,053
Fixed Assets	\$34,180,291
Total assets	\$65,011,404

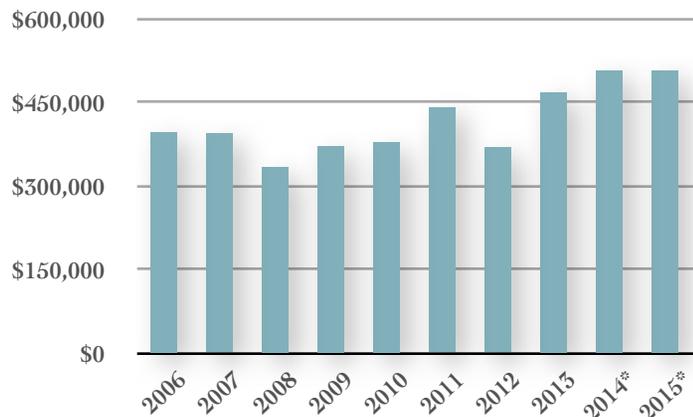
Total Liabilities & Fund Balances

Category	Value
Liabilities	\$241,935
Fund Balances	\$64,769,469
Total liabilities and fund balances	\$65,011,404

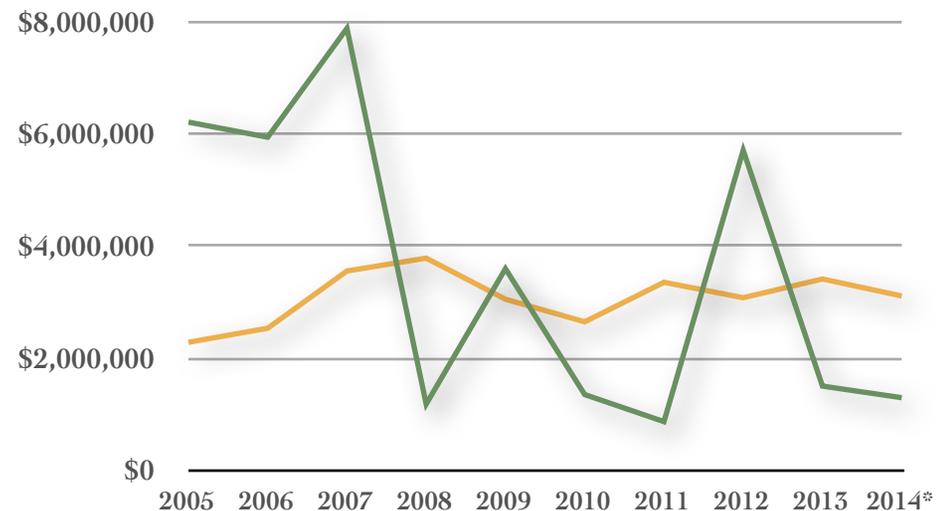
Total Revenue & Expenses

Category	Aug	YTD	2014B	2013A
Total Revenue	\$787,179	\$1,669,684	\$1,858,252	\$4,308,088
Total Expenses	\$667,653	\$1,473,231	\$3,517,808	\$3,422,505
Change in fund balance	\$119,526	\$196,453	-\$1,659,556	\$885,583

Water Costs



Revenue vs. Expenditures 2004 - 2014



— Revenue (non-Endowment only)
— Expenditures

* Estimated 2014 year-end and draft 2015 numbers.

The Natomas Basin Conservancy
Statement of Net Assets
Unaudited YTD - August 31, 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	329,167	-	-	-	-	124,185	453,352
PayPal Account	604	-	-	-	-	-	604
Investments - City of Sacramento	56,390	-	-	-	-	-	56,390
Investments - American Century Investments	1,500,106	-	500,016	-	-	-	2,000,122
Investments - Wells Fargo Investments	2,580,794	1,700,204	1,033,505	-	-	903,452	6,217,955
Investments - U.S. Bank	2,000,025	-	1,002,583	-	-	-	3,002,608
Investments - T. Rowe Price	-	-	-	16,297,433	2,682,595	-	18,980,028
Subtotal Cash	6,467,086	1,700,204	2,536,104	16,297,433	2,682,595	1,027,637	30,711,059
<i>Receivables:</i>							
Accounts Receivable ¹	29,720	18,571	11,289	-	-	24,051	83,631
Due from Other Funds	9,509	-	-	-	-	-	9,509
Prepaid Items	26,912	-	-	-	-	-	26,912
Subtotal Receivables	66,141	18,571	11,289	-	-	24,051	120,052
<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	6,676,286	1,718,775	36,584,625	16,297,433	2,682,595	1,051,688	65,011,402
LIABILITIES & FUND BALANCES							
<i>Liabilities ²</i>							
Accounts Payable	79,603	-	-	15,696	2,584	-	97,883
Accrued Vacation	54,081	-	-	-	-	-	54,081
Due to Other Funds / Conditional Deposits	1,000	-	-	-	-	88,971	89,971
Subtotal Liabilities	134,684	-	-	15,696	2,584	88,971	241,935
<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	-	-	-	6,940,645	-	-	6,940,645
Designated ⁵	1,218,382	-	2,308,080	-	-	-	3,526,462
Undesignated	5,180,161	1,718,775	239,313	-	2,680,011	962,717	10,780,977
Subtotal Fund Balances	6,541,602	1,718,775	36,584,625	16,281,737	2,680,011	962,717	64,769,467
Total Liabilities & Fund Balances	6,676,286	1,718,775	36,584,625	16,297,433	2,682,595	1,051,688	65,011,402

The Natomas Basin Conservancy
Statement of Activities
Unaudited YTD - August 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	-	-	-	-	-	-	-	155,919	0%	233,878
County of Sutter	-	-	-	-	-	-	-	-	0%	-
Other	-	-	-	-	-	-	-	33,333	0%	50,000
Rent Revenue	396,832	-	-	-	-	4,426	401,258	300,000	134%	450,000
Investment Income - Realized	13,090	15,955	12,238	190,222	32,428	9,794	273,726	500,543	55%	750,814
Investment Income - Unrealized	1,100	1,022	1,574	597,584	95,791	(6,379)	690,691	-	0%	-
Other / Reimbursement	101,036	-	-	-	-	202,973	304,009	249,040	122%	373,560
Total Revenue	512,057	16,976	13,811	787,806	128,219	210,814	1,669,684	1,238,835	135%	1,858,252
EXPENDITURES - PROGRAM										
Property Tax	132,147	-	-	-	-	-	132,147	138,701	95%	208,051
Water District & Drainage	149,247	-	-	-	-	-	149,247	257,954	58%	386,931
Property Maintenance	161,637	-	-	-	-	-	161,637	478,667	34%	718,000
Electricity	27,453	-	-	-	-	-	27,453	33,333	82%	50,000
Biological Monitoring	98,912	-	-	-	-	-	98,912	198,797	50%	298,196
Contract Work	276,455	-	-	-	-	495	276,950	562,711	49%	844,066
Subtotal Program	845,851	-	-	-	-	495	846,346	1,670,163		2,505,244
EXPENDITURES - ADMINISTRATION										
Staff & Staff Expenses	328,562	-	-	-	-	-	328,562	350,501	94%	525,751
Board Expense	3,500	-	-	-	-	-	3,500	6,667	52%	10,000
Office Lease	49,259	-	-	-	-	-	49,259	48,409	102%	72,613
Telecommunications	28,652	-	-	-	-	-	28,652	23,333	123%	35,000
Office Supplies	25,495	-	-	-	-	101	25,596	25,333	101%	38,000
Office Equipment	11,783	-	-	-	-	-	11,783	16,667	71%	25,000
Vehicle Expense	14,632	-	-	-	-	-	14,632	16,800	87%	25,200
Insurance	30,719	-	-	-	-	-	30,719	30,000	102%	45,000
Professional Services	70,590	-	-	-	-	5,639	76,229	87,333	87%	131,000
Fees and Taxes	20,449	-	-	30,705	5,048	1,752	57,953	70,000	83%	105,000
Subtotal Program	583,641	-	-	30,705	5,048	7,492	626,885	675,043		1,012,564
Total Expenditures	1,429,491	-	-	30,705	5,048	7,987	1,473,231	2,345,205	63%	3,517,808
Excess (deficiency) of revenues over (under) expenditures	(917,435)	16,976	13,811	757,101	123,171	202,827	196,453	(1,106,371)	-18%	(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	6,541,605	1,718,774	36,584,624	16,281,737	2,680,011	962,717	64,769,470			

Footnotes to August 31, 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	84
Wells Fargo - Investment Management Account	58,049
Wells Fargo - SAFCA NLIP	7,476
Total	83,631

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	962,718
Supplemental Mitigation (Land Acquisition)	
SAFCA Settlement - Huffman West	810,110
SAFCA Settlement - Atkinson	229,810
SAFCA Settlement - Natomas Farms	1,268,160
Total	3,270,798

The Natomas Basin Conservancy Cash Flow Projections ¹

OPERATING INCOME	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	Actual Jul	Actual 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	20,551	362,091	-	-	-	-	396,832	450,000
Admin - Investment income	11,023	12,478	11,491	(10,403)	(12,088)	(7,145)	2,772	4,962	11,076	11,076	11,076	11,076	57,392	132,906
Admin - Marketable securities	(7,172)	(8,380)	(10,793)	13,011	17,273	2,569	(4,197)	(1,211)	-	-	-	-	1,100	-
Admin - Other & misc.	97,825	-	-	-	-	-	518	2,693	-	-	-	-	101,036	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	(448)	3,856	6,036	6,036	6,036	6,036	54,930	72,435
Total	114,285	9,078	4,875	8,790	10,120	4,107	19,196	372,391	241,417	17,112	17,112	17,112	835,595	929,646

USES OF CASH

Administration	68,635	68,298	111,101	76,972	27,966	81,309	64,778	69,013	82,297	82,297	82,297	82,297	897,261	987,564
Program	69,011	56,752	221,119	194,278	80,957	89,863	47,685	50,287	158,890	158,890	158,890	158,890	1,445,514	1,906,684
BKS North Course channel clearing	-	-	-	-	73,776	13,443	-	-	-	-	-	-	87,219	300,000
Total	137,645	125,050	332,221	271,250	182,699	184,615	112,463	119,300	241,187	241,187	241,187	241,187	2,429,993	3,194,248
Excess (deficiency) of revenue over expense	(23,360)	(115,972)	(327,345)	(262,460)	(172,578)	(180,509)	(93,267)	253,091	229	(224,076)	(224,076)	(224,076)	(1,594,398)	(2,264,602)

2014 Actual Cash Balance

Beginning cash balance (Operating)	11,694,419	11,671,059	11,555,087	11,227,741	10,965,281	10,792,703	10,612,194	10,518,927	10,772,018	10,772,247	10,548,172	10,324,096		
Ending cash balance (Operating)	11,671,059	11,555,087	11,227,741	10,965,281	10,792,703	10,612,194	10,518,927	10,772,018	10,772,247	10,548,172	10,324,096	10,100,021		

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	Actual Jun	Actual Jul	Actual 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	17,301	17,687	43,643	43,643	43,643	43,643	397,219	523,710
Endowment - Marketable securities	(242,566)	525,917	(183,127)	(76,583)	281,273	250,036	(253,741)	392,167	-	-	-	-	693,376	-
Restricted gifts, grants & related	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	(223,506)	543,868	(126,046)	(60,367)	326,012	282,650	(236,440)	409,854	103,217	43,643	43,643	43,643	1,150,169	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	18,587,647	18,997,501	19,100,718	19,144,360	19,188,003		
Ending cash balance (Restricted)	17,857,970	18,401,839	18,275,792	18,215,425	18,541,437	18,824,087	18,587,647	18,997,501	19,100,718	19,144,360	19,188,003	19,231,645		

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

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

Big events & issues-expense

- BKS, North Course, Phase IV

Surprise potential

- 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.



Proposed Draft 2015 Budget

September 25, 2014

The Natomas Basin Conservancy

Draft FY 2015 Budget

Budget line item information

I. Revenue			
Line item	Discussion	Proposed 2015	Projected FY 2014
Mitigation fees	Estimate five acres for City of Sacramento mitigation in 2015.	\$161,295	-
Mitigation fees	Estimate zero acres for Sutter County mitigation in 2015.	-	-
Mitigation fees	Estimate 50 acres for Metro Air Park mitigation in 2015.	\$1,612,950	-
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.	\$523,710	\$523,710
	<i>Endowment Fund</i> \$449,875		
	<i>Supplemental Fund</i> \$73,835		
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.	\$205,341	\$205,341
	<i>Administration Fund</i> \$132,906		
	<i>Restoration & Enhancement Fund</i> \$28,319		
	<i>Land Acquisition Fund</i> \$44,116		
Farm rent	Gross rent from farmable acres under contract. We are budgeting one-half the normal acreage leased due to anticipated water shortages.	\$226,419	\$450,000
Miscellaneous income	Gross rent from residences, SAFCA contract payments, various reimbursements, etc.	\$50,000	\$50,000
Total revenue		2,829,715	\$1,279,051
Gross operating income	HCP-related income and investment income from all funds with the exception of the Endowment Fund and the SAFCA funds.	\$1,999,245	\$225,000
Total non-fee revenue	Includes investment income, farm rent and miscellaneous income with the exception of the Endowment Fund and SAFCA funds.	\$451,419	\$675,000

The Natomas Basin Conservancy

Draft FY 2015 Budget

Budget line item information

II. Expenditures

Line item	Discussion	Proposed 2015	Projected 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 labor costs based on 2014 costs.	\$400,000	\$400,000
SSMP Preparation and Revision	Estimated amount for SSMP revision. May be a multi-year project.	\$150,000	\$50,000
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.	\$208,051	\$208,051
Water - RD 1000 and NCMWC	This 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), as well as, RD 1000 assessments that are approximately \$60,000. Conservancy farm tenants pay up to \$65.00/acre leased. Adjustments are made for marsh watering, fallow ground and winter water.	\$421,931	\$421,931
Property maintenance	General property maintenance items, including fences, signs, road maintenance, weed control, security and general repairs. This also includes; selected field leveling and estimated allowance for preserve access program	\$368,000	\$572,000
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 2015.	-	-
Land acquisition	No land acquisitions budgeted for 2015.	-	-
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%.)	\$374,062	\$365,000
Benefits, taxes and charges	Includes statutory wage payments, employment taxes (Social Security, Medicare, California Unemployment Insurance and Employment Training Tax) and benefits. Includes basic retirement plan and group health insurance plan (employer-sponsored health savings account with a high deductible health insurance plan). The retirement plan, Simplified Employee Pension-Individual Retirement Account, 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 at 13% of gross salary begins after completion of six months employment.	\$151,909	\$137,096
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

The Natomas Basin Conservancy

Draft FY 2015 Budget

Budget line item information

II. Expenditures (cont.)			
Line item	Discussion	Proposed 2015	Projected FY 2014
Office expense			
Rent	Includes basic office space at 2150 River Plaza Drive, Suite 460 (\$6,180 per month for 2,806 square feet).	\$74,158	\$72,613
Telecommunications	For basic telecommunications service, including telephone, internet connection, email and webhosting.	\$42,500	\$42,500
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.	\$22,000	\$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.	\$32,000	\$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.	\$103,233	\$101,391
Subtotal TNBC expenditures		\$3,031,740	\$3,115,478
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	\$69,160	\$343,560
SAFCA Projects	Less Non-HCP - SAFCA's Natomas Levee Improvement Project Management	(\$53,000)	(\$323,560)
Total expenditures		\$3,069,663	\$3,157,241
Total revenue over expenditures		(\$239,947)	(\$1,878,190)
Modified revenue over expenditures	This line excludes Endowment Fund investment income.	(\$689,822)	(\$2,328,065)

When Recorded Mail To:
Barbara Lang Betts
Attorney at Law
441 Sandburg Drive
Sacramento, CA 95819

10401

③
10411

AGREEMENT
MAY

AP 35-280-012

Agreement made on ~~XXXX~~ 30, 1990, between BERT A. BETTS and BARBARA LANG BETTS, husband and wife, of 441 Sandburg Drive, Sacramento, California, hereinafter BETTS, and SIERRA AQUAFARMS, INC., a California corporation, (formerly California Sunshine Fisheries, Inc.) of 9149 East Levee Road, Elverta, California 95626, hereinafter SIERRA AQUAFARMS

RECITALS

1. BETTS are the owners of or lease certain real property commonly known as 8701 E. Levee Road, Elverta, California 95626, in the Counties of Sutter and Sacramento, State of California, and more particularly described as follows;

PARCEL NO. One: The SOUTHWEST ONE-QUARTER of Section 12, Township 10 North, Range 4 East, M.D.B. & M.

PARCEL NO. 2: County of Sacramento, State of California, and particularly described as follows:

All those portions of Lots 34, 35, and 36, as shown on the "Official Map of Ardmore Heights, Sacramento County, California" recorded in the office of the County Recorder of Sacramento County, April 7, 1911, in Book 12 of Maps, Map No. 12, lying Southwest of the Southwesterly line of the right of way of the East Levee of Reclamation District No. 1000; and all that portion of Lot 37, as shown on the "Official Map of Ardmore Heights, Sacramento County, California", as aforesaid, lying Southwest of the Southwest line of the right of way of said levee; and all that portion of Lot 42, as shown on the "Official Map of Ardmore Heights, Sacramento County, California", as aforesaid lying West of the West line of the right of way of said levee; and all of Lots 38, 39, 40 and 41 as shown on the "Official Map of Ardmore Heights, Sacramento County, California".

Consisting of 178 acres more or less.

2. SIERRA AQUAFARMS is the owner of that certain real property commonly known as 9149 East Levee Road, Elverta, California 95626, in the Counties of Sutter and Sacramento, State of California, and more particularly described as follows:

PARCEL No. 1: All of that certain real property situated in the County of Sutter, State of California, described as follows, to wit:

Lot 89, as shown on that certain Map entitled "Map of Nathan Cousman Subdivision", filed in the office of the County Recorder of Sutter County, California, on May 4, 1982, in Book 3 of Surveys, page 108; and

PARCEL NO. 2: All of that certain real property situated in the County of Sacramento, State of California, described as follows, to wit:

All that portion of the Northwest one-quarter (N.W. 1/4) of the Southeast one-quarter (S.E. 1/4) of Section 12, in Township 10 North, Range 4 East, M.D.B. & M.

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lying West of the so-called "East Side Levee Right of Way" of Reclamation District No. 1000 conveyed by deed dated November 21, 1912, recorded December 20, 1912, in Book 367 of Deeds, at page 400, Sacramento County Records, executed by F. E. Fitzpatrick and South of the boundary line between the Counties of Sacramento and Sutter.

Consisting of 23 acres more or less.

SIERRA AQUAFARMS has developed an aqua farm for the production of sturgeon and desires the continuing drainage of approximately 600 gallons per minute originating from wells on its property and used by the fish aquaculture facility before leaving the property as well as drainage of surplus storm waters. The parties hereto had a Licensing Agreement commencing January 1, 1987 for three years permitting SIERRA AQUAFARMS to drain 400 gal/min from their facility over BETTS property to the Reclamation District #1000 ditch as well as storm water.

4. The parties desire a more permanent agreement for this continuous drainage so long as there is excess agricultural waters including water from the fish aquaculture facility of some 600 gallons per minute. In partial consideration of the agreements herein, by separate instrument BETTS have conveyed a Nonexclusive Easement for Drainage, a copy of which is attached hereto marked Exhibit "A" and made a part hereof.

IN ADDITION TO THE COVENANTS CONTAINED IN EXHIBIT A, THE PARTIES AGREE AS FOLLOWS:

1. SIERRA FARMS will discharge the drainage from the southwest corner of their Property at the north west corner of Lot 40 as shown on the "Official Map of Ardmore Heights", Sacramento County recorded April 7, 1911, in Book 12 of Maps, Map No. 12. At that point, BETTS can take the water unto Lot 40 for their use or allow it to flow west in the easement granted.

2. USE OF WATER. In return for granting the non-exclusive drainage easement, SIERRA AQUAFARMS gives BETTS full and free use of all water originating on their property and flowing from it so long as the easement is used by it to drain its fish aquaculture facilities. SIERRA AQUAFARMS does not guarantee the volume of water that will flow from the Property at any given time and retains the right to use a portion of their Property for agricultural purposes. Sierra Aquafarms retains the right to

discontinue the flow of water onto the property of Betts at any time upon 90 days notice to Betts or the successors in interest of Betts. Such discontinuance may be with respect to part or all of the water flowing onto the property of Betts and may be for any reason including without limitation the election of Sierra Aquafarms to discharge such water from its property through the levee into the public canal to the east of Sierra Aquafarms property. This Agreement shall also place no restriction on the right of Sierra Aquafarms to use all or a portion of such water for agricultural purposes on its property and such use for agricultural purposes shall not be construed as an abandonment or termination of the drainage easement described herein. Except with regard to matters described in the Grant of Non-Exclusive Drainage Easement related hereto involving hazardous wastes, Sierra Aquafarms disclaims any warranty, representation, or understanding concerning the quality of such water and its fitness for use for agricultural purposes.

3. **PRIORITY OF USE.** Water flowing from the SIERRA AQUAFARM property shall be used by BETTS, their successors and/or assigns on their property in the following order:

A. **PARCEL NO. 1:** All that real property in the County of Sacramento, State of California, described as follows:

The SOUTH ONE-HALF of the SOUTHWEST ONE-QUARTER of Section 12, Township 10 North, Range 4 East, M.D.B. & M.

B. **PARCEL NO. 2:** All that real property in the County of Sacramento, State of California, described as follows:

All those portions of Lots 34, 35, and 36, as shown on the "Official Map of Ardmore Heights, Sacramento County, California" recorded in the office of the County Recorder of Sacramento County, April 7, 1911, in Book 12 of Maps, Map No. 12, lying Southwest of the Southwesterly line of the right of way of the East Levee of Reclamation District No. 1000; and all that portion of lot 37, as shown on the "Official Map of Ardmore Heights, Sacramento County, California", as aforesaid, lying Southwest of the Southwest line of the right of way of said levee; and all that portion of Lot 42, as shown on the "Official Map of Ardmore Heights, Sacramento County, California", as aforesaid lying West of the West line of the right of way of said Levee; and all of Lots 38, 39, 40 and 41 as shown on the "Official Map of Ardmore Heights, Sacramento County, California".

C. **PARCEL NO. 3:** All that real property in the County of Sacramento, State of California, described as

1004 PART 434

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follows:

The NORTH ONE-HALF of the SOUTHWEST ONE-QUARTER of Section 12, Township 10 North, Range 4 East, M.D.B. & M.

4. **ADDITIONAL COMPENSATION.** In addition to the BETTS receiving the economic benefit of considerable volumes of free water and the possible economic benefit of maintenance and repair of the drainage ditch, SIERRA AQUAFARMS agrees that should BETTS decide to put recreational fish ponds on their property, SIERRA AQUAFARMS will use its considerable expertise in this area to provide, without charge, reasonable consulting services limited to 50 hours on design, stocking criteria, and maintenance of such ponds. These services are also limited to the first five (5) years after execution of this agreement. This provision excludes proprietary information and trade secrets on sturgeon or commercial fish production and does not obligate Sierra Aquafarms to assist or provide consulting services for activities which directly or indirectly compete with the activities of Sierra Aquafarms.

5. **RELINQUISHMENT OF RIGHT.** If SIERRA AQUAFARMS determines at any time that it will no longer utilize this easement for drainage from its facilities, it may terminate this agreement one year after the date having given written notice of termination to BETTS, their heirs, successors, and assigns, or such other date as is mutually agreeable. Such one year termination notice shall not be construed as limiting the right of Sierra Aquafarms to discontinue the flow of water upon 90 days notice as provided in Paragraph 2 above. Thereafter, SIERRA AQUAFARMS will quitclaim any and all rights granted for the discharge from their fish aquaculture facilities.

6. **SALE OF PORTION SIERRA AQUAFARMS.** In the event of a sale or grant of easement of part or all of the following described real property situated in the County of Sacramento, State of California, described as follows, to wit:

All that portion of the northwest one-quarter (N.W. 1/4) of the southeast one-quarter (S.E. 1/4) of Section 12, in Township 10 North, Range 4 East, M.D.B. & M. lying West of the so-called "East Side Levee Right of Way" of Reclamation District No. 1000 conveyed by deed dated November 21, 1912, recorded December 20, 1912, in Book 567 of Deeds, at page 400, Sacramento County Records, executed by F. A. Fitzpatrick and South of the

1354-135

boundary line between the Counties of Sacramento and Sutter.

while continuing to utilize the drainage easement attached hereto, SIERRA AQUAFARMS will attempt to negotiate the reservation of an easement for the drainage of the water from their facilities in order to continue to deliver said water to BETTS at the northwest corner of Lot 40 for use on their property in the order set forth in Paragraph 3, PRIORITY OF USE.

7. INTERPRETATION. All terms in this agreement, regardless of their number and gender, shall be construed to include the singular as well as the plural. Any other gender, masculine, feminine or neuter as the sense of this agreement may require, shall be the same as if such words had been fully and properly written in the required number and gender.

9. BINDING EFFECT. This agreement shall be binding on and shall inure to the benefit of the parties and their respective heirs, successors, or assigns.

Executed at Sacramento, California on the 30 day of March, 1990.

Bert A. Betts
BERT A. BETTS

Barbara Lang Betts
BARBARA LANG BETTS

SIERRA AQUAFARMS, INC. (formerly California Sunshine Fisheries, Inc.)
A California corporation

[Signature]
LEWART THORNOS, President

STATE OF CALIFORNIA)
(ss.
COUNTY OF SACRAMENTO)

On this 31st day of May, in the year 1990, before me, the undersigned, personally appeared BERT A. BETTS, and BARBARA LANG BETTS, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to this instrument, and acknowledged that they executed it.

In Witness Whereof I have hereto set my hand and official seal.

NOTARY SEAL

[Signature]
(Signature of Notary Public)



6

(Corporation)

STATE OF CALIFORNIA
COUNTY OF Sacramento

SS.

On May 30, 1990 before me, the undersigned, a Notary Public in and for said State, personally appeared Lennart Thorsros

known to me to be the President of the corporation that executed the within instrument,

known to me to be the persons who executed the within instrument on behalf of the corporation therein acknowledged to me that such corporation executed the instrument pursuant to a resolution of the board of directors.

WITNESS my hand and official seal.

Signature [Handwritten Signature]
Yvonne R. Wong
Notary Public - California



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GRANT OF NON-EXCLUSIVE DRAINAGE EASEMENT

Agreement made on May ____, 1990, between BERT A. BETTS and BARBARA LANG BETTS, husband and wife, of 441 Sandburg Drive, Sacramento, California, hereinafter called Grantors, and SIERRA AQUAFARMS, INC., a California corporation, (formerly California Sunshine Fisheries, Inc.) of 9149 East Levee Road, Elverta, California 95626, hereinafter called Grantee.

RECITALS

1. Grantors are the owners of certain real property commonly known as 8701 E. Levee Road, Elverta, California 95626, herein referred to as the Servient tenement, in the Counties of Sutter and Sacramento, State of California, and more particularly described as follows;

PARCEL NO. One: The SOUTHWEST ONE-QUARTER of Section 12, Township 10 North, Range 4 East, M.D.B. & M. EXCEPTING THEREFROM the SOUTHWEST ONE-QUARTER of the SOUTHWEST ONE-QUARTER of Section 12, Township 10 North, Range 4 East, M.D.B. & M.

PARCEL NO. 2: County of Sacramento, State of California, and particularly described as follows:

All those portions of Lots 34, 35, and 36, as shown on the "Official Map of Ardmore Heights, Sacramento County, California" recorded in the office of the County Recorder of Sacramento County, April 7, 1911, in Book 12 of Maps, Map No. 12, lying Southwest of the Southwesterly line of the right of way of the East Levee of Reclamation District No. 1000; and all that portion of Lot 37, as shown on the "Official Map of Ardmore Heights, Sacramento County, California", as aforesaid, lying Southwest of the Southwest line of the right of way of said levee; and all that portion of Lot 42, as shown on the "Official Map of Ardmore Heights, Sacramento County, California", as aforesaid lying West of the West line of the right of way of said levee; and all of Lots 38, 39, 40 and 41 as shown on the "Official Map of Ardmore Heights, Sacramento County, California".

Consisting of 138 acres more or less.

2. Grantee is the owner of that certain real property commonly known as 9149 East Levee Road, Elverta, California 95626, herein referred to as the dominant tenement in the Counties of Sutter and Sacramento, State of California, and more particularly described as follows:

PARCEL No. 1: All of that certain real property situated in the County of Sutter, State of California, described as follows, to wit:

Lot 89, as shown on that certain Map entitled "Map of Natomas Commons Subdivision", filed in the office of the County Recorder of Sutter County, California, on May 4, 1922, in Book 3 of Surveys, page 108; and

EXHIBIT A

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PARCEL NO. 2: All of that certain real property situated in the County of Sacramento, State of California, described as follows, to wit:

All that portion of the Northwest one-quarter (N.W. 1/4) of the Southeast one-quarter (S.E. 1/4) of Section 12, in Township 10 North, Range 4 East, M.D.B. & M. lying West of the so-called "East Side Levee Right of Way" of Reclamation District No. 1000 conveyed by deed dated November 21, 1912, recorded December 20, 1912, in Book 367 of Deeds, at page 400, Sacramento County Records, executed by F. E. Fitzpatrick and South of the boundary line between the Counties of Sacramento and Sutter.

Consisting of 23 acres more or less.

3. Grantee at Grantors' request has released an easement for drainage of excess agricultural water recorded January 20, 1965 in Book 5161, Page 236-238 of the Official Records of Sacramento County in exchange for the Grant of Easement herein.

IN CONSIDERATION OF THE MUTUAL COVENANTS SET FORTH HEREIN, THE PARTIES AGREE AS FOLLOWS:

1. **GRANT OF EASEMENT.** Grantors grant and convey to Grantee, its legal representatives, and assigns, a non-exclusive easement as described below.

2. **CHARACTER OF EASEMENT.** The easement granted in this instrument is appurtenant to the dominant tenement subject to extinguishment as set forth herein.

3. **DESCRIPTION OF EASEMENT.** The easement granted in this instrument is for the purpose of nonexclusive drainage from the dominant tenement of excess agricultural, including aquacultural, waters as well as excess storm waters.

4. **LOCATION OF EASEMENT.** The location of the easement is over a strip of land of the servient tenement in the County of Sacramento, State of California, more particularly described as follows, to wit:

The South five (5) feet of the North one-half of the Southwest one-quarter of Section 12, Township 10 North, Range 4 East, M. D. B. & M.; and

4. **MAINTENANCE OR REPAIRS.** Grantee, for Grantee, and its successors and assigns, covenants with Grantors, Grantors' heirs, successors and assigns that Grantee from time to time, and at all times hereafter, at its own cost and expense, will repair and maintain in a proper, substantial, and workmanlike manner, the above-described easement.

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It is expressly understood and agreed that SIERRA AQUAFARMS will have the right to enter onto and depart from the property described above for the purpose of maintaining, repairing, and keeping the ditch (or any subsequent pipeline laid) in usable condition at all times.

5. **CONVERSION TO PIPELINE.** When the property subject to the easement is converted from agricultural uses to residential, commercial, or industrial uses, BETTS, their successors or assigns, may require the drainage water to be placed in a pipeline of adequate size and placed at a depth to be determined by the then owner of said property to carry the drainage water from the south west boundary of SIERRA AQUAFARMS' property to the south west boundary of the North Half of Section 12 BETTS' property ending in the drainage canal. The expense of construction and maintenance of such pipeline would be borne by SIERRA AQUAFARMS; provided that such expense is reasonable and Sierra Aquafarms shall provide its prior written consent to the plans and specifications of installing such pipeline and the contractors chosen for performance of such work. Such consent shall not be unreasonably withheld.

6. **HAZARDOUS WASTES.** Grantee represents to the best knowledge of its corporate officers that in the ordinary course of Grantee's use of its Property for fish aqua culture and in the ordinary course of its use of the property for agricultural purposes, no hazardous wastes are, or have been, in any way generated, transported, recycled or otherwise handled on the property; no hazardous wastes or substances are, or have been, stored, treated, recycled or disposed of on the property; no hazardous substances, contaminants or pollutants are located on the Property or have been, or are, released into the environment from the Property. The term "hazardous wastes" or "hazardous wastes or substances" as those terms are used in this paragraph shall exclude from coverage those wastes or chemicals which are a normal byproduct of the fish aquaculture activity conducted on the property of Grantee or which are used in such fish aquaculture activity in compliance with all federal, state, and local statutes, regulations, and ordinances. The property

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contains no PCB's or asbestos; and no litigation has been brought or threatened, nor any settlements reached, by or with any parties alleging the presence, disposal, release or threatened release of any hazardous substances from the dominant tenement. This paragraph shall be limited to Grantee's use of the property only and shall not have the effect of imposing any such representations on successors in interest of grantee.

7. **INDEMNITY.** Grantee agrees to indemnify Grantors from any and all liability for injury to persons or property when such injury or damage results from, arises out of, or is attributable to any construction, maintenance or repairs undertaken pursuant to this agreement or the release of any hazardous substances.

8. **RESERVATION.** Grantors reserve unto themselves, their successors, and assigns the right at all times to make use of said right of way for drainage purposes for the Servient Tenement.

9. **DURATION OF EASEMENT.** This easement shall continue so long as the same may be reasonably necessary.

10. **EXTINGUISHMENT OF RIGHT.** This right is conditioned on the reasonable exercise thereof for the benefit of the dominant tenement, and in the event of a use for non-dominant purposes, or use other than outlined above otherwise injurious to the servient tenement, Grantors, their heirs, successors, and assigns, shall have the right to extinguish the easement.

Grantors shall provide Grantees sixty (60) days advance written notice of intent to extinguish the easement pursuant to the terms of this Paragraph. Such notice shall provide sufficient description of the grounds for such extinguishment and shall provide Grantee with an opportunity to cure or correct such grounds within said sixty (60) day period.

11. **INTERPRETATION.** All terms in this agreement, regardless of their number and gender, shall be construed to include the singular as well as the plural. Any other gender, masculine, feminine or neuter as the sense of this agreement may require, shall be the same as if such words had been fully and properly written in the required number and gender.

12. **BINDING EFFECT.** This agreement shall be binding on and shall inure to the benefit of the parties and their respective heirs, successors, or assigns.

Executed at Sacramento, California on the ___ day of May, 1990.

10401

BERT A. BETTS

BARBARA LANG BETTS

GRANTORS

SIERRA AQUAFARMS, INC. (formerly
California Sunshine Fisheries, Inc.)

By _____
LENNART THORNROS

GRANTEE

STATE OF CALIFORNIA)
(ss.
COUNTY OF SACRAMENTO)

On this _____ day of May, in the year 1990, before me, _____, personally appeared BERT A. BETTS, and BARBARA LANG BETTS, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to this instrument, and acknowledged that they executed it.

In Witness whereof I have hereto set my hand and official seal.

NOTARY SEAL

(Signature of Notary Public)

STATE OF CALIFORNIA)
(ss.
COUNTY OF SACRAMENTO)

On this _____ day of May in the year 1990, before me, _____ personally appeared LENNART THORNROS, who acknowledged himself to be the President and Chief Executive Officer of Sierra AquaFarms, Inc., (formerly California Sunshine Fisheries, Inc.) and he as such being authorized to do so executed the within instrument for the purposes therein contained, by signing the name of the corporation by himself as President and CEO.

In witness whereof I have hereto set my hand and official seal.

NOTARY SEAL

(Signature of Notary Public)

OFFICIAL RECORDS
SUTTER COUNTY, CA.
RECORD REQUESTED BY
NORTH STATE TITLE COMPANY
JUN 1 PM 3 38
LONNA B. SMITH
COUNTY RECORDER
BOOK 137 PAGE 432 FEE \$25.00

10101-112

Executive Director's Report



t h e
NATOMAS
BASIN
c o n s e r v a n c y



State of California – The Natural Resources Agency
DEPARTMENT OF FISH AND WILDLIFE
North Central Region
1701 Nimbus Road
Rancho Cordova, CA 95670
916-359-2900
www.wildlife.ca.gov

EDMUND G. BROWN, Jr. Governor
Charlton H. Bonham, Director



September 8, 2014

The Natomas Basin Conservancy
Attn: John Roberts
2150 River Plaza Dr., Suite 460
Sacramento, CA 95833

City of Sacramento
Attn: Scot Mende
300 Richards Blvd., 3rd floor
Sacramento, CA 95811

Sutter County Development Services
Attn: Danelle Stylos
1130 Civic Center Blvd, Suite A
Yuba City, CA 95993

Dear Mr. Roberts, Mr. Mende, and Ms. Stylos:

The California Department of Fish and Wildlife (Department) would like to address the potential effects of future projects proposed outside of the Planned Development Area of the Natomas Basin Habitat Conservation Plan (NBHCP) and its current State and federal permits.

According to the *Implementation Agreement for the Natomas Basin Habitat Conservation Plan* (IA)(Definitions, Section 4, Page 29), development projects proposed outside of the Planned Development Area in the Natomas Basin's 17,500 acre area "...will not be covered under the respective incidental take permits, and will trigger a reevaluation of impacts to and mitigation for biological and other resources in the Natomas Basin and amendment of the NBHCP and the incidental take permits or development of a new HCP and issuance of new incidental take permits to address such impacts and mitigation as appropriate".

In order for the Department to issue or amend an existing Incidental Take Permit (ITP), the Department must comply with the California Environmental Quality Act (CEQA), and rely on the CEQA analysis to issue project findings. The analysis under CEQA must evaluate those impacts to and provide mitigation for the biological resources in the Natomas Basin as a result of the proposed project. The CEQA evaluation should also analyze the effects of the proposed project to the NBHCP and existing permits (as stated above).

Conserving California's Wildlife Since 1870

Furthermore, in order to issue or amend an existing ITP, the Department must do so in accordance with Fish and Game Code (FGC) Section 2081 which states:

1. The take is incidental to an otherwise lawful activity;
2. The impacts of the authorized take shall be minimized and fully mitigated;
3. The permit must be consistent with any regulations adopted pursuant to FGC Sections 2112 and 2114; and
4. The applicant shall ensure adequate funding to implement the measures required under the permit to minimize and fully mitigate the impacts of the taking, and to monitor compliance and effectiveness.

We look forward to further discussions on this matter. If you have questions, please contact Amy Kennedy, Environmental Scientist (Specialist) at 916-358-2842 or Amy.Kennedy@wildlife.ca.gov.

Sincerely,

For

Tina Bartlett
Regional Manager

ec: Jeff Drongesen, CDFW, Jeff.Drongesen@wildlife.ca.gov
Isabel Baer, CDFW, Isabel.Baer@wildlife.ca.gov
Kellie Berry, USFWS, Kellie_Berry@fws.gov
Ken Sanchez, USFWS, Kenneth_Sanchez@fws.gov
Jennifer Norris, USFWS, Jennifer_Norris@fws.gov

[Back to Articles](#)

Audit Firm Rotation vs. Audit Partner Rotation

The Public Company Accounting Oversight Board (PCAOB) recently requested comment on whether audit firm rotation would improve the quality of audits. Currently, public companies are required to rotate engagement partners every five years; there is no requirement in the U.S. to rotate audit firms. While non public companies and non-profit organizations are not required to rotate audit firms or audit engagement partners, they need to think about the quality of their audits.

First, a little background on PCAOB, audit firm and audit partner rotation – and then some information on how non-profits can help ensure a sound audit.

Congress established the PCAOB, a non-profit corporation, to oversee the audits of public companies to help protect investors and the public interest by promoting informative, accurate, and independent audits. Apparently, its concern is that long-term relationships with audit firms may create problems with objectivity or independence (even though the audit engagement partner is rotated every five years). As expected, the large accounting firms, the American Institute of Certified Public Accountants (AICPA) and several large corporations and non-profit organizations came out against an audit firm rotation requirement. A large accounting firm (Ernst & Young) believes that mandatory rotation would come at a great expense to audit quality.

Studies have shown that audit failures come at a much higher rate during the first three years of an audit engagement, indicating a significant learning curve in the first three years of the engagement for the external auditor, especially with large public companies. The AICPA opposes mandatory rotation due to costly and unintended consequences. It believes that mandatory rotation would hinder the ability of the audit committees to oversee external auditors. The AICPA believes



that audit committees should be further strengthened and encouraged to take a more proactive role in overseeing the independent auditor, which would include selecting (or retaining) the most qualified firm for the job. In a letter co-signed by 31 large public companies and large non-profit organizations, they believed that mandatory firm rotation, if implemented, would harm corporate governance, reduce audit quality, diminish the role of audit committees, increase the incidence of undetected fraud and increase costs. Even the PCAOB recognized that mandatory firm rotation would represent a significant change in practice and would increase costs and cause disruptions for companies and external auditors. Former SEC Chairman Richard

Breedon favors a system of rotation (10-12 years), but with an opportunity for extension if a PCAOB inspection indicates that there is no loss of independence. Former U.S. Comptroller General Charles Bowsher suggested implementing a system of rotation that would be limited to 25 to 40 of the very large companies. His argument: the cost issue related to rotation would be diminished by the very large budgets of these companies.

So, as the debate continues in the large public company world, what should the non public companies and non-profit organizations consider to ensure that they obtain quality audits?

1. A quality audit starts within the organization. An organization should strive to use qualified accounting professionals who prepare periodic financial statements for review by the board of

directors (BOD). The organization should have strong internal controls and adequate segregation of duties.

2. Budgets. An organization needs to prepare budgets that are reviewed and approved by the BOD. Results need to be reported and compared to budget and variances need to be explained and understood.
 3. Audit committee. Organizations should consider forming audit committees that hire and communicate with the outside auditor.
 4. External auditor. The organization should hire an auditor that is well-qualified and has experience in the organization's industry. The firm should be right-sized. A small, local firm is not well qualified to audit a large, public company. Also, a large national firm may not give a small client the proper attention it needs to provide good value to the organization.
 5. Partner rotation. As discussed above, public companies are required to rotate partners every five years. The AICPA believes that this procedure provides the necessary "fresh look" to ensure objectivity. Non public companies and non-profit organizations are not required to rotate partners, but may want to consider the benefits of this process for their organizations.
-



SUTTER COUNTY

DEVELOPMENT SERVICES DEPARTMENT

Building Inspection
Code Enforcement

Planning
Environmental Health

Fire Services
Engineering

Road Maintenance
Water Resources

RECEIVED

AUG 25 2014

August 22, 2014

NOTICE OF PUBLIC HEARING

Notice is given that at **6:00 p.m. on Tuesday, September 9, 2014**, in the **Sutter County Supervisors Chambers, Hall of Records Building, 466 Second Street, Yuba City, CA**, the Sutter County Board of Supervisors will hold a public hearing on the following:

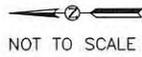
Authorization to establish new Williamson Act contracts including reduction of property tax benefits and a related reduction of the term of the contracts to nine (9) years, to be effective beginning calendar year 2015.

Copies of the, staff report and supporting materials will be available for public review or purchase at the Development Services Department, 1130 Civic Center Boulevard, Suite A, Yuba City, CA, beginning at 12:00 Noon on the Friday before the meeting. All interested parties are invited to attend and express their opinions or provide written comments before the hearing. If you challenge the proposed project in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the Board of Supervisors at, or prior to, the public hearing.

Doug Libby, AICP
Principal Planner

P:\Planning\Projects\Williamson Act\AB 1265 2014\1st notice_owners.docx

S:\1415-00\0001\VIDEO\AD\DR\Y\sherman\1_Lake\Natomas\Natomas Farms Recirc Ditch Drainage Plan.dwg Aug 27, 2014 8:51am



NOT TO SCALE



Mead & Hunt, Inc.
180 Promenade Circle,
Suite 240
Sacramento, CA 95834
916.971.3961
fax: 916.971.0578

www.meadhunt.com

SACRAMENTO AREA FLOOD CONTROL AGENCY

THE NATOMAS BASIN CONSERVANCY
NATOMAS FARMS RECIRCULATION DITCH

DATE
AUG 2014

FIGURE
1

SIERRA NATIONAL CONSTRUCTION
GENERAL ENGINEERING AND BUILDING CONTRACTORS

5433 El Camino Ave., Suite 4 • Carmichael, CA 95608 • (916) 481-6792 • Fax (916) 482-2207 • Lic. No. 464549



Sacramento River East Levee

Project Site Finish Grading Work

Lay Plan for Natomas March

Sierra National Construction, (SNC) plans to begin work at the Natomas March on or about August 20, 2014. Prior to any work crews will mow the existing vegetation to within 6" of ground. Under the supervision of AECOM a high visibility fence will be installed approximately 10 feet from the marsh tules to allow for the maximum working area. The pipe excavation will average approximately 7.5 feet, with the deepest section approximately 8.5 feet. SNC will use a CAT 320 excavator to dig the pipe trench using a 48" bucket. The trench will be benched at 4 feet then sloped at a 2:1, the trench will be approximately 12 feet in width (see attached). SNC will install 543 feet of 18 inch pipe beginning at ST: 7+34 and lay up stream, it is anticipated crews will install approximately 200 to 300 feet per day. In the event ground water is encountered crews will pump the water into a Reed & Graham sediment bag to control and discharged into the roadside ditch or back into the marsh. Where existing pipes are below water level crews will insert pneumatic plugs to prevent water from entering work area. Crews will backfill 6 inches above the pipe as they lay the pipe, the remaining trench may stay open until backfilled with native soil the following day, with the exception of the areas the require CLSM. At the end of the work day the equipment will be parked in a position to protect the public from accidentally entering the work area. The pipe installation will take approximately 3 days. SNC will then install the structures and place the CLSM; this work is scheduled to be completed in 3 days. After the CLSM has cured the trench will be backfilled with native soil and the property restored to original condition.

SNC will store the sand bedding and pipe on site in the work easement or as indicated on the attached drawing.

TNBC- Natomas Farms Marsh Outlet Pipe Work Plan.

1. There was no mention of first checking for any existing underground utilities on the site. Maybe USA should be dispatched to confirm? Or some other satisfactory arrangement? Or maybe this is not of concern due to other information?

Will be requesting from SNC revised work plan.

2. The County of Sacramento holds an easement in this area, and I suspect Reclamation District 1000 does as well. Should a surveyor or some other person check all easements and make sure none are being violated? I don't believe so, but don't know enough about the project and powers of SAFCA as a public agency to fully understand if this is important or not.

Response: *The pipeline is outside of the County's road right of way and other RD 1000 or NCMWC easements.*

3. Reference is made to discharging any seepage water, after filtering, into the ditch along Del Paso or the marsh. Just hope this is consistent with the SWPPPs permit, and wonder if you should check it for compliance before discharging any seepage water.

Will be requesting from SNC revised work plan.

4. It is essential that no water be placed back in the marsh with sediment in it (I see the reference to Reed & Graham sediment bags). Or if its chemical nature or temperature has been changed substantially. I suspect there would be ESA act (state and federal) covering that.

Will be requesting from SNC revised work plan.

5. When the job is finished, it is important that the fill be slightly higher than grade so that as settling occurs over time, we don't end up with a trench that collects precipitation and makes passage messy and rutted. Where there is road base, road base should be added, compacted and smoothed so that it doesn't later separate from the incumbent, existing road base and surface, and where the trench is off the all-weather road, topsoil that was saved from the initial excavation should be returned (this is important) and then smoothed so that late this fall, you can re-seed with native grass (must be native; this is required) and watered unless rainfall is sufficient to keep it viable. There must be post-trenching care provided for where this seeding is done.

Response: *The pipeline trench will be restored to the pre-project elevation, and crowned to maintain the existing drainage pattern. The pipeline trench will be compacted to a minimum of 95% of the maximum dry density, which is the standard requirement for roadway construction. The existing gravel road surfacing will be removed, stockpiled, and replaced following trench backfill.*

6. Should permanent underground utility signs be placed at the beginning and end of the pipeline after the project is completed?

Response: *Underground utility signs are not included in the construction contract. The pipeline alignment is straight, and each end of the pipeline is visible, so we do not believe that warning signs are warranted.*

7. I presume that all the biological aspects of this are being handled separately, that is, any and all necessary permits and consultations with authorities, and there will be a biologist on-site to inspect and report, etc.

Will be requesting from SNC revised work plan.

8. A small pile of road base should be left on site to help fill in any differential settling later.

Response: *The amount of aggregate road base that will be encountered in the pipeline trench is unknown. The contractor's performance bond provides a 1 year warranty against post-acceptance issues. SAFCA and TNBC should schedule a walk-through prior to the 1-year anniversary to review the site and see if any repairs are needed.*

9. We are hopeful the Conservancy could be contacted the day prior to actual project initiation so that we can be alert to any concerns that may arise.

Will be requesting from SNC revised work plan.

10. Where you are going to do the work, you should mark the path of the project with stakes or whisker tags so that we can see the path prior to the work being done. It really helps all of us to visualize the project with some markings.

Response: *The Agency's surveyor will mark the pipeline alignment.*

11. Where are you going to side cast trenched soil? Will this be controlled or will it be allowed to migrate north (into roadside ditch) or south (into marsh)? How will it be contained, if necessary (we think it is).

Will be requesting from SNC revised work plan.

12. Inspect each day for snakes that might fall into the trench so that it can be recovered. We find when we do projects of this nature, they can fall into these types of trenches and then hide beneath pipes, both pipes in the trench and pipes near the ditch that haven't yet been placed. Each morning, also inspect motors of equipment (worker environmental training should cover this) for GGS that seek warmth overnight.

Will be requesting from SNC revised work plan.

13. Sure wish the pipe size was 24-inch instead of 18-inch in the event of clogging and need for repair later. Those clogs are frequent in the marsh environment as tule clumps separate and get discharged. When they are exposed to daylight, they are easy to remove. When they are in an 18-inch pipeline, they are very difficult and expensive to remove.

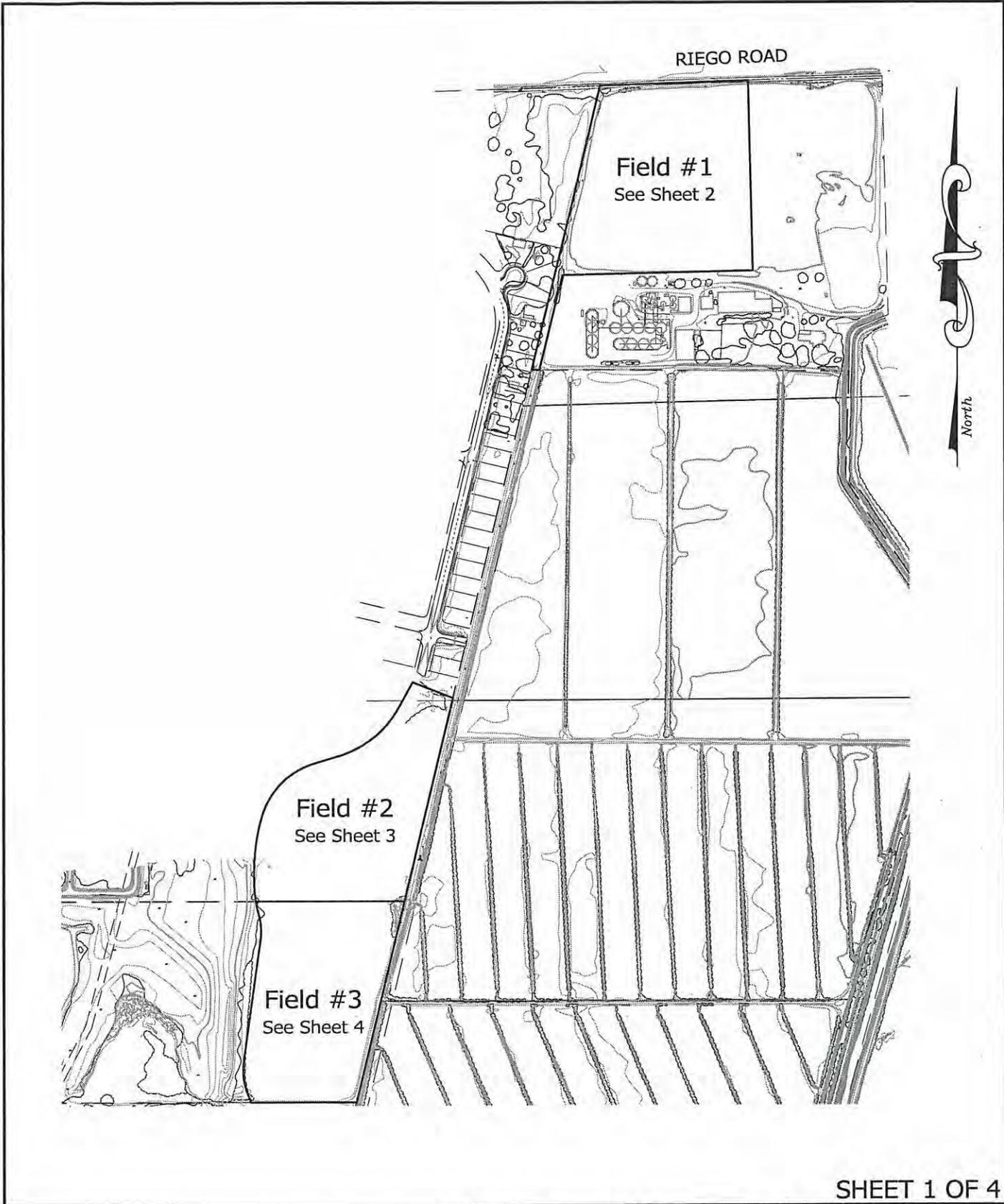
Response: *The 18-inch pipeline matches the size of the existing marsh drainage culverts. A trash rack will be installed at the inlet of the new pipeline to help limit the amount of debris entering the pipeline.*

14. You will be cutting into the Conservancy's containment berm. This will reduce the integrity of that structure. Please consider trench failure. And when back filled, please consider that water heads north in the direction of the trench, there is a major road on the other side of it (the Airport and Sacramento County have designated Del Paso as an alternative route for airport access and plan to widen it long term) and so we beefed it up to make sure water remained impounded. I didn't see mention in the plans about care taken to replace the soil in the trench in a manner that preserves the integrity of the larger berm structure itself. For example, will you be mixing the soil, blending it so that we don't get weak and strong layers stratified in the trench? Will you use a sheepsfoot roller or how will it be compacted?

Response: *The pipeline trench will be backfilled with excavated material in maximum of 6 inch lifts, moisture conditioned and compacted to a minimum of 95% of the maximum dry density,*

which is the standard requirement for roadway construction. During the excavation, stockpile and re-compaction process, the material is thoroughly mixed. See also response to Item 5 above.

DRAFT



SHEET 1 OF 4



BAKER-WILLIAMS ENGINEERING GROUP
 Engineering / Surveying / Land Planning / Entitlement Processing / GPS Services
 6020 Rutland Drive, Suite 19 - Carmichael CA 95608
 (916) 331-4336 - fax (916) 331-4430 - office@bwengineers.com

SCALE: 1" = 600'

JOB #: 03-06-070

DATE: Aug., 2014

FIELD EXHIBIT
**PORTION OF THE
 ATKINSON TRACT**
 SUTTER COUNTY, CALIFORNIA



SHEET 2 OF 4



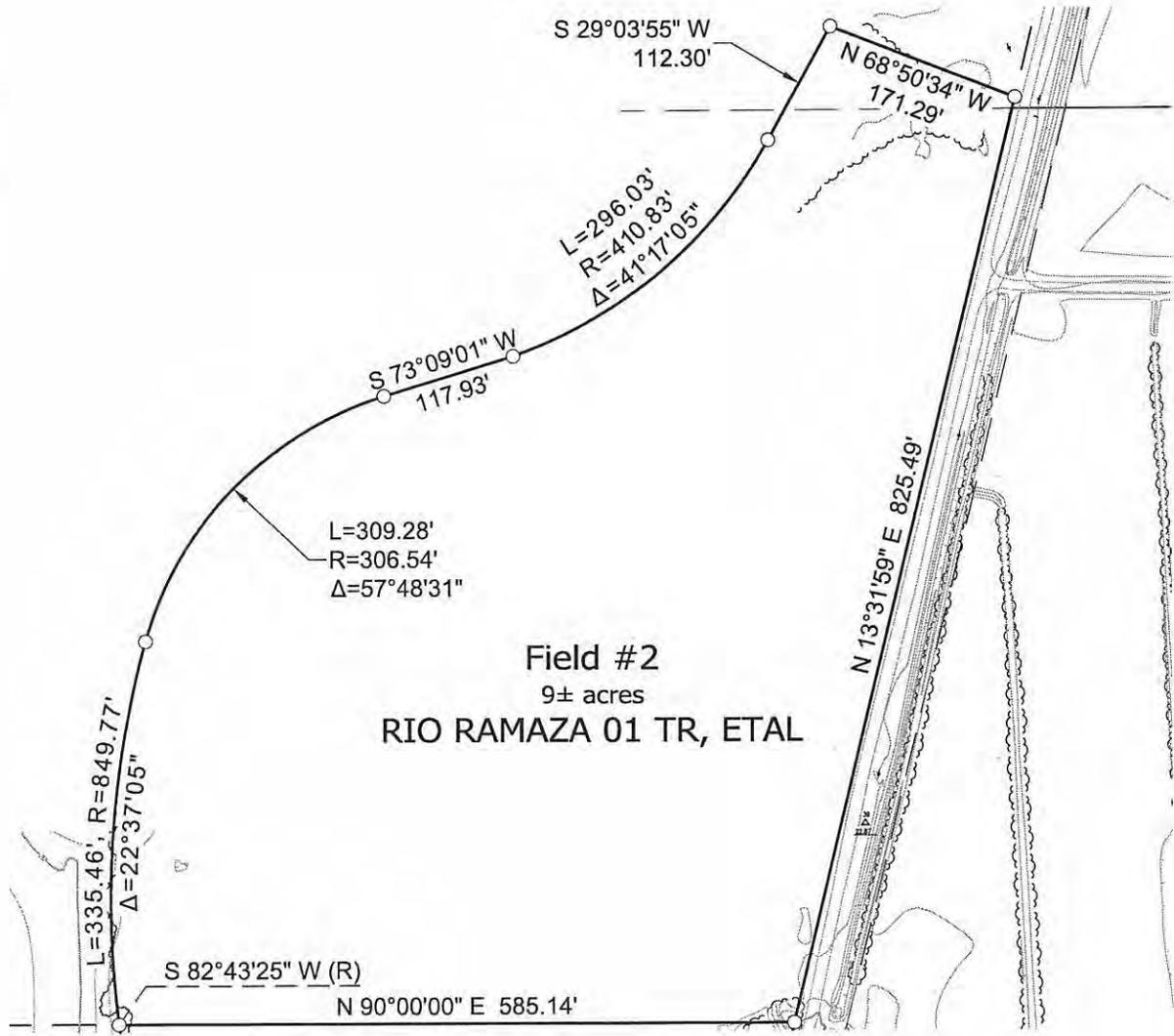
BAKER-WILLIAMS ENGINEERING GROUP
 Engineering / Surveying / Land Planning / Entitlement Processing / GPS Services
 6020 Rutland Drive, Suite 19 - Carmichael CA 95608
 (916) 331-4336 - fax (916) 331-4430 - office@bwengineers.com

SCALE: 1" = 200'

JOB #: 03-06-070

DATE: Aug., 2014

FIELD EXHIBIT
**PORTION OF THE
 ATKINSON TRACT**
 SUTTER COUNTY, CALIFORNIA



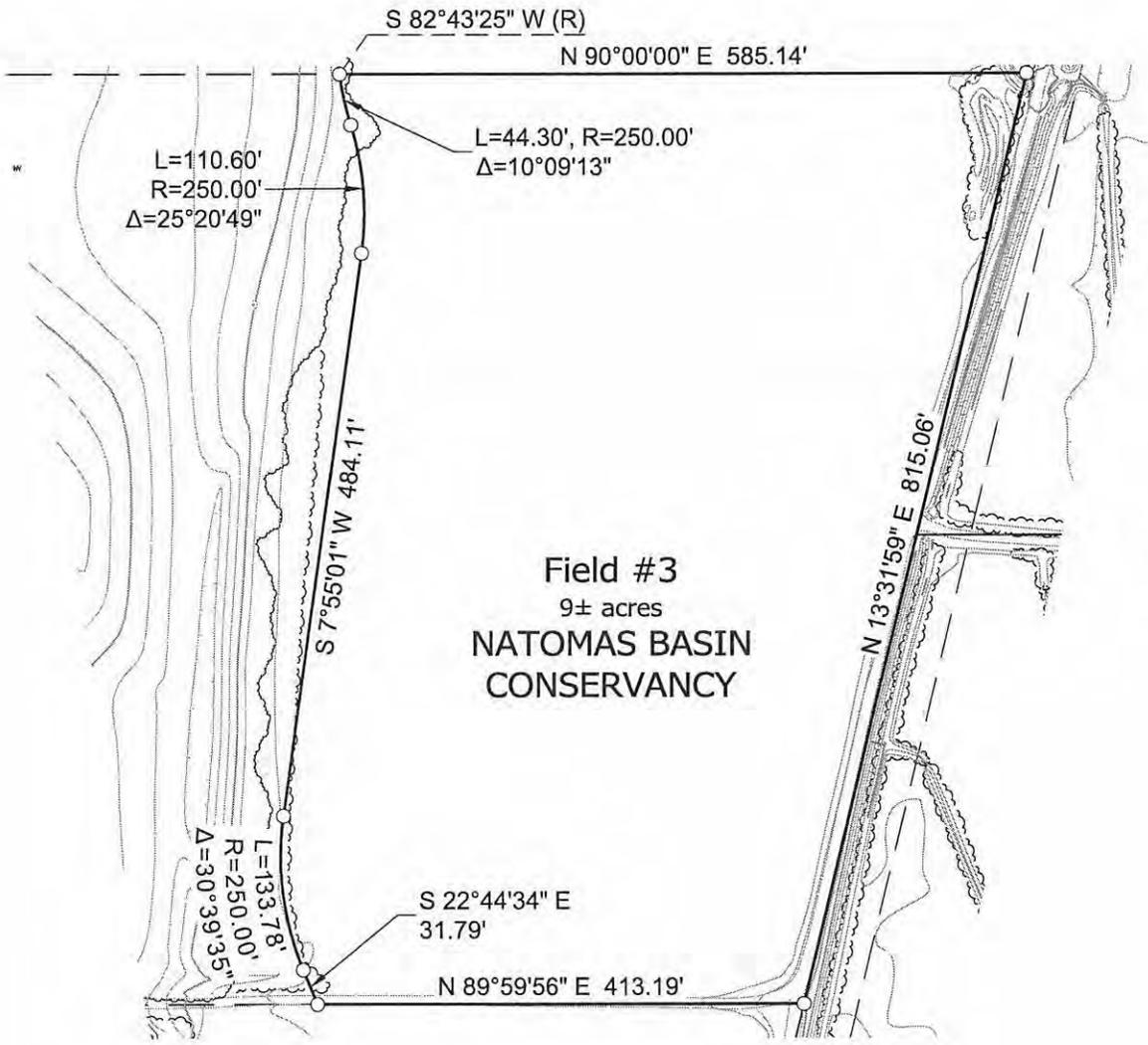
Field #2
 9± acres
 RIO RAMAZA 01 TR, ETAL

SHEET 3 OF 4

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 6020 Rutland Drive, Suite 19 - Carmichael CA 95608
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SCALE: 1" = 200'
 JOB #: 03-06-070
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FIELD EXHIBIT
**PORTION OF THE
 ATKINSON TRACT**
 SUTTER COUNTY, CALIFORNIA



Field #3
9± acres
NATOMAS BASIN
CONSERVANCY

SHEET 4 OF 4

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SCALE: 1" = 200'
JOB #: 03-06-070
DATE: Aug., 2014

FIELD EXHIBIT
PORTION OF THE
ATKINSON TRACT
SUTTER COUNTY, CALIFORNIA



What's in the 2014 Farm Bill for Farm Service Agency Customers

The Agricultural Act of 2014 (the Act), also known as the 2014 Farm Bill, was signed by President Obama on Feb. 7, 2014. The Act repeals certain programs, continues some programs with modifications, and authorizes several new programs administered by the Farm Service Agency (FSA). Most of these programs are authorized and funded through 2018.

OVERVIEW

The Direct and Counter-Cyclical Program and the Average Crop Revenue Election program are repealed and replaced by two new programs: Price Loss Coverage (PLC) and Agricultural Risk Coverage (ARC). Upland cotton is the only covered commodity that is no longer eligible to participate in these programs, but rather, becomes eligible for the new Stacked Income Protection Plan (STAX) offered by the Risk Management Agency (RMA). Until STAX becomes available, upland cotton is eligible for transition payments made by FSA for 2014 and 2015 crops.

The Marketing Assistance Loan program and sugar loans continue mostly unchanged. The Milk Income Loss Contract Program continues through Sept. 1, 2014, unless it is replaced by the Dairy Margin Protection Program prior to that date.

The Conservation Reserve Program (CRP), USDA's largest conservation program, continues through 2018 with an annually decreasing enrolled acreage cap. The contract portion of the Grassland Reserve Program enrollment has been merged with CRP. The Biomass Crop Assistance Program is extended and funded at \$25 million per year.

The Noninsured Crop Disaster Assistance Program has been expanded to include protection at higher coverage levels, similar to buy-up provisions offered under the federal crop insurance program. The Livestock Forage Disaster Program, the Livestock Indemnity Program, the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish, and the Tree Assistance Program are continued, with modifications starting in October 2011, and succeeding years. The Supplemental Revenue Assistance Program (SURE), which covered

losses through Sept. 30, 2011, is not reauthorized.

The credit title of the Act continues and improves the direct and guaranteed loan programs that provide thousands of America's farmers and ranchers the opportunity to obtain the credit they need to begin and continue their operations. The changes in the Act provide FSA greater flexibility in determining eligibility including expanded definitions of eligible entities, years of experience for farm ownership loans, and allowing youth loan applicants from urban areas to access loans. FSA's popular microloan and down payment loan programs, important to furthering the Administration's objective of assisting beginning farmers, have been improved by raising loan limits and emphasizing beginning and socially disadvantaged producers. The Act also provides greater enhancements for lenders to participate in the guaranteed conservation loan program and eliminates term limits for the guaranteed operating program, allowing farmers and ranchers the opportunity for continued credit in cases where financial setbacks may have prevented them from obtaining commercial credit.

ADJUSTED GROSS INCOME

Adjusted gross income (AGI) provisions have been simplified and modified. Producers whose average AGI exceeds \$900,000 are not eligible to receive payments or benefits from most programs administered by FSA and the Natural Resources Conservation Service (NRCS). Previous AGI provisions distinguished between farm and non-farm AGI.

PAYMENT LIMITATIONS

The total amount of payments received, directly and indirectly, by a person or legal entity (except joint ventures or general partnerships) for Price Loss Coverage, Agricultural Risk Coverage, marketing loan gains, and loan deficiency payments (other than for peanuts), may not exceed \$125,000 per crop year. A person or legal entity that receives payments for peanuts has a separate \$125,000 payment limitation.

Cotton transition payments are limited to \$40,000 per year. For the livestock disaster programs, a total \$125,000 annual limitation applies for payments under the Livestock Indemnity Program, the Livestock Forage Program, and the Emergency Assistance for Livestock, Honey Bees and Farm-Raised Fish program. A separate \$125,000 annual limitation applies to payments under the Tree Assistance Program.

ACTIVELY ENGAGED IN FARMING

Producers who participate in the Price Loss Coverage or Agricultural Risk Coverage programs are required to provide significant contributions to the farming operation to be considered as "actively engaged in farming." The Act requires the Secretary to promulgate regulations to define "significant contribution of active personal management" as part of this determination.

COMPLIANCE

The Act continues to require an acreage report for all cropland on the farm. The acreage report is required to be eligible for Price Loss Coverage; Agriculture Risk Coverage; transition assistance for producers of upland cotton; marketing assistance loans; and loan deficiency payments.

Compliance with Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) provisions continues to be required for participation in most FSA and NRCS programs. These provisions place restrictions on the planting of an agricultural commodity on highly erodible land or wetlands. Further, they prohibit the conversion of a wetland to make possible the production of an agricultural commodity.

The Act adds premium assistance for crop insurance as a benefit subject to compliance with HELC and WC provisions. New provisions are created for determinations, administration, and penalties relating to HELC and WC provisions that are unique to crop insurance. FSA will make HELC/WC eligibility determinations for crop insurance participants based on NRCS technical determinations of HELC/WC compliance.

PRICE LOSS COVERAGE (PLC) AND AGRICULTURAL RISK COVERAGE (ARC)

Base Reallocation and Yield Updates: Owners of farms that participate in PLC or ARC programs for the 2014-2018 crops have a one-time opportunity to: (1) maintain the farm's 2013 bases through 2018; or (2) reallocate base acres (excluding cotton bases). Covered commodities include wheat, oats, barley, corn, grain sorghum, rice, soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe and sesame seed, dry peas, lentils, small chickpeas, large chickpeas and peanuts. Upland cotton is no longer considered a covered commodity, but the upland cotton base acres on the farm are renamed "generic" base acres. Producers may receive payments on generic base acres if those acres are planted to a covered commodity.

A producer also has the opportunity to update the program payment yield for each covered commodity based on 90 percent of the farm's 2008-2012 average yield per planted acre, excluding any year when no acreage was planted to the covered commodity. Program payment yields are used to determine payment amounts for the Price Loss Coverage program.

Price Loss Coverage: Payments are issued when the effective price of a covered commodity is less than the respective reference price for that commodity established in the statute. The payment is equal to 85 percent of the base acres of the covered commodity times the difference between the reference price and the effective price times the program payment yield for the covered commodity.

County ARC: Payments are issued when the actual county crop revenue of a covered commodity is less than the ARC county guarantee for the covered commodity and are based on county data, not farm data. The ARC county guarantee equals 86 percent of the previous five-year average national farm price, excluding the years with the highest and lowest price (the ARC guarantee price), times the five-year average county yield, excluding the years with the highest and lowest yield (the ARC county guarantee yield). Both the guarantee and actual revenue are computed using base acres, not planted acres. The payment is equal to 85 percent of the base acres of the covered commodity times the difference between

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What's in the 2014 Farm Bill for FSA Customers

March 2014

the county guarantee and the actual county crop revenue for the covered commodity. Payments may not exceed 10 percent of the benchmark county revenue (the ARC guarantee price times the ARC county guarantee yield).

Individual ARC: Payments are issued when the actual individual crop revenues, summed across all covered commodities on the farm, are less than ARC individual guarantees summed across those covered commodities on the farm. The farm for individual ARC purposes is the sum of the producer's interest in all ARC farms in the state. The farm's ARC individual guarantee equals 86 percent of the farm's individual benchmark guarantee, which is defined as the ARC guarantee price times the five-year average individual yield, excluding the years with the highest and lowest yields, and summing across all crops on the farm. The actual revenue is computed in a similar fashion, with both the guarantee and actual revenue computed using planted acreage on the farm. The individual ARC payment equals: 65 percent of the sum of the base acres of all covered commodities on the farm, times the difference between the individual guarantee revenue and the actual individual crop revenue across all covered commodities planted on the farm. Payments may not exceed 10 percent of the individual benchmark revenue.

Election Required: All of the producers on a farm must make a one-time, unanimous election of: (1) PLC/County ARC on a covered-commodity-by-covered-commodity basis; or (2) Individual ARC for all covered commodities on the farm. If the producers on the farm elect PLC/County ARC, the producers must also make a one-time election to select which base acres on the farm are enrolled in PLC and which base acres are enrolled in County ARC. Alternatively, if individual ARC is selected, then every covered commodity on the farm must participate in individual ARC. The election between ARC and PLC is made in 2014 and is in effect for the 2014 – 2018 crop years. If an election is not made in 2014, the farm may not participate in either PLC or ARC for the 2014 crop year and the producers on the farm are deemed to have elected PLC for subsequent crop years, but must still enroll their farm to receive coverage. If the sum of the base acres on a farm is 10 acres or less, the producer on that farm may not receive PLC or ARC payments, unless the producer is a socially disadvantaged farmer or rancher or is a limited resource farmer or rancher. Payments for

PLC and ARC are issued after the end of the respective crop year, but not before Oct. 1.

In 2015, producers in PLC have an additional option. Producers enrolling in PLC, and who also participate in the federal crop insurance program, may, beginning with the 2015 crop, make the annual choice whether to purchase additional crop insurance coverage called the Supplemental Coverage Option (SCO). SCO provides the producer the option of covering a portion of his or her crop insurance deductible and is based on expected county yields or revenue. The cost of SCO is subsidized and indemnities are determined by the yield or revenue loss for the county or area.

Crops for which the producer has elected to receive ARC are not eligible for SCO benefits.

Producers who enroll their 2015 crop of winter wheat in SCO may elect to withdraw from SCO prior to their acreage reporting date without any penalty. This allows producers additional time to make an informed decision related to whether to enroll in the Average Crop Revenue Program (ARC) or the Price Loss Coverage (PLC) program. If they choose ARC, they will not be charged a crop insurance premium so long as they withdraw from SCO prior to their acreage reporting date.

COTTON TRANSITION PAYMENTS

For the 2014 crop year, transition payments are provided to cotton producers on farms that had cotton base acres in 2013. For the 2015 crop year, transition payments will only be offered in counties where STAX is unavailable.

MARKETING ASSISTANCE LOANS (MALS) AND SUGAR LOANS

The Act extends the authority for sugar loans for the 2014 – 2018 crop years and nonrecourse marketing assistance loans (MALs) and loan deficiency payment (LDPs) for the 2014 – 2018 crops of wheat, corn, grain sorghum, barley, oats, upland cotton, extra-long staple cotton, long grain rice, medium grain rice, soybeans, other oilseeds (including sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe and sesame seed), dry peas, lentils, small chickpeas, large chickpeas, graded and nongraded wool, mohair, honey, unshorn pelts and peanuts. Provisions are mostly unchanged from the 2008 Farm

Bill, except marketing loan gains and loan deficiency payments are subject to payment limitations.

DAIRY PROGRAMS

The Act extends the Milk Income Loss Contract Program (MILC) from Oct. 1, 2013, through the earlier of the date on which the Secretary certifies that the Dairy Margin Protection Program is operational or Sept. 1, 2014. Dairy producers who were enrolled in 2013 do not need to re-apply. MILC payments are issued when the Boston Class I milk price falls below \$16.94 per hundredweight (cwt), as adjusted by a dairy feed ration formula.

The Dairy Margin Protection Program replaces MILC and will be effective not later than Sept. 1, 2014, through Dec. 31, 2018. The margin protection program offers dairy producers: (1) catastrophic coverage, at no cost to the producer, other than an annual \$100 administrative fee; and (2) various levels of buy-up coverage. Catastrophic coverage provides payments to participating producers when the national dairy production margin is less than \$4 per hundredweight (cwt). The national dairy production margin is the difference between the all-milk price and average feed costs. Producers may purchase buy-up coverage that provides payments when margins are between \$4 and \$8 per cwt. To participate in buy-up coverage, a producer must pay a premium that varies with the level of protection the producer elects.

In addition, the Act creates the Dairy Product Donation Program. This program is triggered in times of low operating margins for dairy producers, and requires USDA to purchase dairy products for donation to food banks and other feeding programs.

Dairy Indemnity Payment Program (DIPP)

The DIPP provides payments to dairy producers when a public regulatory agency directs them to remove their raw milk from the commercial market because it has been contaminated by pesticides and other residues.

CONSERVATION RESERVE PROGRAM (CRP)

The Act continues CRP with modifications. The

acreage cap is gradually lowered to 24 million acres for fiscal years 2017 and 2018. The requirement to reduce rental payments under emergency haying and grazing is eliminated. Rental payment reductions of not less than 25 percent are required for managed haying and grazing.

Producers also are given the opportunity for an "early-out" from their CRP contracts, but only in fiscal year 2015. The rental payment portion of the Grassland Reserve Program enrollment has been incorporated into the CRP.

The Transition Incentive Program (TIP) continues to allow for the transition of CRP land to a beginning or socially disadvantaged farmer or rancher so land can be returned to sustainable grazing or crop production. TIP now includes eligibility for military veterans (i.e., veteran farmers).

BIOMASS CROP ASSISTANCE PROGRAM (BCAP)

BCAP provides incentives to farmers, ranchers and forest landowners to establish, cultivate and harvest eligible biomass for heat, power, bio-based products, research and advanced biofuels. Crop producers and bioenergy facilities can team together to submit proposals to USDA for selection as a BCAP project area. BCAP has been extended through 2018 and is funded at \$25 million per fiscal year.

NONINSURED CROP DISASTER ASSISTANCE PROGRAM (NAP)

NAP has been expanded to include buy-up protection, similar to buy-up provisions offered under the federal crop insurance program. Producers may elect coverage for each individual crop between 50 and 65 percent, in 5 percent increments, at 100 percent of the average market price. Producers also pay a fixed premium equal to 5.25 percent of the liability. The waiver of service fees has been expanded from just limited resource farmers also to include beginning farmers and socially disadvantaged farmers. The premiums for buy-up coverage are reduced by 50 percent for those same farmers. Grazing land is not eligible for buy-up coverage. NAP is also made available to producers that suffered a loss to a 2012 annual fruit crop grown on a bush or tree in a county declared

FACT SHEET

What's in the 2014 Farm Bill for FSA Customers

March 2014

a disaster by the Secretary due to a freeze or frost.

RTCP FOR GEOGRAPHICALLY DISADVANTAGED FARMERS AND RANCHERS

The Reimbursement Transportation Cost Payment Program (RTCP) is re-authorized to provide assistance to geographically disadvantaged farmers and ranchers for a portion of the transportation cost of certain agricultural commodities or inputs.

EMERGENCY LOANS

A Secretarial disaster designation or a Presidential declaration provides producers with emergency loans to help cover the recovery costs for physical and production losses. Farm bill revisions expand the type of entities eligible for loans.

FARM OPERATING LOANS AND MICROLOANS

Farm Operating Direct and Guaranteed Loan Programs provide low-interest financing for producers to purchase farm and ranch operating inputs. The FSA is authorized to implement the program through the Consolidated Farm and Rural Development Act, also known as the Con Act. The 2014 Farm Bill revisions expand the types of entities eligible, provide favorable interest rates for joint financing arrangements, increase loan limits for microloans, make youth loans available in urban areas, and eliminate term limits for guaranteed operating loans.

FARM OWNERSHIP LOANS

Farm Ownership Direct and Guaranteed Loan Programs provide low-interest financing for producers to purchase farms and ranches and other real estate related needs. The FSA is authorized to implement the program through the Consolidated Farm and Rural Development Act, often referred to as the Con Act. The 2014 Farm Bill revisions expand the types of entities eligible, provide favorable interest rates for joint financing arrangements, provide a larger percent guarantee on guaranteed conservation loans, increase the loan limits for the down payment program, and authorize a relending program to assist Native

American producers purchase fractionated interests of land.

DISASTER PROGRAMS

The following four disaster programs authorized by the 2008 Farm Bill have been extended indefinitely (beyond the horizon of the Act). The programs are made retroactive to Oct. 1, 2011. Producers are no longer required to purchase crop insurance or NAP coverage to be eligible for these programs (the risk management purchase requirement) as mandated by the 2008 Farm Bill.

Livestock Forage Disaster Program (LFP):

LFP provides compensation to eligible livestock producers that have suffered grazing losses due to drought or fire on land that is native or improved pastureland with permanent vegetative cover or that is planted specifically for grazing. LFP payments for drought are equal to 60 percent of the monthly feed cost for up to five months, depending upon the severity of the drought. LFP payments for fire on federally managed rangeland are equal to 50 percent of the monthly feed cost for the number of days the producer is prohibited from grazing the managed rangeland, not to exceed 180 calendar days.

Livestock Indemnity Program (LIP): LIP provides benefits to livestock producers for livestock deaths in excess of normal mortality caused by adverse weather or by attacks by animals reintroduced into the wild by the federal government. LIP payments are equal to 75 percent of the average fair market value of the livestock.

Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP): ELAP provides emergency assistance to eligible producers of livestock, honeybees and farm-raised fish for losses due to disease (including cattle tick fever), adverse weather, or other conditions, such as blizzards and wildfires, not covered by LFP and LIP. Total payments are capped at \$20 million in a fiscal year.

Tree Assistance Program (TAP): TAP provides financial assistance to qualifying orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes, and vines damaged by natural disasters.

FACT SHEET

What's in the 2014 Farm Bill for FSA Customers

March 2014

FEEDSTOCK FLEXIBILITY PROGRAM (FFP)

FFP is continued through fiscal year 2018. Congress authorized the FFP in the 2008 Farm Bill, allowing for the purchase of sugar to be sold for the production of bioenergy in order to avoid forfeitures of sugar loan collateral under the Sugar Program.

NON-FARM BILL PROGRAMS

The following programs continue under laws other than the 2014 Farm Bill.

Emergency Conservation Program (ECP)

ECP is authorized by Title IV of the Agricultural Credit Act of 1978, Section 401 (P.L. 95-334) (16 U.S.C. 2201). ECP provides emergency cost-share assistance to farmers and ranchers to help rehabilitate farmland and ranchland damaged by natural disasters and to carry out water conservation measures during periods of severe drought. Cost-share assistance may be offered only for emergency conservation practices to restore land to a condition similar to that existing prior to the natural disaster.

Emergency Forest Restoration Program (EFRP)

EFRP is authorized by Title IV of the Agricultural Credit Act of 1978, Section 407 (16 U.S.C. 2206). EFRP was established to provide financial and technical assistance to owners of non-industrial private forest land damaged by natural disaster to carry out emergency measures to restore damaged forests and rehabilitate forest resources.

Farm Storage Facility Loan Program (FSFL)

FSFL provides low-interest financing for producers to build or upgrade farm storage and handling facilities.

Sugar Storage Facility Loan Program (SSFL)

SSFL provides low-interest financing for processors to build or upgrade farm storage and handling facilities for raw or refined sugar.

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General Overview of the Agricultural Act of 2014

Joe Outlaw
Professor & Extension Economist
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TEXAS A&M
AGRILIFE
EXTENSION

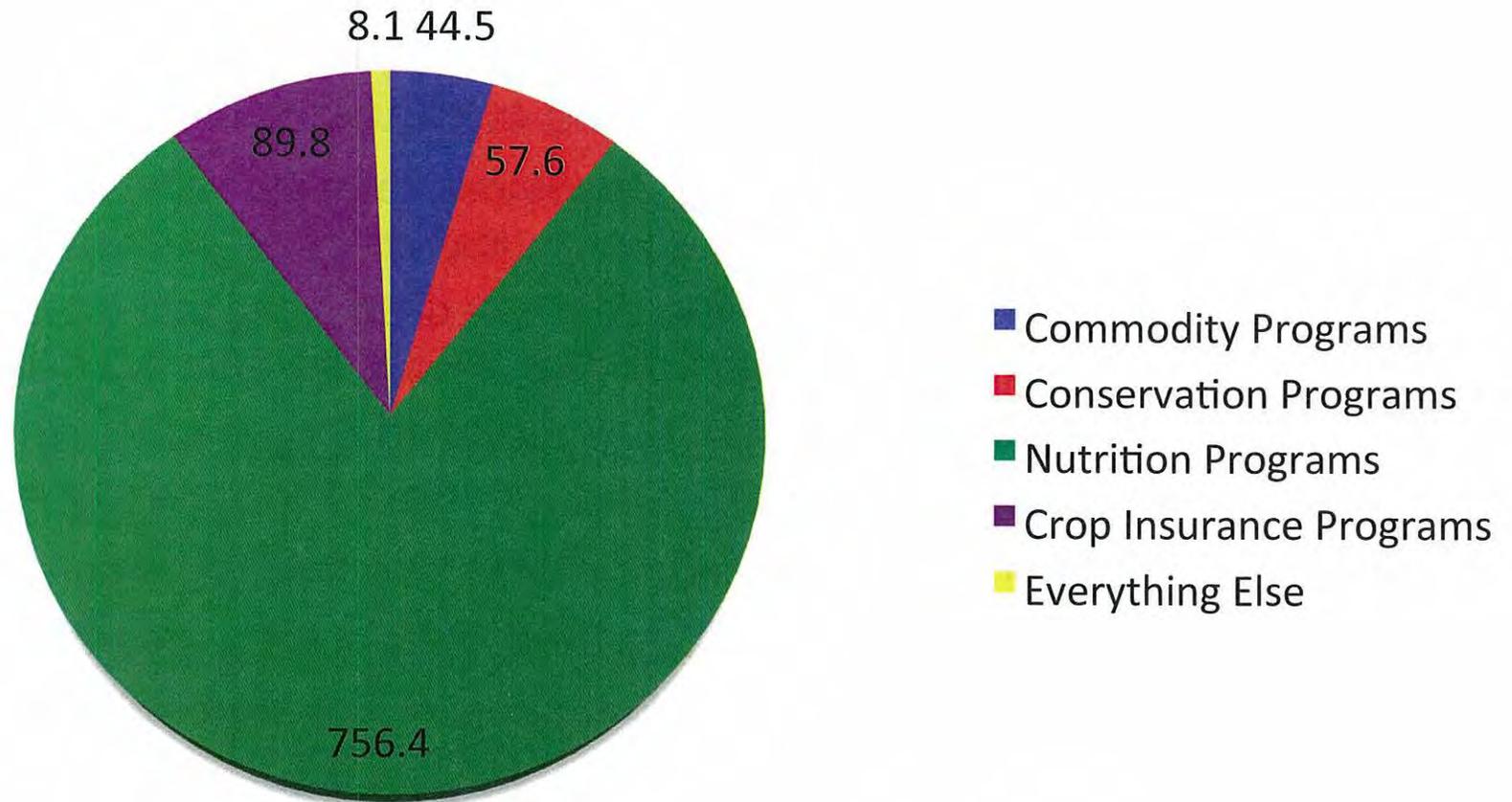
AFPC

Presentation Disclaimer

- This Information is Based on Our Reading of the Bill and Discussions with Ag Committee Staff
- As in the Past, We Know There Will Likely Be Differences in Our Interpretation and the Final Regulations



Estimated Outlays for 2014 Farm Bill (Billion \$), 2014 to 2023.



Source: Compiled from CBO estimates, January 28, 2014

Commodity Programs

- Repeals direct payments, counter-cyclical payments, and ACRE
 - CCP and ACRE programs extend through 2013 crop year
- For the 2014 crop, producers must choose between the Agriculture Risk Coverage (ARC) program and Price Loss Coverage (PLC)
 - During the farm bill debate, ARC was often referred to as a shallow loss program and PLC a deep loss program
 - Regardless of which program is chosen the first payment (if any is due) will not be made until after September 30th 2015 for the 2014 crop
- Producers will also have the opportunity to reallocate their base acres to crops planted on the farm at any time during the 2009 to 2012 crop years
- Cotton base acres are now generic base acres
- If producers choose the PLC option they have the opportunity to update their payment yields to 90% of the 2008-2012 crop year averages (USDA may let everyone update regardless of choice)

Covered Commodities

- Wheat, Oats, Barley, Corn, Grain Sorghum, Long Grain Rice, Medium Grain Rice, Pulse Crops, Soybeans, Other Oilseeds and Peanuts
 - Other Oilseeds
 - Sunflower seed, Rapeseed, Canola, Safflower, Flaxseed, Mustard Seed, Crambe, Sesame Seed, or any oilseed designated by the Secretary
 - Pulse Crops
 - Dry peas, Lentils, Small Chickpeas and Large Chickpeas

Base Reallocation

- One time base reallocation
 - Two choices
 - Reallocate (cannot add base acres to a farm)
 - Retain existing base acres
 - Reallocates bases other than cotton that were on the farm as of September 30, 2013
 - Reallocation is in proportion to the ratio of:
 - The 4 year average of planted acres to each crop from 2009 to 2012 plus prevented planting/the 4 year average of all covered commodities planted plus prevent planting
 - Under planting does not affect the amount of base. The planted acres of covered commodities only affects the proportion of base acres that you will reallocate among commodities

Base Reallocation Example

	Corn	Sorghum	Soybeans	Wheat	Total
Base	0	0	0	1,000	1,000
Plantings					
2009	500	250	250	0	1,000
2010	500	250	250	0	1,000
2011	500	250	250	0	1,000
2012	500	250	250	0	1,000
Average	500	250	250	0	1,000
Share	50%	25%	25%	0%	
Reallocated Base	500	250	250	0	1,000

Source: House Agriculture Committee Staff

Base Reallocation Example

With a Non-program Crop

	Corn	Sorghum	Soybeans	Wheat	Alfalfa	Total
Base	0	0	0	1,000	n/a	1,000
Plantings						
2009	600	100	100	0	200	1,000
2010	600	100	100	0	200	1,000
2011	600	100	100	0	200	1,000
2012	600	100	100	0	200	1,000
Average	600	100	100	0	200	1,000
Share	75%	12.5%	12.5%	0%	n/a	
Reallocated Base	750	125	125	0		1,000

Source: House Agriculture Committee Staff

Reference Prices

- Wheat - \$5.50/bu
- Corn - \$3.70/bu
- Grain Sorghum - \$3.95/bu
- Barley - \$4.95/bu
- Oats - \$2.40/bu
- Long Grain Rice - \$14.00/cwt
- Medium Grain Rice - \$14.00/cwt
- Soybeans - \$8.40/bu
- Other Oilseeds - \$20.15/cwt
- Peanuts - \$535/ton
- Dry Peas - \$11.00/cwt
- Lentils - \$19.97/cwt
- Small Chickpeas - \$19.04/cwt
- Large Chickpeas - \$21.54/cwt

Marketing Loan Rates

Wheat - \$2.94/bu

Corn - \$1.95/bu

Grain Sorghum - \$1.95/bu

Barley - \$1.95/bu

Oats - \$1.39/bu

Long Grain Rice - \$6.50/cwt

Medium Grain Rice - \$6.50/cwt

Soybeans - \$5.00/bu

Other Oilseeds - \$10.09/cwt

Peanuts - \$355/ton

Dry Peas - \$5.40/cwt

Lentils - \$11.28/cwt

Small Chickpeas - \$7.43/cwt

Large Chickpeas - \$11.28/cwt

Honey - \$0.69/lb

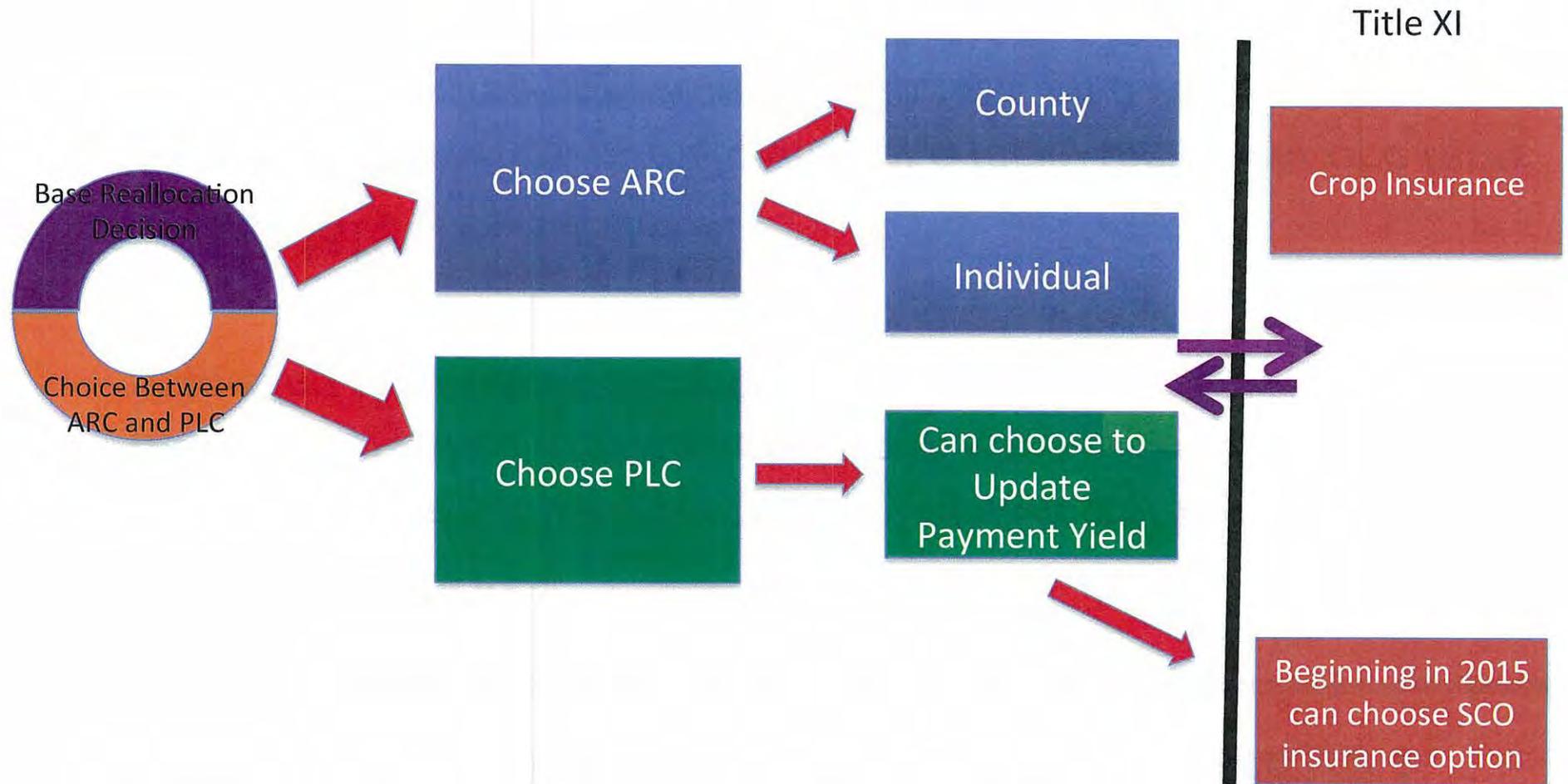
Graded Wool - \$1.15/lb

Nongraded Wool - \$0.69/lb

Mohair - \$4.20/lb

Upland Cotton - \$0.45 to
\$0.52/lb

Flow Chart of Title I Producer Choices for Covered Commodities Other than Upland Cotton



This decision is on a crop by crop basis for each farm unless the producer chooses individual ARC then it is for all the crops on that farm. If all parties cannot agree on a choice then the farm would not be enrolled in ARC or PLC for the 2014 crop and the farm would automatically be enrolled in PLC for the 2015 crop and beyond.

Who Makes The Decisions?

- Base reallocation
 - *As soon as practicable after the date of enactment of this Act, the Secretary shall provide notice to the owners of a farm regarding their opportunity to make an election*
- Yield Update
 - *At the sole discretion of the owner of a farm, the owner of a farm shall have a 1-time opportunity to update, on a covered commodity-by-covered-commodity basis, the payment yield that would otherwise be used in calculating any price loss coverage payment for each covered commodity on the farm for which the election is made.*

Who Makes The Decisions? (Cont)

- ARC or PLC
 - For the 2014 through 2018 crop years, **all of the producers on a farm** shall make a 1-time, irrevocable election to obtain—
 - (1) price loss coverage under section 1116 on a covered commodity-by-covered-commodity basis; or
 - (2) agriculture risk coverage under section 1117.

IN GENERAL.—The term “producer” means an owner, operator, landlord, tenant, or sharecropper that shares in the risk of producing a crop and is entitled to share in the crop available for marketing from the farm, or would have shared had the crop been produced.

Price Loss Coverage (PLC) Program

- Covers Losses in Income Due to Covered Commodity Price Declines Below Established Reference Prices
- PLC Payment Rate = Reference Price – Higher of {National Average Marketing Year Price or Marketing Loan Rate}
- PLC Payment = PLC Payment Rate * Payment Yield * Base Acres X .85

Agriculture Risk Coverage (ARC)

- Covers Losses in Income for a Covered Commodity Relative to a Revenue Guarantee
- ARC can be Selected at the County or Individual Level
- ARC County
 - Payments are made when actual revenue for the covered commodity < ARC revenue guarantee, where:
 - Actual county revenue = actual county yield per planted acre * the higher of {National Marketing Year Price or Marketing Loan Rate}.
 - ARC revenue benchmark is equal to the U.S. Olympic average marketing year price for the most recent 5 years * the Olympic average county yield for the most recent 5 years. If any of the 5 years of prices are lower than Reference Price then replace with the Reference Price. If the actual county yield is < 70% of T-yield replace with the T-yield
 - ARC revenue guarantee = .86 * ARC revenue benchmark
 - Payment = Minimum of (ARC Revenue Guarantee – Actual Revenue) **OR** 10% of the benchmark * Base Acres * .85
 - ARC county will allow irrigated and non-irrigated to be calculated separately

Agriculture Risk Coverage (ARC) (Cont.)

- ARC Individual

- Based on producers share of all covered commodities planted on all farms for which ARC has been selected
- ARC guarantee is 86% of benchmark revenue
- Benchmark revenue is average historical revenue for the most recent 5 years excluding the high and low weighted by current plantings
- Coverage is based on producer's share of all covered commodities planted on all farms which individual coverage was selected
- Payment = Minimum of (ARC Revenue Guarantee – Actual Revenue) **OR** 10% of the benchmark * Base Acres * .65
- If they select ARC individual coverage on any crop on the farm then the entire farm is in ARC individual coverage

Payment Limitations

- \$125,000 per person payment limits for (ARC, PLC, LDPs and marketing loan gains) combined
- Peanuts maintain a separate limit
- No limit on marketing loan forfeitures
- \$900,000 3 year average adjusted gross income (AGI) on commodity and conservation programs
- Actively Engaged Provisions
 - Directs the USDA Secretary to conduct a rulemaking to define the term “significant contribution of active personal management” and determine if a limit on the number of individuals in an entity qualifying using “management” is necessary.
 - Potential changes will not apply to individuals or to entities that are made up solely of family members.

Major Insurance Provisions

- A new area-wide insurance program (SCO) will be available to all producers to purchase beginning in 2015 that is designed to protect them against losses that would normally fall within their insurance deductible range. Must have individual policy.
 - Up to 86% revenue guarantee. 65% premium subsidy
- Makes enterprise unit discount permanent. Allows enterprise units to be split out for irrigated and non-irrigated crops.
- Adjustment in actual production history to determine insurable yields.
 - A producer may choose to exclude any year from their APH if their yield in that year is less than 50% of the ten year county average. This also applies to contiguous counties and allows for the separation of irrigated and non-irrigated acres.
- Must create a revenue policy for peanuts in time for the 2015 crop
- Requires conservation compliance to receive premium subsidy

Thanks!!!

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Supplemental Coverage Option for Federal Crop Insurance

July 2014

What Is The Supplemental Coverage Option?

The Supplemental Coverage Option (SCO) is a new crop insurance option that provides additional coverage for a portion of your underlying crop insurance policy deductible. You must buy it as an endorsement to either the Yield Protection, Revenue Protection, or Revenue Protection with the Harvest Price Exclusion policies. The Federal Government pays 65 percent of the premium cost for SCO.

SCO is available, starting with the 2015 crop year, in select counties for spring barley, corn, soybeans, wheat, sorghum, cotton, and rice.

How Do I Buy SCO?

First, you must choose;

- Yield Protection;
- Revenue Protection; or
- Revenue Protection with the Harvest Price Exclusion. This is your 'underlying policy'.

Next, you choose SCO as an endorsement to the underlying policy. You must make this choice by the sales closing date for your underlying policy, and with the same insurance company. Any crop on a farm that you elect to participate in the Agriculture Risk Coverage (ARC) program (a new program started in the 2014 Farm Bill, administered by the Farm Service Agency) is not eligible for SCO coverage.

How Does SCO Work?

SCO follows the coverage of your underlying policy. If you choose Yield Protection, then SCO covers yield loss. If you choose Revenue Protection, then SCO covers revenue loss.

The amount of SCO coverage depends on the liability, coverage level, and approved yield for your underlying policy. However, SCO differs from the underlying policy in how a loss payment is triggered. The underlying policy pays a loss on an individual basis and an indemnity is triggered when you have an individual loss in yield or revenue. SCO pays a loss on an area basis, and an indemnity is triggered when there is a county level loss in yield or revenue.

It is easiest to explain how coverage is determined through an example. Suppose a grower's corn crop has an expected value of \$765.00 per acre (170 bushels at \$4.50 per bushel). Assume the grower buys a Revenue Protection policy with a 75-percent coverage level (this is the 'underlying policy'). The underlying policy covers 75 percent (or \$573.75) of the expected crop value and leaves 25 percent (or \$191.25) uncovered as a deductible.

At this point, the grower has the option to buy SCO coverage. Since the underlying policy is Revenue Protection, SCO will also provide revenue protection, except that payments will be determined at a county level. SCO revenue coverage is described in the following table.

Step	SCO Coverage Calculation	
A	SCO Endorsement begins to pay when county revenue falls below this percent of its expected level (the percent is the same for all SCO policies – set by law)	86%
B	SCO Endorsement pays out its full amount when county revenue falls to the coverage level percent of its expected level (always equal to the coverage level of the underlying policy)	75%
C	Percent of expected crop value covered by SCO (A – B, or 86% – 75%)	11%
D	Amount of SCO Protection (C • Expected Crop Value, or 11% • \$765)	\$84.15

The SCO Endorsement begins to pay when county average revenue falls below 86 percent of its expected level. The full amount of the SCO coverage is paid out when the county average revenue falls to the coverage level of the underlying policy - in this example, it is 75 percent (shown on line B in the table).

SCO payments are determined only by county average revenue or yield, and are not affected by whether you receive a payment from your underlying policy. So it is possible for you to experience an individual loss but to not receive an SCO payment, or vice-versa.

The dollar amount of SCO coverage is based on the percent of crop value covered. In this example there are

This fact sheet gives only a general overview of the crop insurance program and is not a complete policy. For further information and an evaluation of your risk management needs, contact a crop insurance agent.

11 percentage points of coverage (from 86 percent to 75 percent). Eleven percent of the expected crop value is \$84.15 (or 11 percent • \$765.00). The SCO policy can cover up to \$84.15 of the \$191.25 deductible amount not covered by your underlying policy.

How Much Does SCO Cost?

The Federal Government pays 65 percent of the premium. The exact premium cost depends on the crop, county, coverage level you choose, and the type of coverage you choose, such as Yield Protection or Revenue Protection. You should talk to your crop insurance agent for more information.

How Do I Decide If I Should Buy SCO?

When considering SCO, you must first consider whether to elect to participate in the ARC program. Crops for which ARC is elected on a farm are not eligible for SCO coverage.

For those crops and farms eligible for SCO coverage, the type and amount of SCO coverage are determined by the type and coverage level you choose for the underlying policy. You should talk to your crop insurance agent to determine what best meets your individual risk management needs.

Where Is SCO Available?

SCO is available, starting with the 2015 crop year, in select counties for spring barley, corn, soybeans, wheat, sorghum, cotton, and rice.

The choice of counties selected for 2015 is based on the availability of county yield data from USDA's National Agricultural Statistics Service (NASS), subject to the following criteria designed to maximize the availability of SCO while maintaining actuarial soundness and program integrity. These criteria are similar to what is used for area-based, insurance programs administered by the Risk Management Agency (RMA). In general, the criteria are:

- NASS county yield estimates are available for at least 20 of the last 30 years. This provides a minimum amount of data needed to establish expected yields similar to the existing yield trend approaches used for related area-based insurance programs;
- NASS county yield estimates are available for at least 8 of the last 10 years, with an average of at least 10,000 planted acres over those years. This limits SCO to counties where county yield data has been consistently available, so that there is a reasonable expectation that a county yield will be available at the end of the growing season to determine losses; and
- There are at least 50 or more farming entities for the crop in the county according to the most recent Census of Agriculture. This limits the possibility for a single

producer (or small group) to skew or influence the county estimate for a given year and limits SCO to counties where NASS is likely to receive adequate reports to publish a county estimate.

Will SCO Be Available for More Crops?

Starting with the 2016 crop year, RMA will be making greater use of crop insurance data to expand SCO coverage into more areas, more crops, and to make SCO coverage more practice-specific, (for example, irrigated in comparison to non-irrigated). RMA will expand the program to more crops (and counties) as the program continues.

What Happens If I Choose SCO and Sign Up for ARC?

SCO will first be available for the 2015 crop year's winter wheat, where you must make your crop insurance coverage decisions for fall-planted crops (including SCO) by the sales closing date (generally September 30). If you have applied for SCO for your winter wheat for 2015 you may choose to withdraw coverage on any farm where you intend to choose ARC for winter wheat by the earlier of your acreage reporting date or December 15 without penalty or being charged a premium. This allows you additional time to make an informed decision related to whether to choose to participate in either the ARC or Price Loss Coverage (PLC) programs for your winter wheat, which will happen later this winter.

To withdraw coverage, you must notify your agent of your intended election for ARC by the earlier of your winter wheat acreage reporting date or December 15. This is a one-time exemption that is only allowed for the 2015 crop year's winter wheat to coordinate with ARC program sign-up rules.

After this one-time exemption for 2015 crop year fall-planted winter wheat, if you choose SCO on and ARC on the same crop on a farm, your SCO coverage for that crop on that farm will be cancelled and you will forfeit 20 percent of your SCO premium on that crop and farm to cover administrative expenses. However, your underlying policy will still be in effect.

Where to Buy Crop Insurance

All multi-peril crop insurance, including Catastrophic Risk Protection and SCO policies, are available from crop insurance agents. A list of crop insurance agents is available at all USDA service centers and on the RMA website at: www3.rma.usda.gov/apps/agents/.

Contact Us

USDA/RMA
Mail Stop 0801
1400 Independence Ave., SW
Washington, DC 20250-0801

Website: www.rma.usda.gov

E-mail: RMA.CCO@rma.usda.gov

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**Eurasian Watermilfoil and GGS in the Natomas Basin:
Discussion of Long-term Management**

Thursday, September 25, 2014

10:00 A.M. – 12:00 P.M.

SAFCA

Agenda

- 1) Summary of previous discussions and control efforts**
 - a) Observations of Eurasian watermilfoil in Natomas Basin as of March-April, 2014
 - b) Water delivery concerns – RD1000 and Water District
 - c) Giant garter snake habitat quality and long-term maintenance concerns
 - d) Summary of spring/summer control efforts and efficacy
 - e) Updated (September, 2014) information on distribution in Natomas Basin
- 2) Impacts of Eurasian watermilfoil (and other weedy aquatic plants) on GGS habitat quality – Eric Hansen (Eric Hansen Consulting) and Brian Halsted (USGS)**
- 3) Best methods for Eurasian watermilfoil control – John Madsen (UCD-ARS)**
- 4) Discussion of potential direct and indirect effects of control methods on GGS and other wildlife**
- 5) Discussion of long-term goals for watermilfoil management in Natomas Basin: control, eradication, prevention?**
- 6) Discussion of best management practices for long-term**
- 7) Next steps**

From: John Roberts jroberts@natomasbasin.org

Subject: NBHCP Covered Species announcement from USFWS

Date: September 16, 2014 at 12:08 PM

To: 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, Dan Silva dan.calvalleynut@gmail.com, Michael Bradbury Mike.Bradbury@water.ca.gov, Kay Backer kbiusa@aol.com, Davin Norene rdnorene@gmail.com

Cc: Ed Quinn Edward.Quinn@bbklaw.com, Kim Burns kburns@natomasbasin.org, Jennifer Kelley jkelley@natomasbasin.org, Jeremy Lor jl@natomasbasin.org

Board members: You may remember a discussion we had about one of the NBHCP's Covered Species, the Valley Elderberry Longhorn Beetle, being proposed for delisting from the ESA. At the time, we wondered what would happen if one or more of the NBHCP's Covered Species were to be delisted.

Today, the USFWS announced its decision to not delist the species. See the attached public announcement.

No need to respond. This is just for your information.

John Roberts
Natomas Conservancy



Department of the Interior
U.S. Fish & Wildlife Service
Sacramento Fish and Wildlife Office
2800 Cottage Way, Room W-2605
Sacramento, CA 95825
Phone: 916/414-6600
Fax: 916/414-6713
<http://www.fws.gov/sacramento/>

News Release



September 16, 2014 - For Immediate Release

Media Contact: Robert Moler, robert_moler@fws.gov, (916) 414-6606

Fish and Wildlife Service Withdraws Proposal to Delist Valley Elderberry Longhorn Beetle from the ESA Following Scientific Review

Decision Reflects Service's Commitment to Use the Best Available Information in its Endangered Species Decisions

Sacramento –The U.S. Fish and Wildlife Service today announced it is withdrawing its proposal to remove the valley elderberry longhorn beetle from the Federal List of Threatened and Endangered Species. This medium-sized beetle, found only in California's Central Valley, remains protected as a threatened species under the Endangered Species Act (ESA).

After careful review and additional information received from both the public and peer review scientists, the Service has concluded that the scientific information and analysis relied upon in its October 2012 proposal was not strong enough to support a decision to delist the species.

"Today's decision reflects the value of a robust public comment and scientific peer review process in ensuring we base our actions on the best available scientific information," said Service Director Dan Ashe. "It shows our commitment to fully consider critical review and comment before making a final decision."

The scientific review process following publication of the proposed rule did reveal, however, that the species' range is smaller than that described in the proposed delisting rule. As a result, the regulatory protections of the ESA will now be applied to a smaller area. Kings, Kern and Tulare counties will no longer be considered within the range of the species.

The Service is also working on new guidance for consultation within the range of the species for projects (such as those associated with flood control), and guidance on site-specific approaches for areas that overlap with the California elderberry longhorn beetle or where occurrences may be rare or sparsely distributed.

To increase understanding of the valley elderberry longhorn beetle, including its current population and distribution, the Service continues to support additional studies on the beetle and its habitat. Should new information indicate that the beetle does not warrant protection under the ESA, the Service will again propose delisting.

The decision to withdraw the proposal to remove the species from the Federal List of Threatened and Endangered Species will publish in the *Federal Register* on September 17, 2014. The decision to withdraw, as well as the proposal to delist and associated peer reviews and public comments, can be found online at www.regulations.gov. Additional information about the species can be found at www.fws.gov/sacramento.

The U.S. Fish and Wildlife Service works with others to conserve, protect, and enhance fish, wildlife, plants, and their habitats for the continuing benefit of the American people. For more information on our work and the people who make it happen, visit www.fws.gov/cno. Connect with our Facebook page at <http://www.facebook.com/usfwspacificsouthwest>, follow our tweets at <http://twitter.com/USFWSPacSWest>, watch our YouTube Channel at <http://www.youtube.com/usfws> and download photos from our Flickr page at http://www.flickr.com/photos/usfws_pacificsw/

-FWS-