

**Minutes of a Regular Meeting**  
of  
**The Natomas Basin Conservancy**

April 5, 2017  
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

- Chandra Chilmakuri
- David Christophel
- Jill Leal
- Kevin McRae
- Davin Norene
- Jeff Norton
- John Shirey
- Steven Willey

**STAFF/LEGAL COUNSEL**  
**PRESENT:**

John Roberts, Kim Burns, Jennifer Skupic, Valerie Huevo,  
Jeremy Lor, Ed Quinn

**GUESTS:**

Collin Chandler, Thomas Law Group; Kara Ueda, Best  
Best & Krieger; Isabel Safie, Best Best & Krieger; Bill  
Frohlich, Pacific & Gas Electric

**TAC:**

None

**CALL TO ORDER**

In the absence of Board Chair Norene, the Board's Vice Chair, Steve Willey called the Regular Meeting of the Board of Directors to order, noting a quorum was present.

**ANNOUNCEMENTS**

Roberts announced a new City of Sacramento Board appointee, John Shirey.

**PUBLIC COMMENTS**

There were no public comments.

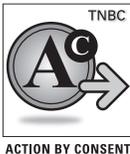
**ACTION-REGULAR SESSION**

Willey requested approval for the February 1, 2017 Board of Directors meeting minutes and consent items.

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<sup>1</sup> Notice of meeting posted on TNBC website.

Director Leal requested that in that portion of the minutes where Farmers’ Rice Cooperative CEO Rick Rhody presented, instead of stating “historic low prices,” we should simply say “low rice prices.”

<p>3</p> 	<p>Approval of the minutes  <i>All items listed under the Consent Agenda, including minutes, are considered and acted upon by one motion. Any Board member may request an item be removed for separate consideration.</i></p>	<p>Consent</p>	<p>⊕ The Board Chair will request approval of the minutes and consent items of the Board of Directors meeting of February 1, 2017.</p>
<p>4</p> 	<p>Dismissal of Board member</p>	<p>Consent</p>	<p>⊕ This item requests Board authorization to dismiss Charee Thurman from her Board seat by reason of non-participation and absence. A letter from the Sutter County Board of Supervisors has authorized this action.</p>
<p>5</p> 	<p>Pump and repair and maintenance</p>	<p>Consent</p>	<p>⊕ Based on recent pump testing completed by Knutsen Pump Testing, 4 pumps were determined to be in need of service and modification to improve pumping efficiency. The maintenance on the pumps will increase the gallons per minute (GPM) output performance and reduce energy cost. The cost of the service is expected to be \$40,971.</p>
<p>6</p> 	<p>Natomas Farms road repair</p>	<p>Consent</p>	<p>⊕ Due to SAFCA’s use of the Natomas Farms road during soil mining operations degraded them. SAFCA has agreed to fund the repair of the Natomas Farms interior road. This work began this winter with an emergency repair to be followed up this spring by final repairs. All repairs are billed to SAFCA as agreed. The amount of the repairs is anticipated to be \$28,734.12.</p>
<p>7</p> 	<p>Legal services agreement</p>	<p>Consent</p>	<p>⊕ The Conservancy has responded to its legal counsel’s request that legal services agreement be entered into between the Conservancy and its legal counsel, Best, Best &amp; Krieger. In the past, the Board has noted the importance of having Ed Quinn as the key representative of the firm in matters pertaining to the Conservancy.</p> <p>The agreement presented here requests the Board’s authorization of the Conservancy’s Executive Director to execute and deliver an agreement which continues the services of Ed Quinn of the firm Best, Best &amp; Krieger as Conservancy legal counsel under the same terms and conditions as the existing agreement.</p>

(Res.17.04.01) On a motion by Christophel and a second by Chilmakuri, the Board unanimously approved the February 1, 2017 minutes with corrections and consent items.

Board members

<input checked="" type="checkbox"/> Chandra Chilmakuri	<input type="checkbox"/> Davin Norene
<input checked="" type="checkbox"/> David Christophel	<input checked="" type="checkbox"/> Jeff Norton
<input checked="" type="checkbox"/> Jill Leal	<input checked="" type="checkbox"/> John Shirey
<input checked="" type="checkbox"/> Kevin McRae	<input checked="" type="checkbox"/> Steven Willey

Vote symbols

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

**ACTION**

Accept the Conservancy's December 31, 2016 audited financial statement. The Audit Committee reported on the audited financial statements for the year ended December 31, 2016. The committee noted it had reviewed the audit report with auditor Gilbert & Associates. Gilbert Associates has issued a clean opinion on the Conservancy's 2016 financial statement. No management letter was issued. The committee recommended the Board accept the audit, along with the auditor's report contained in the financial statements for the year ended December 31, 2016.

(Res.17.04.02) On a motion by Shirey and a second by Chilmakuri, the Board unanimously accepted the audited financial statements for the year ended December 31, 2016.

Board members

<input checked="" type="checkbox"/> Chandra Chilmakuri	<input type="checkbox"/> Davin Norene
<input checked="" type="checkbox"/> David Christophel	<input checked="" type="checkbox"/> Jeff Norton
<input checked="" type="checkbox"/> Jill Leal	<input checked="" type="checkbox"/> John Shirey
<input checked="" type="checkbox"/> Kevin McRae	<input checked="" type="checkbox"/> Steven Willey

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IRS Form 990. As a "best practice," and to respond affirmatively to the Conservancy tax reporting with the IRS, this item presented the Conservancy's 2016 IRS Form 990 for Board review. The Board of Directors were provided on opportunity to comment on the filings with state and federal tax authorities.

Water Discharge Agreement. The Conservancy is working with PG&E regarding installation of a high-pressure gas line. PG&E requested an agreement to discharge water via a sprinkler system to 19 southerly acres of the Huffman East tract as well as place a temporary above-ground pipeline for purposes of discharging water on other property not owned by the Conservancy. The Conservancy expects approximately \$34,779 in payment from PG&E for this accommodation. This payment included funds to be dispersed to Conservancy and the tenant farmer for crop loss, field prep and weed control.

(Res.17.04.03) On a motion by Shirey and a second by Norton, the Board unanimously approved the Executive Director to execute and deliver a water discharge agreement and related documents with PG&E on the Conservancy's Huffman East tract.

Board members

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|--|---|
| <input checked="" type="checkbox"/> Chandra Chilmakuri | <input type="checkbox"/> Davin Norene             |
| <input checked="" type="checkbox"/> David Christophel  | <input checked="" type="checkbox"/> Jeff Norton   |
| <input checked="" type="checkbox"/> Jill Leal          | <input checked="" type="checkbox"/> John Shirey   |
| <input checked="" type="checkbox"/> Kevin McRae        | <input checked="" type="checkbox"/> Steven Willey |

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## DISCUSSION

Financial statement review. Burns provided financial statements for the period ended February 28, 2017 (unaudited). Additional financial information was provided.

Meeting with legal counsel on Board and staff rights and responsibilities. For many years, the Board has periodically entertained a briefing with respect to Board members' responsibilities and obligations, including duty of care, duty of loyalty and a discussion of the business judgment rule among others. Attorneys Kara Ueda, Isabel Safie and Ed Quinn of Best, Best & Krieger provided Board members with a brief overview and were available to respond to questions. See presentation attached.

## EXECUTIVE DIRECTOR'S REPORT

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

## EXECUTIVE SESSION

The Board reported out that various real estate matters were discussed in Executive Session, including authorizing a quick claim deed in favor of PG&E associated with an easement re-alignment granting a 0.111-acre piece of land to SAFCA for the Natomas Levee Improvement Project, and authorizing the Executive Director to re-negotiate certain lease terms on rice leases.

## ADJOURNMENT

Official adjournment of the meeting.

(Res.17.04.04) On a motion by Christophel and a second by Chilmakuri the Board unanimously voted to adjourn the meeting at 7:50 p.m.

Board members

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Chandra Chilmakuri | <input type="checkbox"/> Davin Norene             |
| <input checked="" type="checkbox"/> David Christophel  | <input checked="" type="checkbox"/> Jeff Norton   |
| <input checked="" type="checkbox"/> Jill Leal          | <input checked="" type="checkbox"/> John Shirey   |
| <input checked="" type="checkbox"/> Kevin McRae        | <input checked="" type="checkbox"/> Steven Willey |

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ATTEST:

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*Chandra Chilmakuri, Secretary*

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*Date*