

## Minutes of the Board of Directors Meeting

February 11, 2009

The Board of Directors held its first meeting of 2009 at the San Mateo Public Library beginning at 1:30pm.

The following Directors and/or Alternates were present:      The following Directors were absent:

Mike Chrisman  
Art Baggett  
Luis Arteaga  
Truman Burns  
Paul Clanon  
Michele Dias  
Rich Gordon (arrived at 3:30p)  
Nancee Murray (for Kevin Hunting)  
Randy Livingston  
Larry Myers  
Karen Mills  
Soapy Mulholland  
Duane Marti  
Mark Rentz  
Richard Roos-Collins  
Dave Sutton

Robert Meacher

Several alternates; Jayne Battey, outgoing Executive Director; Allene Zanger, incoming Executive Director; staff; legal counsel; and members of the public were also present.

Council President Mike Chrisman called the meeting to order and asked each director and staff member to introduce him or herself, noting that a quorum was present. He then welcomed new board member Mark Rentz stating that Mr. Rentz was appointed by the Association of California Water Agencies. Mr. Chrisman also welcomed Allene Zanger, the Council's new Executive Director, stating that she would officially start work on February 17. Finally, Mr. Chrisman welcomed Lauren Kelly, the Council's Executive Liaison, who is back from maternity leave. He reminded the Council and the public that advance copies of the meeting agenda and staff reports were posted to the Council's website prior to the meeting to help facilitate public participation. Mr. Chrisman then briefly reviewed the meeting agenda, noting three action items, and then asked members of the Council if they had any conflicts of interest to disclose at this time. Hearing no conflicts, the meeting proceeded.

Mr. Chrisman then reviewed the meeting objectives and, noting the public comment cards, called the following individuals to speak regarding the topics identified below:

**Bill Higgins**, Bucks Lake Homeowner's Association, inquired whether the Council will impose any unreasonable rules and regulations. Mr. Chrisman responded to this inquiry by stating that the Council's effort is to ensure an open and fair process.

**Malik Looper**, Literacy for Environmental Justice (LEJ) Executive Director, gave a brief overview of his organization, stating that it has been a pleasure working with the Stewardship Council on one of its most important projects, the Eco-center at Hunters Point. He stated that without the Council's funding the project would never get off the ground. He further stated that on his first day as the new Executive Director he received a stop payment from the State of California's Coastal Conservancy who is funding a portion of

the Eco-center project. He stated that LEJ has been working diligently to keep this project going and is looking forward to working with the Stewardship Council to realize this goal.

Following the public comment period, Mr. Chrisman turned the Council's attention to the Consent Calendar on the agenda. He stated that there were three items requested for adoption: 1) the November 19, 2008 board meeting minutes; 2) the November 19, 2008 closed session meeting minutes; and 3) the December 18, 2008 closed session meeting minutes. Mr. Chrisman then asked if there were any questions or objections to this request, and hearing none, the board adopted the minutes as presented.

Mr. Chrisman asked Ms. Battey to provide the Executive Director's Report. Ms. Battey thanked the board and members of the public for attending the meeting. She then provided an update on several items, including an organizational update, near term priorities for 2009, and some final thoughts as this was her last meeting as the Council's Executive Director. Ms. Battey stated that board membership is stable with only one seat open on the board and an overall mix of veterans and new participants. She then stated that the Council received its annual payment from PG&E and the organization's assets continue to be managed well and are seeing positive returns. Ms. Battey went on to review near-term priorities, including growing the Youth Investment Program; learning from the Land Conservation Program's pilot projects; and addressing business and strategic planning through 2013. She stated that the youth program is at a pivotal point in terms of its longevity and that exciting and passionate ideas are being evaluated. Ms. Battey went on to state that the staff and board are learning from the land program's pilot projects and that everyone is excited to hear from the Kennedy Meadows eligible donees who will present their Land Stewardship Proposals to the board later in the meeting. Ms. Battey shared her view that 2013 should by no means be the Council's final year of existence and encouraged the board to take every opportunity to build on the base that has been established for the organization thus far. Ms. Battey then provided some final thoughts as outgoing Executive Director. She stated that there are financial challenges and opportunities ahead, noting that average losses for foundations in 2008 were around 20 percent, although the Council has seen positive returns in this tough market. Ms. Battey indicated that this is a good time to reinvest in the organization and to be poised for growth when the economy does turn around. She went on to encourage the Council to be focused and flexible in 2009, noting the abundance of work ahead and the need to stay on track. She concluded her remarks by stating that the Council has made great progress in the last four years and that she is proud to have been a part of the organization.

Ms. Battey then introduced Bronwyn Hogan, Communications Manager, to provide an overview of communications activities. Ms. Hogan began her report by introducing Peter Castles, stating that he joined the Council's consulting team in 2008 while assisting with the summer community outreach associated with the pilot process. She stated that the Council will be expanding the role of Mr. Castles and his team at HDR Hoyt to assist with overall media and organizational strategy. Ms. Hogan went on to review public outreach activities in 2008, stating that the Council held four public board meetings and four field trips; conducted 11 public workshops; sent 5,400+ stakeholder emails; published several news articles and public notices in local newspapers; and conducted 15 donee meetings with more than 200 attendees. Ms. Hogan went on to report that the Council has a robust website which received 1.1 million hits in 2008. She indicated that the website is a valuable resource that the Council and the public have come to rely upon. Ms. Hogan then reported that the Council distributed two newsletters and one annual report in 2008 which were distributed to over 100,000 readers and that staff is evaluating ways to distribute its publications in a more environmentally friendly and efficient manner. She further stated that the organization's stakeholder database has grown to over 9,300 contacts. Ms. Hogan concluded her report by providing an outlook for 2009. With this, she welcomed Allene Zanger, the Council's new Executive Director. Ms. Hogan stated that the success of the land and youth programs remain the Council's top priorities, indicating that there will be a continued effort to seek out new stakeholders, provide ongoing community outreach, develop key partners, and provide leadership to the State of California.

Mr. Chrisman then asked Randy Livingston, chair of the Board Development Committee, to begin committee reports. Mr. Livingston provided a brief overview of the committee's purpose and updated the board on its activities since November. With this, he reviewed the 2009 slate of officers and their roles and responsibilities. He then thanked all of the officers for their role in providing leadership to the organization. Mr. Livingston went on to review board participation and thanked the members of the board for their high levels of participation over the last year and for the board's ongoing commitment and dedication to the work of the Stewardship Council. Mr. Livingston then reviewed the 2009 board meeting calendar, stating that all key dates are on the Council's website. He noted that staff is planning to conduct two land conservation related field trips and one youth related field trip in 2009 which will be open to the public. Mr. Livingston concluded his report by thanking outgoing board member Hannah-Beth Jackson for her service on the Stewardship Council board. He stated that Ms. Jackson was appointed as a public member by the California Public Utilities Commission and had served on the board since its inception. Mr. Livingston also thanked outgoing board member Darcie Houck for her services, stating that she had served as alternate board member for Larry Myers representing California tribal interests since 2005.

Truman Burns, chair of the Fiduciary Committee, provided a brief overview of the committee's purpose and of the work done by the committee since November. Mr. Burns reviewed key areas of focus for 2009 including ensuring the Council's legal and financial policies are current and aligned to help the organization achieve its mission and goals. He stated that the committee will continue to focus on sound financial and investment management as well as organizational structure and questions around the future of the organization. Mr. Burns then turned the report over to Karen Mills, Treasurer, to provide a review of the 2008/2009 budget. Ms. Mills stated that expenses came in 12 percent below budget for 2008, indicating that this is due to the reassessment of priorities for the land and youth programs which resulted in lower consultant and staffing costs. She stated that these unspent funds will remain in the investment account, accruing interest until they are needed in future years. Ms. Mills concluded her report by stating that staff has reviewed the 2009 budget forecast with the committee, including possible implementation costs related to the Youth Investment Program's long-term sustainability initiatives. She stated that the Youth Investment Committee will present their plan for the coming year, including the addition of up to \$300,000 in investments in staffing and consulting support. Ms. Mills stated that at this time, the committee does not foresee total expenditures exceeding the 10 percent contingency approved by the board and that a budget revision isn't recommended at this time. She then turned the report back over to Mr. Burns to review updates to the Council's Investment Policy.

Mr. Burns stated that the Council's investments remain conservatively managed with Wells Capital. He reported that with the addition of PG&E's sixth allocation of funds on January 2, the Council's investment account is now over \$47 million and that the Council is well positioned to preserve the principal and ensure liquidity of the funds. Mr. Burns stated that the organization is committed to continually improving its investment practices. With this, he stated that the Fiduciary Committee, at the request of the Audit Committee, has spent a considerable amount of time working with staff and an investment advisor to develop a recommendation to help the organization diversify its investment portfolio through the addition of a second investment manager. Mr. Burns reported that over the last year, the committee considered several strategies and ultimately decided to pursue the addition of a comingled fund manger. He stated that several fund alternatives were considered and ultimately Vanguard was chosen as the committee's management choice. Therefore, Mr. Burns stated that the committee is recommending the allocation of \$7.5 million to the Vanguard Short-Term Bond Index Fund. He noted that this change will also help increase diversification among investments and reduce the concentration risk related to having all investments with a single manager.

Mr. Burns then requested approval of the committee's request to allocate \$7.5 million to the Vanguard Short-Term Bond Index Fund. Mr. Chrisman asked the board if there were any questions or objections regarding Mr. Burns's request, and hearing none, the board approved this request.

Mr. Burns went on to present another recommendation by the committee to make two modifications to the Council's Investment Policy: 1) to slightly modify the maximum limit for investments in a single investment, reducing the maximum investment size to 3 percent; and 2) a change related to the addition of a second investment manager to periodically review and rebalance the investment portfolio among managers.

Mr. Chrisman asked the board if there were any questions or objections regarding Mr. Burns's request to modify the Council's Investment Policy as presented, and hearing none, the board approved this request.

Mr. Chrisman then asked Luis Arteaga, chair of the Youth Investment Committee, to provide his report. Mr. Arteaga briefly reviewed the Council's youth investment mandate and then turned the report over to Steve Hagler, Director of Youth Investment, to provide a detailed staff report. Mr. Hagler thanked Latoya Graham, Program Associate, for her work on the youth program and then provided his report to the board (See Attachment A). Mr. Hagler then turned the report back over to Mr. Arteaga to provide an update on the Youth Investment Program's long-term sustainability effort. Mr. Arteaga stated that in November, the committee presented its thoughts to the board for laying the foundation for program sustainability and for making deliberate steps and expenditures to get the Council on this path. With this, Mr. Arteaga reviewed the objectives for this process, including: 1) to understand and document the impact the Council is having in the field; 2) to make connections, identify partnerships, and leverage resources to grow the program; and 3) to make opportunities happen such as exploring and accepting new sources of funding. Mr. Arteaga presented a 2009 implementation plan which includes an investment in people, technology, and communication and outreach (See Attachment B). He then reviewed budget implications with this plan. He stated that in order to move forward with the recommendations in this report, the committee is requesting authorization to allow staff to implement the 2009 Youth Investment Program effort including: 1) the addition of a full time Grants Manager and part-time administrative support to staff to the Youth Investment Program; 2) retaining additional contractor support; 3) authorization to modify the budget not to exceed \$300,000 to support this effort; and 4) delegation of authority to the Youth Investment Committee to provide oversight of this effort. He stated that the committee will provide specific direction and authorization to staff to retain development support. Mr. Arteaga clarified that the committee will spend some additional time considering the Council's specific needs for development support and will bring their recommendations to the full board for review.

Mr. Arteaga then requested approval of the committee's request as presented. Mr. Chrisman asked the board if there were any questions or objections regarding this request. Mr. Livingston asked if the \$300,000 would be an addition to the 2009 budget. Ms. Battey clarified that the Council's budget includes a 10 percent contingency and that this request falls within that contingency amount, therefore no modifications will be required for the budget at this time. Mr. Chrisman asked if there were any more questions, and hearing none, the board approved the request to authorize staff to implement the 2009 Youth Investment Program effort as presented.

Mr. Chrisman then asked Soapy Mulholland, chair of the Planning Committee, to provide the committee's report. Ms. Mulholland provided an overview of the committee's purpose and went on to report on the committee's activities since November. She stated that staff has continued to make progress on the four pilot projects and noted that the eligible donees for Kennedy Meadows will present their Land Stewardship Proposals (LSP) later in the meeting. Ms. Mulholland stated that the Council has gained valuable knowledge and experience through their work on the pilot projects and thanked the stakeholders for working with the Council through this process. She then quickly reported that a funding policy is being developed for the Land Conservation Program and indicated initial work has revealed less money and more expenses than anticipated. Ms. Mulholland then asked Ric Notini, Director of Land Conservation, to

provide a staff report. Mr. Notini provided his staff report (See Attachment C). Following his report, Mr. Notini highlighted items in the forthcoming Kennedy Meadows LSP presentations. He stated that staff will review and conduct due diligence for each of these LSPs and will provide a recommendation to the Planning Committee, with the committee making a recommendation for the full board to consider at a future board meeting.

Ms. Mulholland then asked Susan Skalski, Forest Supervisor for Stanislaus National Forest to present the US Forest Service's Land Stewardship Proposal for Kennedy Meadows. Ms. Skalski thanked the Stewardship Council for a well designed process, stating that it has been great for relationship building overall. She then made her presentation regarding Kennedy Meadows. Following this presentation, Ms. Mulholland asked Kirk Ford, Chairman of the Tuolumne County Resource Conservation District (TCRCD) to present the Land Stewardship Proposal for Kennedy Meadows submitted by the TCRCD and the County of Tuolumne in collaboration with the California Rangeland Trust, the Tuolumne Band of Me-Wuk Indians, and the Mother Lode Land Trust. Following both presentations, the presenters responded to questions from the board members regarding their organizations' qualifications and details about their respective proposals.

Ms. Mulholland asked whether there were any more questions from the board, and hearing none, she turned the meeting back over to Mr. Chrisman. Mr. Chrisman then asked the public for any final public comments and called the following individuals to speak regarding the topics identified below:

**Terri Murrison**, Supervisor for Tuolumne County, thanked the Council for the opportunity to participate in the pilot process with Kennedy Meadows. Ms. Murrison wished to elaborate on the reason the county prefers Option 1 as presented in their Land Stewardship Proposal, under which the TCRCD would own the land and a conservation easement would be held by the County with the California Rangeland Trust and the Tribe as consultants. She stated that they listened to local concerns and heard that they wanted competent local groups to manage the Kennedy Meadows property. Ms. Murrison also wished to comment on the USFS proposal to split the Kennedy Meadows parcel, reiterating the county's belief that the land would be better served if managed as a whole.

**John Hoffman**, a consultant from Amador County, wished to address tax neutrality. He stated that it is important to ask what funds are being generated at this time and then address how those funds will be maintained. He suggested the Council may want to do this analysis before they select a management plan as they will want to understand how the plan may affect the revenues of the county.

**John Buckley**, Central Sierra Environmental Resource Center, stated his view that of the eligible donees for Kennedy Meadows, only the USFS has a record of management of land with complex issues. He stated his concerns about Tuolumne County favoring only local interests. He stated his belief that the USFS is best equipped to manage Kennedy Meadows as it is already managing lands on all sides of the property. He concluded his remarks by urging the Council to consider choosing Option 2 from the USFS Land Stewardship Proposal.

**Ellie Routt**, Executive Director of the Mother Lode Land Trust (MLLT), stated that her organization has been active in Amador and Calaveras counties since the 1990s and that they are willing and interested in working with Tuolumne County in connection with its Land Stewardship Proposal for Kennedy Meadows. She described the MLLT's involvement in the pilot process and stated that the MLLT continues to be interested in figuring out what is best for Kennedy Meadows.

**Bill Nicholau**, Bucks Lake Homeowner's Association, noted that in Volumes I and II of the Land Conservation Plan there are still a number of studies that need to be conducted. He stated that he is interested in what the process will be to conduct these studies and how they will impact the Land



Stewardship Proposals and conservation easements. He stated that Bucks Lake Homeowner's Association is pleased to be working with the Council's Land Conservation Program staff and is looking forward to seeing a conservation easement template.

Following the public comment period, Ms. Mulholland and Ms. Battey thanked the public and specifically the representatives of the USFS and Tuolumne County for their participation. They indicated that the spirit of collaboration was evident in their proposals.

Mr. Chrisman then asked if any board or staff members had announcements to make. Mr. Livingston invited the board and public to an open house at the Stewardship Council offices following the board meeting. Ms. Battey provided farewell remarks and thanked the board and staff. She stated that she had learned a lot about listening and finding common ground and that it is not about what you want as an individual, but what is best for the people of California. Ms. Battey then thanked the public, stating that she learned that one person can really make a difference in their community.

Hearing no other announcements, the meeting adjourned.

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Secretary, Randal S. Livingston