

Minutes of the Board of Directors Meeting

March 25, 2010

The Board of Directors held a closed session meeting at the Sacramento Public Library in Sacramento, CA beginning at 10:30am. A public board meeting was held following this meeting beginning at 1:30pm.

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

Paul Clanon
Steve Larson
Kevin Hunting
Noelle Cremers (for Karen Mills)
Dan Odenweller (for Soapy Mulholland)
Randy Livingston
Art Baggett
Truman Burns
Rich Gordon
Todd Ferrara (for Lester Snow)
Dave Bolland (for Mark Rentz)
Michele Dias
Larry Myers
Robert Meacher
Chris Nota

Luis Arteaga
Dave Sutton
Duane Marti
Mark Rentz
Karen Mills
Richard Roos-Collins
Lester Snow
Soapy Mulholland

The following secondary representatives were also present: Nancee Murray and Mike Schonherr.

The following staff were also present: Allene Zanger, Executive Director; David Moyce, General Counsel; Ric Notini, Director of Land Conservation; Steve Hagler, Director of Youth Investment; Joel Wagner, Director of Finance; Elizabeth Wroblicka, Deputy Director of Land Conservation; Toby Perry, Land Conservation Project Manager; Heidi Krolick, Chantz Joyce, and Vanessa Parker-Geisman, Regional Land Conservation Managers; Mary Adelzadeh, Community Outreach Specialist; and Allison Henderson, Land Program Assistant. Members of the public were also present.

SUMMARY OF ACTIONS AND RESOLUTIONS

1. **Adopt Minutes of the January 27, 2010 Closed Session Minutes (*Action*):** The board adopted the January 27, 2010 Closed Session Minutes.
2. **Appoint Art Baggett as the Council President for the remainder of 2010 (*Action*):** The board appointed Art Baggett as the Council President.
3. **Appoint Mike Schonherr as the Youth Investment Committee Co-Chair (*Action*):** The board appointed Mike Schonherr as the Youth Investment Committee Co-Chair.
4. **Adopt a Formal Media Protocol (*Action*):** The board adopted the formal Media Protocol as presented.

5. **Adopt Amended Fiduciary Committee Charter (Action):** The board adopted the amended Fiduciary Committee charter, which includes oversight responsibility pertaining to the Foundation for Youth Investment.

MEETING SUMMARY

Council Co-Chair Art Baggett, acting as chair of the meeting, called the meeting to order and asked each director and staff member to introduce themselves, noting that a quorum was present.

Mr. Baggett then reminded the board 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. Baggett introduced the new board members and recognized current board members for recent accomplishments. He welcomed Lester Snow to the board, as the recently-appointed Secretary for Natural Resources for the State of California, and Dan Odenweller, as the new secondary representative appointed by the Central California Regional Water Quality Control Board. Mr. Baggett then recognized board member Kevin Hunting, for receiving a promotion to Chief Deputy Director of the California Department of Fish and Game.

Mr. Baggett briefly reviewed the meeting agenda, noting five action items, and asked members of the board if they had any conflicts of interest to disclose at this time. Hearing no conflicts, the meeting proceeded.

Mr. Baggett reviewed the meeting objectives and, noting that the board meeting included a period for public comment, invited the public to submit public comment cards indicating their intent to comment later in the meeting.

Mr. Baggett asked Allene Zanger to provide the Executive Director's Report. Ms. Zanger began her report by thanking the board and members of the public for their attendance at the meeting. She then welcomed new directors Lester Snow and Dan Odenweller, informed the board that Secretary Chrisman will be acknowledged for his contributions at a future meeting, and said farewell to Nancy Ryan, who has been appointed by the Governor to serve on the Public Utilities Commission. Ms. Zanger then introduced the board to the Stewardship Council's newest employee, Elizabeth Wroblecka, who is serving as the Deputy Director of Land Conservation.

Ms. Zanger then discussed the recent incorporation of the Foundation for Youth Investment which was established to carry forward the work of the Stewardship Council's Youth Investment Program and identify new funding sources for outdoor programming. She thanked the law firm of Morrison and Foerster for their pro bono legal services. She went on to describe the creation of the External Youth Advisory Panel and its success in reviewing the Catalyst Grant applications. The panel is largely comprised of underserved youth who grew up benefitting from outdoor programs such as those funded by the Stewardship Council, and can provide a unique perspective of the type of programming that is most effective.

Ms. Zanger concluded by thanking staff and thanking the board for demonstrating a continued dedication to the Stewardship Council.

Mr. Baggett then asked Randy Livingston, Chair of the Board Development Committee, to provide an update on committee work over the last few months. Mr. Livingston briefly reviewed the committee's mandate and updated the board on the meeting last February where the committee reviewed its charter, confirmed its purpose, and concluded that it was still on track. He stated that during the board's closed session meeting it was confirmed that the focus for the agenda of the board's annual retreat in May would be the Land Conservation Program.

Mr. Livingston then asked the board to take action to approve Art Baggett as the President of the Stewardship Council board for the remainder of 2010. Mr. Baggett asked if there were any questions regarding this request, and hearing none, the board approved appointing Mr. Baggett as the President.

Mr. Livingston then asked the board to approve appointing Mike Schonherr as Co-Chair of the Youth Investment Committee. Mr. Baggett asked if there were any questions regarding this request, and hearing none, the board approved the action to appoint Mr. Schonherr as Co-Chair of the Youth Investment Committee. Mr. Livingston concluded by presenting a Media Protocol for board members and asked the board to adopt the Media Protocol as presented. Mr. Baggett asked the board if there were any questions. Hearing none, the board approved the Media Protocol as presented.

Mr. Baggett then asked Rich Gordon, Chair of the Youth Investment Committee, to provide this committee's report. Mr. Gordon briefly reviewed the Council's youth investment mandate and then turned to Steve Hagler, Director of Youth Investment, to provide a detailed staff report.

Mr. Hagler began his report by thanking Mr. Gordon, then Mr. Schonherr for accepting the position of Co-Chair of the committee. He also recognized the staff of the Youth Investment Program, Angie Chen, Manav Thapar, and Matt Andrieux, as well as Joel Wagner. Mr. Hagler then provided a staff report (see Attachment A).

Mr. Baggett then asked Truman Burns, chair of the Fiduciary Committee, to provide his committee's report. Mr. Burns provided a brief overview of the committee's purpose, stated that the Committee had met to review its charter and the committee's performance, and introduced an amendment to the Fiduciary Committee Charter which includes oversight responsibility pertaining to the Foundation for Youth Investment. Mr. Burns asked the board for action to adopt the amended Fiduciary Committee Charter as presented. Mr. Baggett asked if there was any opposition to the action and, upon hearing none, the board agreed to adopt the amended Fiduciary Committee Charter.

Mr. Burns then asked David Moyce, General Counsel, to provide an update on the Intercompany Agreement between the Stewardship Council and the Foundation for Youth Investment. Mr. Moyce informed the board that the agreement is being reviewed by both the Foundation and the Stewardship Council and that he is expecting the agreement will be signed within the next 10 days.

Mr. Burns asked Joel Wagner, Director of Finance, to provide a budget review from 2009 and a budget update for 2010. Mr. Wagner provided an overview, noting that in 2009 the Council was below budget due to consultant expenses being less than budgeted. For 2010, the Council is significantly under budget due to lower consultant expenditures related to the Land Conservation and Youth Investment Programs.

Mr. Baggett then asked Mr. Burns, who was filling in for Soapy Mulholland, chair of the Watershed Planning Committee, to provide this committee's report. Mr. Burns provided an overview of the committee's purpose and then asked Ric Notini, Director of Land Conservation, to provide a more detailed

staff report. Mr. Notini provided his staff report (See Attachment B). Mr. Notini concluded his report by summarizing the results of discussions that were held concerning the Sierra Nevada Conservancy's possible roles in connection with the Land Conservation Commitment. Possible roles have included: 1) approving successor easement holders; 2) approving transfers of fee title; 3) monitoring covenants or other satisfactory assurances on lands not protected by an easement; and 4) acting as a long-term repository of site information. In response to a question from Mr. Burns, there followed a discussion about progress toward implementing land transactions involving the Kennedy Meadows planning unit.

Mr. Baggett then invited Mike Schonherr to make a presentation on behalf of PG&E concerning the Climate Action Reserve (CAR) Carbon Offset Program. Mr. Schonherr described the program and indicated that it was PG&E's intention to list projects on the PG&E watershed lands by April 30, 2010. Mr. Schonherr stated that this is a preliminary step in the process that in no way encumbers the lands. Listing preserves the opportunity for PG&E to register vintage credits on the watershed lands, but the opportunity to participate in the program will be lost if the listing is not submitted by the April 30 deadline. (A copy of the PG&E presentation will be made available on the Stewardship Council's web site.)

There followed a lengthy discussion concerning the CAR Carbon Offset Program and the possible implications of including portions of the PG&E watershed lands in the program. Several board members expressed concern about the potential implications for future donees of fee title.

Mr. Baggett invited members of the public to speak concerning the plan by PG&E to list potential forest projects with the Climate Action Reserve.

Bill Stewart, Co-Director of the Center for Forestry and a Forestry Specialist at UC Berkeley, expressed concern with the CAR protocols and their ambiguity. Mr. Stewart asserted that storing biological carbon for 100 years cannot be done simultaneously with the practice of sustainable forestry, and posited that the gains from practicing sustainable forestry are larger than those from carbon sequestration.

Mr. Stewart also expressed concern that the CAR protocol was a step backwards as it allows underdeveloped countries to pollute more by purchasing credits from developed countries. Mr. Stewart finished by asking the board to consider that there have been no evaluations done on the 100-year liabilities, such as 5-year monitoring costs and the insurance pool, for a cashing out of pollution credits.

Ms. Dias asked Mr. Stewart a question concerning the potential impact of this project on his organization's interest to participate as a donee of fee title of particular watershed lands. Mr. Stewart responded that as he sees it, all the assets would have been stripped out and that this would impact the University's desire to participate as a donee of the PG&E watershed lands.

Russ Henley, the Assistant Deputy Director for Resource Protection and Improvement at the California Department of Forestry and Fire Protection (CAL FIRE), told the board that CAL FIRE has expressed interest in being a donee of fee title for a total of 8 parcels with expectations to use them as research, demonstration, and working forests. Specifically, they are interested in bringing these into a research forest consortium with UC Berkeley and the Forest Service Pacific Southwest Research Station. Mr. Henley stressed that the 100 year encumbrances contemplated by the CAR program would place significant ongoing limitations on research and management and would put at risk many donees' abilities to manage the land in a way that is consistent with the values of the Stewardship Council as well as their ability to raise the revenue necessary to manage the lands. He said that there is a very small increment of carbon sequestration left over after baseline is reached and that the value of the carbon increment is much smaller than the value of the timber increment, and estimated that this would both increase the transfer

costs and the amount of seed money donees would seek because the ability to create their own revenue would be less. Mr. Henley concluded by stating that this program's encumbrances would diminish donee interest as it greatly inhibits the research opportunities and would reduce revenue that would be necessary to fund their research.

In response to a question from Mr. Odenweller, Mr. Henley indicated that a perpetual conservation easement need not similarly inhibit a donee's participations, as there are many working forests under conservation easements right now and a well-drafted conservation easement that leaves adequate latitude for working research and demonstration forests is feasible. In response to a question from Mr. Livingston, Mr. Henley confirmed that CAL FIRE's research suggests ongoing harvesting in a sustainable fashion has better long term economic benefits than carbon sequestration.

John Hoffmann, a consultant working for Amador County, cautioned the board to verify that certain aspects of the protocols were still the same as when initially written. He expressed concern that there was no benefit possible to land owners for participating in the program if the lands were already under a legal requirement to be managed in that way, and suggested that writing a conservation easement in such a way as to require the land owner to manage for carbon may have the unintended effect of locking the donees into the carbon sequestration management style without the ability to receive a benefit from doing so.

Ms. Zanger read shared an e-mail to the board from **Katherine Evatt**, from the Sierra Foothill Conservancy, in which Ms. Bell expressed concern to the board about clear-cutting practices that she contended may be allowed under the CAR protocols and urged the Stewardship Council to consider more sustainable methods of carbon reservation and to ensure in conservation easements that clear cutting, and similar practices, will be precluded.

Mr. Baggett indicated that the board would be continuing to discuss this matter at its May meeting.

Following this report, Mr. Baggett invited members of the public to speak for the final public comment period.

Ron Goode, Tribal Chairman of the North Fork Mono Tribe, informed the board of the success of a watershed summit that was recently held between 175 tribes and several government agencies. He stressed that all of the lands in the Willow Creek watershed area are ancestral grounds of great cultural value and that access to these lands is very limited. He expressed concern about the proportion of lands that have been designated for retention by PG&E or are landlocked by PG&E or US Forest Service lands. A second concern involved PG&E's reserved rights; Mr. Goode specifically mentioned a parcel where his tribe wanted to put a cultural center, but the land is designated for retention by PG&E due to an underground tunnel necessary for operations. In his view the land above ground could be made available for use by the tribe. Mr. Goode concluded by expressing a concern about Stewardship Council funding and the lack of information on how much will be available to donees.

Hearing no further public comments, Mr. Baggett then asked if any board or staff members had announcements to make.

Hearing no other announcements, the meeting adjourned.

Secretary, Randal S. Livingston