

Meeting Minutes
March 5, 2009
Sierra Nevada Brewery Big Room
1075 East 20th Street
Chico, CA 95928



I. Call to Order

Chairman Chrisman called the meeting to order at 9:10 AM.

Ken Grossman, President CEO of Sierra Nevada Brewing Company welcomed the Board.

II. Oath of Office for New Boardmembers

Deputy Attorney General Christine Sproul swore in Boardmembers: Brian Dahle, North Subregion Representative; Don Jardine, East Subregion Representative; and Kim Yamaguchi, North Central Subregion Representative.

III. Roll Call

Present: Bill Haigh, Don Jardine, Brian Dahle, Beth Pendleton, Mike Chrisman, Steve Wilensky, Bob Kirkwood, Jon McQuiston, John Brissenden, and Kim Yamaguchi

Absent: BJ Kirwan, and Tom Sheehy

IV. Approval of December 5, 2008 Meeting Minutes

There were no changes to the meeting minutes.

ACTION: Boardmember Brissenden moved and Boardmember Kirkwood seconded a motion to approve the December 5, 2008 meeting minutes. The motion passed unanimously.

V. Public Comments

There were no public comments at this time.

VI. Chairman's Report (INFORMATIONAL)

a. State Budget Update

Chairman Mike Chrisman reported the new "17-month budget" was passed, and has been signed by the Governor. It contains a combination of tax increases and significant program reductions in an attempt to close the \$42 billion deficit. He noted that part of the process in place is a series of votes in a special statewide election in May and there is also the proposal of a Constitutional Convention to, "fix the governance process of California." He indicated that the furlough of state workers continues, the details of which are

still subject to negotiations with the unions with the current proposal calling for one floating furlough day per month for most agencies.

Chrisman informed the Board that the May revise process will continue, and there will most likely be further adjustments. He said that bond sales are expected to continue to go very slowly and there is no reason to expect things to soon be back to normal with us or with government in general any time soon.

VII. Executive Officer's Report (INFORMATIONAL)

a. Budget/Staffing Update

Executive Officer Jim Branham commended the morale of the Sierra Nevada Conservancy (SNC) staff, saying they have pulled together as a team, working "that much harder" to get things done during these times of fiscal uncertainty and furloughs.

Branham noted that the Budget did include a reduction of approximately \$500,000 in the Conservancy's base funding, and that planning was underway to deal with the impact.

He noted that the freeze in bond funding is the biggest concern for the Conservancy and especially for its grantees because it prevented payment even for work already performed. He pointed out that SNC partners performed work in good faith and now cannot be paid for work already completed. He noted that some organizations in the region went through layoffs and partial closures and that there is some question about the viability of some grant funded projects.

Branham said that private placement bond sales, a negotiated sale between interested investors and the state, through the State Treasurer's Office could provide some relief. The SNC is looking for any partners who might have investment capital, to use this mechanism to support our projects. There was brief discussion from the Board about how private placement bond sales might impact the Conservancy's grantees, and options for bundling projects to increase interest from investors.

Boardmember John Brissenden said the Conservancy should increase its level of participation in this area. He suggested looking at a smaller buy-in to bring in other groups and investors to increase the interest in private placement bond sales.

Branham informed the Board that with no grant projects to monitor staff is being engaged in other activities throughout the region. He indicated that the

staff is doing an analysis of the Conservancy's subregions, looking at the projects emerging from these areas and identifying differences between the subregions. He noted that the current "cookie cutter" approach of awarding projects by sub region may not be the way to go, based on some analysis we have seen so far.

Branham informed the Board of a recent visit to the SNC office in Auburn of former Assemblyman John Laird, co-author of the Laird Leslie Sierra Nevada Conservancy Act. He said Laird participated in an all-staff meeting and that staff enjoyed hearing the more intricate details of how the Conservancy was formed through bi-partisan support in the Legislature.

b. Use of Proposition 84 Funds

Branham reported that the Conservancy continues to "harmonize" the General Obligation Bond statute, Proposition 84 and our statute in determining which grants are recommended for Board approval. He indicated that the Grant Guidelines properly reflect these statutory requirements. Looking back, however, there have been a few projects that were approved that were good projects, but were somewhat tenuous with respect to meeting the requirements. He said the Conservancy is working to ensure that all projects fully meet all legal requirements and will continue to discuss this issue with the Attorney General's office and the Department of Finance. Boardmember John Brissenden commended staff for their work to date.

Deputy Attorney General Christine Sproul said most of the issues raised at the December Board meeting by Boardmember Schladale were due to a lack of familiarity with Proposition 84 and its prevailing provisions. She stated she is looking forward to future discussions with DOF, but reiterated that project funding to date has been appropriate.

Boardmember Steve Wilensky said the discussion serves as a reminder that we have need to establish other funding streams beyond Proposition 84.

c. SNC License Plate

Bob Kingman, Lassen Area Manager, reported the establishment of a working group to take a renewed look at being competitive in a market that now includes three other agencies that are marketing license plates. He stated that the working group has representation from the Sierra Business Council, Sierra Nevada Alliance, the Sierra Cascade Land Trust Council, the Sierra Fund, and the Sierra Nevada Conservancy. He noted the working group is planning frequent meetings and will be coordinating with a broader group of stakeholders with a targeted official kickoff date in September, hopefully to coincide with the Conservancy's five-year anniversary. Chuck Peck,

Executive Director of the Sierra Cascade Land Trust Council stated that, like the initial efforts to establish the Conservancy itself, the license plate effort encountered some difficulties. Peck said a renewed effort would be successful. He stated the new effort will build on the work that has been done to date, using a larger coalition, and focused in the Sierra. The goal is to eventually bring in \$1 million per year in “undesigned funds.” Boardmember Bob Kirkwood said solicitations would be aided by carefully laying out the purposes for the funds as being grants oriented, and not for the Conservancy’s operational budget.

Branham said any proceeds from the license plate fund will not be used for administrative purposes. He pointed out that there is a percentage that can be used for “marketing” the license plate effort itself, but beyond that, the funds would be used for projects and activities on the ground.

d. *National Geographic Geotourism Maps*

Bob Kingman gave an update on this project, which was introduced to the Board at the December 2008 meeting. He stated that the SNC is exploring options to partner with the National Geographic Foundation (NGF) and other partners to initiate a “Geotourism Map Guide” for the Sierra Nevada Region.

Kingman noted that staff has participated in several meetings to convene a core team of proponents for the project, including the SNC, NGF, the Sierra Business Council (SBC), the Sierra Arts Council and California State Parks. The SNC has committed \$35,000 initially to leverage an equal amount granted to the SBC by the Morgan Family Foundation. Kingman stated that the scope from the original effort is being defined, and the new focus is to be refined, following suggestions from NGF and other partners. The project will be divided into three phases, with the first phase to include portions of the Central, South Central, and East sub-regions.

e. *SNC Outreach Efforts*

Branham referred the Board to the high-level overview in the Board packet regarding the wide range of stakeholders and interested parties with whom SNC staff continue to interact.

f. *Placer County Carbon/Biomass Project*

Brett Storey, Placer County Biomass Program Manager, gave an overview of the Placer County Carbon/Biomass Project. He reported that Placer County is working with the Tahoe National Forest and Sierra Pacific Industries to remove 7,000 tons of woody biomass from the Sugarpine Dam and Shirttail Creek watershed area to a cogeneration facility in Lincoln, and described the

benefits from such efforts. Thomas Christofk, Air Pollution Control Officer, Placer County, commented on the project's benefits as they relate to reduction of carbon emissions and power generation. The Board engaged Storey and Christofk with several questions of interest about carbon crediting, "cap and trade," mitigations, and the economics of the program, and offered its encouragement.

Boardmember Kim Yamaguchi requested a presentation to the Butte County Air Pollution Control District.

g. *CSU Chico, Northeast Information Center Presentation*

Amy Huberland, Assistant Coordinator Northeast Information Center, gave a presentation to the Board on the center's 30-year history at CSUC. The center houses archeological and historical records for northeastern California, and is under contract with the State Historical Preservation to assist them with their mission. Their region covers 11 counties, seven of which are in the SNC Region.

h. *Federal Stimulus Package Economic and Environmental Improvement Program (Informational)*

Branham informed the Board of the Conservancy's efforts initiated in response to the federal stimulus funding, including interaction with regional partners and the formation of an Economic and Environmental Improvement Plan. He stated that the effort is a work in progress and will likely be modeled somewhat after the Environmental Improvement Program in the Tahoe basin. Branham introduced Shawn Garvey, who is currently working on the project with the SNC and other regional partners.

Garvey stated the goal of is to expand funding partnerships by creating a vehicle to attract and align state and federal investment in the region. He characterized the effort to date as a "conversation," and stated that everything is in "draft" form. He said that there are about 10 partner organizations involved who are meeting on a regular basis.

Garvey said the two main objectives of the initiative are—

- To better align federal investment in the Region to the collaboratively developed goals of the SNC, and
- To substantially increase federal investment in the Sierra Nevada Region by federal agencies.

Chairman Mike Chrisman asked Garvey to define the SNC's role. Garvey stated that the SNC could serve as the coordinator of the effort.

Branham noted that the SNC's goal is to increase federal funding in the region in the short term and into the future. He noted that the SNC is willing to play a lead role if that works out the best for all involved. Branham added that SNC Mt. Whitney Senior Field Representative Julie Bear was working with Garvey on the team.

VIII. 2009 Board Meeting Schedule (INFORMATIONAL)

Executive Officer Jim Branham suggested the Board cancel the June meeting, since there would likely be no grants to award at that time due to the Proposition 84 bond freeze.

Action: Boardmember McQuiston moved and Boardmember Dahle seconded a motion to approve the cancellation of the June Board meeting and change of Subregion for the December Board meeting to take place in the South Subregion. The motion passed unanimously.

IX. Strategic Plan Update (ACTION)

Assistant Executive Officer Joan Keegan presented the updated SNC Strategic Plan to the Board, and asked for approval. Keegan said the plan is very similar to the plan that was brought to the Board in December and said that it will be brought back to the Board as new issues emerge. She added that there will be a full revision of the plan in two years as the life of the plan expires.

Boardmember Bob Kirkwood expressed concern over the classification of mining as a working landscape, given the historic impacts of mining.

Keegan said the SNC would put some qualifying language in the plan to address those concerns.

There was no public comment on this issue.

Action: Boardmember Dahle moved and Boardmember Jardine seconded a motion to approve the proposed changes to the Strategic Plan with the addition of the mining language change. The motion passed unanimously.

X. Status of 2008-09 Grants Program (ACTION)

SNC Program Manager Kerri Timmer provided the Board a status report on the impacts of the bond freeze and stop work order on the 2008-09 Grants Program, including:

- 146 awardees from the first year have had their projects frozen as of Dec. 17, 2008;

- just over \$1 million in unpaid invoices for work done prior to Dec. 17 have been frozen as well;
- there are approximately \$12 million in remaining balances for these frozen projects;
- the 32 projects authorized by the Board in December, which amounts to \$2.6 million in projects, are also frozen;
- the staff has not been able to bring forward recommendations for the \$7 million available in this year's funding for the competitive applications (staff will continue to evaluate those and will have them ready to present to the Board when the freeze on new authorizations is lifted).

Timmer pointed out that the SNC received 100 new applications by the February 27 deadline for the second round of Strategic Opportunity Grants. Staff is able to do an internal evaluation on those, including screening for completeness and eligibility and the initial stages of content evaluation, but will not be able to complete evaluation, including external review, until the freeze on expenditure of Prop. 84 funds are lifted.

She noted that the budget crisis has been particularly hard on SNC grantees, in some cases, layoffs have occurred, and programs and offices have closed.

Next steps

Kimmer stated that in order to maintain maximum flexibility in case Prop. 84 funds are made available later this calendar year, the Conservancy is pursuing a number of steps:

- asking the Board to extend the life of all applications received in this fiscal year to December 31, 2009, instead of having them terminate on June 30, 2009;
- working with control agencies to extend the liquidation date of the first year's funds to accommodate the delay in project implementation and spending caused by the freeze;
- continuing internal processing of grant agreements for the projects authorized in December so that they can be ready to go as soon as possible once the freeze on new authorizations is lifted;
- finishing the evaluation process for this year's Competitive applications so that they, too, will be ready to move forward to the Board for review/authorization as soon as possible after the freeze lifts;
- completing our internal evaluation on the second round of SOG applications and preparing them for external review once the bond fund expenditure freeze is lifted.

Action: Boardmember Kirkwood moved and Boardmember Dahle seconded a motion to approve extending the life of the 2008-09 grant applications to June 30, 2009. The motion passed unanimously.

Public Comment:

Izzy Martin of The Sierra Fund thanked the Conservancy staff for being very thoughtful, transparent and consistent during the Prop 84 bond freeze. Martin noted she hoped there will be an opportunity to receive money in June.

Brett Storey with Placer County thanked Conservancy staff for keeping grantees and applicants in the loop and notifying them of other funding opportunities.

XI. 2009-10 Grants Guidelines (ACTION)

Jim Branham introduced this topic by stating that next year's grant guidelines will place an emphasis on on-the-ground projects. He stated that although there are many unknowns regarding the future of Proposition 84 funds, the Conservancy will continue to move forward to prepare for a new round in 2009-10.

Program Manager Kerri Timmer stated that last meeting the Board agreed to move to a single grant cycle with one deadline and a single set of funding recommendations to be brought to the Board. Furthermore, she said the Board directed staff to redefine eligible projects to focus on on-the-ground projects and that this change is addressed by including only a subset of the SOG 2 eligibility definition. Timmer noted that this subset includes project due diligence such as appraisals, environmental assessments, and CEQA documentation.

Timmer pointed out that the staff recommendations posed a number of questions to the Board relative to the grant cycle, and grant distribution by Subregion. The next steps are to circulate draft grant guidelines for public review, take comments into consideration, and bring the guidelines back to the Board for approval.

Boardmembers discussed the pros and cons of a single cycle for awarding grants next year, and the importance of equity in distributing grant dollars by Subregion.

Boardmember Bob Kirkwood recommended placing alternatives relating to funding allocations in the draft guidelines to the public to get their feedback, stating the SNC could make a final decision once we receive applications and know what each Subregion is able to do.

Chairman Mike Chrisman appointed a committee to approve the guidelines following public review and comment to include Boardmembers Wilensky and Kirkwood, along with Chrisman.

Action: Boardmember Dahle moved and Boardmember Brissenden seconded a motion to approve the Public Draft 2009-10 Grant Guidelines with a Subcommittee made up of Boardmembers Chrisman, Kirkwood, and

Wilensky authorized to approve the Guidelines following the public comment period. The motion passed unanimously.

XII. Deputy Attorney General's Report (INFORMATIONAL)

Deputy Attorney General Christine Sproul directed the Board to her report in the Board meeting packet. She stated that her conclusion is that this project, while of obvious value to the schools and student participants, does not adequately meet the requirements of Proposition 84 to be eligible for funding.

Sproul also took a moment to notify the Board of their requirement at this time to complete the forms to be in compliance with the Political Reform Act, noting that SNC Board Liaison Theresa Burgess had distributed the forms to the Board.

XIII. Boardmembers' Comments

Boardmember Steve Wilensky addressed the Board on three matters:

1. Kim Carr was praised by Wilensky for making a successful presentation to the Calaveras County Board meeting. She got all five Supervisors to say "great job."
2. There was a meeting with several hundred people to discuss the protection of the Delta recently, and the SNC was a topic of discussion, receiving praise for its accomplishments thus far.
3. Financial committee report: Wilensky noted that former Boardmember Byron Sher went to the Tahoe Regional Planning Agency and will be greatly missed. Wilensky stated that the "committee" wanted to suggest that the SNC partner with a big name entertainer to put on a major event to raise funds for the Conservancy's license plate effort, similar to Farm Aide bringing in Willie Nelson. The establishment of a "Friends of..." organization might also be served from this kind of effort. Wilensky suggested Conservancy staff to put some time and thought into this.

XIV. Public Comments

Mark Pawlicki, Sierra Pacific Industries (SPI); announced the Quincy "small-log" saw mill will be shutting down shut down, putting 150 people out of work. He said this was not just due to the poor lumber market, but also due to litigation of national forest projects. He stated that this was unfortunate since fuels treatment projects are needed. He noted that SPI will keep their "large-log" mill running, and biomass projects going, retaining 160 jobs. He stated that industry infrastructure is important to maintaining the health of the forest, and encouraged more effort in the area of biomass, adding that Placer County is a leader in this field.

Boardmember Yamaguchi thanked everyone for visiting the North-Central Subregion.

XV. Adjournment

Chairman Chrisman adjourned the meeting at 12:11 PM.