

**COACHELLA VALLEY MOUNTAINS CONSERVANCY
REGULAR MEETING
73-710 Fred Waring Drive, Suite 115
Palm Desert, California
March 09, 2008 - 3:00 p.m.**

M I N U T E S

MEMBERS PRESENT:

Buford Crites, State Assembly Appointee-*Acting Chairman*
John Donnelly, Wildlife Conservation Board
Brian Cash, Resources Agency
Jim Foote, U.S. Forest Service (non-voting)
Rick Hutcheson, City of Palm Springs
John Kalish, Bureau of Land Management
Tom Kirk, City of La Quinta
Paul Marchand, City of Cathedral City
Richard Milanovich, Agua Caliente Band of Cahuilla Indians
Gordon Moller, City of Rancho Mirage
Al Muth, University of California
Tom Sheehy, Department of Finance
Larry Spicer, City of Indian Wells
Joan Taylor, Governor's Appointee
Ellen Lloyd Trover, Senate Rules Committee Appointee

MEMBERS ABSENT:

Karl Baker, City of Desert Hot Springs
Kathy Dice, California State Parks
Jim Ferguson, City of Palm Desert- *Chairman*
Eddy Konno, California Department of Fish and Game
Curt Sauer, National Park Service
Roy Wilson, Riverside County Supervisor, District IV

STAFF PRESENT:

Bill Havert, Executive Director
Geary Hund, Associate Director
Kerrie Marshall, Staff Services Analyst

OTHERS PRESENT:

None

VACANT POSITIONS:

None

1.0 Call to Order & Introductions

The Executive Director, Bill Havert, declared that a quorum was present at 3:05 pm and noted that neither the Chairman nor the Vice-Chairman were present to conduct the meeting. The Executive Director asked for a motion to nominate an Acting Chairman to conduct the meeting. A motion was made and seconded (Spicer/Moller) to nominate Buford Crites as Acting Chairman. The motion was adopted by all members saying "Aye" in a unanimous vote. This meeting of the Coachella Valley Mountains Conservancy (Conservancy) was called to order by Acting Chairman Buford Crites at 3:08 p.m.

2.0 Approval of Minutes of November 03, 2008 meeting

Acting Chairman Crites asked if there were any additions or changes to the November 03, 2008 Minutes. There were none. A motion was made and seconded (Spicer/Moller) to approve the Minutes as distributed. The motion was adopted by all members saying "Aye" in a unanimous vote.

3.0 Public Comments on Items Not on the Agenda

Acting Chairman Crites asked if there were any comments on any items not on the agenda. There were none.

4.0 Closed Session – No matter is scheduled

Acting Chairman Crites asked if there were any closed session items. There were none.

5.0 Action items – public hearing

5.1 Consideration of a policy regarding appraisal review and fair market value acquisitions.

Acting Chairman Crites opened the item for public comment. No public comments were made. He then asked for any discussion on the item. Richard Milanovich requested to excuse himself from the discussion on this item since he owns land in this area and thinks this may be a conflict of interest for him. He also requested that the Board discuss item 6.0 before item 5.0 so he could be present to discuss the information items. Acting Chairman Crites asked the Board if there were any objection to his request and since there were no objections he moved forward to discuss item 6.0 before item 5.0 (advance to item 6.0).

Bill referred the Board to the background attachment in the agenda packet which explained the following:

In the past, the Executive Director has reviewed appraisals submitted by grantees. Because the Department of Finance (DOF) and the Natural Resources Agency disapproved of that approach, DOF rejected the Conservancy's capital outlay budget proposal for FY 2009-10, which would have authorized the expenditure of the remaining \$11.514 million in Proposition 84 bond funds. Following the rejection of the budget proposal, Jim Ferguson, CVMC Governing Board Chair, met with representatives of DOF and the Natural Resources Agency to discuss the issue. At that meeting it was noted that the state does not have a written policy regarding appraisal review for grants. Subsequently, the Natural Resources Agency promulgated the policy attached as Exhibit A to Resolution 2009-01 (see following page), which addresses the issue of appraisal review as well as the issue of providing grant funds toward any acquisition that would exceed fair market value, even if the state share did not exceed market value. The policy was distributed to all the conservancies and other agencies within the Natural Resources Agency that acquire land. The Conservancy has been advised that adoption of the policy by the CVMC Governing Board will result in the addition of our capital outlay budget proposal to the state budget that will be considered by the Legislature for FY 2009-10. Bill asked the Board if they had any specific questions.

Paul Marchand asked if the last sentence in the attachment was a carrot and stick that he detected. Bill noted that it was a fair characterization. Paul noted, in other words, we can yell and scream all we want but, this is the way that Sacramento is going to have it.

Larry Spicer asked if the third party appraisal review in reference to the independent third party review requirement of DGS means that the third party opines on the appraisal value or just on the applicable standards of compliance. He noted that a third party may not have the same knowledge that a local market appraiser may have. He further noted that he could understand if a third party reviews a checklist and determines that the procedure were in compliance with some standard.

John Donnelly explained that when DGS reviews their appraisals they do not opine a value unless they are asked for one and then that value is based on the appraisal that was presented plus additional ground work that DGS undertakes. If they follow the standards of USPAP they could reasonably determine the value is supported and the conclusion of that value should go forward. They do not come up with their own value, they attest to the fact that the appraisal meets standards and requirements.

Larry noted that his question was answered very directly and asked what the Conservancy would pay as an additional amount for this third party review and would this amount come out of the funds available for acquisition. Bill answered, yes, that the funds would be paid through capital outlay funds. John responded that he believes that DGS currently charges \$140 per hour and the reviews typically cost anywhere from \$1500-\$3000 depending on the complexity of the appraisal. A lot depends on if DGS is able to complete a desk review of the appraisal or if they need to go on site to review the property on the ground.

Acting Chairman Crites then asked for any additional discussion on the item and there was none. He asked for a motion to approve Resolution 2009-01. A motion was made and seconded (Muth/Marchand) to adopt the resolution. The motion passed with the following members voted yes: B. Crites, J. Donnelly, B. Cash, R. Hutcheson, J. Kalish, T. Kirk, P. Marchand, G. Moller, A. Muth, T. Sheehy, L. Spicer, J. Taylor, and E. Trover. The following members voted no: None. The following members abstained: None.

6.0 Information Items 6.1 to 6.2

6.1 Written reports from staff.

Acting Chairman Crites asked if there was any discussion on item 6.1. There was no discussion and Paul Marchand called for an omnibus motion to receive and file written report item 6.1. A motion was made and seconded (Marchand/Moller) to receive and file written reports 6.1 thru 6.2. The motion was adopted by all members saying "Aye" in a unanimous vote.

6.2 Board Member comments and reports from Conservancy member agencies.

Acting Chairman Crites asked if there was any comments or reports on item 6.2. Richard Milanovich noted that he met with Senator Boxer, Senator Feinstein's staff and Congresswoman Bono in Washington D.C. this week about appropriation funds to acquire additional land in and around the Tribal Habit Conservation Plan in conjunction with the CVMSHCP. Bill asked Richard if the request is for FY09 or FY10. Richard answered that the request is for FY09. Acting Chairman Crites asked what kinds of funds were requested. Richard answered, whichever fund where there may be money available.

Bill Havert asked if the Sacramento Board members had any insight or projection when State Bond funds may be unfrozen. Tom Sheehy answered that it directly boils down to the State Treasurer's ability to sell bonds. He continued to explain that three weeks ago the legislature passed a bill dealing with State spending and taxes. Although we are relieved that the legislature finally acted, our cash situation has improved but not greatly. The pure cash flow situation has not changed much from where the State was a month ago. Cash flow is what investors look at when deciding to back the State's investments and from a cash flow status this does not enable the State to change our current policies on the Pooled Money Investment Accounts (AB 55). That said, the Treasurer does believe that the State can successfully go to market and sell bonds and Tom's understanding is the Treasurer's office is actively working on disclosure statements and is planning to go to the market a couple of times before the State's blackout period. This blackout period will start at the end of April and last through completion of the May revision. For those of you who do not follow the bond process, there are certain

times that the State can not go to market because of disclosure issues. Those blackout periods are usually just before the Governor's budget comes out and also before the May revise because information has not been made public yet and might have an impact on the whether investors decide to invest. He added that the State has 5.8 billion riding on the special election and if the voters reject the propositions, it puts the State 5.8 billion in the red. The \$41 billion budget was based on the Governor's January budget and based on an economic forecast prepared in late November or early December. The State's economy as well as the national economy has deteriorated far more rapidly than we anticipated since the last forecast was completed. While Tom is not in the position to make any announcements today since his staff has still not done the analysis, he thinks it would not be too difficult to assume that when the Spring forecasts are completed that we will see a further deterioration of the States revenue projections. If this is true, the State may find that after the special election we may have billions of dollars of additional red ink. This makes it hard to believe that the State could participate in the bond fund market in a meaningful way and the sale of bond funds continues to be a very dicey situation. He believes that the treasurer will likely be able to sell some bonds in the next 6-7 weeks but, beyond that, the State is on hold until we see the May revised forecast.

Bill noted that he assumes that any bonds sold in the next few weeks are likely to be given priority to program support or construction projects and not likely land acquisitions.

Tom Sheehy answered that there are 7.3 million in outstanding projects which would have to be paid off first before entering into any new projects. He noted that until the market hits the bottom and starts to come back up he expects that it will have a negative impact on the State budget revisions.

7.0 Discussion/Information items

7.1 Conflict of Interest reporting, Form 700. Kerrie Marshall reminded the Board to complete and submit this form by April 1, 2009.

8.0 Adjourn to the May 11, 2009 meeting.

A motion was made and seconded (Marchand/Moller) to adjourn the meeting. The meeting was adjourned without objection at 3:50 p.m.