

BOARD OF DIRECTORS MEETING
PUBLIC SESSION MINUTES

Sacramento, CA
January 21, 2016
1:00 p.m. to 2:30 p.m.

ATTENDANCE

Association of California Water Agencies

Director: Tim Quinn – Absent
Alternate: Dave Bolland – Absent

California Department of Fish and Wildlife

Director: Sandra Morey – Present
Alternate: Nancee Murray – Absent

California Farm Bureau Federation

Director: Karen Mills – Present
Alternate: Noelle Cremers – Absent

California Forestry Association

Director: Kirsten Kolpitcke – Present
Alternate: David Bischel – Absent

California Hydropower Reform Coalition

Director: Richard Roos-Collins – Absent
Alternate: Pete Bell – Present

California Public Utilities Commission

Director: OPEN
Alternate: OPEN

California Public Utilities Commission Public Appointed

Director: Art Baggett Jr. – Present
Director: David Muraki – Present
Director: Chris Nota - Present

California Natural Resources Agency

Director: John Laird – Absent
Alternate: Todd Ferrara – Present

California Tribal Interests

Director: Larry Myers – Present
Alternate: Ken Tipon – Absent

Central Valley Regional Water Quality Control Board

Director: Soapy Mulholland – Present
Alternate: Bob Schneider – Absent

Office of Ratepayer Advocates

Director: Truman Burns – Present
Alternate: Cherie Chan – Absent

Pacific Gas & Electric Company

Director: Mike Schonherr – Present
Alternate: OPEN

Rural County Representatives of California

Director: Lee Adams – Present
Alternate: John Viegas – Absent

State Water Resources Control Board

Director: DeeDee D'Adamo – Absent
Alternate: Jeffrey Parks – Present

Trust for Public Land

Director: Dave Sutton – Absent
Alternate: Jessica Daugherty – Present

U.S. Forest Service

Non-Voting Liaison: Jerry Bird - Present

STEWARDSHIP COUNCIL STAFF

Executive Director Allene Zanger
Director of Finance Scott Broberg
Director of Land Conservation Ric Notini
Director of Operations Lauren Kelly
Senior Project Manager Toby Perry
Senior Project Manager Heidi Krolick
Senior Project Manager Chantz Joyce
Land Conservation Program Associate Lauren Faccinto
Office Administrator Pam Mayers

OTHERS

Members of the public were also present.

SUMMARY OF ACTIONS AND RESOLUTIONS TAKEN BY THE BOARD AT THIS MEETING

Consent Calendar Items:

The board adopted the minutes of the November 19, 2015 board of directors meeting.

Other Items:

The board approved a request to appoint Truman Burns to serve as Assistant Treasurer and Mike Schonherr to serve as Assistant Secretary in 2016.

The board approved the following actions:

The board selected the Maidu Summit Consortium (Summit) to receive fee title to an additional 200 acres (within parcels 375 and 426) at the Lake Almanor planning unit, subject to compliance with all of the requirements of the Land Conservation Commitment, including the following terms:

- The Summit agrees to enter into a legally binding agreement to ensure that the conservation easement and other agreements executed pursuant to the Land Conservation Commitment remain enforceable in perpetuity; and
- Prior to the Land Conservation and Conveyance Plan for the Lake Almanor planning unit being adopted by the Stewardship Council Board, the Summit successfully completes certain initial milestones established pursuant to the capacity-building grants awarded by the Stewardship Council.

The board approved the proposed LCCP for the portion of the lands at the Lyons Reservoir planning unit that have been recommended for donation to the U. S. Forest Service, which LCCP describes how the proposed transactions conform to and fulfill the requirements of the 2003 Settlement Agreement and Stipulation.

The board approved the proposed LCCP for a portion of the lands to be retained by PG&E at the Fordyce Lake planning unit (Kidd/Cascade Lakes), which LCCP describes how the proposed transaction conforms to and fulfills the requirements of the 2003 Settlement Agreement and Stipulation; and the board approved the proposed conservation easement funding agreement between Stewardship Council and the Placer Land Trust.

The board approved the proposed amendments to the Stewardship Council's property tax neutrality methodology as presented to provide counties a third option for receipt of in lieu payments for lost property taxes: annual installment of payments for a maximum number of five years totaling the lump-sum amount.

ATTENDANCE AND QUORUM

Stewardship Council board president Art Baggett called the roll, declared a quorum, and called the meeting to order.

CONFLICT OF INTEREST DISCLOSURES

Mr. Baggett asked if any board members had a conflict of interest with regard to any of the proposed actions. Jerry Bird disclosed he had a conflict of interest regarding the action item to approve a Land Conservation and Conveyance Plan (LCCP) for the Lyons Reservoir planning unit. Lee Adams disclosed he had a conflict of interest regarding the action item to approve an amendment to the property tax neutrality methodology. Todd Ferrara disclosed he had a perceived conflict of interest regarding the action item to recommend CAL FIRE to receive a land donation at the Lake Spaulding planning unit.

PUBLIC COMMENTS

Mr. Baggett invited public comment on general matters; hearing none the meeting continued.

CONSENT CALENDAR

The board adopted the minutes of the November 19, 2015 board of directors meeting.

BOARD DEVELOPMENT COMMITTEE

The board approved a request to appoint Truman Burns to serve as Assistant Treasurer and Mike Schonherr to serve as Assistant Secretary in 2016.

WATERSHED PLANNING COMMITTEE

Ms. Mulholland provided an overview of the Watershed Planning Committee's duties and then called on staff to present the action items.

Lake Spaulding Planning Unit (*ACTION*)

After Todd Ferrara departed the room, Senior Project Manager Chantz Joyce reviewed the Watershed Planning Committee's recommendation that the California Department of Forestry and Fire Protection (CAL FIRE) be selected to receive fee title to approximately 790 acres within two parcels (parcels 813 and 824) at the Lake Spaulding planning unit.

Mr. Baggett asked Matt Reischman, Assistant Deputy Director of CALFIRE, to address the board. Mr. Reischman thanked the board for the opportunity to consider the department to be a recipient of the lands. He stated that the property would be a great addition to the state demonstration forest, of which there are eight across the state. He said that the PG&E Watershed Lands represent a diversity of ecosystem types across the state and present unique opportunities for education and research geared toward vegetation management and climate change.

Larry Myers asked Mr. Reischman about his department's involvement with the Native American community, specifically, about CALFIRE's policy regarding activities that may affect Native American resources at the site. He inquired whether the department has consulted with tribes and the department's relationship with tribal governments. Mr. Myers further asked whether the department has provided grant funding to tribes and whether the department has a program for using Native Americans to fight fires. Mr. Reischman said that the department has a full archeological program. When he did not have sufficient knowledge to answer a specific question posed by Mr. Myers, he stated that he would look into the matter and then reach out to Mr. Myers. Mr. Myers asked whether the department could rectify any deficiencies related to tribal interaction. He also expressed his concern about the department's lack of relationships with tribes, especially in light of the passing of AB52. Mr. Myers stated that until he receives the information he requested, he will not be prepared to vote on the Planning Committee recommendation that CAL FIRE receive a donation of lands at Lake Spaulding.

Board discussion ensued regarding Mr. Myers' request for information from CAL FIRE. Soapy Mulholland stated that she was not sure whether this was the proper forum to apply a state wide

policy. Lee Adams asked why Mr. Myers had not brought up his concern in the past when CAL FIRE was previously approved to receive a fee title donation of lands at other planning units. Mr. Myers indicated that he made a mistake not bringing this up previously. Mike Schonherr asked for clarification on what plans Mr. Myers would like to see in order to aid him in his decision making. Mr. Myers stated he would like to see a plan for the protection of cultural resources on the property and a plan for community outreach involving tribes.

Mr. Baggett asked whether the CAL FIRE fee donation action should be deferred. Executive Director, Allene Zanger, noted that one reason to defer taking action on the CAL FIRE recommendation is that there is another Land Stewardship Proposal from another entity for lands in one of the two parcels that is the subject of the CAL FIRE fee recommendation. She said that the board may want to review that proposal before moving forward with the CAL FIRE fee donation recommendation. Hearing no objections to this request, the board agreed to defer taking action on the recommendation that CAL FIRE be selected to receive fee title to approximately 790 acres within two parcels (parcels 813 and 824) at the Lake Spaulding planning unit.

Fall River Mills Planning Unit (ACTION)

As Mr. Ferrara returned to the meeting room, Mr. Joyce reviewed the Watershed Planning Committee's recommendation that the Fall River Resource Conservation District be selected to receive fee title to an additional 18 acres (parcel 137) at the Fall River Mills planning unit. Following the presentation, Mr. Baggett asked whether any members of the board had any questions. Karen Mills requested clarification as to why the 18 acres were not a part of the original fee title donation. Mr. Joyce stated that because of a FERC boundary within the subject acres, it first appeared that it would make sense for the 18 acres to be retained by PG&E. However, after the Fall River RCD met on the ground with PG&E and the surveyors, the FERC boundary seemed to be less of a constraint and that it would be more appropriate to have the subject acres donated to the RCD. Mr. Joyce noted that the subject acres are contiguous with the lands previously recommended for donation and could be managed consistent with the previously recommended acreage.

Mr. Baggett asked whether any members of the public wished to address the board on this matter. Noting the public comment cards, Mr. Baggett called the following individuals to address the board.

Micky Gemmill, Pit River Tribal Chairman: Mr. Gemmill read a prepared statement expressing the Tribe's concerns about the failure of the Fall River Resource Conservation District (RCD) to involve the Pit River Tribe in discussions about the future management of the McArthur Swamp planning unit. He said that the Tribe has made multiple efforts to reach out to the RCD and the RCD continues to propose projects subject to Assembly Bill 52. He stated that the Tribe believes this is in violation of Assembly Bill 52 Native American's Environmental Equality Act.

Mr. Gemmill concluded his comments by making four requests: 1) Ensure that there is proper tribal consultation before any decision is made as to land donations within the Tribe's ancestral territory, including the McArthur Swamp planning unit; 2) Ensure that the outstanding concerns raised by the Tribe, including compliance and reassessment of the MOU between the Tribe and the RCD are addressed before any decision is made to approve the LCCP that would allow a land transfer to the RCD; 3) Set up a meeting that includes the Tribe, Stewardship Council staff, and at least one board member, and representatives from the RCD to further address these concerns; and 4) Reconsider the proposal previously submitted by the Tribe, or allow for additional time to resubmit an updated proposal that would allow the board to consider donating the land in the McArthur Swamp planning unit to the Tribe.

Morning Star Gali, Pit River Tribal Historic Preservation Officer: Ms. Gali stated that even though the board is being asked to approve the donation to the RCD of just an additional 18 acres in the Fall River Mills planning unit, the cultural survey at McArthur Swamp still has not been conducted. She said that it should not take four years to conduct such a survey. In addition, Ms. Gali stated that desecration has already occurred at McArthur Swamp, noting that heavy equipment has been previously spotted on top of an archeological site with fencing removed. Ms. Gali concluded her comments by stating there has been failure on the RCD's part to meet with the Tribe face to face. She said that for these reasons, the Tribe requests that the Stewardship Council not approve the land donation to the RCD.

Marissa Fierro, Pit River Tribal Environmental Coordinator: Ms. Fierro stated that when she started working for the Tribe in 2012 she contacted Mike Millington of the RCD regarding conducting an archeological survey at McArthur Swamp. She stated she conducted a site visit and put together a proposal to do a comprehensive survey but that the RCD debated whether the proposal was too expensive. She stated the proposal included having tribal cultural representatives on the site as well as a renowned archeologist. Ms. Fierro stated that ever since that proposal was submitted communication between the Tribe and the RCD has been challenging. She stated that extensive efforts have been made by the Tribe to remain in contact with the RCD. She stated that the Tribe holds a place on the Technical Advisory Committee and the RCD is aware of the Tribe's concerns. Ms. Fierro stated that the Technical Advisory Committee has discussed the Tribe's interest in biological conditions, management activities, protection of resources, and the sensitivity of the landscape but that no follow through has been made to date.

Darcie Houck, Tribal Counsel: Ms. Houck asked that copies of the following documents be distributed to the Stewardship Council board: 1) A letter from the tribe detailing their concerns, which was signed on January 14, 2016; 2) A letter dated November 18, 2014 outlining the tribe's concerns about the donation of lands to the RCD in the Fall River Mills planning unit because of the RCD's lack of coordination with the Tribe at McArthur Swamp; 3) US Department of Agriculture Departmental Regulation on Consultation, Coordination, and Collaboration with Tribes; 4) The California Resources Agency Tribal Consultation Policy dated November 20, 2012; 5) CALEPA Policy Memorandum regarding Consultation with California Native American Tribes. Ms. Houck stated that when the Tribe has raised their concerns about not being consulted, the RCD has responded that CEQA review isn't going to take place until later on. She said that the RCD's response is not sufficient for the Tribe when archeological sites are already being desecrated. Ms. Houck stated her position that every state agency that sits on the Stewardship Council board has an obligation to consult with tribes per AB52 which is now in effect and that any CEQA review will require consultation.

Following the comments by the Tribe's representatives, Mr. Baggett asked for board discussion on the matter. Several board members contributed to the conversation. Mr. Schonherr asked for clarification as to when heavy equipment was observed on the McArthur Swamp site. Ms. Gali stated that it was over one year ago. Mr. Schonherr said that the RCD is not doing anything on the property and any projects would not commence until after fee title has transferred to the RCD. He clarified that the Stewardship Council doesn't authorize activities on the land as PG&E is the current land owner and as such the Stewardship Council should not be involved in the issue regarding unauthorized activities on the land. Mr. Schonherr urged the Tribe to contact PG&E and work through the processes established by PG&E.

Karen Mills asked for clarification with regard to the Tribe's concerns expressed about McArthur Swamp in the context of the Fall River Mills planning unit action before the board. Mr. Schonherr clarified that the Tribe and RCD are involved in both transactions and that it has always been

anticipated that cultural studies would be performed post transaction and that CEQA and NEPA would apply at that point. He stated that he also understands there is a Memorandum of Understanding between the RCD and the tribe outlining how the groups will interact and the Tribe feels that the MOU is not being honored.

Kirsten Kolpitcke asked whether the RCD has violated AB52. Ms. Houck replied that it is debatable but that the Tribe is concerned the RCD will not comply with the bill based on past practices. Ms. Kolpitcke asked whether the RCD is aware of the concerns raised by the Tribe. Director of Land Conservation, Ric Notini, stated that he has seen a number of emails exchanged between the Tribe and Mike Millington of the RCD and that communication between the two entities has been occurring. Mr. Notini noted that there appears to be a disagreement between the parties, with the RCD seeking to focus on completing the transaction-related work and deferring efforts to plan projects for the site until after the transaction is completed. Mr. Notini stated that the RCD is not the owner of the property now and therefore cannot conduct surveys until the land is legally transferred. Pete Bell stated that he does not feel anything more should be done on this process until the Stewardship Council has something put in place to help the groups resolve their differences.

Mr. Baggett suggested that a facilitator be brought in to help the RCD and the Tribe resolve their issues. Mr. Baggett suggested that the Tribe provide a list of facilitators they would be willing to work with to aid in communication with the RCD. Mr. Myers said he agreed with that recommendation. Mr. Gemmill stated that the Tribe would be willing to recommend some facilitators.

Bill George, a Tribal Elder and a cultural representative for the Hat Creek property, then addressed the board. Mr. George stated that the Tribe is trying to comply with the same policies that affect the state agencies with regard to AB52. He also stated that the Tribe can protect these lands just as much as any other organization. He urged everyone to work together and come to a decision that is best for the land. He noted that the Tribe is a good steward for the lands.

At the conclusion of the discussion, Mr. Baggett asked board members whether they would support a deferral of the action on the fee donation recommendation involving lands at the Fall River Mills planning unit, noting that such a deferral would allow time for the facilitated discussions between the RCD and the Tribe to take place. Hearing no objections the board then approved the deferral request.

Lake Almanor Planning Unit (ACTION)

Ric Notini reviewed the Watershed Planning Committee's recommendation that the Maidu Summit Consortium (Summit) be selected to receive fee title to an additional 200 acres (within parcels 375 and 426) at the Lake Almanor planning unit, subject to compliance with all of the requirements of the Land Conservation Commitment, including the following terms:

- The Summit agrees to enter into a legally binding agreement to ensure that the conservation easement and other agreements executed pursuant to the Land Conservation Commitment remain enforceable in perpetuity; and
- Prior to the Land Conservation and Conveyance Plan for the Lake Almanor planning unit being adopted by the Stewardship Council Board, the Summit successfully completes certain initial milestones established pursuant to the capacity-building grants awarded by the Stewardship Council.

Mr. Notini provided an update on the Consortium's work to date with regard to capacity building. Following the presentation Mr. Baggett invited Ken Holbrook, Executive Director of the Maidu Summit Consortium to address the board.

Mr. Holbrook thanked the board for considering the Consortium for a donation of the additional acreage. He stated that they have done extensive work to develop new capacities to pursue the goals of the organization. He said they have developed new strengths in community development, and that the Consortium finds tremendous value in working together to support one another. Mr. Holbrook stated that the additional requested acreage is important to further the Consortium's overall goals for restoration of the property and collaboration among the various groups. Mr. Holbrook also said he wished to honor the Pit River Tribe's efforts and ongoing sustained work to do land enhancement and management. Mr. Holbrook acknowledged the weight and gravity of the decision making that goes on within the Stewardship Council forum.

Following Mr. Holbrook's comments, Mr. Baggett requested action by the board that the Summit Consortium be selected to receive fee title to an additional 200 acres (within parcels 375 and 426) at the Lake Almanor planning unit, subject to compliance with all of the requirements of the Land Conservation Commitment, including the following terms:

- The Summit agrees to enter into a legally binding agreement to ensure that the conservation easement and other agreements executed pursuant to the Land Conservation Commitment remain enforceable in perpetuity; and
- Prior to the Land Conservation and Conveyance Plan for the Lake Almanor planning unit being adopted by the Stewardship Council Board, the Summit successfully completes certain initial milestones established pursuant to the capacity-building grants awarded by the Stewardship Council.

Hearing no objections the board approved the action.

Lyons Reservoir Planning Unit (*ACTION*)

After Jerry Bird left the meeting room, Senior Project Manager Toby Perry reviewed the Watershed Planning Committee's recommendation that the board approve the proposed LCCP for the portion of the lands at the Lyons Reservoir planning unit that have been recommended for donation to the U. S. Forest Service, which LCCP describes how the proposed transactions conform to and fulfill the requirements of the 2003 Settlement Agreement and Stipulation. He said that the Sierra Nevada Conservancy would hold the conservation covenant over the donated property. Mr. Perry noted that PG&E's current grazing license will be converted to a U.S. Forest Service special use permit.

After an opportunity for board questions and discussion, the board made the following conflict of interest findings:

- The Board confirmed that in good faith it agrees that the Stewardship Council will take the proposed action for its own benefit; that the proposed action is fair and reasonable to the Stewardship Council; and that, after reasonable investigation, the Stewardship Council could not have obtained a more advantageous arrangement with reasonable effort under the circumstances.

Following the conflict of interest findings, the board approved the proposed LCCP for the portion of the lands at the Lyons Reservoir planning unit that have been recommended for donation to the

U. S. Forest Service, which LCCP describes how the proposed transactions conform to and fulfill the requirements of the 2003 Settlement Agreement and Stipulation.

Fordyce Lake Planning Unit (ACTION)

After Mr. Bird returned to the meeting room, Mr. Joyce reviewed the Watershed Planning Committee's recommendation that the board approve the LCCP for a portion of the lands to be retained by PG&E at the Fordyce Lake planning unit (Kidd/Cascade Lakes), which LCCP describes how the proposed transaction conforms to and fulfills the requirements of the 2003 Settlement Agreement and Stipulation; and that the board approve the proposed conservation easement funding agreement between Stewardship Council and the Placer Land Trust. Mr. Joyce reviewed the public comments received during the public comment period on the Draft LCCP and described the revision to the beneficial public value of outdoor recreation in the proposed conservation easement to reflect that there are developed outdoor recreational facilities on the property.

After an opportunity for board questions and discussion, the board made the following conflict of interest findings:

- The Board confirmed that in good faith it agrees that the Stewardship Council will take the proposed action for its own benefit; that the proposed action is fair and reasonable to the Stewardship Council; and that, after reasonable investigation, the Stewardship Council could not have obtained a more advantageous arrangement with reasonable effort under the circumstances.

Following the conflict of interest findings, the board approved the LCCP for a portion of the lands to be retained by PG&E at the Fordyce Lake planning unit (Kidd/Cascade Lakes), which LCCP describes how the proposed transaction conforms to and fulfills the requirements of the 2003 Settlement Agreement and Stipulation; and the board approved the proposed conservation easement funding agreement between Stewardship Council and the Placer Land Trust.

LAND CONSERVATION PROGRAM UPDATE

Mr. Notini provided a brief update on the land conservation program. He also announced that he will be leaving his position as Director of Land Conservation in August of 2016. Mr. Notini noted that staff is currently recruiting for a Land Conservation Program Manager to work out of a new Sacramento area office as office operations will be transitioning there.

FIDUCIARY COMMITTEE

Fiduciary Committee Chair Truman Burns provided an update on the Council's financial activities and provided an investment update.

Following the update, Lee Adams excused himself from the meeting due to a conflict of interest. Once Mr. Lee exited the room, Mr. Burns reviewed a request that the board approve proposed revisions to the Stewardship Council's property tax neutrality methodology as presented to provide counties a third option for receipt of in lieu payments for lost property taxes.

After an opportunity for board questions and discussion, the board made the following conflict of interest findings:

- The Board confirmed that in good faith it agrees that the Stewardship Council will take the proposed action for its own benefit; that the proposed action is fair and reasonable to the Stewardship Council; and that, after reasonable investigation, the Stewardship Council could not have obtained a more advantageous arrangement with reasonable effort under the circumstances.

Following the conflict of interest findings, the board approved the action as presented.

YOUTH INVESTMENT COMMITTEE

Youth Investment Committee Chair David Muraki described the Stewardship Council's most recent efforts to connect youth to PG&E Watershed Lands through the enhancement program.

Mike Schonherr then provided a brief update regarding Youth Outside (formerly known as the Foundation for Youth Investment).

OTHER UPDATES

Mr. Baggett asked Director of Finance Scott Broberg to provide an update on the financial review of the Pit River Tribe. Mr. Broberg stated that the Tribe has provided some of the financial information requested by the Stewardship Council but that the Tribe's attorney, Darcie Houck, requested that he not share the financial information with anyone. He said that just prior to the commencement of the public session that Ms. Houck informed him that the Tribe would permit the Tribe's financial information to be released to board members if they each signed a confidentiality agreement. Ms. Zanger stated that she would ask Ms. Houck whether the Council's confidentiality agreement that is signed by board members would suffice to allow board members to review the Tribe's financial information.

FINAL PUBLIC COMMENTS

Mr. Baggett requested final public comments and invited the following member of the public to address the board.

Cecilia Silva: Ms. Silva addressed the board and shared the Tribe's interpretation of the word "conservation". She stated that conservation means balancing the whole ecosystem and preserving and protecting the four legged, the winged ones, the aquatics, the edibles and medicinal, and the arts. She stated that she does not feel that this type of conservation is occurring on the Hat Creek lands and said that the waters of Hat Creek, Lake Britton, and the Pit River are contaminated by fertilizer and cattle. She said the archeological sites are located all over the area. She also noted that the Pit River Tribe is capable of training its young people to engage in conservation efforts.

ADJOURNMENT

Mr. Baggett adjourned the meeting at approximately 3:00 p.m.

Mike Schonherr, Assistant Secretary