Sierra Institute for Community and Environment

Sierra Nevada Conservancy Proposition 1 Grant Program
Category 2 Application

Improving Forest and Watershed Health through Developing a Local Market for Forest Restoration By-products

February 26, 2016

Appendix B - Full Application Checklist

SNC Reference#: _____

Project Name: Improving Forest and Watershed Health through Developing a Local Market for Forest Restoration By-products

Applicant: Sierra Institute for Community and Environment

Please mark each box if item is included in the application. Please consult with SNC staff prior to submission if you have any questions about the applicability to your project of any items on the checklist. All applications must include a CD including an electronic file of each checklist item, if applicable. The naming convention for each electronic file is listed after each item on the checklist. (Electronic File Name = EFN:
"naming convention". file extension choices)

Submission requirements for all Category One and Category Two Grant Applications

1. ☒ Completed Application Checklist *(EFN: Checklist.doc,.docx,.or .pdf)*
2. ☒ Table of Contents *(EFN: TOC.doc,.docx, or .pdf)*
3. ☒ Full Application Project Information Form *(EFN: SIform.doc, .docx, or .pdf)*
4. ☒ CCC/Local Conservation Corps Document *(EFN: CCC.pdf)*
5. ☒ Authorization to Apply or Resolution *(EFN: authorization.doc, .docx, or .pdf)*
6. ☒ Narrative Descriptions *(EFN: Narrative.doc or .docx)*
   a. ☒ Detailed Project Description (5,000 character maximum for section 5a only)
      ☒ Project Description including Goals/Results, Scope of Work, Location, Purpose, etc.
   b. ☒ Workplan and Schedule
   c. ☒ Restrictions, Technical/Environmental Documents and Agreements
      ☒ Restrictions / Agreements *(EFN: RestAgree.pdf)*
      ☒ Regulatory Requirements / Permits *(EFN: RegPermit.pdf)*
   d. ☒ Organizational Capacity
   e. ☒ Cooperation and Community Support
      ☒ Letters of Support *(EFN: LOS.pdf)*
   f. ☒ Tribal Consultation Narrative *(EFN: tribal.doc, docx)*
   g. ☒ Long Term Management and Sustainability
      ☐ Long-Term Management Plan *(EFN: LTMP.pdf)*
   h. ☒ Performance Measures
7. Budget documents
   a. ☒ Detailed Budget Form (EFN: Budget.xls, .xlsx)
8. Supplementary Documents
   a. Environmental Documentation
      ☒ California Environmental Quality Act (CEQA) documentation *(EFN: CEQA.pdf)*
      ☐ National Environmental Policy Act (NEPA) documentation *(EFN: NEPA.pdf)*
   b. Maps and Photos
      ☒ Project Location Map *(EFN: LocMap.pdf)*
      ☒ Parcel Map showing County Assessor's Parcel Number(s) *(EFN: ParcelMap.pdf)*

- [x] Topographic Map *(EFN: Topo.pdf)*
- [x] Photos of the Project Site *(10 maximum) (EFN: Photo.jpg, .gif)*

c. Additional submission requirements <u>for Fee Title Acquisition applications only</u>
- [ ] Acquisition Schedule *(EFN: acqSched.doc,.docx or .pdf)*
- [ ] Willing Seller Letter *(EFN: WillSell.pdf)*
- [ ] Real Estate Appraisal *(EFN: Appraisal.pdf)*

d. Additional submission requirements <u>for Site Improvement / Restoration Project applications only</u>
- [ ] Land Tenure Documents *(EFN: Tenure.pdf)*
- [ ] Site Plan *(EFN: SitePlan.pdf)*
- [x] Leases or Agreements *(EFN: LeaseAgmnt.pdf)*

I certify that the information contained in the Application, including required attachments, is accurate, and that I have been authorized to apply for this grant.

Signed *(Authorized Representative)* — Date: 2/29/16

Jonathan Kusel, Executive Director
Name and Title *(print or type)*

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SIERRA NEVADA CONSERVANCY
PROPOSITION 1 – Watershed Improvement Program Project Information Form

SNC REFERENCE #

PROJECT NAME Improving Forest and Watershed Health through Developing a Local Market for Forest Restoration By-products

APPLICANT NAME *(Legal name, address, and zip code)*

Sierra Institute for Community and Environment
4438 Main Street | PO Box 11
Taylorsville, CA 95983

AMOUNT OF GRANT REQUEST $75,000

TOTAL PROJECT COST $75,000

PROJECT LOCATION *(County with approx. lat/long, center of project area)*

Crescent Mills, Plumas County
Latitude: N 40 4' 48"
Longitude: W 120 54' 52"

SENATE DISTRICT NUMBER	**ASSEMBLY DISTRICT NUMBER**
001	001

PERSON WITH MANAGEMENT RESPONSIBILITY FOR GRANT CONTRACT

Name and title:	*Phone:*	*Email Address:*
☒ Mr. Jonathan Kusel	530-284-1022	jkusel@sierrainstitute.us
☐ Ms.		

TRIBAL CONTACT(S) INFORMATION

Name: Kenneth Holbrook
Phone Number: 408-224-0067
Email address: director@maidusummit.org

COUNTY ADMINISTRATOR OR PLANNING DIRECTOR CONTACT INFORMATION

Name: Randy Wilson
Phone Number: 530-283-6215
Email address: randywilson@countyofplumas.com

NEAREST PUBLIC WATER AGENCY CONTACT INFORMATION

Name: Indian Valley Community Services Distric
Phone Number: 530-284-7224
Email address: ivcsd@frontiernet.net

Please identify the appropriate project category below and provide the associated details *(Choose One)*	
☐ Category One Site Improvement ☐ Category One Acquisition	☒ Category Two Pre-Project Activities
Site Improvement/ Acquisition Project Area (for Category One Projects Only) Total Acres: SNC Portion (if different): **Acquisition Projects Only For Acquisitions Only** ☐ Appraisal Included	**Select one deliverable (for Category Two Projects Only)** ☐ Permit ☐ CEQA/NEPA Compliance ☐ Appraisal ☐ Condition Assessment ☐ Biological Survey ☐ Environmental Site Assessment ☒ Plan

Project Narrative

A. Detailed Project Description

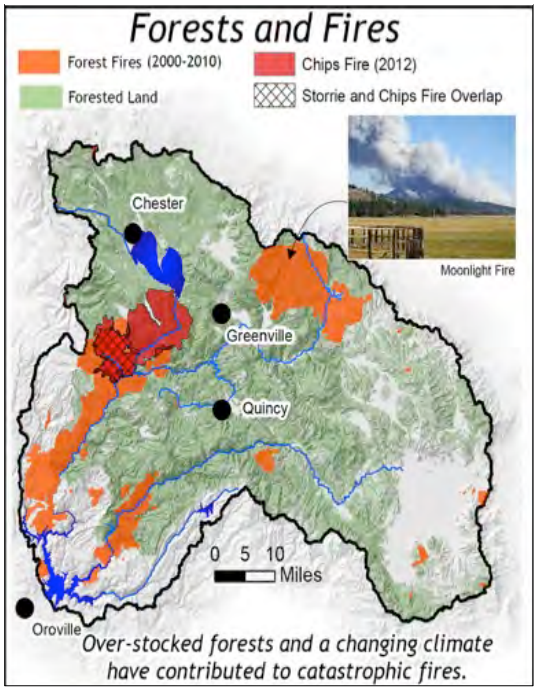
Background

Over 80% of Plumas County is covered by forest, almost all of which lies within the Upper Feather River Watershed, a 2.3 million acre watershed in the northern Sierra Nevada. The watershed drains into Lake Oroville, the primary reservoir of the State Water Project, delivering water to over two thirds of California's population and on average provides 3.2 million acre-feet of water per year to downstream urban, industrial, and agricultural users in California.

Most forests of Plumas County lie within a very high fire hazard severity zone according to CAL FIRE. Over the last decade, Plumas County and the Upper Feather River Watershed have experienced several large wildfires (see Figure 1) that cumulatively burned over 150,000 acres of national forest and private timberland and cost taxpayers nearly $100 million in suppression costs.

Historically, mixed conifer forests typical of Plumas County and the Sierra Nevada were kept relatively open by frequent, low-severity fire. Forest managers and fire ecologists agree that the increase in severe wildfire is being driven by overly dense conditions of California's forests, caused by a century of fire suppression and historic management that favored big tree removal. Today, many small diameter trees crowd the landscape and compete for limited water, nutrients, and sunlight; these low value trees create a continuous source of fuel from forest floor to crown, dramatically altering fire behavior. Low severity-fires have become a thing of the past and now the likelihood for a catastrophic event is high, particularly across a drought-ravaged landscape. The 65,000-acre Moonlight Fire of 2007 and the 75,000-acre Chips Fire of 2012 are testimony to this fact. Following the Moonlight Fire of 2007, 30,000 acres of land in this area was re-classified from a forested to a "deforested condition" by the U.S. Forest Service due to high severity burns.

Figure 1: Fires in the Upper Feather River Watershed



Not only does catastrophic wildfire result in vast swaths of dead trees, but the intense heat generated by these events has profound negative effects on soil structure and hydrologic processes. Extreme heat can vaporize organic material in the soil thus limiting regrowth, and create hydrophobic conditions on the surface of the soil, resulting in increased overland flow and erosion during precipitation events. Sediment flows can end up in reservoirs, reducing storage capacity as well as impacting water quality.

Catastrophic wildfires also leave damaging impacts to the local economy and communities. The Chips Fire of 2012 burned over 75,000 acres, produced harmful emissions exceeding national

standards for a month in nearby communities, and shut down the tourist economy in the Lake Almanor Basin for the critical month of August. It also resulted in losses by private timber companies totaling an estimated $25.4 million and threatened $800 million to $1 billion worth of Pacific Gas & Electric infrastructure. Catastrophic wildfires also threaten communities and habitable structures, as seen by the Butte and Valley fires in the summer of 2015.

With warmer temperatures and altered precipitation patterns induced by climate change, fire events will become more frequent and burn with increased severity. In addition to the high risk of catastrophic wildfire in much of California's mixed conifer forests, four years of drought have rendered trees more susceptible to infestation and death by bark beetles. As of October 2015, the U.S. Forest Service estimate 22 million trees in California are dead and dying, with millions more expected.

Without more intensive forest management activities, Plumas County and the Upper Feather River Watershed will experience more frequent, damaging wildfires. Large, high intensity burns like those of the Moonlight Fire damage forest ecosystems and watershed health and threaten water quality. Thus, efforts must be taken to improve the ecological and socioeconomic health of forests and communities in the Upper Feather River Watershed.

Unfortunately, restoring fire suppressed, high fire-risk forests and watersheds of the Upper Feather River Watershed to a condition in which they are more resilient to fire and a changing climate is expensive and labor intensive. Small-diameter trees growing in the forest understory have little commercial value, and typically do not generate revenue needed to cover the costs of harvesting. Thus, a forest restoration economy and processing infrastructure must be enhanced in order to sustain increased pace and scale of restoration.

Project Description and Scope of Work

As a response to declining forest health, high risk of catastrophic wildfire, and poor socioeconomic conditions in a community that has historically been dependent on the timber industry, Sierra Institute is developing a wood utilization campus on an old mill site in the community of Crescent Mills, Plumas County. This campus will consist of a variety of wood utilization technologies that generate value-added products out of small-diameter trees and woody biomass removed during forest restoration projects.

Current projects already in development on site include a 3 MW combined heat and power (CHP) facility powered by woody biomass, and a chip processing facility to generate a refined fuel source for the CHP. The campus is part of a larger county-wide plan for increased biomass utilization in Plumas County, including a network of biomass boilers at critical institutions with high heat demand with the Crescent Mills campus and the wood chip processing facility as the plan's centerpiece.

To attract businesses and build out this campus, Sierra Institute proposes to develop a business modeled around integrated use of biomass to generate value added wood products out of small diameter trees removed from forest thinning activities. Examples of potential wood products include firewood, post and pole, briquettes, and wood shaving, to name a few.

The Sierra Institute is particularly interested in a business or businesses located on site to purchase and utilize waste heat from the CHP facility, thus reducing the operating expenditure and increasing the efficiency of the CHP. Wood residuals processed from co-located businesses can also be processed into refined chips to fuel the CHP and other biomass boilers that are being developed in the county. Sierra Institute launched conversations with J & C Enterprises and Holt Logging, both 3rd generation family logging and forest products operations, to explore avenues for partnerships in development and operation of on site businesses.

Due to the novel nature of this integrated model, the unknowns about markets for value-added biomass products, and the risk-averse nature of small logging and forest product operations, additional planning needs to be conducted before a business owner will commit to involvement and investment in operations. Market, physical, and financial feasibility all need to be assessed to ensure the long term sustainability of the operation. Thus, Sierra Institute is seeking $75,000 of support from the SNC's Proposition 1 Grant Program under a Category 2 grant to support pre-project business planning and feasibility assessments. See Section B: Work Plan and Schedule Narrative for further details.

Ultimately, a successful business (or businesses) utilizing biomass at Crescent Mills will provide a market for small diameter logs and forest biomass—byproducts from forest restoration. A market for this material will support the costs of restoration work, thus enabling forest managers to increase the pace and scale of restoration in the Upper Feather River Watershed. Benefits from doing so include: 1) reduced risk of catastrophic wildfire and avoided consequences of such fires; 2) enhanced forest and watershed health and habitat; 3) improved water quality and water yield; 4) increased carbon sequestration and reduced greenhouse gas emissions; and 5) creation of much needed employment opportunities and economic stimulation in rural and generally impoverished Plumas County. This project is consistent with goals and actions outlined in the California Water Action Plan, the SNC Strategic Plan, and the SNC Watershed Improvement Plan, including promoting healthy forests and watersheds, increasing restoration infrastructure, and supporting disadvantaged rural communities.

Project Goals

To address the ecological, economic, and community challenges faced throughout Plumas County, the primary goal of this project is to identify and develop markets for by-products of small diameter trees. Generating a market for this material can help meet the costs of implementing restoration treatments—a significant barrier to such efforts—and thus allow for more restoration treatments to be carried out. Increased restoration efforts will improve forest health and reduce the risk of wildfire, thus building the resiliency of forests and communities that lie within the Upper Feather River Watershed. A key deliverable will be the increased utilization of small diameter and other material that will simultaneously increase the viability of the CHP and strengthen the overall project.

A secondary goal of the project, as well as a key organizational goal of the Sierra institute, is to strengthen the local economic and community well-being by creating valuable local jobs by diversifying wood utilization on the Crescent Mills utilization yard. The communities of Plumas County have historically been dependent on the forestry sector for employment and the decline of this industry over the last 30 years has hit the rural economy hard. Indian Valley (the larger

community area where the Crescent Mills site is located) used to host a dozen mills, but now supports none except for a few private hobby operations. The remaining contactors and independent truckers consistently scramble for survival, which is made more difficult given the very limited manufacturing operations. This project will produce 10-15 jobs and utilize 25,000 to 50,000 bone dry tons of biomass within three years and possibly more.

Lastly, Sierra Institute is committed to supporting similar efforts in other rural forested communities outside of Plumas County. Thus, the work products developed as part of this grant as well as lessons learned from the planning process will be shared with others communities around rural forested California striving to develop and implement similar projects.

Project Location

The wood utilization campus is located in the community of Crescent Mills, on a site formerly occupied by a Louisiana Pacific sawmill. This 28 acre site is one of the few properties in Plumas County with heavy industrial zoning, is located near a PG&E substation, is centrally located in the county, and has excellent highway and rail access. There are currently no structures located on the property, but some existing infrastructure from previous use as a mill is present; a good portion of the site is covered with asphalt. The size of the site offers opportunity for multiple wood-utilizing businesses to locate there.

The community of Crescent Mills lies in Indian Valley, an area with roughly 2000 residents and the poorest area in the county. Participation in Free and Reduced Price Meal programs at local school averages 60 percent. Other than a few private contactors and independent truckers the area is no longer the home to any wood industry operations and has only “mom and pop” manufacturing operations. The Crescent Mills site was also selected due to the Indian Valley community’s support for wood products operations because they are involved directly in the industry, have lived in the community when a large mill was in operation, or understand the need for industrial development and job creation.

B. Work Plan and Schedule Narrative

Market and Physical Feasibility

As the proposed integrated biomass utilization operation will be generating less conventional wood products (as opposed to lumber), the specific regional markets and clients to which products will be sold must be identified and quantified. The National Forest Foundation-funded California Assessment of Wood Business Innovation Opportunities and Markets report included preliminary economic information on wood products businesses in the context of residual heat use from CHP systems. However, more detailed market analysis needs to be performed to assess the regional market feasibility for such products. The regional market demand, how much products can be sold for, location of market outlets, and other details such as preferred species and grading classifications need to be determined. This information will ultimately inform a business and operating plan that can result in a successful operation that meets the regional market specifications.

Once market feasibility is analyzed for various wood products, physical feasibility needs to be assessed. This work includes technical details such as the cost of various technologies for product development, the area of land they require, the amount of feedstock that it can handle, total volume of output, and capital costs associated with these details and more.

Major deliverables under this category are include:

1) Detailed information on regional market demand and specifications for specific wood products businesses. This involves development of local and market demand, historical trend analysis for that demand, product specification and pricing history, competition and market share analysis. From these analyses, the appropriate size and budgets for the various wood products will be recommended along with any phasing recommendations and the sequence for the development of each business. The required amount of feedstock for each business will also be determined based upon the optimum system
2) A physical (site) and technical (equipment) feasibility assessment based upon information obtained from market research. This will include the positioning of each business on the site, common ingress/egress, utility support, retention/detention for storm water and sharing of feedstock storage areas. From preliminary site planning and engineering, site infrastructure costs can be estimated. And from the technical recommendations, Equipment, Procurement and Construction (EPC) proposals can be obtained that identify the total hard costs for all process engineering, shell building construction and equipment installation.

Under this category, $30,000 has been allocated to conduct market and physical feasibility planning.

<u>Financial Feasibility and Business Plan Development</u>

Information from market and physical/technical feasibility reports will be used to develop a business and operating plan for one or more wood products businesses. In addition to assessment of financial feasibility, a funding strategy will be developed and the sources of funding for each operation will be identified so the business operating plan can be used to solicit funds. Identifying and negotiating either partnership or independent operations agreements existing, qualified and experienced operators of such wood products businesses will help advance this work.

Key deliverables under this category include:

1) Business and operating plan for integrated wood product development, including detailed capital expenditures and operational expenditures
2) Financing strategy for attracting investors and other equity and debt providers.

A fundable business and operating plan that will help attract operators and funders to the project.

$20,000 is allocated for Angel Energy, LLC, to develop a business and operating plan ready to bring in grants, equity and debt and for project launch. Angel Energy has conducted similar work for Sierra Institute as part of development of the 3 MW CHP on the Crescent Mills campus. A total of $18,478 is allocated for Sierra Institute to work with Angel Energy on this task and develop grants to advance implementation plans.

Detailed Project Deliverables	Timeline
Assessment of regional market demand and specifications for various wood products	September 2016 – March 2017
Site and technical feasibility	December 2016 – June 2017
Business and operating plan	May 2017 – September 2017
Financing strategy	May 2017 – September 2017
Grant development	September 2017 – ongoing
Plan implementation; business/investor attraction	December 2017 – June 2018
Project Reporting	
Six Month Progress Reports	March 2017, September 2017, March 2018
Final Report	June 2018

C. Restrictions, Technical/Environmental Documents and Agreements Narrative

Restrictions/Agreements
In September of 2015, an 11-year lease was enacted with the property's landowner, Greg Lehman of Carson City, Nevada. Mr. Lehman has been very supportive of Sierra Institute's plans for the site as a means to create employment opportunities in Plumas County. Mr. Lehman recognizes that Sierra Institute is holding off on purchasing the property until site liabilities associated with environmental contamination are removed, and until sufficient funds for property purchase are raised. During the first 12 months of the lease, Mr. Lehman will not list the property for sale. Preceding the lease, Sierra Institute entered into a license agreement in February of 2014 with Mr. Lehman, granting Sierra Institute unrestricted access to the property for 18 months and rights of first refusal for property purchase. Both the Lease and the License Agreement are attached in this application.

Sierra Institute has been working with the Environmental Protection Agency (EPA) to ensure proper environmental due diligence activities are met since early 2014. A Phase I and Phase II environmental site assessments have been completed, and an Analysis of Brownfields Cleanup Alternatives report is currently being prepared. Naturally, there is some contamination on site remaining from the former sawmill, but the EPA is well aware of the situation on site and very supportive of Sierra Institute's plans for reuse. The EPA, county, and others are all in favor of cleanup and dollars are available for such work.

Regulatory Requirements/Permits
Sierra Institute engaged with Plumas County Planning Department early on in the process of planning for developing the Crescent Mills site. Discussions with Randy Wilson, Planning Director, on numerous occasions have indicated that the project can move forward without CEQA analysis due to the heavy industrial zoning (I-1) of the site. (Sec. 9-2.2501 and Sec. 9-2.2502).

D. Organizational Capacity Narrative

For over 20 years, Sierra Institute has successfully managed a variety of local, regional, and national projects, along with local and regional networking projects. The organization has been engaged in forest issues since it was launched in 1992, and has actively focused on woody forest biomass utilization as an integral part of reducing risk of catastrophic wildfire, creating local jobs, and improving the ecological condition of forests since 2009. The Sierra Institute is active in state and federal policy discussions, and works with multiple community organizations and businesses interested in the development of small-scale biomass utilization. Executive Director Jonathan Kusel sat on the steering committee of the Biomass Economic Recovery Group of the Northern Sierra, and was instrumental in the development and success of the California Forest Biomass Working Group, which continues to meet on a monthly basis. Furthermore, Jonathan and the Sierra Institute are one of nine members of California's State Wood Energy Team.

Sierra Institute launched its biomass work first with an American Recovery and Reinvestment Act grant awarded by the Plumas National Forest; this project included a biomass supply assessment, analysis of sites for a wood utilization campus, and a transportation study. This work was followed by: a California Energy Commission supported Plumas Energy Efficiency and Renewables Management Action Plan (PEER MAP) project that developed a thermal network vision and initiated a combined heat and power (CHP) project in Plumas County; a U.S. Forest Service Woody Biomass Utilization Grant to advance CHP project development in Crescent Mills; support from the Sierra Nevada Conservancy for a wood chip processing facility to be constructed on the Crescent Mills site; additional funding from the California Energy Commission to support the development of a biomass boiler and small cogeneration facility at the Plumas County Health and Human Services building in Quincy; and a U.S. Forest Service Wood Innovations grant to further the CHP project and overall wood campus development in Crescent Mills.

The PEER MAP project has been extraordinarily successful advancing woody biomass planning and initial project implementation in Plumas County. The Plumas County Board of Supervisors, Plumas County Planning and Facilities Departments, Eastern Plumas Health Care, Northern Sierra Air Quality Management District, City of Portola, and a diverse group have partnered to advance the project.

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Angel Energy, LLC, and its principal, Thomas C. Peters, specialize in financial planning and development. Having developed more than $600 million in private commercial real estate, the firm's expertise comes from over thirty years managing the capital budgets, scheduling, and funding of projects ranging in size from $3M to $100M. After entering the solar development field in 2009, Peters began to specialize in the use of the Internal Revenue Code and Private Letter Rulings to increase tax incentives for renewable energy projects. He subsequently participated in the preparation of the USDA's launch of the Tall Wood Building Design Competition and became a principal in a CLT venture in Florida. He has offered advice to the USDA and Forest Service for the last two years on how to increase the financial feasibility of woody biomass to energy conversion systems and has financially studied a number of different conversion technologies. At the time of this proposal, Mr. Peters is developing a

fundable business plan for the 3 MW CHP at the Crescent Mills biomass campus. Mr. Peters will continue to provide project financial, planning, and development expertise to Sierra Institute and to the Crescent Mills project.

E. Cooperation and Community Support Narrative

With the threat of catastrophic wildfire burning into the wildland urban interface each summer, communities of Plumas County are well aware of the need to increase the pace and scale of forest restoration. Furthermore, the economy has been hit hard by the decline of the timber industry over the last 20 years, so most residents recognize the value of forestry-related jobs. Thus, there is ample support for Sierra Institute's efforts to utilize forest biomass to promote increased levels of forest restoration, reduce the risk of wildfire, improve air quality by providing an alternative to pile burning, create jobs, and to revitalize the wood products sector. Presentation of biomass boilers and increased biomass utilization in the county to the Plumas Board of Supervisors generated one strong opponent. Three opponents of the CHP for Plumas County's Health and Human Services building boiler—including the strong opponent—turned out to the primary public meeting on the topic and two reported their support for the project shortly afterwards.

Sierra Institute has worked collaboratively with a number of stakeholders throughout the local area to develop a plan for increased biomass utilization, including Plumas County officials, foresters, logging companies, economic developers, scientists, the Plumas National Forest, and the Plumas Unified School District.

A planning grant from the California Energy Commission (CEC) supported the development of a community plan for utilization of forest biomass, and another CEC grant is currently supporting the development of a biomass-fired combined heat and power system that will heat the county Health and Human Services building and the Feather River College dormitories in Quincy. Due to the widespread community support for this project, both Plumas County and Feather River College have contributed significant matching funds to support development of this boiler.

Periodic community meetings focused on sharing information and lessons learned for increased biomass utilization in Plumas County have been held over the last five years. The Sierra Institute has presented in meetings in Greenville and Crescent Mills in Indian Valley, Chester/Lake Almanor, and numerous times at the county seat in Quincy to discuss the county-wide biomass development plan and build out.

Sierra Institute has been committed to promoting healthy forests and communities since opened its doors in 1993. During its twenty-plus year history in Plumas County it has developed strong relationships with local residents, stakeholders, various interest organizations, and local, state and federal agencies. The Institute maintains an active website regarding its projects and blogs, and interacts informally and formally with residents and leaders of the county. These means of communication will be used to disseminate information about this project.

F. Tribal Consultation Narrative

The Sierra Institute has had a strong working relationship with the local Mountain Maidu and the Greenville Rancheria. For two years the Sierra Institute hosted the The Maidu Cultural and Development Group (2002 – 2004) until they moved to the Roundhouse Council, and members are active with the Sierra Institute's Center of Forestry tour program and the Lake Almanor Watershed Group (LAWG). LAWG, a group hosted by the Sierra Institute, regularly meets at the Maidu Summit Consortium Offices in Chester. The Sierra Institute has discussed its biomass work with Danny Manning, head of the Greenville Rancheria Fire Crew, who is currently involved in local forestry work and welcomes additional fuels thinning projects. Numerous calls were made to the head of the Maidu Summit Consortium to obtain formal approval for this project but they were not returned. This project was discussed directly with Trina Cunningham, a Maidu Summit Consortium members, who expressed support for this work.

G. Long-Term Management and Sustainability Narrative

This project is part of a much larger, county- and region-wide effort to increase biomass utilization. Sierra Institute has been working to build out the Crescent Mills biomass campus for the last two years, including development of a 3 MW CHP and a wood chip processing facility (for boiler supply). Sierra Institute is exploring the option of developing a green waste facility on the Crescent Mills site and has held preliminary conversations with Plumas County regarding green waste; a proposal was submitted to CAL FIRE's State Responsibility Area Fire Prevention Fund grant program in January of 2016 to support development of a green waste program at the Crescent Mills site, and to support over 100 acres of fuels reduction work in the Indian Valley area. Material harvested from this fuels reduction work can be incorporated into the integrated use campus.

Sierra Institute is currently leasing the Crescent Mills property, and is intending to purchase the site as soon as contamination on site is addressed. The majority of the funds for site purchase have been raised, and we anticipate site contamination may result in reduction of the cost of the property to the funds currently in hand. For this reason the Sierra Nevada Conservancy will be able to monitor the project site for 25 years.

H. Performance Measures

Many of the specific performance measures involving long term project outcomes cannot be tracked through the planning process. We can, however, track measures of success from the planning process, including identification of potential businesses and completion of comprehensive business plan.

After pre-project planning activities have been completed and development of an integrated biomass utilization operation begins, performance measures for long term success of the project include:

1. Number and types of jobs created

Economic stimulation in Plumas County and job creation is a crucial long term goal of development of the Crescent Mills biomass campus. Benefits of the proposed integrated biomass utilization business and the greater campus will be tracked through creation of temporary and

permanent employment opportunities, and other subsequent job details such as job type and income.

2. Number and value of new, improved, or preserved economic activities

After successful development of an integrated biomass utilization business, the impact of the operation on the local economy can be tracked through gathering details on production and sales of wood products or other commodities produced.

3. Resources leveraged for the Sierra Nevada

Sierra Institute has launched work on this project over the last three years, but more is needed to ensure project success. Thus, resources leveraged for Plumas County and the northern Sierra Nevada will continue to be monitored. Measures will include project funding from sources other than Sierra Nevada Conservancy, and other major in-kind contributions.

4. Number of people reached

The Sierra Institute organizational mission is structured around research, education, and collaboration. Collaborating with local and regional stakeholders through decision making processes and sharing results of lessons learned with others are key components of the organization's efforts to increase biomass utilization in Plumas County. The number of people reached related to planning for build out of the Crescent Mills campus will be tracked through this project. Measures include involvement of local stakeholders in the planning process, and number of people reached from sharing of reports and lessons learned through social media, and in the community though public meetings and other related events.

SIERRA NEVADA CONSERVANCY
SNC Watershed Improvement Program - DETAILED BUDGET FORM

Project Name: Improving Forest and Watershed Health through Development of a Market for Forest Restoration By-products

Applicant: Sierra Institute for Community and Environment

SECTION ONE DIRECT COSTS	**Year One**	**Year Two**	**Year Three**	**Year Four**	**Year Five**	**Total**
Project Management Costs	$40,767.00	$27,211.00				$67,978.00
Site Restoration Work Costs						$0.00
Project Equipment, Building, Land purchases						$0.00
Project Materials & Supplies Purchased	$250.00	$250.00				$500.00
						$0.00
DIRECT COSTS SUBTOTAL:	$41,017.00	$27,461.00	$0.00	$0.00	$0.00	$68,478.00

SECTION TWO PARTIAL INDIRECT COSTS	**Year One**	**Year Two**	**Year Three**	**Year Four**	**Year Five**	**Total**
Monitoring						$0.00
Publications, Printing, Public Relations						$0.00
Reporting, Perf Measures, Invoice Billings						$0.00
						$0.00
INDIRECT COSTS SUBTOTAL:	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
PROJECT TOTAL:	$41,017.00	$27,461.00	$0.00	$0.00	$0.00	$68,478.00

SECTION THREE Administrative Costs (Costs may n*ot exceed 15% of the above listed Project costs*) :						**Total**
Sierra Institute Administrative	$3,261.00	$3,261.00				$6,522.00
						$0.00
						$0.00
						$0.00
						$0.00
ADMINISTRATIVE TOTAL:	$3,261.00	$3,261.00	$0.00	$0.00	$0.00	$6,522.00
SNC TOTAL GRANT REQUEST:	$44,278.00	$30,722.00	$0.00	$0.00	$0.00	$75,000.00

SECTION FOUR OTHER PROJECT CONTRIBUTIONS	**Year One**	**Year Two**	**Year Three**	**Year Four**	**Year Five**	**Total**
List other funding or in-kind contibutors to project (i.e. Sierra Business Council, Department of Water Resources, etc.)						
Rural Business Development Grant	$15,000.00	$15,000.00				$30,000.00
						$0.00
						$0.00
						$0.00
						$0.00
						$0.00
Total Other Contributions:	$15,000.00	$15,000.00	$0.00	$0.00	$0.00	$30,000.00

NOTE: The categories listed on this form are examples and may or may not be an expense related to the project. Rows may be added or deleted on the form as needed. Applicants should contact the SNC if questions arise.

Budget Narrative

Direct Costs

As this is a planning grant, the majority of funds will go to Sierra Institute personnel for project management tasks, including pre-project planning and feasibility analyses, and grant reporting. Specifically, Sierra Institute will take the lead on market and physical feasibility planning. Sierra Institute direct costs total $48,478, which includes benefits calculated at 40% of personnel, and funds for travel and supplies. Staff includes a 0.4 FTE project lead, 0.25 FTE program assistant, and 0.1 FTE executive director.

Contractor costs include $20,000 to Angel Energy, LLC for financial feasibility analysis and development of a business and operating plan.

Administrative Costs

An administrative total of 15% has been applied to Sierra Institute's direct costs. Sierra Institute has a federally approved indirect rate of 17.48%. Administrative costs include office rental, board, utilities, accounting, and office supplies.

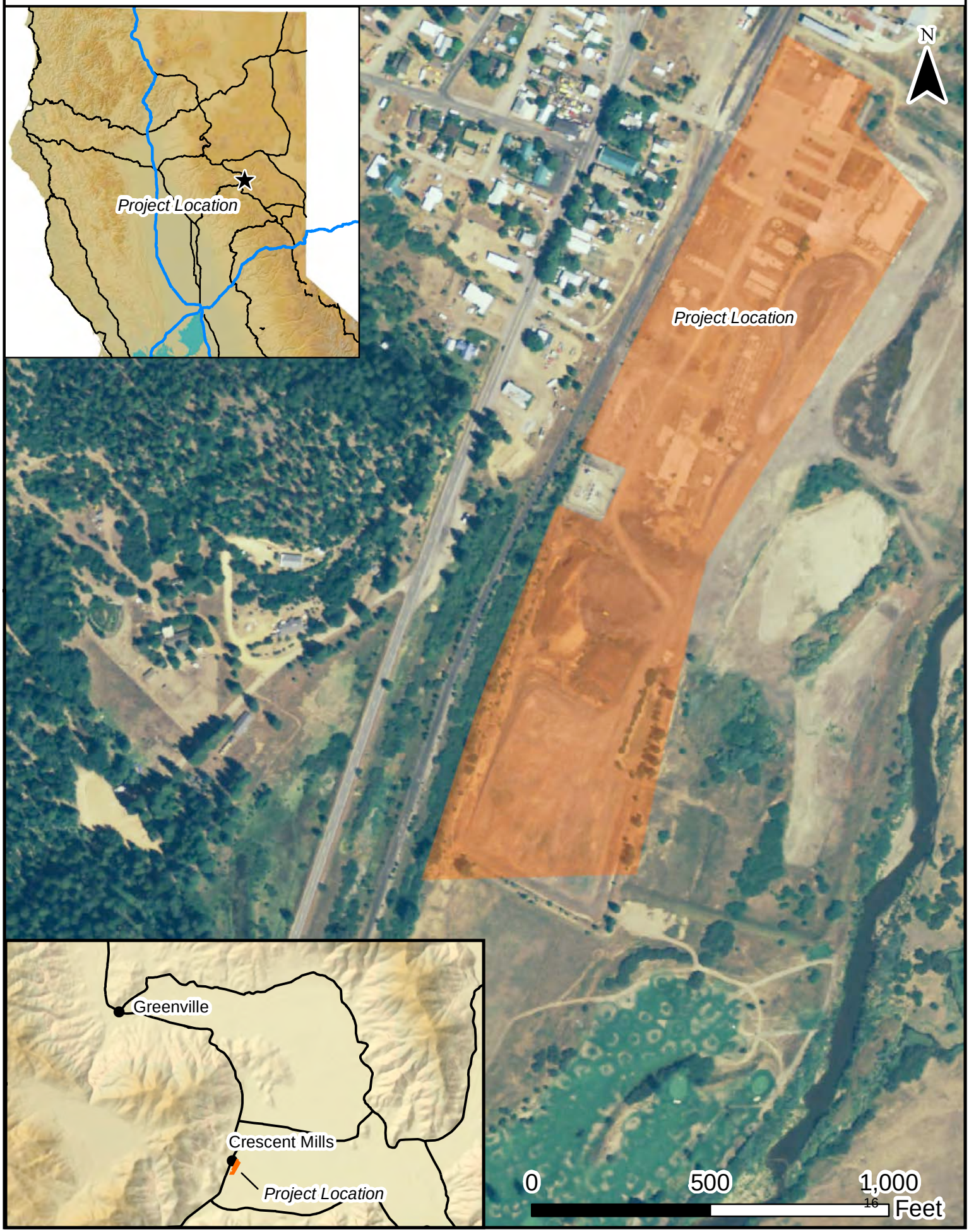
	Sierra Institute	Angel Energy
Personnel	$33,199	
Benefits	$13,279	
Travel	$1,500	
Supplies	$500	
Contractual		$20,000
Total	$48,478	$20,000
Total Direct	$68,478	
Administrative Overhead (15%)	$6,522.00	
Total	$75,000	

Other Project Contributions

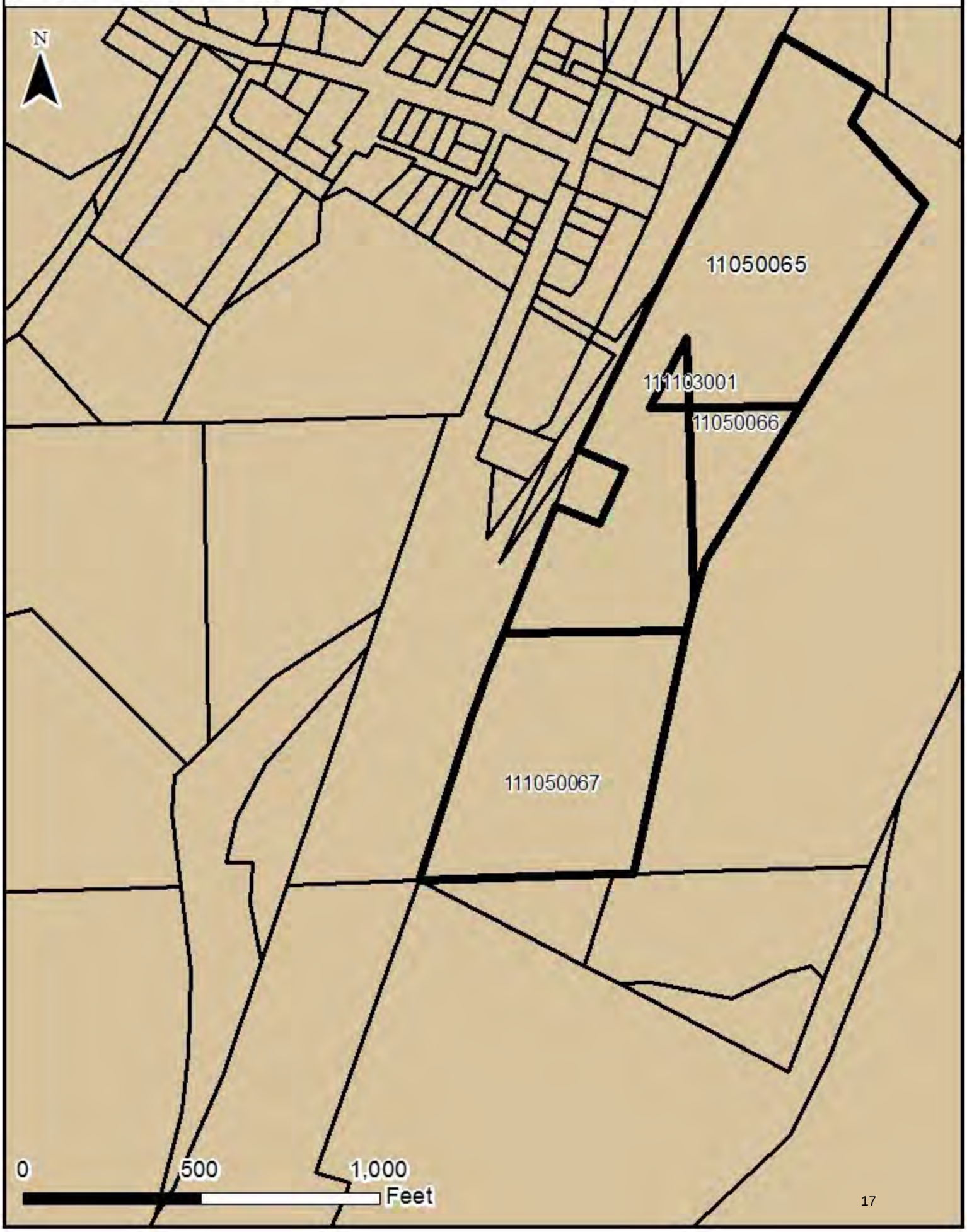
Sierra Institute is matching $30,000 of in-kind support from a Rural Business Development Grant over the two years of this project term.

Maps and Photos

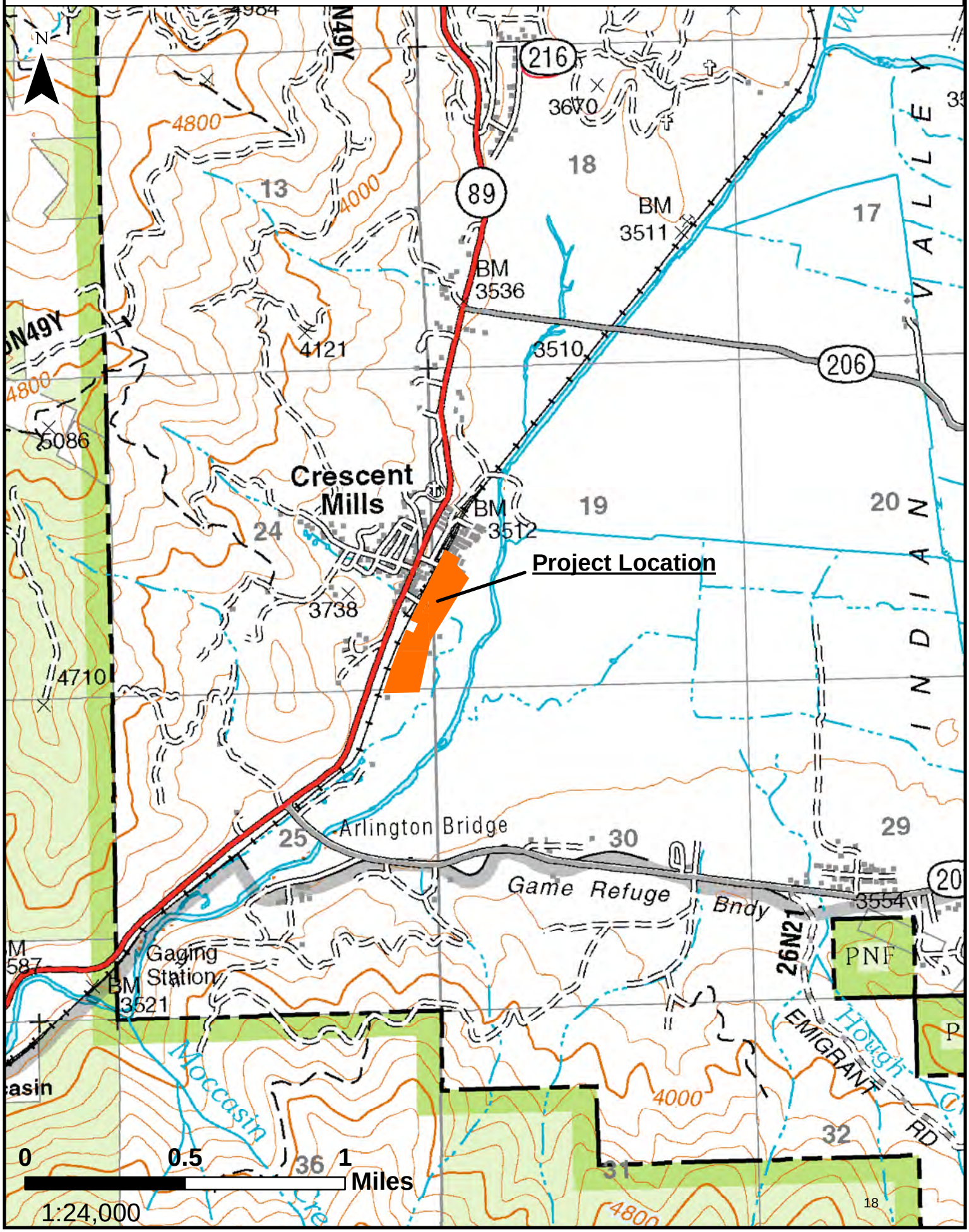
Map 1. Project Site Location - Crescent Mills, CA



Map 2. Parcel Map



Map 3. Topographic Map - Project Location



Property Documents

REAL ESTATE LEASE

By and Between:

GREG LEHMAN, GARY LEHMAN, and JENNIFER GLANZMANN

Lessors

And

SIERRA INSTITUTE FOR COMMUNITY AND ENVIRONMENT,
a California corporation

Lessee

WAYNE S. CHIMARUSTI, ESQ.
300 West Second Street
Carson City, NV 89703
(775) 885-9066
wscesq@sbcglobal.net

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REAL ESTATE LEASE

THIS LEASE dated this 25th day of September, 2015, is by and between GREG LEHMAN, GARY LEHMAN, and JENNIFER GLANZMANN, of 1665 South Sutro Terrace, Carson City, NV 89703, hereinafter collectively referred to as "Lessors"; and SIERRA INSTITUTE FOR COMMUNITY AND ENVIRONMENT, a California corporation, of P.O. Box 11, Taylorsville, CA 95947, hereinafter "Lessee."

RECITALS

A. Lessor is the owner of seven (7) more or less contiguous parcels of vacant real property in Crescent Mills, Plumas County, California, consisting of approximately 28.129 acres, being Plumas County Assessor Parcel Numbers 111-050-065, 066, 067, 111-103-001, 111-170-019, 111-084-004, and 111-102-007, some of which have street addresses of 15690 Highway 89, 15508 Highway 89, and 15700 Main Street, in Crescent Mills, California, hereinafter collectively referred to as the "Property."

B. Lessee is a California corporation engaged in the effort of building thriving rural communities combined with the promotion of resilient, ecologically rich and productive forests, and the ecosystem services to be derived therefrom.

C. The unique nature and location of the Property requires significant investment in suitability studies, which include but are not limited to obtaining environmental clearance, and to date have been conducted or paid for by Lessee.

D. Lessee has had temporary access to and use of the Property for in excess of eighteen (18) months pursuant to a License Agreement dated February 21, 2014, hereinafter the "License Agreement," for the purpose of assessing the feasibility and suitability of the Property as a site for the development and operation of a facility for receiving, storing, processing, packaging, and shipping approximately two thousand (2,000) bone dry tons of conditioned wood chips annually, and to the construction of a cogeneration plan capable of producing three (3) megawatts of power and heat for a co-located user.

E. During the term of the License Agreement, Lessee has, at Lessee's expense:

(i) Completed site engineering, an electrical transmission study, and environmental assessments of the Property;

(ii) Completed a Phase I environmental assessment that has revealed the need for additional environmental monitoring and assessment because of chemical contaminants identified on site;

(iii) Worked with the U.S. Environmental Protection Agency, hereinafter "USEPA," and state and local agencies, to assess contamination; and

(iv) Pursued and continues to pursue funds for site remediation.

F. Lessee desires to obtain environmental clearances and removal of site liabilities associated with environmental contamination as determined by the USEPA, agencies of the State of California, and agencies of the County of Plumas in order to purchase the property.

G. Pending Lessee's exercise of an option to purchase the Property, Lessor desires to lease the Property to Lessee, and Lessee desires to lease the Property from Lessor.

NOW THEREFORE in consideration of the mutual promises contained in this Lease, the parties agree as follows:

ARTICLE 1: INCORPORATION OF RECITALS

Recitals A through G set forth above are incorporated into this Lease and made a part hereof.

ARTICLE 2: TERM AND TERMINATION

(a) This Lease is for a term of eleven (11) years commencing
August 1, 2015, and ending July 31, 2026.

(b) The above notwithstanding, prior to August 1, 2016, and upon thirty (30) days' notice to Lessor, Lessee may terminate the Lease at any time, for any or no reason.

(c) Lessor may, in the manner provided in Article 19 hereof, terminate this Lease upon the default of Lessee in the performance of Lessee's obligations under this Lease.

ARTICLE 3: RENT

(a) For the first twelve (12) months of the term of this Lease, the rent shall be One Dollar ($1), payable upon the signing of this Lease.

(b) On the first day of the first month of the second year of term of this Lease (August 1, 2016), the rent shall be One Thousand Five Hundred Dollars ($1,500) per month. Each monthly payment shall be due on the first (1st) day of the month, and any payment not received by Lessor on or before the tenth (10th) day of the month in which it is due shall bear interest at 18% per annum, and shall include an additional late charge of One Hundred Dollars ($100).

(c) Commencing on the first day of the of the first month of the third year of the term of this Lease (August 1, 2017), the rent shall be increased by three percent (3%) of the monthly rent paid during the second year of the term of this Lease, and thereafter on the first day of each succeeding August, the monthly rent shall be increased by three percent (3%) of the monthly rent paid during the prior year of the term of this Lease. Each monthly payment shall be due on the first (1st) day of the month, and the same interest and penalty as set forth in Article 2(b) above shall apply to any payment not received by Lessor on or before the tenth (10th) day of the month in which it is due.

ARTICLE 4: HOLDING OVER AFTER TERMINATION OF TENANCY

In the event that Lessee shall hold over at the termination of Lessee's tenancy, Lessee shall pay rent in the amount of Two Hundred Dollars ($200) per day until such time as Lessee shall have completely vacated the Property.

ARTICLE 5: ENVIRONMENTAL STUDIES AND REPORTS

(a) Lessee shall provide Lessor with copies of all: (i) Phase I and Phase II environmental reports and assessments; (ii) site engineering and electrical transmission reports; (iii) monitoring reports; (iv) Chemical testing reports; (v) remediation studies, reports, and recommendations; and (vi) any other inspections, assessments, reports, studies, and recommendations prepared or obtained by Lessee in connection with Lessee's due diligence assessment and feasibility study of the Property.

ARTICLE 6: RESTORATION OF THE PROPERTY

Upon termination of this Lease for any reason, Lessee shall remove from the Property all temporary structures erected or installed on the Property by Lessee, together with all Lessee's equipment, machinery, raw or processed wood, personal property, trash, refuse, and any waste material, and shall restore the condition of the Property to that which existed at the commencement of this Lease.

ARTICLE 7: TREE REMOVAL

Lessee shall not remove any trees from the Property without Lessor's prior written consent.

ARTICLE 8: LESSEE'S BUSINESS OPERATIONS

Lessee shall not derive any income from any of its activities on the Property during the first twelve (12) months of the term of this Lease without having first entered into a written modification of this Lease with Lessor with regard to the payment of mutually agreeable rent.

ARTICLE 9: NON-INTERFERENCE WITH LESSOR'S BUSINESS OPERATIONS

Lessee acknowledges that Lessee has been informed that Lessor has approximately four thousand (4,000) cubic yards of compost, wood, and soil (the "Stored Materials") stored on the Property, and that from time to time Lessor engages in operations and activities on the Property related to Lessor's business operations. Lessee shall not engage in any activity that interferes with or disrupts Lessor's business operations, equipment, or stored materials.

Lessor anticipates that Lessor will remove the remaining Stored Materials from the Property in approximately twelve (12) months from the date of execution of this Lease. Lessor agrees that completion of the sale of the Property will require removal of all remaining Stored Materials, or the establishing of an agreement that includes a timetable for removal of the remaining Stored Materials.

ARTICLE 10: UTILITIES

Lessee shall pay for all utilities utilized in the operation of Lessee's business, including municipal water and sewer; electricity; fuel oil; natural gas; telephone, internet, and other communication services; and trash removal.

ARTICLE 11: TAXES; FIRE AND CASUALTY INSURANCE:

(a) Personal Property Tax:

Lessee shall pay any and all personal property tax levied on its personal property, equipment, machinery, inventory, or sales, and shall promptly pay any other taxes levied against Lessee's business operations.

(b) Real Property Tax:

Lessor shall pay all real property taxes for the first twelve (12) months of the term of this Lease. Commencing on the first day of the first month of the second year of term of this Lease (August 1, 2016), Lessee shall pay all real property taxes assessed against the Property, or shall reimburse Lessor for those payments.

(c) Fire and Casualty Insurance:

Lessee shall obtain and pay for fire and casualty insurance on Lessee's personal property, including but not limited to Lessee's equipment, records, supplies, furniture, furnishings, and tools.

ARTICLE 12: CLAIMS AGAINST THE LESSOR OR THE LESSEE; LESSEE'S LIABILITY INSURANCE

(a) Lessor shall not be liable to Lessee or to any other person whatsoever for any injury or damage that may result to any person or property by or from any cause whatsoever in or on the Property arising out of Lessee's business operations and activities on the Property, and Lessee agrees to hold Lessor harmless from, and defend the Lessor against, any and all claims or liability for any injury or damage to any person or property whatsoever occurring in or on the Property or occurring as a result of the use of any of the facilities or

appliances on the Property unless occasioned through fault or neglect of Lessor or its employees, agents, contractors, or other persons or entities under the Lessor's control. Lessee shall obtain and keep in force during the term of this Lease a Commercial General Liability policy of insurance protecting Lessee and Lessor against claims for bodily injury, personal injury and property damage based upon, involving or arising out of the ownership, use, occupancy, or maintenance of the Property and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than One Million Dollars ($1,000,000) per occurrence. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "Insured Contract" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance required by this Lease or as carried by Lessee shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. All insurance to be carried by Lessee shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only, unless the event giving rise to the insurance issue was the result of the act or omission to act of Lessor or its employees, agents or contractors, or any persons under Lessor's control, in which event Lessor's insurance shall be primary to and not contributory with any similar insurance carried by Lessee.

(b) Each policy required to be obtained by Lessee pursuant to this Lease shall contain a provision requiring the insurer to give Lessor thirty (30) days' notice prior to cancellation of the policy for any reason. Lessee shall provide Lessor with proof of insurance upon execution of this Lease.

ARTICLE 13: HAZARDOUS MATERIALS

(a) During any period of time that Lessee shall be entitled to access to the Property, Lessee agrees that Lessee will not use and does not intend to use the Property to generate, manufacture, refine, transport, treat, handle, or dispose of Hazardous Substances.

(b) Lessee may not generate manufacture, refine, transport, treat, handle, use, or dispose of Hazardous Substances on the Property without Lessor's prior written consent.

(c) For the purposes of this Lease "Hazardous Substances" shall mean materials that, because of their quantity; concentration; or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported, or otherwise handled.

Throughout this Lease the words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

(d) For the purposes of this Lease "Environmental Laws" shall mean any and all state, federal and local statutes, regulations, and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1986, as amended, 42 U.S.C. §9601, *et seq.* ("CERCLA"); the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ('SARA"); the Hazardous Materials Transportation Act, 49 U.S.C. §1801, *et seq.*; the Resource Conservation and Recovery Act, 42 U.S.C. §6901, *et seq.*, and other applicable state or federal laws, rules or regulations adopted pursuant thereto.

(e) Lessee shall cause Lessee's operations conducted on the Property to comply with all Environmental Laws, and with the orders of any governmental authorities having jurisdiction under Environmental Laws, and shall obtain, keep in effect, and comply with all governmental permits and authorizations required by Environmental Laws with respect to the Property or Lessee's operations on the Property. Lessee shall furnish Lessor with copies of all such permits and authorizations, and any amendments or renewals of them, and shall notify Lessor of any expiration or revocation of such permits or authorizations.

(f) Lessee shall exercise extreme care in handling Hazardous Substances if Lessee uses or encounters any. Lessee, at Lessee's expense, shall undertake any and all preventive, investigatory or remedial action (including emergency response, removal, containment and other remedial action) that is: (i) required by Environmental Laws or orders by any governmental authority having jurisdiction under Environmental Laws; or (ii) necessary to prevent or

minimize property damage (including damage to Lessee's own property), personal injury or damage to the environment, or the threat of any such damage or injury, by releases of or exposure to Hazardous Substances in connection with the Property or operations of any occupant on the Property.

In the event Lessee fails to perform any of Lessee's obligations under this article of this Lease, Lessor may (but shall not be required to) perform such obligations at Lessee's expense. All such costs and expenses incurred by Lessor under this article and otherwise under this Lease shall be reimbursed by Lessee to Lessor upon demand with interest at the rate of ten percent (10%) per annum.

Lessee and Lessor intend that Lessor shall have full recourse to Lessee for any sum at any time due to Lessor under the Article of this Lease. In performing any such obligations of Lessee, Lessor shall at all times be deemed to be the agent of Lessee and shall not by reason of such performance be deemed to be assuming any responsibility of Lessee under Environmental Laws or to any third party. Lessee hereby irrevocably appoints Lessor as Lessee's attorney-in-fact with full power to perform each of Lessee's obligations under this Article of this Lease as Lessor deems necessary and appropriate.

(g) Lessee shall immediately notify Lessor upon becoming aware of any of the following:

(1) Any spill, release or disposal of Hazardous Substances on the Property, or in connection with any of Lessee's operations, if such spill, release or disposal must be reported to any governmental authority under Environmental Laws.

(2) Any contamination or imminent threat of contamination, of the Property by Hazardous Substances, or any violation of Environmental Laws in connection with the Property or the operations conducted on the Property.

(3) Any order, notice of violation, fine or penalty or other similar action by any governmental authority relating to Hazardous Substances or Environmental Laws and the Property or the operations conducted on the Property.

(4) Any judicial or administrative investigation or proceeding relating to Hazardous Substances or Environmental Laws and to the Property or the operations conducted on the Property.

(5) Any matters relating to Hazardous Substances or Environmental Laws that would give a reasonably prudent Lessor cause to be concerned that the value of Lessor's interest in the Property may be reduced or threatened, or that may impair, or threaten to impair, Lessor's ability to perform any of Lessor's obligations under this Lease when such performance is due.

(h) Lessee shall deliver to Lessor, at Lessor's request, copies of any and all documents in Lessee's possession or to which Lessee has access relating to Hazardous Substances or Environmental Laws and the Property and the operations conducted on the Property by Lessee, including without limitation results of laboratory analyses, site assessments or studies, environmental audit reports and other consultants' studies and reports.

(i) Lessor reserves the right to inspect and investigate Lessee's facilities and operations on the Property at any time and from time to time, and Lessee shall cooperate fully with Lessor in such inspections and investigations. If Lessor at any time has reason to believe that Lessee or any occupants of the Property are not complying with Environmental Laws or with the requirements of this Lease, or that a material spill, release or disposal of Hazardous Substances has occurred on or under the Property, Lessor may require Lessee to furnish Lessor, at Lessee's expense, an environmental audit or a site assessment with respect to the matters of concern to Lessor. Such audit or assessment shall be performed by a qualified consultant approved by Lessor. Any inspections or tests made by Lessor shall be for Lessor's purposes only and shall not be construed to create any responsibility or liability on the part of Lessor to Lessee.

(j) Lessee hereby indemnifies and holds harmless Lessor; Lessor's officers, directors, employees and agents; and Lessor's heirs, successors and assigns and their officers, directors, employees and agents, against any and all claims, demands, losses, liabilities, costs, and expenses (including without limitation attorney's fees at trial and on any appeal or petition for review) incurred by such person:

(1) Arising out of or relating to any investigatory or remedial action involving the Property arising out of Lessee's operations conducted on the Property or any other operations of Lessee or of any occupant of the Property and required by Environmental Laws or by orders of any governmental authority having jurisdiction under Environmental Laws; or

(2) On account of injury to any person whatsoever or damages to any property arising out of, in connection with, or in any way relating to:

(i) Lessee's breach of any covenant contained in this Lease;

(ii) Lessee's violation of any Environmental Laws;

(iii) Lessee's use, treatment, storage, generation, manufacture, transport, release, spill, disposal, or other handling of Hazardous Substances on the Property;

(iv) The contamination of any of the Property by Hazardous Substances by any means whatsoever (including without limitation any presently existing contamination of the Property); or

(v) Any costs incurred by Lessor pursuant to this Article.

In addition to this indemnity, Lessee hereby releases and waives all present and future claims against Lessor for indemnity or contribution in the event Lessee becomes liable for cleanup or other costs under Environmental Laws which it has caused and is directly responsible for through its work onsite, exclusive of environmental assessment, analysis, and remediation work.

(k) Lessee intends that Lessor shall have full recourse to Lessee for Lessee's obligations under this Article 11 of this Lease as they become due to Lessor. Such liabilities, losses, claims, damages and expenses shall be reimbursable to Lessor as Lessor's obligations to make payments with respect thereto are incurred, without any requirement of waiting for the ultimate outcome of any litigation, claim or other proceeding, and Lessee shall pay such liability, losses, claims, damages and expenses to Lessor as so incurred within thirty (30) days after written notice from Lessor. Lessor's notice shall contain a brief itemization of the amounts incurred to the date of such notice. In addition to any remedy available for failure to pay periodically such amounts, such amounts shall thereafter bear interest at ten percent (10%) per annum.

(l) The covenants in this Lease shall be for the benefit of Lessor and any successor to Lessor, as owner of the Property.

ARTICLE 14: ASSIGNMENT

Lessee agrees that Lessee will not assign, sublease, mortgage or hypothecate this Lease, nor the Property or any part thereof, without the prior written consent of Lessor.

ARTICLE 15: ALTERATIONS

Lessee agrees that Lessee will not alter, nor will it permit any alterations to be made to the Property without the prior written consent of Lessor, which consent shall not be unreasonably withheld, and the same shall be done at Lessee's sole expense unless otherwise agreed.

ARTICLE 16: RIGHT OF INSPECTION

Lessor and Lessor's agents and attorneys shall have the right at all reasonable times during Lessee's regular business hours to enter into and upon the Property for the purpose of inspecting the same and to see that the covenants and agreements contained in this Lease are being kept, and for the purpose of making repairs therein and thereon.

ARTICLE 17: LIENS

Lessee covenants that it will not permit any mechanic's or materialman's liens or any other liens of any kind or character to attach to or against the Property, appurtenances or any part thereof, arising out of the action by Lessee. Lessee further agrees that it will indemnify Lessor and hold Lessor harmless from and against all claims, demands, actions, damages, costs or expenses, including attorney's fees, that might arise or grow out of any lien that might be imposed against the Property as a result of the act or failure to act by Lessee. Lessee shall have the right to contest the correctness or validity of any such lien in good faith. Lessee's failure to have any such lien released, removed, or bonded around upon demand by Lessor shall be an event of default under Article 19 of this Lease.

ARTICLE 18: *RESERVED*

ARTICLE 19: DEFAULT

In the event Lessee shall fail to pay any rent when and as the same shall become due, or shall fail to perform any act or thing it has obligated itself to perform, or in any other manner breach the terms or conditions herein contained after receipt of notice in writing by Lessor, and shall fail to cure such breach or violation within ten (10) days of said receipt of notice in the case of breach by non-payment of rent or of any other monies owing hereunder, and thirty (30) days in the case of breach for any other cause, then and in any such event Lessor may, at its option, terminate this Lease forthwith. However, if the nature of Lessee's nonmonetary default is such that more than thirty (30) days are reasonably required or necessary for its cure, then Lessee shall not be deemed to be in default if Lessee commences such cure within such thirty (30) day period and thereafter diligently and in good faith prosecutes such cure to completion. The provision for termination herein contained shall be in addition to, and not exclusive of, any other remedy afforded by law or otherwise by Lessor. (See additional notice requirements in Article 21 hereof.)

ARTICLE 20: WAIVER

Lessor's failure to take advantage of any default or breach of covenant on the part of Lessee shall not be construed as a waiver thereof, nor shall any custom or practice which may come into existence between the parties in the course of administering this instrument be construed to waive or to lessen Lessor's right to insist upon the Lessee's performance of any term, covenant or condition thereof, or to exercise any rights given Lessor on account of any such default.

ARTICLE 21: NOTICE

Whenever notice shall be required to be given pursuant to the terms and provisions of this Lease, such notice shall be sent (1) personally, (2) by certified mail, (3) by U.S.P.S. traceable priority mail, or (4) by responsible overnight courier, addressed to the parties at the following addresses:

To Lessor:

Greg Lehman, Gary Lehman, and
Jennifer Glanzmann
1665 South Sutro Terrace
Carson City, NV 89706

To Lessee:

Sierra Institute for Community and
Environment
P.O. Box 11
4438 Main Street
Taylorsville, CA 95983

With respect to the foregoing, notice shall be deemed received (1) when sent personally upon receipt thereof, (2) three (3) days following the sending of such notice by certified mail or U.S.P.S. traceable priority mail, or (3) the next day following the sending of the notice by responsible overnight courier.

ARTICLE 22: VOLUNTARY AND INVOLUNTARY PROCEEDINGS

In the event Lessee be declared a bankrupt subject to applicable law (including without limitation Federal Bankruptcy Laws) through voluntary or involuntary proceedings; or in any suit to which Lessee is a party, a receiver be appointed or an attachment or execution be levied against the Property herein described or Lessee's leasehold interest therein; or if Lessee attempts to make an assignment for the benefit of creditors; or, except as provided in Article 14 hereof, Lessee permits any manner of lien to attach against the Property or Lessee's leasehold interest therein, then and in that event, this Lease shall be terminated within thirty (30) days following written notice from Lessor to Lessee of its election to terminate this Lease, unless the bankruptcy proceedings, the assignment for the benefit of creditors, or the receiver, if one has been appointed, and/or any and all liens that have attached, be dismissed, discharged and/or released, within the thirty (30) day notice period. (See other or additional notice requirements as set forth in Articles 19 and 21 hereof.)

ARTICLE 23: COMPLIANCE WITH THE LAW

In exercising its rights under this Lease, or engaging in any activities on the Property, Lessee shall comply with all applicable federal, state, county, and municipal laws, statutes, and ordinances.

ARTICLE 24: BINDING EFFECT

Each and all of the covenants, terms, agreements, and conditions herein contained are intended to, and do, bind the heirs, executors, administrators and successors and assigns of the respective parties hereto.

ARTICLE 25: LIMITATION ON SALE OF PROPERTY AND RIGHT OF FIRST REFUSAL

(a) Lessor agrees that during the first twelve (12) months of the term of this Lease, Lessor shall not list the Property for sale, or otherwise attempt to procure a purchaser for the Property.

(b) In the event that during the first twelve (12) months of the term of this Lease Lessor shall receive an unsolicited *bona fide* third party offer to purchase the Property upon such terms and conditions that are acceptable to Lessor, Lessor shall provide written notice and a copy of said offer to Lessee, and Lessee shall have thirty (30) days from the date of the notice to Lessee to enter into a written agreement with Lessor to purchase the Property on the same terms and conditions as set forth in the *bona fide* third party offer.

ARTICLE 26: OPTION TO PURCHASE

(a) In the event that Lessee should desire to purchase the Property, Lessee shall notify Lessor of its intent to do so at any time during the first twelve (12) months of the term of this Lease, but in any event no later than July 31, 2016.

(b) The parties agree that the purchase price of the Property shall be in such amount as is mutually agreeable, but in any event shall be not less than Two Hundred Fifty Thousand Dollars ($250,000), and no more than the value of the Property as established by a duly qualified, licensed, third party commercial appraiser, plus thirty percent (30%).

(c) Lessee shall select the qualified, licensed third party commercial appraiser, and pay for the appraisal provided thereby. Lessor, in Lessor's sole discretion, may select and pay for a second appraisal, in which case the value of the Property shall be the average of the two appraised values.

(d) All other terms of the sale agreement remain open to negotiation without any limitation.

ARTICLE 27: TIME OF ESSENCE

In the performance of the various obligations under this Lease, time is the essence.

ARTICLE 28: SEVERABILITY

If any term or provision of this Lease, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of this Lease shall not be affected thereby and each of the other terms and provisions of this Lease shall be valid and enforceable to the fullest extent permitted by law.

ARTICLE 29: SUCCESSORS

All of the terms and conditions of this Lease shall be binding upon and inure to the benefit of the parties hereto and their successors in interest.

ARTICLE 30: GOVERNING LAW

This Lease shall be construed and interpreted and governed by the laws of the State of California. Venue and jurisdiction shall be in the appropriate state and municipal courts of Plumas County, California.

ARTICLE 31: ATTORNEYS' FEES

In the event that Lessor shall bring suit to recover any rent due hereunder or for breach of any covenant of this Lease or to recover possession of the Property, or if Lessee shall bring any action for any relief against the Lessor, declaratory or otherwise, arising out of this Lease, the prevailing party shall be entitled to a reasonable attorneys' fee which shall be awarded by the Court as part of the costs of such action.

Nothing in Article 30 or in this Article 31 shall preclude the parties from engaging in mediation, arbitration, or any other alternative dispute resolution process should circumstances warrant and they mutually agree to do so.

ARTICLE 32: ENTIRE AGREEMENT; MODIFICATION

This Lease contains the entire agreement between Lessor and Lessee concerning the Property. This Lease supersedes all prior oral or

written negotiations between the parties and may not be modified or amended except by a writing executed by all the parties hereto.

IN WITNESS WHEREOF the parties have set their hands and seals on the date first referenced above.

STATE OF NEVADA)
: ss.
CARSON CITY)

LESSOR:

This instrument was acknowledged before me on the 25 day of September, 2015, by GREG LEHMAN.

GREG LEHMAN

NOTARY PUBLIC

WAYNE S. CHIMARUSTI
NOTARY PUBLIC
STATE OF NEVADA
No. 94-0147-3 My Appt. Exp. July 26, 2018

STATE OF NEVADA)
: ss.
CARSON CITY)

This instrument was acknowledged before me on the 25 day of September, 2015, by JENNIFER GLANZMANN.

JENNIFER GLANZMANN

NOTARY PUBLIC

WAYNE S. CHIMARUSTI
NOTARY PUBLIC
STATE OF NEVADA
No. 94-0147-3 My Appt. Exp. July 26, 2018

STATE OF NEVADA)
: ss.
CARSON CITY)

This instrument was acknowledged before me on the 25 day of September, 2015, by GARY LEHMAN.

GARY LEHMAN

NOTARY PUBLIC

WAYNE S. CHIMARUSTI
NOTARY PUBLIC
STATE OF NEVADA
No. 94-0147-3 My Appt. Exp. July 26, 2018

State of California)
County of PLUMAS)

On September 24, 2015, before me, Amy J. Hafsrud, Financial Mgr
(insert name and title of the officer)
personally JONATHAN KUSEL, PhD., who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature (Seal)

LESSEE:

Sierra Institute for Community and Environment, a California corporation

By: JONATHAN KUSEL, PhD., Executive Director

APNs: 111-050-065, 066, 067;
111-103-001; 111-170-019;
111-084-004, and 111-102-007

When Recorded, Return to:
WAYNE S. CHIMARUSTI, ESQ.
300 West Second Street
Carson City, NV 89703

LICENSE AGREEMENT

Licensor:

GREG LEHMAN, JENNIFER GLANZMANN, GARY LEHMANN

Licensor:

SIERRA INSTITUTE FOR COMMUNITY AND ENVIRONMENT,
a California corporation

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LICENSE AGREEMENT

THIS AGREEMENT dated this 21st day of February, 2014, is by and between GREG LEHMAN, GARY LEHMAN, and JENNIFER GLANZMANN, of 1665 South Sutro Terrace, Carson City, NV 89703, hereinafter collectively referred to as "Licensors"; and SIERRA INSTITUTE FOR COMMUNITY AND ENVIRONMENT, a California corporation, of P.O. Box 11, Taylorsville, CA 95947, hereinafter "Licensee."

RECITALS

A. Licensor is the owner of seven (7) more or less contiguous parcels of vacant real property in Crescent Mills, Plumas County, California, consisting of approximately 28.129 acres, being Plumas County Assessor Parcel Numbers 111-050-065, 066, 067, 111-103-001, 111-170-019, 111-084-004, and 111-102-007, some of which have street addresses of 15690 Highway 89, 15508 Highway 89, and 15700 Main Street, in Crescent Milles, California, hereinafter collectively referred to as the "Property."

B. Licensee is a California corporation engaged in the effort of building thriving rural communities combined with the promotion of resilient, ecologically rich and productive forests, and the ecosystem services to be derived therefrom.

C. Licensee desires temporary access to and use of the Property for the purpose of assessing the feasibility and suitability of the Property as a site for the development and operation of a facility for receiving, storing, processing, packaging, and shipping approximately two thousand (2,000) bone dry tons of conditioned wood chips annually.

D. Licensor and Licensee desire to set forth the terms and conditions of Licensee's use of a portion of the Property.

NOW THEREFORE in consideration of the mutual promises contained in this License Agreement, the parties agree as follows:

ARTICLE 1: INCORPORATION OF RECITALS

Recitals A through D set forth above are incorporated into this License Agreement and made a part hereof.

ARTICLE 2: GRANT OF LICENSE

Licensor hereby grants to Licensee a license to access, occupy, and use the Property, subject to all of the terms and conditions of this License Agreement.

ARTICLE 3: LIMITATION TO DESCRIBED PURPOSE

The Property may be used solely for the purpose of conducting tests and performing all environmental assessments, studies, investigations, and engineering requirements for the establishment and construction of a facility to annually produce two thousand (2,000) tons of bone dry wood chips, and the other activities more particularly described in Recital C above.

It is understood and agreed that such assessments, investigations, and studies include, but are not limited to, site engineering studies, electrical transmission studies, and substation capacity analysis.

It is further understood and agreed that Licensee's site assessment may include the erection of temporary structures, and the operating of heavy machinery on the Property.

ARTICLE 4: PAYMENTS BY LICENSEE TO LICENSOR

(a) There shall be no periodic payments paid by Licensee to Licensor during the terms of this License.

(b) Licensee agrees to reimburse Licensor for Licensor's attorney's fees incurred in the negotiation and drafting of this License Agreement. Said reimbursement, which will not exceed Two Thousand Five Hundred Dollars ($2,500), shall be made at the time of Licensee's execution of either a lease agreement or a purchase agreement with respect to the property.

ARTICLE 5: TERM AND TERMINATION OF LICENSE

(a) The term of this License Agreement shall be eighteen (18) months, commencing as of the first day of the first month following the date of executing of this License Agreement by Licensor, and ending on the last day of the eighteenth (18th) month thereafter.

(b) The above notwithstanding, Licensor may terminate this License Agreement at any time upon fourteen (14) days' written notice to Licensee, or in such longer time as Licensor may determine in Licensor's sole discretion, in the event of Licensee's breach of any of the terms and conditions set forth herein.

(c) Licensee may terminate this License Agreement at any time upon written notice to Licensor.

(d) In the event that Licensee shall hold over beyond the end of the term of this License Agreement, Licensee shall pay rent to Licensor in an amount of Three Thousand Dollars ($3,000) per month or any portion thereof until License Agreement shall have completely vacated the Property and restored the Property as required herein.

ARTICLE 6: RESTORATION OF THE PROPERTY

Upon termination of this License Agreement for any reason, Licensee shall remove from the Property all temporary structures erected or installed on the Property by Licensee, together with all Licensee's equipment, machinery, raw or processed wood, personal property, trash, refuse, and any waste material, and shall restore the condition of the Property to that which existed at the commencement of this License Agreement.

ARTICLE 7: TREE REMOVAL

Licensee shall not remove any trees from the Property without Licensor's prior written consent.

ARTICLE 8: LICENSEE'S BUSINESS OPERATIONS

Licensee shall not derive any income from any of its activities on the Property during the term of this License Agreement without having first entered into a written lease agreement for the Property with Licensor.

ARTICLE 9: NON-INTERFERENCE WITH LICENSOR'S BUSINESS OPERATIONS

Licensee acknowledges that it has been informed that Licensor has materials stored on the Property and from time to time engages in operations and activities on the Property related to Licensor's business operations. Licensee shall not engage in any activity that interferes with or disrupts Licensor's business operations, equipment, or stored materials.

ARTICLE 10: UTILITIES; COST OF LICENSEE'S ACTIVITIES

Licensee shall be solely responsible for payment of all utilities, expenses, and costs incurred by Licensee in the conduct of its activities on the Property, and shall indemnify and hold Licensor harmless therefrom.

ARTICLE 11: HAZARDOUS MATERIALS

(a) During any period of time that Licensee shall be entitled to access to the Property, Licensee agrees that Licensee will not use and does not intend to use the Property to generate, manufacture, refine, transport, treat, handle, or dispose of Hazardous Substances.

(b) Licensee may not generate manufacture, refine, transport, treat, handle, use, or dispose of Hazardous Substances on the Property without Licensor's prior written consent. Licensee may possess and use on site diesel and gasoline fuels in quantities necessary for the operation of Licensee's equipment and machinery, provided that the handling and storage of such fuels in done in compliance with all applicable city, county, state, and federal ordinances, regulations, and statutes.

(c) For the purposes of this License Agreement "Hazardous Substances" shall mean materials that, because of their quantity; concentration; or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported, or otherwise handled.

Throughout this License Agreement the words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

(d) For the purposes of this License Agreement "Environmental Laws" shall mean any and all state, federal and local statutes, regulations, and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1986, as amended, 42 U.S.C. §9601, et seq. ("CERCLA"); the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ('SARA"); the Hazardous Materials Transportation Act, 49 U.S.C. §1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. §6901, et seq., and other applicable state or federal laws, rules or regulations adopted pursuant thereto.

(e) Licensee shall cause Licensee's operations conducted on the Property to comply with all Environmental Laws, and with the orders of any governmental authorities having jurisdiction under Environmental Laws, and shall obtain, keep in effect, and comply with all governmental permits and authorizations required by Environmental Laws with respect to the Property or Licensee's operations on the Property. Licensee shall furnish Licensor with copies of all such permits and authorizations, and any amendments or renewals of them, and shall notify Licensor of any expiration or revocation of such permits or authorizations.

(f) Licensee shall exercise extreme care in handling Hazardous Substances if Licensee uses or encounters any. Licensee, at Licensee's expense, shall undertake any and all preventive, investigatory or remedial action (including emergency response, removal, containment and other remedial action) that is: (i) required by Environmental Laws or orders by any governmental authority having jurisdiction under Environmental Laws; or (ii) necessary to prevent or minimize property damage (including damage to Licensee's own property), personal injury or damage to the environment, or the threat of any such damage or injury, by releases of or exposure to Hazardous Substances in connection with the Property or operations of any occupant on the Property.

In the event that, upon entry on the premises, or at any time after entry on the premises, Licensee shall encounter Hazardous Substances that were not brought onto the premises by Licensee, Licensee shall promptly notify

Licensor of the location and possible character of the Hazardous Substances, so that Licensor may take proper action.

In the event Licensee fails to perform any of Licensee's obligations under this article of this License Agreement, Licensor may (but shall not be required to) perform such obligations at Licensee's expense. All such costs and expenses incurred by Licensor under this article and otherwise under this License Agreement shall be reimbursed by Licensee to Licensor upon demand with interest at the rate of ten percent (10%) per annum.

Licensee and Licensor intend that Licensor shall have full recourse to Licensee for any sum at any time due to Licensor under this Article of this License Agreement. In performing any such obligations of Licensee, Licensor shall at all times be deemed to be the agent of Licensee and shall not by reason of such performance be deemed to be assuming any responsibility of Licensee under Environmental Laws or to any third party. Licensee hereby irrevocably appoints Licensor as Licensee's attorney-in-fact with full power to perform each of Licensee's obligations under this Article of this License Agreement as Licensor deems necessary and appropriate.

(g) Licensee shall immediately notify Licensor upon becoming aware of any of the following:

(1) Any spill, release or disposal of Hazardous Substances on the Property, or in connection with any of Licensee's operations, if such spill, release or disposal must be reported to any governmental authority under Environmental Laws.

(2) Any contamination or imminent threat of contamination, of the Property by Hazardous Substances, or any violation of Environmental Laws in connection with the Property or the operations conducted on the Property.

(3) Any order, notice of violation, fine or penalty or other similar action by any governmental authority relating to Hazardous Substances or Environmental Laws and the Property or the operations conducted on the Property.

(4) Any judicial or administrative investigation or proceeding relating to Hazardous Substances or Environmental Laws and to the Property or the operations conducted on the Property.

(5) Any matters relating to Hazardous Substances or Environmental Laws that would give a reasonably prudent Licensor cause to be concerned that the value of Licensor's interest in the Property may be reduced or threatened, or that may impair, or threaten to impair, Licensor's ability to perform any of Licensor's obligations under this License Agreement when such performance is due.

(h) Licensee shall deliver to Licensor, at Licensor's request, copies of any and all documents in Licensee's possession or to which Licensee has access relating to Hazardous Substances or Environmental Laws and the Property and the operations conducted on the Property by Licensee, including without limitation results of laboratory analyses, site assessments or studies, environmental audit reports and other consultants' studies and reports.

(i) Licensor reserves the right to inspect and investigate Licensee's facilities and operations on the Property at any time and from time to time, and Licensee shall cooperate fully with Licensor in such inspections and investigations. If Licensor at any time has reason to believe that Licensee or any occupants of the Property are not complying with Environmental Laws or with the requirements of this License Agreement, or that a material spill, release or disposal of Hazardous Substances has occurred on or under the Property, Licensor may require Licensee to furnish Licensor, at Licensee's expense, an environmental audit or a site assessment with respect to the matters of concern to Licensor. Such audit or assessment shall be performed by a qualified consultant approved by Licensor. Any inspections or tests made by Licensor shall be for Licensor's purposes only and shall not be construed to create any responsibility or liability on the part of Licensor to Licensee.

(j) Licensee hereby indemnifies and holds harmless Licensor; Licensor's officers, directors, employees and agents; and Licensor's heirs, successors and assigns and their officers, directors, employees and agents, against any and all claims, demands, losses, liabilities, costs, and expenses (including without limitation attorney's fees at trial and on any appeal or petition for review) incurred by such person:

(1) Arising out of or relating to any investigatory or remedial action involving the Property arising out of Licensee's operations conducted on the Property or any other operations of Licensee or of any occupant of the Property and required by Environmental Laws or by orders of any governmental authority having jurisdiction under Environmental Laws; or

(2) On account of injury to any person whatsoever or damages to any property arising out of, in connection with, or in any way relating to:

(i) Licensee's breach of any covenant contained in this License Agreement;

(ii) Licensee's violation of any Environmental Laws;

(iii) Licensee's use, treatment, storage, generation, manufacture, transport, release, spill, disposal, or other handling of Hazardous Substances on the Property;

(iv) The contamination of any of the Property by Hazardous Substances by any means whatsoever (including without limitation any presently existing contamination of the Property); or

(v) Any costs incurred by Licensor pursuant to this Article.

In addition to this indemnity, Licensee hereby releases and waives all present and future claims against Licensor for indemnity or contribution in the event Licensee becomes liable for cleanup or other costs under Environmental Laws.

(k) Licensee intends that Licensor shall have full recourse to Licensee for Licensee's obligations under this Article 11 of this License Agreement as they become due to Licensor. Such liabilities, losses, claims, damages and expenses shall be reimbursable to Licensor as Licensor's obligations to make payments with respect thereto are incurred, without any requirement of waiting for the ultimate outcome of any litigation, claim or other proceeding, and Licensee shall pay such liability, losses, claims, damages and expenses to Licensor as so incurred within thirty (30) days after written notice from Licensor. Licensor's notice shall contain a brief itemization of the amounts incurred to the date of such notice. In addition to any remedy available for failure to pay periodically such amounts, such amounts shall thereafter bear interest at ten percent (10%) per annum.

(l) The covenants contained in this License Agreement shall survive the end of the term of this License Agreement.

(m) Licensor hereby indemnifies and holds harmless Licensee; Licensee's officers, directors, employees and agents; and Licensee's heirs, successors and assigns and their officers, directors, employees and agents, against any and all claims, demands, losses, liabilities, costs, and expenses (including without limitation attorney's fees at trial and on any appeal or petition for review) incurred by such person:

(1) Arising out of or relating to any investigatory or remedial action involving the Property arising out of Licensor's operations conducted on the Property required by Environmental Laws or by orders of any governmental authority having jurisdiction under Environmental Laws; or

(2) On account of injury to any person whatsoever or damages to any property arising out of, in connection with, or in any way relating to:

(i) Licensor's violation of any Environmental Laws;

(ii) Licensor's use, treatment, storage, generation, manufacture, transport, release, spill, disposal, or other handling of Hazardous Substances on the Property;

(iii) The contamination of any of the Property by Hazardous Substances by any means whatsoever arising out of Licensor's operations on the Property (including without limitation any presently existing contamination of the Property); or

(iv) Any costs incurred by Licensee pursuant to this paragraph (m).

(n) The covenants in this Article 11 of this License Agreement shall be for the benefit of Licensor and any successor to Licensor, as owner of the Property.

ARTICLE 12: LIENS

Licensee covenants that it will not permit any mechanic's or materialman's liens or any other liens of any kind or character to attach to or against the Property, appurtenances or any part thereof, arising out of the action by Licensee. Licensee further agrees that it will indemnify Licensor and hold Licensor harmless from and against all claims, demands, actions, damages, costs or expenses, including attorney's fees, that might arise or grow out of any lien that might

be imposed against the Property as a result of the act or failure to act by Licensee. Licensee shall have the right to contest the correctness or validity of any such lien in good faith. Licensee's failure to have any such lien released, removed, or bonded around upon demand by Licensor shall be an event of default and grounds for termination of this License Agreement.

ARTICLE 13: LIMITATION ON SALE OF PROPERTY AND RIGHT OF FIRST REFUSAL

(a) Licensor agrees that during the eighteen (18) month term of this License Agreement, Licensor shall not list the Property for sale, or otherwise attempt to procure a purchaser for the Property.

(b) In the event that during the term of this License Agreement Licensor shall receive an unsolicited *bona fide* third party offer to purchase the Property upon such terms and conditions that are acceptable to Licensor, Licensor shall provide written notice and a copy of said offer to Licensee, and Licensee shall have thirty (30) days from the date of the notice to Licensee to enter into a written agreement with Licensor to purchase the Property on the same terms and conditions as set forth in the *bona fide* third party offer.

ARTICLE 14: LEASE OF PROPERTY TO LICENSEE

In the event that Licensee shall desire to lease the Property from Licensor, Licensee shall notify Licensor of its desire to do so at any time during the term of this License Agreement, but in any event no later than thirty (30) days before the end of the term of this License Agreement.

ARTICLE 15: SALE OF THE PROPERTY TO LICENSEE

(a) In the event that Licensee should desire to purchase the Property, Licensee shall notify Licensor of its intent to do so at any time during the term of this License Agreement but in any event no later than thirty (30) days before the end of the term of this License Agreement.

(b) The parties agree that the purchase price of the Property shall be in such amount as is mutually agreeable, but in any event shall be no less than Two Hundred Fifty Thousand Dollars ($250,000), and no more than the value of the Property as established by a duly qualified, licensed, third party commercial appraiser, plus thirty percent (30%).

(c) Licensee shall select the qualified, licensed third party commercial appraiser, and pay for the appraisal provided thereby. Licensor, in

Licensor's sole discretion, may select and pay for a second appraisal, in which case the value of the Property shall be the average of the two appraised values.

(d) All other terms of the sale agreement remain open to negotiation without any limitation.

ARTICLE 16: CLAIMS AGAINST LICENSOR OR LICENSEE; LICENSEE'S LIABILITY INSURANCE

(a) Licensor shall not be liable to Licensee or to any other person whatsoever for any injury or damage that may result to any person or property by or from any cause whatsoever in or on the Property arising out of Licensee's business operations and activities on the Property, and Licensee agrees to hold Licensor harmless from, and defend the Licensor against, any and all claims or liability for any injury or damage to any person or property whatsoever occurring in or on the Property or occurring as a result of the use of any of the facilities or appliances on the Property unless occasioned through fault or neglect of Licensor or its employees, agents, contractors, or other persons or entities under the Licensor's control. Licensee shall obtain and keep in force during the term of this License Agreement a Commercial General Liability policy of insurance protecting Licensee and Licensor against claims for bodily injury, personal injury and property damage based upon, involving or arising out of the ownership, use, occupancy, or maintenance of the Property and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than One Million Dollars ($1,000,000) per occurrence. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this License Agreement as an "Insured Contract" for the performance of Licensee's indemnity obligations under this License Agreement. The limits of said insurance required by this License Agreement or as carried by Licensee shall not, however, limit the liability of Licensee nor relieve Licensee of any obligation hereunder. All insurance to be carried by Licensee shall be primary to and not contributory with any similar insurance carried by Licensor, whose insurance shall be considered excess insurance only, unless the event giving rise to the insurance issue was the result of the act or omission to act of Licensor or its employees, agents or contractors, or any persons under Licensor's control, in which event Licensor's insurance shall be primary to and not contributory with any similar insurance carried by Licensee.

(b) Each policy required to be obtained by Licensee pursuant to this License Agreement shall contain a provision requiring the insurer to give Licensor thirty (30) days' notice prior to cancellation of the policy for any reason. Licensee shall provide Licensor with proof of insurance upon execution of this License Agreement.

ARTICLE 17: NOTICE

Whenever notice shall be required to be given pursuant to the terms and provisions of this License Agreement, such notice shall be sent (1) personally, (2) by certified mail, (3) by U.S.P.S. traceable priority mail, or (4) by responsible overnight courier, addressed to the parties at the following addresses:

To Licensor:	To Licensee:
Greg Lehman 1665 South Sutro Terrace Carson City, NV 89706	Sierra Institute for Community and Environment Attention: Dr. Jonathan Kusel P.O. Box 11 Taylorsville, CA 95947

With respect to the foregoing, notice shall be deemed received (i) when sent personally upon receipt thereof, (ii) three (3) days following the sending of such notice by certified mail or U.S.P.S. traceable priority mail, or (iii) the next day following the sending of the notice by responsible overnight courier.

ARTICLE 18: COMPLIANCE WITH THE LAW

In exercising its rights under this License Agreement, or engaging in any activities on the Property, Licensee shall comply with all applicable federal, state, county, and municipal laws, statutes, and ordinances.

ARTICLE 19: BINDING EFFECT

Each and all of the covenants, terms, agreements, and conditions herein contained are intended to, and do, bind the heirs, executors, administrators and successors and assigns of the respective parties hereto.

ARTICLE 20: TIME OF ESSENCE

Time is the essence of this License Agreement.

ARTICLE 21: SEVERABILITY

If any term or provision of this License Agreement, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of this License Agreement shall not be affected thereby and each of the other terms and provisions of this License Agreement shall be valid and enforceable to the fullest extent permitted by law.

ARTICLE 22: SUCCESSORS

All of the terms and conditions of this License Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors in interest.

ARTICLE 23: GOVERNING LAW

This License Agreement shall be construed and interpreted and governed by the laws of the State of California. Venus and jurisdiction shall be in the appropriate courts of Plumas County, California.

ARTICLE 24: ATTORNEYS' FEES

In case Licensor shall bring suit to recover any rent due hereunder or for breach of any covenant of this License Agreement or to recover possession of the Property, or if Licensee shall bring any action for any relief against the Licensor, declaratory or otherwise, arising out of this License Agreement, the prevailing party shall be entitled to a reasonable attorneys' fee which shall be awarded by the Court as part of the costs of such action.

ARTICLE 25: ENTIRE AGREEMENT; MODIFICATION

This License Agreement contains the entire agreement between Licensor and Licensee concerning the Property. This License Agreement supersedes all prior oral or written negotiations between the parties and may not be modified or amended except by a writing executed by all the parties hereto.

IN WITNESS WHEREOF the parties have set their hands and seals on the date first referenced above.

STATE OF NEVADA)
: ss.
CARSON CITY)

This instrument was acknowledged before me on the 28th day of February, 2014, by GREG LEHMAN.

Vicki Van Pelt
NOTARY PUBLIC

LICENSOR:

Greg Lehman
GREG LEHMAN

VICKI VAN PELT
NOTARY PUBLIC
STATE OF NEVADA
APPT. No. 92-0797-3
MY APPT. EXPIRES FEB. 1, 2016

STATE OF NEVADA)
: ss.
CARSON CITY)

This instrument was acknowledged before me on the 28th day of February, 2014, by JENNIFER GLANZMANN.

Vicki Van Pelt
NOTARY PUBLIC

Jennifer G Lanzmann
JENNIFER GLANZMANN

VICKI VAN PELT
NOTARY PUBLIC
STATE OF NEVADA
APPT. No. 92-0797-3
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: ss.
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This instrument was acknowledged before me on the 28th day of February, 2014, by GARY LEHMAN.

Vicki Van Pelt
NOTARY PUBLIC

Gary Lehman
GARY LEHMAN

VICKI VAN PELT
NOTARY PUBLIC
STATE OF NEVADA
APPT. No. 92-0797-3
MY APPT. EXPIRES FEB. 1, 2016

WAYNE S. CHIMARUSTI, ESQ.
300 West Second Street
Carson City, NV 89703
(775) 885-9066

State of California)
County of Plumas)

On Feb. 21, 2014, before me, Pamela Harris, Notary Public
(insert name and title of the officer)
personally JONATHAN KUSEL, PhD., who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Pamela Harris
(Seal)

LICENSEE:

Sierra Institute for Community and Environment, a California corporation

By: _____
JONATHAN KUSEL, PhD.,
Executive Director

PAMELA HARRIS
Commission # 1920452
Notary Public - California
Plumas County
My Comm. Expires Feb 1, 2015

WAYNE S. CHIMARUSTI, ESQ.
300 West Second Street
Carson City, NV 89703
(775) 885-9066

Organizational Documents

Sierra Institute
for Community and Environment

Board of Directors Resolution No:

The following RESOLUTION was duly passed by the Board of Directors of the Sierra Institute for Community and Environment on February 25, 2016.

Ayes:

Signed and approved by:

Chair, Board of Directors

WHEREAS, the Legislature and Governor of the State of California have provided Funds for the program shown above; and

WHEREAS, the Sierra Nevada Conservancy (SNC) has been delegated the responsibility for the administration of a portion of these funds through a local assistance grants program, establishing necessary procedures; and

WHEREAS, said procedures established by the Sierra Nevada Conservancy require a resolution certifying the approval of application(s) by the Applicant's governing board before submission of said application(s) to the SNC; and

WHEREAS, the Applicant, if selected, will enter into an agreement with the SNC to carry out the project; and

WHEREAS, the Sierra Institute for Community and Environment has identified the

"Improving Forest and Watershed Health through Developing a Local Market for Forest Restoration By-products" as valuable toward meeting its mission and goals.

BE IT HEREBY RESOLVED by the Board of Directors of the Sierra Institute for Community and Environment that this Board:

- Approves the submittal of an application for "Improving Forest and Watershed Health through Developing a Local Market for Forest Restoration By-products" project; and
- Certifies that Applicant understands the assurances and certification requirements in the application; and
- Certifies that Applicant or title holder will have sufficient funds to operate and maintain the resource(s) consistent with the long-term benefits described in support of the application; or will secure the resources to do so; and
- Certifies that Applicant will comply with all legal requirements as determined during the application process; and
- Appoints Jonathan Kusel to conduct all negotiations, execute and submit all documents, including but not limited to: applications, agreements, payment requests, and so on, which may be necessary for the completion of the aforementioned project(s).

PASSED AND ADOPTED by the Sierra Institute for Community and Environment on the 25th day of February 2016.

P. O. Box 11, Taylorsville, CA 95983 Telephone: 530.284.1022 Fax: 530.284.1023
www.SierraInstitute.us

A0625262

ENDORSED - FILED
In the office of the Secretary of State
of the State of California

JAN 31 2005

CERTIFICATE OF AMENDMENT OF ARTICLES OF INCORPORATION

The undersigned certify that:

1. They are the **president** and the **secretary**, respectively, of Forest Community Research, a California corporation.

2. Article I of the Articles of Incorporation of this corporation is amended to read as follows:

   The name of this corporation is **Sierra Institute for Community and Environment.**

3. The foregoing amendment of Articles of Incorporation has been duly approved by the board of directors.

4. The corporation has no members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: 1-25-05

Jonathan Kusel, President

Ken Roby, Secretary

OFFICE OF THE SECRETARY OF STATE

2058982

ENDORSED
FILED
In the office of the Secretary of State
of the State of California

OCT 27 1997

BILL JONES, Secretary of State

ARTICLES OF INCORPORATION

I

The name of this corporation is Forest Community Research.

II

A. This corporation is a nonprofit **PUBLIC BENEFIT CORPORATION** and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for public purpose.

B. The specific purpose of this corporation is to advance education and science.

III

The name and address in the State of California of this corporation's initial agent for service of process is:

Jonathan Kusel
1657 Diamond Mountain Road
Greenville, CA. 95947

IV

A. This corporation is organized and operated exclusively for public purposes within the meaning of Section 501(c)(3), Internal Revenue Code.

B. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

V

The property of this corporation is irrevocably dedicated to public benefit purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person. Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for public benefit purposes and which has established its tax exempt status under Section 501(c)(3), Internal Revenue Code.

OFFICE OF THE SECRETARY OF STATE

Jonathan Kusel, Incorporator

ARTICLE 3. DIRECTORS

SECTION 1. NUMBER

The corporation shall have not less than three (3) or more than fifteen (15) Directors, with the exact number to be fixed within these limits by approval of the Board of Directors. Collectively they shall be known as the Board of Directors. The number may be changed by the amendment of this Bylaw, or by repeal of this Bylaw and adoption of the new Bylaw, as provided in these Bylaws.

SECTION 2. POWERS

Subject to the provisions of the California Nonprofit Public Benefit Corporation law and any limitations in the Articles of Incorporation and Bylaws relating to action required or permitted to be taken or approved by the members, if any, of this corporation, the activities and affairs of this corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the Board of Directors.

SECTION 3. DUTIES

It shall be the duty of the Directors to:

(a) Perform any and all duties imposed on them collectively or individually by law, by the Articles of Incorporation of this corporation, or by these Bylaws;

(b) Appoint and remove, employ and discharge, and, except as otherwise provided in these Bylaws, prescribe the duties and fix the compensation, if any, of all officers, agents and employees of the corporation;

(c) Supervise all officers, agents, and employees of the corporation to assure that their duties are performed properly;

(d) Meet at such times and places as required by these Bylaws;

(e) Register their addresses with the Secretary of the corporation and notices of meetings mailed or telegraphed to them at such addresses shall be valid notice thereof.

SECTION 4. TERMS OF OFFICE

The term each Director shall hold office will be three year terms and until his or her successor is elected and qualifies. One third of the Board of Directors will be elected at the annual meeting of the corporation, which will be held in ***May*** of each year. A person elected to fill an uncompleted term shall have an initial term of office, which expires when the original term would be scheduled to expire. There is no limit to the number of terms a Director may serve.

SECTION 5. COMPENSATION

Directors shall serve without compensation except that they shall be allowed and paid their actual and necessary expenses incurred in attending directors meetings. In addition, they shall be allowed reasonable advancement or reimbursement of expenses incurred in the performance of their regular duties as specified in Section 3 of this Article. Directors may not be compensated

for rendering services to the corporation in any capacity other than director unless such other compensation is reasonable and is allowable under the provisions of Section 6 of this Article.

SECTION 6. RESTRICTION REGARDING INTERESTED DIRECTORS

Notwithstanding any other provisions of these Bylaws, not more than forty-nine percent (49%) of the persons serving on the Board may be interested persons. For purposes of this Section, "interested persons," means either:

(a) Any person currently being compensated by the corporation for services rendered it within the previous twelve (12) months, whether as a full-or part –time officer or other employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as Director; or

(b) Any brother, sister, ancestor, descendent, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

SECTION 7. PLACE OF MEETING

Meetings shall be held at the principal office of the corporation unless otherwise provided by the Board or at such place within or without the State of California, which has been designated from time to time by resolution of the Board of Directors. In the absence of such designation, any meeting not held at the principal office of the corporation shall be valid only if held on the written consent of all Directors given either before or after the meeting and filed with the Secretary of the corporation or after all Board members have been given written notice of the meeting as hereinafter provided for special meetings of the Board. Any meeting, regular or special, may be held by conference telephone or similar communications equipment, so as long as all Directors participating in such meeting can hear one another.

SECTION 8. REGULAR AND ANNUAL MEETINGS

Regular meetings of Directors shall be held **quarterly on dates and times designated by resolution of the Board of Directors. Additional meetings of Directors may be held on dates and at times designated by resolution of the Board of Directors.**

If this corporation makes no provision for members, then, at the annual meeting of directors new or additional directors shall be elected by the Board of Directors in accordance with this section. Cumulative voting by Directors for the election of Directors shall not be permitted. The candidates receiving the highest number of votes up to the number of Directors to be elected shall be elected. Each director shall cast one vote, with voting being by ballot only.

SECTION 9. SPECIAL MEETINGS

Special meetings of the Board of Directors may be called by the Chairperson of the board, the President, Vice President, or Secretary, and such meetings shall be held at the place, within California, designated by the person or persons calling the meeting, and in the absences of such designation, at the principal office of the corporation.

SECTION 10. NOTICE OF MEETINGS

Until such time that regular meetings of the Board occur on dates and at times which are specified in these Bylaws, regular meetings of the Board may not be held without notice. Regular and special meetings of the Board shall be held upon four (4) day's notice by first-class mail or forty-eight (48) hours' not delivered personally or by telephone, electric communication devices or media, or telegraph, If sent by mail or telegraph, the notice shall be deemed to be delivered on its deposit in the mails or on its delivery to the telegraph company. Such notices shall be addressed to each Director at his or her address as shown on the books of the corporation. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place of the adjourned meeting are fixed at the meting adjourned and if such adjourned meeting is held no more than twenty-four (24) hours from the time of the original meeting. Notice shall be given of any adjourned, regular, or special meeting to Directors absent from the original meeting if the adjourned meeting is held more than twenty-four (24) hours from the time of the original meeting.

SECTION 11. CONTENTS OF NOTICE

Notice of meetings not herein dispensed with shall specify the place, day, and hour of the meeting. The purpose of any Board meeting need not be specified in the notice.

SECTION 12. WAIVER OF NOTICE AND CONSENT TO HOLDING MEETINGS

The transactions of any meetings of the Board, however called and noticed or wherever held, are as valid as though the meeting has been duly held after proper call and notice, provide a quorum, as hereinafter defined, is present and provide that either before or after the meeting each Director not present signs a waiver of notice, as consent to holding the meeting, or approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

SECTION 13. QUORUM FOR MEETINGS

A quorum shall consist of a majority of the Board of Directors **then in office.**

Except as otherwise provided in these Bylaws or in the Articles of Incorporation of this corporation, or by law, no business shall be considered by the Board at any meeting at which a quorum, as hereinafter defined, is not present, and the only motion which the Chair shall entertain at such meeting is a motion to adjourn. However, a majority of the Directors present at such meeting may adjourn from time to time until the time fixed for the next regular meeting of the Board.

When a meeting is adjourned for lack of quorum, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted at such meeting, other than by announcement at the meeting at which the adjournment is taken, except as provided in Section 10 of this Article.

The Directors present at a duly called and held meeting at which a quorum is initially present may continue to do business notwithstanding the loss of a quorum at the meeting due to a withdrawal of Directors from the meeting, provided that any action thereafter taken must be approved by at least a majority of the required quorum for such meeting or such greater percentage as may be required by law, or Articles of Incorporation or Bylaws of this corporation.

SECTION 14. MAJORITY ACTION AS BOARD ACTION

Every act or decision done or made by majority of the Directors present at a meeting duly held at which a quorum is present is the act of the Board of Directors, unless the Articles of Incorporation or Bylaws of this corporation, or provisions of the California Nonprofit Public Benefit Corporation Law, particularly those provisions relating to appointment of committees (Section 5212), approval of contract and transactions in which a Director has a material financial interest (Section 5233) and indemnification of Directors (Section 5238e), require a greater percentage or different voting rules for approval of a matter by the Board.

SECTION 15. CONDUCT OF MEETINGS

Meetings of the Board of Director shall be presided over the Chairperson of the Board, or, if no such person has been designated or, in his or her absence, the President of the corporation or, in his or her absence, by the Vice President of the corporation or, in the absence of each of these persons, by Chairperson chosen by a majority of the directors present at the meetings. The Secretary of the corporation shall act as secretary of all meetings of the board, provided that, in his or her absence, the presiding officer shall appoint another person to act as Secretary of the meeting.

Meetings shall be governed by Robert's Rule of Order, as such ruled may be revised from time to time, insofar as such rules are not inconsistent with or conflict with these Bylaws, with the Articles of Incorporation of this corporation, or with provisions of law.

SECTION 16. ACTION BY UNANIMOUS WRITTEN CONSENT WITHOUT MEETING

Any action required or permitted to be taken by the Board of Directors under any provision of law may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to such action. For the purposes of this Section only, "all member of the Board" shall not include any "interested Director" as defined in Section 5233 of the California nonprofit Public Benefit Corporation Law. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as the unanimous vote of the Directors. Any certificate or other document filed under any provision of the unanimous vote of the Directors. Any certificate or other document filed under any provision of law which relates to action so taken shall state that action was taken by unanimous written consent of the Board of Directors without a meeting and that the Bylaws of this corporation authorize the Directors to so act, and such statement shall be prima facie evidence of such authority.

SECTION 17. VACANCIES

Vacancies on the Board of Directors shall exist (1) on the death, resignation, or removal of any Director, and (2) whenever the number of authorized Directors is increased.

The Board of Directors may declare vacant the office of a Director who has been declared of unsound mind by a final order of the court, or convicted of a felony, or been found by a final order or judgment of any court to have breached any duty under Section 5230 and following of the California Nonprofit Public Benefit Corporation Law, or ***not participate or communicate with officers of the Board or their designee for over one year.***

If this corporation has no members, Directors may be removed without cause by a majority of the Directors then in office.

Any Director may resign effective upon giving written notice to the President, the Secretary, or the Board of Directors, unless the notice specifies a later time for the effectiveness of such resignation. No Director may resign if the corporation would then be left without a duly elected Director or Directors in charge of its affairs, except upon notice to the Attorney General.

Vacancies on the Board may be filled by approval of the Board or, if the number of Directors then in office is less than quorum, by (1) the unanimous written consent of the Directors then in the office, (2) the affirmative vote of a majority of the Directors then in the office at a meeting held pursuant to notice or waivers of notice complying with this Article of these Bylaws, or (3) a sole remaining Director.

A person elected to fill a vacancy as provided by this Section shall hold office until the term for that vacancy expiries or until his or her death, resignation, or removal from office.

SECTION 18. NON-LIABILTIY OF DIRECTORS

The Directors shall not be personally liable for the debts, liabilities, or other obligations of the corporation.

SECTION 19. INDEMNIFICATION BY CORPORARTION OF DIRECTORS, OFFICERS, EMPLOYEES AND OTHER AGENTS

To the extent that a person who is, or was, a Director, officer, employee or other agent of this corporation has been successful on the merits in defense of any civil, criminal, administrative, or investigative proceeding brought to procure a judgment against such person by reason of the fact that he pr she is, or was, an agent of the corporation, or has been successful in defense of any claim, issue, or matter, therein, such person shall be indemnified against expenses actually and reasonably incurred by the person in connection with such proceeding.

If such person either settles any such claim or sustains a judgment against him or her, then indemnification against expenses, judgments, fines, settlements, and other amounts reasonably incurred in connection with such proceedings shall be provided by this corporation but only to the extent allowed by, and in accordance with the requirements of, Section 5238 of the California Nonprofit Public Benefit Corporation Law.

SECTION 20. INSURANCE FOR CORPORATE AGENTS

The Board of Directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the corporation (including a Director, officer, employee, or other agent of the corporation) against any liability other than for violating provisions of law relating to self-dealing (Section 5233 of the California Nonprofit Public Benefit Corporation law) asserted against or incurred by the agent in such capacity or arising out of the agent’s status as such, whether or not the corporation would have the power to indemnify the agent against such liability under the provisions of Section 5238 of the California Nonprofit Public Benefit Corporation Law.

ARTICLE 4. OFFICERS

SECTION 1. NUMBER OF OFFICERS

The officers of the corporation shall be a President, a Secretary, and Chief Financial Officer who shall be designated the Treasurer. The corporation may also have, as determined by the Board of Directors, one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers, or other officers. Any number of offices may be held by the same person except that neither the Secretary nor the Treasurer may serve as the President.

SECTION 2. QUALIFICATION, ELECTION, AND TERM OF OFFICE

Any person may serve as officer of this corporation. Officers shall be elected by the Board of Directors, at any time, and each officer shall hold office for three years, or until she or she resigns or is removed or is otherwise disqualified to serve, or until his or her successor shall be elected and qualified, whichever occurs first.

SECTION 3. SUBORDINATE OFFICERS

The Board of Directors may appoint such other officers or agents as it may deem desirable, and such officers shall serve such terms, have such authority, and perform such duties as may be prescribed from time to time by the Board of Directors.

SECTION 4. REMOVAL AND RESIGNATION

Any officer may be removed, either with or without cause, by the Board of Directors, at any time. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or Secretary of the corporation. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The above provisions of this Section shall be suspended by any conflicting terms of a contract, which has been approved or ratified by the Board of Directors relating to the employment of any officer of the corporation.

SECTION 5. VACANCIES

Any vacancy caused by the death, resignation, removal, disqualification, or otherwise, of any officer shall be filled by the Board of Directors. In the event of a vacancy in any office other than that of President, such vacancy may be filled temporarily by appointment by the President until such time as the Board shall fill the vacancy. Vacancies occurring in the offices of the officers appointed at the discretion of the Board may or may not be filled, as the Board shall determine.

SECTION 6. DUTIES OF THE PRESIDENT

The President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, supervise and control the affairs of the corporation and the activities of the officers. He or she shall perform all duties incident to his or her office and such other duties as may be required by law, by the Articles of Incorporation of this corporation, or by these Bylaws, or which may be prescribed from time to time by the Board of Directors. He or she will preside at all meetings of the Board of Directors. Except as otherwise expressly provided by the law, by the Articles of Incorporation, or by these Bylaws, he or she shall, in the name of the

corporation, execute such deeds, mortgages, bonds, contracts, checks, or other instruments which may from time to time be authorized by the Board of Directors.

SECTION 7. DUTIES OF VICE PRESIDENT

In the absence of the President, or in the event of his or her inability or refusal to act, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions on, the President. The Vice President shall have other powers and perform such other duties as may be prescribed by law, by the Articles of Incorporation, or by these Bylaws, or as may be prescribed by the Board of Directors.

SECTION 8. DUTIES OF SECRETARY

The Secretary shall:

Certify and keep at the principal office of the corporation the original, or a copy of these Bylaws as amended or otherwise altered to date.

Keep at the principal office of the corporation or at such other place as the Board may determine, a book of minutes of all meetings of the Directors, and, if applicable, meetings of committees of Directors and of members, recording therein the time and place of holding, whether regular or special, how called, how notice thereof was given, the names of those present or represented at the meeting and the proceedings thereof.

See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law.

Be custodian of the records and of the seal of the corporation and see that the seal is affixed to all duly executed documents, the execution of which on behalf of the corporation under its seal is authorized by law or these Bylaws.

Keep at the principal office of the corporation a membership book containing the name and address of each and any members, and, in the case where any membership has been terminated, he or she shall record such fact in the membership book together with the date on which such membership ceased.

Exhibit at all reasonable times to any Director of the corporation, or to his or her agent or attorney, on request therefore, the Bylaws, the membership book, and the minutes of the proceedings of the Directors of the corporation.

In general, perform all duties incident to the office of the Secretary and such other duties as may be required by law, by the Articles of Incorporation of this corporation, or by these Bylaws, or which may be assigned to him or her from time to time by the Board of Directors.

SECTION 9. DUTIES OF TREASURER

Subject to the provisions of these Bylaws relating to the “Execution of Instruments, Deposits and Funds,” the Treasurer shall:

Have charge and custody of, and be responsible for, all funds and securities of the corporation, and deposit all such funds in the name of the corporation in such banks, trust companies, ro other depositories as shall be selected by the Board of Directors.

Receive, and give receipt for, monies due and payable to the corporation from any source whatsoever.

Disburse, or cause to be disbursed, the funds of the corporation as may be directed by the Board of Directors, taking proper vouchers for such disbursements.

Keep and maintain adequate and correct accounts of the corporation's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains, and losses.

Exhibit at all reasonable times the books of account and financial records to any Director of the corporation, or to his or her agent or attorney, on request therefore.

Render to the President and Directors, whenever requested, an account of any or all of his or her transactions as Treasurer and of the financial condition of the corporation.

Prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.

In general, perform all duties incident to the officer of the Treasurer and such other duties as may be required by law, by the Articles of Incorporation of the corporation, or by these Bylaws, or which may be assigned to him or her from time to time by the Board of Directors.

SECTION 10. COMPENSATION

The salaries of the officers, if any, shall be fixed from time to time by resolution of the Board of Directors, and no officer shall be prevented from receiving such salary by reason of the fact that he or she is also a Director of the corporation, provided, however, that such compensation paid a Director for serving as an officer of this corporation shall only be allowed if permitted under the provisions of Article 3, Section 6 of these Bylaws. In all cases, any salaries received by the officers of this corporation shall be reasonable and given in return for services actually rendered for the corporation which relate to the performance of charitable or public purposes of this corporation.

ARTICLE 5. COMMITTEES

SECTION 1. EXECUTIVE COMMITTEE

The Board of Directors may, by majority vote of directors, designate two or more of its members (who may also be serving as officers of this corporation) to constitute an Executive Committee and delegate top such Committee any of the powers and authority of the board in the management of the business and affairs of the corporation, except with respect to:

(a) The approval of any action, which, under law or provisions of these Bylaws, requires the approval of the members or of a majority of all of the members.
(b) The filling of vacancies on the board or on any committee, which has the authority of the board.
(c) The fixing of compensation of the directors for serving on the board or on any committee.
(d) The amendment or repeal of Bylaws or the adoption of new Bylaws.
(e) The amendment or repeal or any resolution of the board, which by its express terms is not so amenable or repeatable.

(f) The appointment of committees of the board or the members thereof.

(g) The expenditure of corporate funds to support a nominee for the director after there are more people nominated for director than can be elected.

(h) The approval of any transaction to which this corporation is a party and in which one or more of the directors has a material financial interest, except as expressly provided in Section 5233(d)(3) of the California Nonprofit Public Benefit Corporation Law.

By a majority vote of its members then in office, the board may at any time revoke or modify any or all of the authority so delegated, increase or decrease but not below three the number of its members, and fill vacancies therein from the members of the board. The committee shall keep regular minutes of its proceedings; cause them to be filled with corporate records, and reports the same to the board from time to time as the board may require.

SECTION 2. OTHER COMMITTEES

The corporation shall have such other committees as may from time to time be designated by resolution of the Board of Directors. Such other committees may consist of persons who are not also members of the Board. These additional committee shall act in an advisory capacity only to the Board and shall be clearly titled as “advisory” committees.

SECTION 3. MEETINGS AND ACTION OF COMMITTEES

Meetings and action of committees shall be governed by, noticed, held and taken in accordance with the provisions of these Bylaws concerning meetings of the Board of Directors, with such changes in the context of such Bylaw provisions as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time for regular meetings of committees may be fixed by resolution of the Board of Directors or by the committee. The time for special meetings of committees may also be fixed by the Board of Directors. The Board of Directors may also adopt rules and regulations pertaining to the conduct of meetings of committees to the extent that such rules and regulations are not inconsistent with the provisions of these Bylaws.

ARTICLE 6. EXECUTION OF INSTRUMENTS, DEPOSITS AND FUNDS

SECTION 1. EXECUTION OF INSTRUMENTS

The Board of Directors, except as otherwise provided in these Bylaws, may by resolution authorize any officer or agent of the corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances. Unless so authorized, no officer, agent, or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

SECTION 2. CHECKS AND NOTES

Except as otherwise specifically determined by resolution of the Board of Directors, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the corporation shall be signed by the Treasurer and countersigned by the President of the corporation.

SECTION 3. DEPOSITS

All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board of directors may select.

SECTION 4. GIFTS

The Board of Directors may accept on behalf of the corporation any contribution, gift, bequest, or devise for the charitable or public purposes of this corporation.

ARTICLE 7. CORPORATE RECORDS, REPORTS AND SEAL

SECTION 1. MAINTENANCE OF CORPORATE RECORDS

The corporation shall keep at its principal office in the State of California:

(a) Minutes of all meetings of Directors and committees of the Board, indicating the time and place of holding such meetings, whether regular or special, how called, the notice given, and the names of those present and the proceedings thereof;

(b) Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains, and losses;

(c) A record of its members, if any, indicating their names and addresses and, if applicable, the class of membership held by each member and the termination date of any membership;

(d) A copy of the corporations' Articles of Incorporation and Bylaws as amended to date, which shall be open to inspection by the members, if any, of the corporation at all reasonable times during office hours.

SECTION 2. CORPORATE SEAL

The Board of Directors may adopt, use, and at will alter, a corporate seal. Such seal shall be kept at the principal office of the corporation. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

SECTION 3. DIRECTORS' INSPECTION RIGHTS

Every Director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of the corporation.

SECTION 4. RIGHT TO COPY AND MAKE EXTRACTS

Any inspection under the provisions of this Article may be made in person or by agent or attorney and the right to inspection included the right to copy and make extracts.

SECTION 6. ANNUAL REPORT

The Board shall cause an annual report to be furnished not later than one hundred and twenty (120) days after the close of the corporation's fiscal year to all Directors of the corporation, which report shall contain the following information in appropriate detail:

(a) The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year;
(b) The principal changes in assets and liabilities, including trust funds, during the fiscal year;
(c) The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes, for the fiscal year;
(d) The expenses or disbursements of the corporation, for both general and restricted purposes during the fiscal year;
(e) Any information required by Section 7 of this Article.

The annual report shall be accompanied by any report thereon of independent accountants, or, if there is no such report, the certificate of an authorized officer of the corporation that such statements were prepared without audit from the books and records of the corporation.

SECTION 7. ANNUAL STATEMENT OF SPECIFIC TRNSACTIONS TO MEMBERS

This corporation shall mail or deliver to all Directors a statement within one hundred and twenty (120) days after the close of its fiscal year, which briefly describes the amount and circumstances of any indemnification or transaction of the following kind:

(a) Any transaction in which the corporation, or its parent or its subsidiary, was a party, and in which either of the following has a direct or indirect material financial interest
    (1) Any Director or officer of the corporation, or its parent or subsidiary (a mere common directorship shall not be considered a material financial interest); or
    (2) Any holder of more than ten percent (10%) of the voting power of the corporation, its parent or its subsidiary.

The above statement need only be provided with respect to a transaction during the previous fiscal year and involving more than FIFTY THOUSAND DOLLARS ($50,000) or which was one of a number of transactions with the same persons involving, in the aggregate, more than FIFTY THOUSAND DOLLARS ($50,000).

Similarly, the statement need only be provided with respect to indemnifications or advances aggregating more than TEN THOUSAND DOLLARS ($10,000) paid during the previous fiscal year to any Director or officer, except that no such statement need be made if such indemnification was approved by the members pursuant to Section 5238 (e)(2) of the California Nonprofit Benefit Corporation Law.

Any statement required by this Section shall briefly describe the names of the interested persons involved in such transactions, stating each person’s relationship to the corporation, the nature of such person’s interest in the transaction and, where practical, the amount of such interest, provided that in the case of a transaction with a partnership of which such person is a partner, only the interest of the partnership need be stated.

ARTICLE 8. FISCAL YEAR

SECTION 1. FSICAL YEAR OF THE CORPORATION

The fiscal year of the corporation shall begin on the first day of January and end on the last day of December in each year.

ARTICLE 9. AMENDMENT OF BYLAWS

SECTION 1. AMENDMENT

Subject to any provision of law applicable to the amendment of Bylaws of public benefit nonprofit corporations, these Bylaws, or any of them, may be altered, amended, or repealed and new Bylaws adopted as follows:

(a) Proposed amendment(s) shall be mailed to members of the Board of Directors at least seven (7) days prior to their reading at a Board meeting. A two-thirds (2/3) vote of the members present and voting shall pass the amendment(s), provided that any amendment to this Article 9 or any amendment which would decrease the number of existing Directors or remove any existing Director shall require a favorable vote of majority of all Board members currently in office for passage.

(b) Any amendment(s) to the proposed amendment(s) shall follow the same procedure as the original amendment(s).

ARTICLE 10. AMENDMENT OF ARTICLES

SECTION 1. AMENDMENT OF ARTICLES BEFORE ADMISSION OF MEMBERS

Before any members have been admitted to the corporation, any amendment of the Articles of Incorporation may be adopted by the approval of the Board of Directors and by the approval of the members of this corporation.

SECTION 2. AMENDMENT OF ARTICLES AFTER ADMISSION OF MEMBERS

After members, if any, have been admitted to the corporation, amendment of the Articles of Incorporation may be adopted by the approval of the Board of Directors and by the approval of the members of this corporation.

SECTION 3. CERTAIN AMENDMENTS

Notwithstanding the above sections of this Article, this corporation shall not amend its Articles of Incorporation to alter any statement which appears in the original Articles of Incorporation of the names and addresses of the first Directors of this corporation, nor the name and address of its initial agent, except to correct an error in such statement or to delete such statement after the corporation has filed a “statement by a Domestic Non-Profit Corporation” pursuant to Section 6210 of the California Nonprofit Corporation Law.

ARTICLE 11. PROHIBITION AGAINST SHARING CORPORATE PROFITS AND ASSETS

SECTION 1. PROHIBIYION AGAINST SHARING CORPORATE PROFITS AND ASSETS

No member, Director, officer, employee, or other person connected with this corporation, or any private individual, shall receive at any time any of the net earnings or pecuniary profit from the operations of the corporation, provided however, that this provision shall not prevent payment to any such person of reasonable compensation for services performed for the corporation in effecting any of its public or charitable purposes, provided that such compensation is otherwise permitted by these Bylaws and is fixed by resolution of the Board of Directors; and no such

person or persons shall be entitled to share in the distribution of, and shall not receive, any of the corporate assets on dissolution of the corporation. All members, if any, of the corporation shall be deemed to have expressly consented and agreed that on such dissolution or winding up of the affairs of the corporation, whether voluntarily or involuntarily, the assets of the corporation, after all debts have been satisfied, shall be distributed as required by the Articles of Incorporation of this corporation and not otherwise.

ARTICLE 12. MEMBERS

SECTION 1. DETERMINATION OF MEMBERS

If this corporation makes no provision for members, then pursuant to Section 5310(b) of the Nonprofit Public Benefit Corporation law of the State of California, any action which would otherwise, under law or provisions of the Articles of Incorporation or Bylaws of this corporation, require approval by a majority of all members or approval by the members, shall only require the approval of the Board of Directors.

WRITTEN CONSENT OF DIRECTORS ADOPTING BYLAWS

We, the undersigned, are all of the persons named as the initial directors in the Articles of Incorporation of Sierra Institute for Community and Environment, a California nonprofit corporation, and, pursuant to the authority granted to the directors by these Bylaws to take action by unanimous written consent without a meeting, consent to, and hereby do, adopt the foregoing Bylaws, consisting of pages, as the Bylaws of this corporation.

Date:_____ _____

_____
_____
_____
_____
_____
_____

CERTIFICATE

This is to certify that the foregoing is a true and correct copy of the Bylaws of the corporation named in the title thereto and that such Bylaws were duly adopted by the Board of Directors of said corporation.

Date:_____ _____

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: AUG 23 2002

Employer Identification Number:
91-1818166
DLN:
17053096779052
Contact Person:
MICHAEL A LUDWIG ID# 31470
Contact Telephone Number:
(877) 829-5500
Our Letter Dated:
January 1998
Addendum Applies:
No

FOREST COMMUNITY RESEARCH
PO BOX 11
TAYLORSVILLE, CA 95983

Dear Applicant:

This modifies our letter of the above date in which we stated that you would be treated as an organization that is not a private foundation until the expiration of your advance ruling period.

Your exempt status under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) is still in effect. Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Code because you are an organization of the type described in section 509(a)(1) and 170(b)(1)(A)(vi).

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(1) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(1) organization.

You are required to make your annual information return, Form 990 or Form 990-EZ, available for public inspection for three years after the later of the due date of the return or the date the return is filed. You are also required to make available for public inspection your exemption application, any supporting documents, and your exemption letter. Copies of these documents are also required to be provided to any individual upon written or in person request without charge other than reasonable fees for copying and postage. You may fulfill this requirement by placing these documents on the Internet. Penalties may be imposed for failure to comply with these requirements. Additional information is available in Publication 557, Tax-Exempt Status for Your Organization, or you may call our toll free number shown above.

If we have indicated in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Letter 1050 (DO/CG)

FOREST COMMUNITY RESEARCH

Because this letter could help resolve any questions about your private foundation status, please keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

for Lois G. Lerner
Director, Exempt Organizations

Letter 1050 (DO/CG)

Letters of Support and CCC/CALCC Consultation

BOARD OF SUPERVISORS

TERRY SWOFFORD, DISTRICT 1
KEVIN GOSS, DISTRICT 2
SHERRIE THRALL, DISTRICT 3
LORI SIMPSON, DISTRICT 4
JON KENNEDY, DISTRICT 5

November 3, 2014

Dr. Jonathan Kusel, Executive Director
Sierra Institute
P.O. Box 11
Taylorsville, California 95983

Re: Letter of Support for the Crescent Mills Combined Heat and Power Facility

The Plumas County Board of Supervisors supports the proposed combined heat and power facility in Crescent Mills, California. The Board believes the construction and operation of this facility will benefit Plumas County residents in multiple ways and offer a solution for several challenges currently facing the county.

Rural Plumas County was hit particularly hard by the recent economic recession and associated downturn in the housing market. Developing a CHP facility in Crescent Mill will bring both temporary construction jobs and new long-term employment opportunities to the region. Additionally, stronger demand for forest biomass will help strengthen the local forestry industry, a major economic driver in Plumas County.

As a rural, forested community, Plumas County is continually at risk of being impacted by severe wildfires. Plumas County Fire Safe Council works hard to mitigate this risk, but the Council's efforts to thin forested communities in the wildland urban interface are often hampered by a lack of markets for forest biomass. Developing a 3 megawatt CHP facility will increased demand for wood chips and help the Fire Safe Council protect vulnerable communities in the wildland urban interface.

For many years, residents of Quincy, the largest community in Plumas County, were able to take green waste to the Sierra Pacific Industries' sawmill where it was burned in the mill's co-generation facility. In 2013, SPI suspended this service indefinitely as they renovate and upgrade the mill. As a result Quincy residents have no place to dispose of their green waste and the county has been scrambling to find an economic and efficient solution to this problem. Developing a CHP facility is a long-term solution to disposing of green waste in an environmentally sustainable and economically viable manner.

The Sierra Institute for Community and Environment has been working to increase biomass utilization in Plumas County for over three years. Throughout this time Sierra Institute staff have repeatedly met with and presented various components of this proposed facility to the Board. Accordingly, Board Members and other Plumas County stakeholders have had opportunity to comment on and influence this project as it progressed from planning to implementation. The Board has enjoyed this opportunity to collaborate on the project and believes that efforts to increase biomass utilization align well with the new County General Plan.

520 MAIN ST., ROOM 309 • QUINCY, CALIFORNIA 95971 • (530) 283-6170 • FAX (530) 283-6288

The Board believes this project will not only provide significant benefits to PG&E ratepayers, but will also serve as a prototype for similar efforts in other forested communities in IOU territory. We strongly urge you to approve funding for this project.

Sincerely,

Kevin Goss, Vice Chair
Plumas County Board of Supervisors

USDA United States Department of Agriculture
Forest Service
Pacific Southwest Region
Plumas National Forest
159 Lawrence Street
Quincy, CA 95971
530-283-2050
TDD: 530-534-7984
FAX: 530-283-7746

File Code: 3400
Date: January 13, 2016

Dr. Jonathan Kusel
Sierra Institute for Community and Environment
P.O. Box 11
4438 Main Street
Taylorsville, CA 95983

Dear Dr. Kusel:

The Plumas National Forest (Plumas) supports the Sierra Institute's Wood Innovations application for continued development of an integrated biomass utilization campus at the Crescent Mills site and implementation of the county-wide network of biomass boilers at critical institutions.

We appreciate the efforts of the Sierra Institute on the assessment of available biomass, determining accessibility to areas of the National Forest with small woody material, and development of utilization projects. We are interested in working with the Sierra Institute and others to develop innovative strategies to increase the economic viability of removing woody (biomass) renewable material from the forest.

We have mutual interest in the development of added value products that utilize biomass because of the unhealthy state of forests (disease and insects), heavy ladder fuel in the understory, and high risk of wildfires including catastrophic events. The Plumas annually plans thinning projects and has projects with complete NEPA analysis to remove small woody debris. However, it is difficult to sell and remove this material for utilization in the market. As a result, the biomass component of the contract is removed from the contract or it becomes optional due to the expense of removal. Treating this material on-site through mastication, piling and burning or other treatments is very expensive and inhibits our ability to implement the pace and scale of restoration that needs to occur on the Plumas National Forest.

Business opportunities that utilize small woody material helps the Plumas cost effectively manage the forest while providing positive community outcomes such as safety and health, creation of jobs, and supplying woody material to a local added value market for utilization.

The Plumas National Forest will continue to plan thinning projects to remove small woody material at a level which will meet local market demands. We are committed to supplying small woody material to local markets. A local market is essential to increase the pace and scale of ecological restoration. We are certain that the Forest can offer biomass material to interested industries for the next ten years and beyond. Our staff will continue to prepare timber sales that

will improve forest health and reduce fuels hazards in the form of small woody material and commercial timber.

The Plumas National Forest is supportive of Sierra Institute for Community and Environment along with other community partners interested in utilizing small woody material. We believe the development of an integrated biomass campus at the Crescent Mills site is a critical step in addressing the ecological and socioeconomic challenges faced in Plumas County.

Questions regarding biomass on the Plumas National Forest may be directed to Elaine Vercruysse, Fire Settlement Monitor at 530-283-7744, Nancy Francine, Ecosystems Staff Officer at 530-283-7754, or Ryan Tompkins, Vegetation Management Officer at 530-283-7841.

Sincerely,

for DANIEL LOVATO
Acting Forest Supervisor

June 18, 2015

Jonathan Kusel, Executive Director
Sierra Institute for Community and Environment
P.O. Box 11
Taylorsville, CA 95983

Re: Crescent Mills Wood Products Campus Project

Dear Jonathan:

Sierra Business Council (SBC) fully supports the Crescent Mills Wood Products Campus project proposed by Sierra Institute for Community and Environment (Sierra Institute) in Plumas County. To date SBC has secured $190,000 toward purchase of the property, which is a necessary first step to launching the project and leveraging additional funding that is available for equipment and other project components.

As you well know, one of the biggest obstacles to increasing the pace and scale of forest restoration and fire risk reduction in the Sierra Nevada is the high cost of removing small trees and brush that have little or no commercial value. To expand local markets for this woody material, Sierra Business Council is pleased to be working with the Sierra Institute in support of reusing the abandoned Crescent Mills mill site as a woody biomass demonstration project. Such as project will play an important role in advancing forest restoration and sustainable energy production in the Northern Sierra Nevada.

Thank you for your continued work on this important issue. If I can answer any questions or provide additional information about SBC's commitment to this project, please contact me at the phone number below or by email at: sfrisch@sierrabusiness.org.

All best,

Steve R. Frisch

Steve Frisch
President

NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT **Gretchen Bennitt, Executive Director**

DISTRICT HEADQUARTERS
200 Litton Drive, Suite 320
Mailing Address: P.O. Box 2509
Grass Valley, CA 95945
(530) 274-9360 / FAX: (530) 274-7546
email: office@myairdistrict.com or www.myairdistrict.com

NORTHERN FIELD OFFICE
257 E. Sierra, Unit E
Mailing Address: P.O. Box 2227
Portola, CA 96122
(530) 832-0102 / FAX: (530) 832-0101
email: Julie@myairdistrict.com or www.myairdistrict.com

June 8, 2015

Jonathan Kusel, Founder and Executive Director
Sierra Institute for Community and Environment
P.O. Box 11
Taylorsville, CA 95983

Re: Letter of Support for the County Greenhouse Gas and Green Waste Reduction Facility

The Northern Sierra Air Quality Management District (District) supports the proposed county green waste program and facility in Crescent Mills as a critical solution to reducing smoke emissions from yard waste and forest biomass that would otherwise be burned in an uncontrolled manner in Plumas County.

The District looks forward to working with your agency to assure that all air quality requirements are met as the process continues. The District supports this facility since it plans to utilize biomass as a fuel in a controlled condition—reducing emissions of particulate matter emissions and other pollutants up to 98%, as compared to open pile burning of biomass.

Fine particulate matter (PM 2.5) is the main pollutant of concern in Plumas County, and two locations in the County (Portola and Quincy) have historically exceeded the national ambient air quality standards for PM 2.5. The three major sources contributing to the exceedances of the standard are woodstoves, open burning of yard waste, and prescribed burning of forest biomass.

PM is 2.5 particulate matter with a diameter of 2.5 microns or less, and has been shown to contribute to asthma development, lung capacity reduction among children, breathing difficulty, eye irritation, exacerbation of cardiovascular problems, and even premature death. It is especially damaging for sensitive individuals such as children, elderly citizens, individuals with pre-existing health conditions, and people who are exercising outdoors.

Biomass utilization is critical to Plumas County's hope to attain the federal air quality standard—PM 2.5. The proposed green waste facility in Crescent Mills has the potential to be a viable alternative for burning yard and forest biomass. The facility could be crucial to controlling the PM 2.5 emissions in Plumas County to reduce further exceedances of the federal air quality standards.

Sincerely,

Gretchen Bennitt

Gretchen Bennitt,
Executive Director

Subject: RE: Prop 1 CCC/CALCC involvement
Date: Friday, February 26, 2016 at 10:25:07 AM Pacific Standard Time
From: Prop 1@CCC
To: Camille Swezy, Prop 1@CCC, inquiry@prop1communitycorps.org

Hello Camille,
I received a response and we are unable to participate in the Improving Forest Watershed Health through Developing a Local Market for Forest Restoration By-products. Please include this email with your application as proof that you reached out to the California Conservation Corps.
Thank you,

Nick Martinez
Region II Analyst
California Conservation Corps
Office (916) 341-3157
Nicholas.Martinez@ccc.ca.gov

From: Camille Swezy [mailto:CSwezy@sierrainstitute.us]
Sent: Thursday, February 18, 2016 4:57 PM
To: Prop 1@CCC <Prop1@CCC.CA.GOV>; inquiry@prop1communitycorps.org
Subject: Prop 1 CCC/CALCC involvement

Hello,

Attached is a brief project overview of Sierra Institute's proposal to the SNC Prop 1 grant program. Please review as part of the CCC and CALCC participation feasibility requirement.

Thank you,

Camille Swezy

--
Camille Swezy
Biomass Program Assistant
Sierra Institute for Community and Environment
4438 Main Street | P.O. Box 11
Taylorsville, CA 95983
(530) 284-1022

Subject: Re: Prop 1 CCC/CALCC involvement
Date: Tuesday, February 23, 2016 at 10:49:32 AM Pacific Standard Time
From: Prop1 Community Corps
To: Camille Swezy
CC: Prop 1@CCC

Hello Camille,

Baldeo of the Sacramento Regional Conservation Corps has responded that they are able to assist with the Improving Forest and Watershed Health through Developing a Local Market for Forest Restoration By-products: Category 1
Grant project if it receives funding. Please include this email with your application as proof that you reached out to the Local Conservation Corps.

Additionally, please feel free to contact Baldeo Singh (bsingh@saccorps.org) directly if your project receives funding.

Thank you,

Dominique

California Association of Local Conservation Corps

Proposition 1 – Water Bond

Consultation Review Document

Applicant has submitted the required information by email to the Local Conservation Corps (CALCC):

✓Yes (applicant has submitted all necessary information to CALCC)

After consulting with the project applicant, the CALCC has determined the following:

✓It is feasible for CALCC to be used on the project (deemed compliant)

APPLICANT WILL INCLUDE THIS DOCUMENT AS PART OF THE PROJECT APPLICATION.

On Thu, Feb 18, 2016 at 4:57 PM, Camille Swezy <CSwezy@sierrainstitute.us> wrote:

> Hello,
>
> Attached is a brief project overview of Sierra Institute's proposal to the SNC Prop 1 grant program. Please review as part of the CCC and CALCC participation feasibility requirement.

Thank you,

Camille Swezy

--
Camille Swezy
Biomass Program Assistant
Sierra Institute for Community and Environment
4438 Main Street | P.O. Box 11
Taylorsville, CA 95983
(530) 284-1022

Appendix F - CEQA/NEPA Compliance Form

(California Environmental Quality Act & National Environmental Policy Act)

Instructions: All applicants must complete the CEQA compliance section. Check the box that describes the CEQA status of the proposed project. You must also complete the documentation component and submit any surveys, and/or reports that support the checked CEQA status.

If NEPA is applicable to your project, you must complete the NEPA section in addition to the CEQA section. Check the box that describes the NEPA status of the proposed project. Submit any surveys, and/or reports that support the NEPA status. For both CEQA and NEPA, submittal of permits is only necessary if they contain conditions providing information regarding potential environmental impacts.

NOTE: Effective July 1, 2015, AB52 compliance is required.

CEQA STATUS

(All applicants must complete this section)

Check the box that corresponds with the CEQA compliance for your project. The proposed action is either Categorically Exempt from CEQA, requires a Negative Declaration, Mitigated Negative Declaration, or an Environmental Impact Report per CEQA.

☐ **Categorical Exemption or Statutory Exemption**

If a project is exempt from CEQA, all applicants, including public agencies that provide a filed Notice of Exemption, are required to provide a clear and comprehensive description of the physical attributes of the project site, including potential and known special-status species and habitat, in order for the SNC to make a determination that the project is exempt. A particular project that ordinarily would fall under a specific category of exemption may require further CEQA review due to individual circumstances, i.e., it is within a sensitive location, has a cumulative impact, has a significant effect on the environment , is within a scenic highway, impacts an historical resource, or is on a hazardous waste site. Potential cultural/archaeological resources must be noted, but do not need to be specifically listed or mapped at the time of application submittal. Backup data informing the exemption decision, such as biological surveys, Cultural Information Center requests, research papers, etc. should accompany the full application. Applicants anticipating the SNC to file an exemption should conduct the appropriate surveys and submit an information request to an office of the California Historical Resources Information System (CHRIS).

1. Describe how your project complies with the requirements for claiming a Categorical or Statutory Exemption per CEQA:

   This is a planning grant, CEQA will not be triggered. Regardless, implementation of such a project will be exempt from CEQA due to the heavy industrial zoning of the property.

2. If your organization is a state or local governmental agency, submit a signed, approved Notice of Exemption (NOE) documenting the use of the Categorical Exemption or Statutory Exemption, along with any permits, surveys, and/or reports that have been completed to support this CEQA status. The Notice of Exemption must bear a date stamp to show that it has been filed with the State Clearinghouse and/or County Clerk, as required by CEQA.
3. If your organization is a nonprofit, there is no other California public agency having discretionary authority over your project, and you would like the SNC to prepare a NOE for your project, let us know that and list any permits, surveys, and/or reports that have been completed to support the CEQA status. All supplementary documentation must be provided to the SNC before the NOE can be prepared.

☐ **Negative Declaration OR**
☐ **Mitigated Negative Declaration**

If a project requires a Negative Declaration or Mitigated Negative Declaration, then applicants must work with a qualified public agency, i.e., one that has discretionary authority over project approval or permitting, to complete the CEQA process.

1. Describe how your project complies with the requirements for the use of a Negative Declaration or a Mitigated Negative Declaration per CEQA: