



A-10
10:30am

MEMORANDUM

AGENDA ITEM

JUL 11 2006

TO: Board of Supervisors

FROM: Kelly F. Cox
County Administrative Officer

SUBJECT: Proposed Memorandum of Understanding Between the County and the Habematolel Pomo of Upper Lake

DATE: June 30, 2006

As you will recall, on March 14, 2006, your Board received a presentation from representatives of the Habematolel Pomo Tribe of Upper Lake, regarding the Tribe's plans to develop a new gaming facility on property it is purchasing in Upper Lake. The property is located immediately east of the Upper Lake County Park on Highway 20.

During the presentation, the Tribe's representatives expressed a willingness and desire to voluntarily work with the County in developing a Memorandum of Understanding (MOU) to address any concerns the County may have in regard to the potential impacts of the proposed project. The Tribe desires for the facility to be an asset to Lake County and members of the Tribal Council have conducted a series of meetings with numerous local organizations and individuals in order to explain the project, identify community concerns and proactively address those concerns.

The Tribal Council representatives and their legal counsel have also held introductory meetings with County government representatives, including a meeting attended by several County department heads. Over a period of three months a series of meetings were subsequently held with County Counsel Anita Grant, Deputy County Counsel Charlotte Scott and me, for purposes of negotiating a Memorandum of Understanding (MOU) for presentation to your Board. The product of those meetings is attached hereto and submitted herewith for your Board's consideration.

Throughout the negotiations, both the County and the Tribal representatives have taken a very positive approach and made every effort to be fair and realistic in terms of our respective expectations. The negotiation process was conducted in a very professional manner with both sides finding common ground and sharing mutual goals.

It is noted that the Tribe did not have any legal obligation to negotiate an MOU with the County at this time and could have proceeded with its development without consulting

4 ayes
RB-NO
(as amended)

with the County, as was the case with certain developments implemented by other Tribes in Lake County in past years. In addition to consulting with the County, the Habematolel Tribe has voluntarily agreed to make direct financial contributions to the County in order to assist in mitigating various potential impacts of the project. To date, the level of cooperation provided by this Tribe in its interactions with the County has been exemplary and hopefully will serve as a model for future tribal developments in Lake County.

Some of the highlights of the proposed MOU include the following:

- The Tribe will make an annual payment to the County general fund equivalent to 1% of the assessed valuation of the casino facility (building and contents) that would otherwise be subject to standard property taxation by the County.
- The Tribe will pay the special assessments imposed on the property by the Middle Creek Flood Control Upper Basin Benefit Assessment Zone 8 and State Maintenance Area No. 17.
- The Tribe will make an annual contribution of \$5,000 per year for the first two years of operation and a \$10,000 annual contribution thereafter, to the Lake County Marketing Program, to be used for advertising and promoting Lake County tourism, including local agritourism. In the event the Tribe opens a hotel this payment will be replaced by a payment equal to the County's 9% Transient Occupancy Tax (TOT) in the same manner as the TOT is collected and remitted by non tribal lodging facilities in the unincorporated areas of Lake County.
- The Tribe will comply with applicable State building codes when constructing the facility.
- The Tribe will enter into a separate MOU with Northshore Fire for fire and emergency medical services.
- The Tribe will utilize the services of the County's franchise haulers for solid waste collection.
- The Tribe will negotiate in good faith with the Upper Lake Water District for water service and with LACOSAN for wastewater disposal. If it is determined to not be feasible to utilize the services of either of these entities, the Tribe may install its own water and wastewater systems which will comply with all applicable State and federal standards.
- The Tribe will obtain a NPDES permit and prepare and implement a Storm Water Pollution Prevention Plan.

- The Tribe will negotiate in good faith with Caltrans and enter into a separate MOU to ensure safe ingress and egress to its facility.
- The Tribe agrees to comply with federal workplace and OSHA standards as well as agrees to comply with federal and State nondiscrimination regulations in its employment practices.
- The Tribe will provide a workers compensation program for its employees, as well as unemployment insurance benefits and will comply with the Fair Labor Standards Act (FLSA) and California minimum wage laws, or may create its own system that provides substantially the same benefits.
- The Tribe will address the impacts of problem gaming through various measures as specified in the MOU.
- The Tribe will consult with the Social Services Department to advertise and promote jobs for Lake County residents (which will assist in reducing welfare rolls).
- The Tribe will develop and utilize a local vendor preference.
- The Tribe will install and maintain an agricultural or solid wall buffer between its facility and the Upper Lake County Park and will sponsor applications for funding from the Indian Gaming Special Distribution Fund to mitigate any impacts on the Upper Lake Park.
- The Tribe acknowledges and agrees to adopt as Tribal law the County's Right to Farm Ordinance.

Through implementation of this MOU staff believes the Tribe will be essentially making the same level of financial contribution to the County as it would be required to do if it were a non-Tribal privately owned facility subject to normal taxation by the County. Additionally, it should also result in a significant increase in the amount of special mitigation funds available to the County through the State.

The project will also create a significant number of new jobs in Lake County and create a new visitor attraction, both of which are consistent with the goals of the Lake County Economic Development Strategic Marketing Plan.

We believe the Tribe has worked hard to minimize and mitigate any potential negative impacts of its project and that, overall, the facility will be an asset to Lake County.

County Counsel Anita Grant and I would like to take this opportunity to acknowledge and commend the efforts of Deputy County Counsel Charlotte Scott for her diligent work on behalf of the County during the negotiation and drafting of this MOU, and to express our appreciation to each of the Tribal Council Members and their attorney,

Memo to Board of Supervisors
June 30, 2006
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Robert Rosette , for their assistance, cooperation and very positive approach throughout this process.

Staff recommends approval of the proposed MOU by your Board, and authorization for the Chairman to sign.

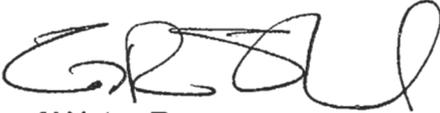
Attachment

cc: Carmella Icaj-Johnson
Executive Council Chairperson (w/o attachments)

Robert Rosette (w/o attachments)

7/11/06
A-10**MEMORANDUM**

TO: Board of Supervisors

FROM: G. R. Shaul, Director Public Works 
By: Pamela Francis, Deputy Director of Water Resources

SUBJECT: Backup for Regular Agenda Item A-10, July 11, 2006
Proposed Memorandum of Understanding between the County and the
Habematolel Pomo of Upper Lake

DATE: July 7, 2006

The subject memorandum (MOU) does an excellent job of providing appropriate levels of financial contribution and mitigations to the County in regards to the construction of a casino in Upper Lake. However, this department is concerned with the absence of any discussion or mitigation regarding the Middle Creek Flood Damage Reduction and Ecosystem Restoration Project (Project), since approximately one third of the Tribe's property lies within the acquisition line for the Project.

The Board is well aware that this Project is the single most important County Project to improve Clear Lake water quality, restore habitat and reduce the potential for property damage and loss of life that could occur behind the substandard levees in the Project area. For the past several years the County and Robinson Rancheria have been negotiating with Congressional leaders, BIA and the Corps to resolve the issue of properly compensating the Tribe for the Project's flooding of Tribal Trust Land. This issue has been a significant burden to both the County and the Tribe.

We (The County) and the Upper Lake Tribe should make every effort and utilize appropriate language in MOU's or Agreements to reduce or eliminate the burden of this issue in the future.

Therefore, DPW would recommend that the Board of Supervisors direct County staff to develop appropriate language to be included in the MOU to insure cooperation between the Tribe and the County that will assist in appropriate compensation to the Upper Lake Tribe once the Project is federally authorized.

amended

(4) Water Conservation Retrofit Program The Tribe shall agree to participate in the Water Conservation Retrofit Program including installing low flow fixtures.

(5) Assessments In the event the sewer mainlines are extended to the Property, the Tribe shall agree to pay to the Lake County Sanitation District reasonable fees for such wastewater service commensurate with other fee assessments.

(6) Good Faith Negotiations In the event the Tribe may not be able to connect to the Lake County Sanitation District because it is not feasible, the Tribe agrees to install a wastewater system meeting any and all applicable State and/or Federal wastewater standards.

I. Light Pollution. The Tribe agrees to design and construct exterior lighting that minimizes light ambience at night. In addition, the Tribe agrees that it will not design and construct spotlights for use at night.

J. Storm Water.

(1) NPDES Permit The Tribe shall obtain a NPDES permit from US EPA for construction site runoff during the construction phase of the project in compliance with federal Clean Water requirements.

(2) Storm Water Pollution Prevention Plan In addition, a Storm Water Pollution Prevention Plan will be prepared and maintained/implemented throughout construction of the Facility consistent with State Water Resource Control Board General Permit requirements that will detail the best management practices to be implemented during construction and post-construction operation of the proposed project.

K. Air Quality.

(1) Dust suppression Standard techniques for dust suppression, such as watering of access roads and active construction areas, application of surfactants to exposed soils, limiting of truck speeds on unpaved surfaces, and prohibiting grading activities if wind speeds exceed 25 miles per hour shall be required of the contractor and/or developer of the Property. The Tribe shall make efforts to prevent nuisance to residents of land adjacent to the Property and to motorists on State Highway 20.

(2) Agricultural Toxins The Tribe agrees to design the Facility so as to avoid any hazardous exposure to agricultural toxins to its patrons.

(3) Employee Carpooling Tribe shall encourage employees to carpool or rideshare.

AMENDED

Notwithstanding the above, nothing in this provision shall preclude the County Counsel's Office to be associate counsel on behalf of the County and to participate as such in any legal processes or proceedings or to be a member of any such defense team.

The obligations of this indemnification provision shall be binding on the parties and all successors and assigns of the Tribe and the Tribe shall so obligate all transferees and assigns.

- Q. Future Acquisition of Contiguous Parcels.** The Tribe shall not file an application with the Secretary of the Interior for trust acquisition of any parcel of land contiguous to the Property unless the Tribe discloses to the County the parcel at issue and the Tribe's intent to develop such parcel, and the parties agree to negotiate a Memorandum of Understanding in good faith consistent with the provisions of Section III hereof. Nothing in this subsection shall provide the County with a veto power to preclude the Tribe from submitting fee-to-trust applications to the Secretary of Interior, meaning that County MOU is not a pre-requisite to such application, unless otherwise required by applicable law.

III. SUFFICIENCY OF MITIGATION.

A. Acknowledgements. The County has determined that the contributions referenced in Sections II(A), II(H)(3), and II(P)(3) are, in the opinion of the County, sufficient to mitigate any potential non-recurring and recurring impacts of the Trust Acquisition and the Project on the County and surrounding community, including, without limitation, any potential impacts on County infrastructure, public services, social services, health and safety, transportation and law enforcement resources. The Parties intend for the contributions referenced in Section II(A), II(H)(3), and II(P)(3) to constitute all of the contributions which the Tribe shall make to all County Departments and its agencies. The County shall be responsible for distributing such contributions to the appropriate Departments within County government. Notwithstanding the above, the County and Tribe shall use its best efforts to obtain additional funding for the County from the Special Distribution Fund pursuant to 1999 Compacts with other tribes.

B. Contribution Terms. The Parties acknowledge and agree that the Project and the Tribe's contribution and other obligations as set forth in this MOU are, and shall be, contingent upon (i) the Secretary accepting trust title to the Trust Property, (ii) the Secretary, the NIGC or the courts determining that the Trust Property is eligible for gaming, (iii) the occurrence of the NIGC Approvals, (iv) the Tribe and the State entering into a Tribal-State Compact, the ratification of such Tribal-State Compact by the State legislature and the effectiveness of such Tribal-State Compact by approval of the Secretary or operation of law, and (v) the

Amended

occurrence of the Opening Date. In the event the Opening Date does not occur for any reason, the Tribe shall not be required to make any contributions to the County. Within ninety (90) days of each annual contribution, the Tribe and County shall collectively determine how best to publicly acknowledge expenditures made with contributions provided by the Tribe to the County under this MOU and to publicly attribute such expenditures to the Tribe, such as identifying specific areas where County services have been improved due to the Tribe's contribution, including the actual purchase of County assets. However, nothing in this section shall be construed to require the County to develop and maintain a separate accounting system of its expenditures for the Tribe.

C. No Other Payments. Except as is expressly set forth in Section II(A), II(H)(3), and II(P)(3) hereof, the Tribe shall not be required pursuant to this MOU or otherwise to:

- (1) make any payments, reimbursements, contributions or investments to, through or on behalf of the County for any taxes, fees, charges, cost reimbursements, service, fees or other assessments;
- (2) pay the County any other contributions or payments in mitigation of any economic or other impacts of the Project or any other developments on the Trust Property; or
- (3) acquire rights to any real property, or grant or transfer to the County, any rights to any real property, place, any conservation or other easement on any real property, or otherwise agree to forgo any rights with respect to any real property.

IV. ENVIRONMENTAL REVIEW.

The Tribe's proposed casino development is not legally subject to the California Environmental Quality Act (CEQA), but is required to comply with the National Environmental Policy Act (NEPA), the Tribe does agree to process all of its Project proposals for the Property in a manner which complies with NEPA. The Tribe will submit such development proposals for review by County staff to determine compliance with an environmental review that substantially complies with the spirit and intent of the process set out in Section 2, Section 3, and Section 4 of Lake County Ordinance Number 2268, provided however, that the Parties acknowledge that the Tribe agrees to follow these procedures only in the spirit of NEPA compliance, and the Parties further acknowledge that CEQA does not apply. Nothing in this MOU shall be deemed to confer authority to the County to approve or disapprove the Project.

A. NEPA Matters. The Parties acknowledge their understanding that the Secretary will be required to comply with the requirements of NEPA in connection with the Secretary's decision regarding whether to accept trust title to the Property. The Parties further acknowledge that the public, including the

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is made this 11th day of June, 2006, by and between the County of Lake, California and the Habematolel Pomo of Upper Lake. (The capitalized terms used in this MOU shall have the meanings set forth in Section 1 below).

RECITALS

WHEREAS, the Tribe is a landless Indian tribe restored to federal recognition and, as part of the Tribe's restoration, the Tribe has acquired the Property and is requesting that the Secretary accept title to the Property in trust for the benefit of the Tribe; and

WHEREAS, after the Trust Acquisition Date, the Tribe intends to use the Trust Property for the development of the Project; and

WHEREAS, the Tribe and County have been working closely to determine what off-Reservation impacts the Project would have on the local government, and has been assessing how to resolve such impacts with the County, and where necessary, assess the appropriate level of funding the County would need to off-set any such impacts; and

WHEREAS, the Tribe desires to promote and provide a clean and safe environment for visiting patrons to the Facility by ensuring compliance with applicable building codes, health standards, the safe apprehension and arrest of persons engaged in suspected criminal activity, and adequate response for fire and medical response services; and

WHEREAS, although not legally required to do so, the Tribe nevertheless desires to make voluntary contributions to the County to help mitigate any potential impacts of the Project on the cost of operations of the County; and

WHEREAS, the Tribe and the County acknowledge that the contributions to be made by the Tribe to the County pursuant to this MOU are voluntary contributions by the Tribe to the County and not intended to be, and do not constitute, a tax, fee, charge or assessment by the County to the Tribe, and, but for this MOU, the County would not receive such contributions from the Tribe; and

WHEREAS, the Tribe has not requested the County to issue, and the County does not intend by approving, executing, delivering or implementing this MOU to commit itself to issue, any lease, permit, license, certificate or other entitlement to use relating to the Trust Acquisition, the Federal and State Actions or the Project; and

WHEREAS, based on the Tribe's investigation as of the date of this MOU, the Tribe currently understands that it would be able to consummate the Trust Acquisition and develop the Project if the County does not issue any lease, permit, license, certificate

or other entitlement for use relating to the Trust Acquisition, the Federal and State Actions or the Project; and

WHEREAS, by approving, executing, delivering and implementing this MOU, the County does not intend to commit itself to support, or to otherwise exercise discretionary judgment over, the Trust Acquisition, the Federal and State Actions or the Project; and

WHEREAS, the Trust Acquisition, the Federal and State Actions and the Project are not "projects" of the County within the meaning of CEQA and are not subject to the discretionary approval of the County; and

WHEREAS, the County does not have legal authority to deliberate on, approve, disapprove, or otherwise exercise judgment regarding the Project; and

WHEREAS, the County is therefore not deliberating on, approving, supporting, disapproving or otherwise exercising judgment regarding the Project by approving, executing, delivering and implementing this MOU; and

WHEREAS, the Tribe is not legally required to enter into this MOU in order to consummate the Trust Acquisition and the Federal and State Actions or to develop the Project; and

WHEREAS, the County has no legal authority to assess real property taxes against the Property or the Trust Property or to otherwise collect other taxes or assessments from the Tribe; and

WHEREAS, the County and the Tribe desire to establish a cooperative and mutually respectful government-to-government relationship and to address other issues of mutual interest to the County and the Tribe.

NOW, THEREFORE, the Parties hereby agree as follows:

I. DEFINITIONS.

The terms not defined elsewhere in this MOU shall have the following meanings:

"MOU" means this Memorandum of Understanding, as the same may be amended by mutual written agreement of the County and the Tribe from time to time.

"CEQA" means the California Environmental Quality Act (California Public Resources Code § 21000 et seq.) and the guidelines promulgated under such statute, as the same may be amended or modified from time to time.

"County" means the County of Lake, and its Departments, agencies and subdivisions.

“County Sheriff” means the Lake County Sheriff.

“County Sheriff Department” means the Lake County Sheriff Department.

"Environmental Report" means any draft or final environmental assessment or environmental impact statement or tribal environmental impact report, as the case may be, prepared by the Tribe, the Secretary or the NIGC, as the case may be, relating to the Project or the Federal and State Actions.

“Executive Committee” means the duly elected governing body of the Habematolel Pomo of Upper Lake Rancheria.

"Facility" means any commercial building hosting the casino business of the Tribe authorized by the IGRA and the Compact together with any other building hosting an activity that is directly related to Gaming including specifically, any entertainment and event venue hosting and production facility, any conference and meeting hosting facility, lodging and hospitality services facilities located on the Trust Property, and shall include Facility personal property, furnishings, and equipment contained therein, but not include any Tribally owned improvements fixtures, personal property, furnishings and equipment other than the Facility on the Property.

"Federal and State Actions" means (i) the consummation of the Trust Acquisition, (ii) the NIGC Approvals, (iii) the negotiation and execution of the Tribal-State Compact by the State Governor, the ratification of the Tribal-State Compact by the State legislature and the approval of the Tribal-State Compact by the Secretary, and (iv) the issuance or completion by federal, state or regional public entities of approvals, permits, licenses, certifications, opinions or consultations requested by the Tribe in connection with the Trust Acquisition or the Project.

“IGRA” means the Indian Gaming Regulatory Act of 1988 (25 U.S.C. §§§ 2701 et seq.), and the regulations promulgated under such statute, as the same may be amended or modified from time to time.

"NEPA" means the National Environmental Policy Act (42 USC § 4321 et seq.) and the regulations promulgated under such statute, as the same may be amended or modified from time to time.

“NIGC” means the National Indian Gaming Commission established pursuant to IGRA.

"NIGC Approvals" means (i) the approval by the NIGC of a Tribal Gaming Ordinance applicable to the Property and (ii) the approval by the Chairman of the NIGC of the Management Agreement between the Tribe and Luna Gaming Upper Lake, LLC.

“Opening Date” means the date on which the Tribe commences commercial gaming operations open to the public on the Trust Property.

"Party" means the County or the Tribe.

"Parties" means the County and the Tribe.

“Project” means the development by the Tribe of the Facility on the Property or the Trust Property.

“Property” means the parcels of land which are located within the County and which are identified by the legal description set forth on Exhibit A hereto.

“Secretary” means the Secretary of the United States Department of the Interior or his or her representative.

“State” means the State of California.

"Tribe" means the Habematolel Pomo of Upper Lake, California, a federally recognized Indian tribe.

“Tribal-State Compact” means the Tribal-State Gaming Compact entered into between the Tribe and the State pursuant to IGRA, as approved by the Secretary or allowed to become effective by operation of law pursuant to IGRA.

"Trust Acquisition" means (i) the acquisition by the United States of trust title to the Property for the benefit of the Tribe, and (ii) the determination by the Secretary or the NIGC that the Trust Property is eligible for gaming pursuant to the requirements of IGRA.

“Trust Acquisition Date” means the date on which the deed to the Property has been conveyed to and executed by the Secretary such that (i) Trust Property is held in trust for the benefit of the Tribe and (ii) the Secretary or the NIGC has determined that the Trust Property is eligible for gaming pursuant to the requirements of IGRA.

“Trust Property” means, after the Trust Acquisition Date, the Property which is held by the United States in trust for the benefit of the Tribe.

II. MITIGATION MEASURES.

A. General County Contributions. The County and the Tribe recognize and agree that from and after the Trust Acquisition Date, and from the Opening Date, there will be a significant and direct impact upon the County’s general funds, operations and services throughout the County, including among other things the fact that at such time as the Property becomes Trust Property the Tribe will no longer be subject to the taxes which enable the County and other public

entities to provide a wide range of services vital to its citizens, the Tribe and the Property. The effect of the Trust Acquisition and the Project also restricts the various opportunities available to the County with respect to future uses of any of the Property, and may also significantly increase infrastructure, service, criminal justice and social impacts off the Property and within the County and other public entities. Therefore, in recognition of these potential impacts and demands upon the County resulting from the Project, the Tribe agrees to do all of the following to comprehensively mitigate such impacts:

1. Payment In Lieu of Property Taxes/Impact on County Revenues Payment. From the Trust Acquisition Date, the Tribe shall make an annual base payment to the County General Fund in lieu of paying property taxes for the Property. The amount of the annual payment shall be equivalent to the amount that would otherwise be due the County if the Property, and only including the real property, improvements, fixtures, personal property, furnishings, and equipment of the Facility, were subject to standard property taxes consistent with the customary assessment procedures used by the County Assessor and consistent with the Constitution of the State of California, equivalent to one percent (1%) of the assessed valuation of the property. This assessment shall not include any Tribal improvements, fixtures, personal property, furnishings, and equipment other than the Facility. Additional tax charges or assessments shall not apply except as described in Subsection 3(a) and (b) hereof. Payment in full shall be made no later than April 10th of each year beginning with the Effective date of this agreement and continuing during the term of this agreement and so long as the Property is Trust Property.

2. County Assessor Access to Facilities and Property: The County Assessor and/or his/her authorized representative may inspect the public areas of the Facility at any time, without prior notice, during normal gaming business hours. Further, The County Assessor and/or his/her representative may inspect the private areas of the Facility not accessible to the public at any time during normal gaming business hours with 48 hours written notice by the County Assessor and/or his/her authorized representative to either the Tribe's representative or the Facility's manager of their presence on the Property and the presentation of proper identification, provided however, that the County Assessor and/or his/her authorized representative has applied for and received a Tribal Gaming Commission License for access to such private areas of the Facility. With respect to the private areas of the facilities, the Tribe's representative or the Facility's manager shall have the right to accompany the County's authorized representative and shall be available for such purpose.

3. Payment in Lieu of Special Assessments: The Tribe shall continue payments that are the equivalent of assessments levied on the Property for

the Middle Creek Flood Control Upper Basin Benefit Assessment (Zone 8) and State Maintenance Area No. 17, as follows:

(a) *Middle Creek Flood Control Upper Basin Benefit Assessment (Zone 8)*: These assessments are for the operation and maintenance costs of the Middle Creek Flood Control Project north of the confluence of Middle and Scotts Creeks. The Project consists of levees and channel improvements around Upper Lake to reduce flooding in the Upper Lake vicinity. The project was constructed by the U.S. Army Corps of Engineers in 1958. These assessments were approved by a majority of the voters in the District in 1999, with assessments first assessed in 2000-2001. The annual assessments can be increased each year based on inflation, provided however, such increases shall be reasonable and commensurate with surrounding property owners.

(b) *State Maintenance Area No. 17*: These assessments are for the operation and maintenance costs of the Middle Creek Flood Control Project south of the confluence of Middle and Scotts Creeks. The Project consists of levees, pumping facilities and other improvements in the Upper Lake reclamation area. The project was constructed by the U.S. Army Corps of Engineers in 1958. Operation and maintenance responsibility lies with the State Reclamation Board. The State Reclamation Board formed Maintenance Area No. 17 to collect funds for its operation and management. The first assessments occurred in 2000-2001. The State establishes the required finding for Maintenance Area No. 17 each year and the amount collected may vary significantly each year.

The Tribe acknowledges that the assessments in 2005-2006 by parcel were:

APN	Zone 8	MA 17
004-010-35	320.96	36.56
004-013-17	0	1,025.08
004-013-16	20.36	622.90
004-010-34	322.70	422.72

The Tribe further acknowledges that the assessments may vary based upon inflation with respect to Zone 8 or upon the State Reclamation Board's determination with respect to Maintenance Area No. 17. The Tribe shall only be required to pay for increases that are reasonable and commensurate with surrounding property owners.

B. Compliance With State Building Code Standards. The Tribe agrees that the Property shall be developed in a manner consistent with and in compliance with applicable State Building Code Standards. In addition, the Tribe agrees to allow the Lake County Building Official, Community Development Department Director, to conduct a walk-through of the Project prior to Opening Date for review of safety issues such as exiting signage at doors. The Lake County Building Official may make recommendations to the Tribe regarding safety improvements to the Facility.

C. Security and Law Enforcement. The Tribe and the Sheriff respectively shall provide security and law enforcement on the Tribe's land.

(1) Law Enforcement Mitigation. In order to mitigate potential impacts of the Project on law enforcement resources of the County and surrounding community, the Tribe agrees to adopt the following mitigation measures:

(a) *Security Guards* Trained security staff shall be provided to handle security issues within the Facility during operating hours. All security guards shall carry two-way radios to respond to back-up and emergency-related calls. This will aid in the prevention of criminal activity within the Facility.

(b) *Parking Lots* All parking areas shall be well lit and monitored by surveillance cameras and by parked and/or roving security guards at all times during operation. This will aid in the prevention of auto theft and other related criminal activity.

(c) *Traffic Control* The Tribe shall provide traffic control with appropriate signage and the presence of peak-hour traffic control staff. This will aid in the prevention of off-site parking, which could create possible security issues.

(2) Security. The Tribe shall have responsibility for maintaining security personnel in the Facility and for special events as appropriate for the particular event. The Tribe agrees to provide an adequate level of on-site security personnel in the Facility during all hours of Facility operations.

(a) *Apprehension* Procedures shall be developed by the Tribe and the County Sheriff Department to cover turnover of persons apprehended and arrested for suspected criminal activity by the Tribe's security personnel.

(b) *Training* At the request of the Tribe, the County Sheriff Department shall assist with training in basic security subjects for the Tribe's security personnel (i.e., turnover procedures, report writing, use of force, etc.).

(3) County Sheriff Department. The Tribe and the County Sheriff Department acknowledges that assistance from the County Sheriff Department may be required from time to time with respect to the apprehension and arrest of persons engaged in suspected criminal activity at the Facility. The County Sheriff Department shall provide the Tribe such aid.

4) County Criminal Prosecution Caseload. The Tribe in the spirit of good-faith and to foster a good community relationship with the Lake County District Attorney Office shall work closely in order to prosecute any crimes within the Facility. For example, the Tribe shall promulgate procedures to turn over evidence such as books and records, or surveillance tapes.

5) Child Support Orders. As set forth in 28 U.S.C. section 1738B, the Tribe shall enforce any child support orders for payment of child support by Casino employees.

D. Fire and Emergency Mitigation.

(1) Northshore Fire Authority. While the Parties acknowledge that the Northshore Fire Authority is not an entity affiliated with the County and is a subdivision of the State of California, in order to mitigate potential impacts of the Facility on fire and emergency medical resources of the surrounding community, the Tribe agrees to negotiate in good-faith to enter into a separate Memorandum of Understanding with the Northshore Fire Authority, for fire prevention and fire protection at the Facility including the following services:

(a) *Fire and Hazard Response*. This aid would include, but is not limited to, responding to calls relating to fire prevention and fire suppression, hazards, etc., which may require engine companies, fire fighting equipment, the use, laying and connection of hoses, maneuvering of nozzles and direct fire streams, raising and climbing ladders, extinguishers and fire fighting hand tools.

(b) *Paramedic and Ambulatory Services*. This aid would include, but not limited to, responding to calls for assistance requiring immediate medical attention or transportation to a nearby medical facility.

(c) *Public Service Response*. This aid would include, but is not limited to, calls related to the rescue of trapped people or animals,

protection of people which may require engine company, rescue squad, equipment cutters, rams, spreaders, air-bags, cutting torches, shoring equipment, lighting equipment, or generators.

(d) *Fire Investigation Service.* This aid would include, but is not limited to, the following: investigation of major alarm fires and other fires mandated by County Fire Department policy; investigation of fires that appear to be significant in fire prevention practices; interview of witnesses, collection and preservation of evidence; and comprehensive compilation of report data.

(e) *Fire Prevention and Inspection Services.* This aid would include, but is not limited to, the following: community awareness and education about proper safety practices; and identification and elimination of hazardous conditions that may pose a threat to life, the environment and property.

(2) Additional Fire and Safety Mitigation

(a) *Evacuation Plan.* Tribe shall provide a copy of its Emergency Evacuation Plan to the County and County Sheriff Department, prior to commencing operations of the Facility, and ensure any updates or modifications to the plan are provided to the County and County Sheriff Department upon implementation.

(b) *Fire Safety Features.*

(i) The Casino shall be constructed of non-combustible materials and will be equipped with fire sprinklers.

(ii) Paved access shall be provided to the building for use by emergency personnel. Fire hydrants will be installed within the parking lot for use by fire fighters.

(d) *Spark Arrestors* Construction equipment and power tools shall be equipped with spark arrestors, as applicable, and maintained in good working order.

(e) *Storage of Combustible Materials* Staging areas, welding areas, or areas slated for development using spark-producing equipment shall be cleared of dried vegetation or other materials that could serve as fire fuel. To the extent feasible, the contractor shall keep these areas clear of combustible materials in order to maintain a firebreak.

(f) *Hazardous Materials* In order to mitigate potential impacts of hazardous materials relating to the Facility, the surrounding community, the Tribe agrees to adopt the following mitigation measures:

(i) If contaminated soil or groundwater or other suspected contamination is encountered during Facility construction, work shall be halted in the affected area and the type and extent of the contamination shall be determined. A qualified professional, in consultation with appropriate regulatory agencies, shall then develop an appropriate method to remediate the contamination. If necessary, the Tribe shall implement a remediation plan in conjunction with continued Facility construction.

(ii) Personnel shall follow written standard operating procedures (SOPs) for filling and servicing construction equipment and vehicles.

(3) Facility Emergency Medical Employees. The Tribe shall have responsibility for maintaining adequate emergency medical personnel in the Facility, on the Trust Property generally, and for special events as appropriate for the particular event. The Tribe agrees to provide an adequate level of on-site emergency medical personnel in the Facility during all hours of Facility operations. The emergency medical personnel shall be adequately trained with respect to defibrillation, airway management, patient assessment, and manipulative skills assessment.

E. Health and Safety Mitigation.

(1) Food Safety. The Tribe agrees to obtain inspection of food and beverage handling standards by an Agency of the United States Government to ensure compliance with Public Health Standards. These standards could be adopted by the Tribe and will be no less stringent than the State of California standards for Food and Beverage Handling.

(2) Water Quality. For potable water, the Tribe agrees to obtain inspection of the Water Quality by an Agency of the United States Government to ensure compliance with the Tribe's water quality and safe drinking water standards. These standards will be adopted by the Tribe and will be no less stringent than Federal Water Quality and Federal Safe Drinking Water Act standards. Further, the Tribe will comply with State of California Regulations pertaining to implementation of the Federal Clean Water Act, which may require, but not necessarily be limited to: installation of oil separators in the parking lots; and compliance with construction and post-construction Best Management Practices (BMP's). Upon written request by County the Tribe will provide evidence of such inspections. In the event of a significant public health issue, the Tribe agrees to work in a cooperative manner with the County to resolve that issue.

- F. Solid Waste.** The Tribe shall agree to utilize the applicable County franchise hauler and to pay a reasonable and commensurate fee for the collection and disposition of solid waste.
- (1) Casino Recycling. To minimize impacts to off-Reservation landfills, the Tribe will implement procedures to separate and divert solid waste generated by the Facility for recycling including at a minimum all wastes consisting of cardboard, glass, aluminum, tin, and paper.
 - (2) Construction Recycling. During construction of the Facility, to the extent feasible, all inert waste materials from construction activities shall be recycled or diverted for reuse.
- G. Groundwater/Water Supply.** In determining various alternatives for the supply of water, the Tribe agrees to negotiate in good faith with the Upper Lake County Water District to provide the water supply.
- (1) Engineering Studies In this endeavor, the Tribe shall hire a reputable engineering firm to conduct studies to better define the potential impact and identify specific mitigation measures to address the impact on the Water District.
 - (2) Good Faith Negotiations In the event the Tribe may not be able to connect to the Upper Lake County Water District because it is not feasible, the Tribe agrees to install a water system meeting the standards as set forth in Section II(E)(2) above.
- H. Wastewater.** In determining various alternatives for the handling and disposition of sewer or wastewater, the Tribe agrees to negotiate in good faith with the Lake County Sanitation District to extend sewer mainlines to the Property.
- (1) Applicant The Tribe shall agree to become an applicant to the County of Lake Special Districts Administration and follow the Mainline Extension Procedures for extending sewer mainlines to the Property.
 - (2) Engineering Studies The Tribe shall hire a reputable engineering firm to conduct studies including a capacity analysis or hydraulic modeling to better define the requirements and costs associated with extending sewer mainlines to the Property.
 - (3) Costs and Expenses The Tribe shall provide the funds for any and all material, labor, or equipment in the event sewer mainlines are extended to the Property, and such funding shall be exclusive of the funding provided in Section II(A)(1) hereof.

(4) Water Conservation Retrofit Program The Tribe shall agree to participate in the Water Conservation Retrofit Program including installing low flow fixtures.

(5) Assessments In the event the sewer mainlines are extended to the Property, the Tribe shall agree to pay to the Lake County Sanitation District reasonable fees for such wastewater service commensurate with other fee assessments.

(6) Waste Water Connections
~~Good Faith Negotiations~~ In the event the Tribe may not be able to connect to the Lake County Sanitation District because it is not feasible, the Tribe agrees to install a wastewater system meeting any and all applicable State and/or Federal wastewater standards.

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I. Light Pollution. The Tribe agrees to design and construct exterior lighting that minimizes light ambience at night. In addition, the Tribe agrees that it will not design and construct spotlights for use at night.

J. Storm Water.

(1) NPDES Permit The Tribe shall obtain a NPDES permit from US EPA for construction site runoff during the construction phase of the project in compliance with federal Clean Water requirements.

(2) Storm Water Pollution Prevention Plan In addition, a Storm Water Pollution Prevention Plan will be prepared and maintained/implemented throughout construction of the Facility consistent with State Water Resource Control Board General Permit requirements that will detail the best management practices to be implemented during construction and post-construction operation of the proposed project.

K. Air Quality.

(1) Dust suppression Standard techniques for dust suppression, such as watering of access roads and active construction areas, application of surfactants to exposed soils, limiting of truck speeds on unpaved surfaces, and prohibiting grading activities if wind speeds exceed 25 miles per hour shall be required of the contractor and/or developer of the Property. The Tribe shall make efforts to prevent nuisance to residents of land adjacent to the Property and to motorists on State Highway 20.

(2) Agricultural Toxins The Tribe agrees to design the Facility so as to avoid any hazardous exposure to agricultural toxins to its patrons.

(3) Employee Carpooling Tribe shall encourage employees to carpool or rideshare.

L. Traffic.

(1) Good Faith Negotiations with Caltrans Access to the Facility is via Highway 20, a California Department of Transportation (Caltrans) highway. The Tribe agrees to negotiate in good faith to enter into a separate MOU with Caltrans to ensure safe ingress and egress to its Facility.

(2) Offset of County Expenses The Tribe agrees to offset any County maintenance or electricity costs with respect to any Caltrans improvements required because of the Facility.

M. Workplace, Health, Safety, and Fair Employment Practices.

1. The Tribe agrees to comply with Federal Workplace and Occupational Health and Safety Standards.
2. The Tribe agrees to comply with federal and state laws forbidding employers from discriminating in the employment of persons who work for the Tribe's Project conducted on the Property on the basis of race, color, religion, national origin, gender, sexual orientation, age or disability.
3. The Tribe shall participate in the State of California statutory workers' compensation system, or, in lieu thereof, the Tribe may create and maintain a system that provides redress for employees' work-related injuries through requiring insurance or self-insurance, which system must include a scope of coverage, availability of an independent medical examination, right to notice and hearings before an independent tribunal, a means of enforcement against the employer, and benefits comparable to those mandated for comparable employees under state law. The Tribe shall further insure that any independent contractor doing business with the Tribe must comply with all state workers' compensation laws and obligations.
4. The Tribe agrees that its business operations conducted on the Property will participate in the State of California program for providing unemployment compensation benefits and unemployment compensation disability benefits with respect to employees employed at the Project located on the Property, including compliance with the provisions of the California Unemployment Insurance Code, or, in lieu thereof, the Tribe may create and maintain a system that provides substantially the same benefits and compensation to employees.

5. With respect to employees of the Facility, the Tribe agrees to comply with employee wage standards required by the Fair Labor Standards Act (FLSA) (29 U.S.C. Section 201-219) and California minimum wage laws as provided for in Labor Code Sections 1182 et seq. and related California administrative regulations (8 Cal. Code Regs. Section 11000, et seq.), or, in lieu thereof, the Tribe may create and maintain a system that provides substantially the same benefits of the employee wage standards.

N. Impacts of Problem Gambling.

(1) Existing Market There is no research addressing whether there is a significant impact on problem or pathological gambling when a small casino is introduced into a saturated gambling market with numerous larger casinos with greater amenities and accessibility to the public, and numerous other forms of legal and illegal gambling.

(2) Problem Gambling Mitigation The Tribe, however, agrees to work closely with the County to implement a Responsible Gaming Program consisting of the following:

(a) Tribe shall provide responsible gaming signage on the casino floor and back-of-house so that employees always know where to refer customers requesting assistance.

(b) Tribe shall provide responsible gaming information in brochures and on-hold messages. Helpline phone numbers will be provided on all websites, player cards, and directories.

(c) Tribe will offer self-ban agreements to guests upon request.

(d) Tribe will become member of California Council on Problem Gaming (CCPG), Inc, 121 S Palm Canyon drive, Suite 225, Palm Springs, CA 92262 which:

* conducts responsible Gambling workshops for employees of the Tribe's casino;

* staffs 24 hour/day, 7 days/week "Problem Gambling Help Line" with live professional counselors who can provide first contact crisis intervention;

* trains and certifies California Certified Gambling Counselors (CCGC);

- * provides information about cost accessible programs nationwide for those who have a compulsive gambling problem;
- * maintains a "Speakers Bureau" made up of volunteers to help educate children and adults at schools and community service forums; and
- * plans to develop prevention education for all levels of schools including cable video and children's workbook.

(e) At all times during operation of the Facility, the Tribe will employ a person trained to identify problem gambling behavior, assess lethality, and provide educational information, as well as provide information of problem gambling treatment including referrals to local problem gambling counselors.

O. County Development/Agricultural.

- (1) Job Fair/Recruiting. In order to ensure that constituents of Lake County receive the maximum economic benefits from the Facility, the Tribe in the pre-opening phase of the Facility agrees to consult directly and in good-faith with the County Department of Social Services to host a job fair to advertise and promote jobs at the Facility.
- (2) County Vendor Preference. The Tribe shall in good faith and close consultation with the Lake County Marketing and Economic Development Program develop and utilize a vendor preference list for those business entities that provide goods and services that are based in Lake County.
- (3) Marketing/Agritourism. The Tribe shall make an annual contribution of Five Thousand Dollars (\$5,000) each year for the first two years of operation, and Ten Thousand Dollars (\$10,000) each year thereafter to the Lake County Marketing Program, which the County will use for purposes of advertising and promoting Lake County tourism, including local agritourism. In the event the Tribe opens a hotel, the Tribe shall replace this \$10,000 annual contribution to the County Marketing Program with a quarterly payment in lieu of the equivalent Transient Occupancy Tax (TOT) that would otherwise be collected and remitted to the County under applicable County Ordinances as applied to other non-Tribal lodging facilities in the unincorporated areas of Lake County, subject to customary auditing and collection procedures utilized by the County. It is understood that the current TOT rate in the

unincorporated area is 9%, which shall not be increased under any circumstances.

- (4) Upper Lake Park Mitigation. The Tribe agrees to install and maintain a reasonable agricultural or solid wall buffer between the Facility and the Upper Lake Park. The Tribe will sponsor and support County applications for funding from the Indian Gaming Special Distribution Fund to mitigate the impacts of tribal facilities on the Upper Lake Park.
- (5) Acknowledgement Of Right To Farm Ordinance. Furthermore, the Tribe acknowledges and agrees to adopt as Tribal Law the County of Lake "Right to Farm Ordinance", No. 2736, a copy of which has been provided to the Tribe.

P. Indemnification.

The Tribe agrees that, to the fullest extent permissible by law and to the extent such third party claims do not arise as a result of the County's negligence or other misconduct, the Tribe will defend, indemnify and hold the County, its elected representatives, officers, agents, and employees, harmless from any and all third party claims, demands, actions, causes of action, losses, liabilities, or costs (including reasonable attorneys' fees) for Claims arising out of or related to the third party challenge or action taken against the County as a result of any action by the County undertaken to enter into, approve, ratify, or adopt this MOU or as a result of the Tribe's development, construction or operation of the Facility that is in material violation of the Tribe's obligations to the County under this MOU. Provided, however, this provision shall only apply to those causes of action that challenges the legitimacy of this MOU, the authority of the County to enter into this MOU, or the adequacy of the mitigation identified within this MOU, and provided further, the Tribe's total aggregate liability pursuant to this subsection shall be a maximum of One Hundred Thousand Dollars (\$100,000.00).

For those matters where the County seeks to invoke this indemnification provision, the County shall immediately notify the Tribe of any Claims being made by any third party against the County, and the Tribe shall have the right to consultation with the County, on how to handle and direct a response to such third party Claims. Upon the County tendering its defense to the Tribe, the Tribe shall retain outside counsel to defend the County in any such matter, and the Tribe shall have the right to direct and control all litigation, including the decision on whether to enter into a monetary settlement. Any decision to settle on a non-monetary basis a dispute for which the Tribe is responsible to indemnify and defend the County shall be made jointly by the Tribe and the County.

Notwithstanding the above, nothing in this provision shall preclude the County Counsel's Office to be associate counsel on behalf of the County and to participate as such in any legal processes or proceedings or to be a member of any such defense team.

The obligations of this indemnification provision shall be binding on the parties and all successors and assigns of the Tribe and the Tribe shall so obligate all transferees and assigns.

- Q. Future Acquisition of Contiguous Parcels.** The Tribe shall not file an application with the Secretary of the Interior for trust acquisition of any parcel of land contiguous to the Property unless the Tribe discloses to the County the parcel at issue and the Tribe's intent to develop such parcel, and the parties agree to negotiate a Memorandum of Understanding in good faith consistent with the provisions of Section III hereof. Nothing in this subsection shall provide the County with a veto power to preclude the Tribe from submitting fee-to-trust applications to the Secretary of Interior, meaning that County MOU is not a pre-requisite to such application, unless otherwise required by applicable law.

III. SUFFICIENCY OF MITIGATION.

A. Acknowledgements. The County has determined that the contributions referenced in Sections II(A), ~~II(H)(2)~~, and ~~II(P)(3)~~ are, in the opinion of the County, sufficient to mitigate any potential non-recurring and recurring impacts of the Trust Acquisition and the Project on the County and surrounding community, including, without limitation, any potential impacts on County infrastructure, public services, social services, health and safety, transportation and law enforcement resources. The Parties intend for the contributions referenced in Section II(A), II(H)(2-5) and II(O)(3) to constitute all of the contributions which the Tribe shall make to all County Departments and its agencies. The County shall be responsible for distributing such contributions to the appropriate Departments within County government. Notwithstanding the above, the County and Tribe shall use its best efforts to obtain additional funding for the County from the Special Distribution Fund pursuant to 1999 Compacts with other tribes.

B. Contribution Terms. The Parties acknowledge and agree that the Project and the Tribe's contribution and other obligations as set forth in this MOU are, and shall be, contingent upon (i) the Secretary accepting trust title to the Trust Property, (ii) the Secretary, the NIGC or the courts determining that the Trust Property is eligible for gaming, (iii) the occurrence of the NIGC Approvals, (iv) the Tribe and the State entering into a Tribal-State Compact, the ratification of such Tribal-State Compact by the State legislature and the effectiveness of such Tribal-State Compact by approval of the Secretary or operation of law, and (v) the

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John A. Rute 7/11/06
Carmel [unclear] 7/11/06

occurrence of the Opening Date. In the event the Opening Date does not occur for any reason, the Tribe shall not be required to make any contributions to the County. Within ninety (90) days of each annual contribution, the Tribe and County shall collectively determine how best to publicly acknowledge expenditures made with contributions provided by the Tribe to the County under this MOU and to publicly attribute such expenditures to the Tribe, such as identifying specific areas where County services have been improved due to the Tribe's contribution, including the actual purchase of County assets. However, nothing in this section shall be construed to require the County to develop and maintain a separate accounting system of its expenditures for the Tribe.

Charlotte Scott
7/11/06

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7-11-06

C. No Other Payments. Except as is expressly set forth in Section II(A), II(H)(2) and II(D)(3) hereof, the Tribe shall not be required pursuant to this MOU or otherwise to:

- (1) make any payments, reimbursements, contributions or investments to, through or on behalf of the County for any taxes, fees, charges, cost reimbursements, service, fees or other assessments;
- (2) pay the County any other contributions or payments in mitigation of any economic or other impacts of the Project or any other developments on the Trust Property; or
- (3) acquire rights to any real property, or grant or transfer to the County, any rights to any real property, place, any conservation or other easement on any real property, or otherwise agree to forgo any rights with respect to any real property.

IV. ENVIRONMENTAL REVIEW.

The Tribe's proposed casino development is not legally subject to the California Environmental Quality Act (CEQA), but is required to comply with the National Environmental Policy Act (NEPA), the Tribe does agree to process all of its Project proposals for the Property in a manner which complies with NEPA. The Tribe will submit such development proposals for review by County staff to determine compliance with an environmental review that substantially complies with the spirit and intent of the process set out in Section 2, Section 3, and Section 4 of Lake County Ordinance Number 2268, provided however, that the Parties acknowledge that the Tribe agrees to follow these procedures only in the spirit of NEPA compliance, and the Parties further acknowledge that CEQA does not apply. Nothing in this MOU shall be deemed to confer authority to the County to approve or disapprove the Project.

A. NEPA Matters. The Parties acknowledge their understanding that the Secretary will be required to comply with the requirements of NEPA in connection with the Secretary's decision regarding whether to accept trust title to the Property. The Parties further acknowledge that the public, including the

County, will have the opportunity to comment upon the Environmental Report, when prepared by the Tribe.

B. CEQA Matters.

(1) County Action Not Required The Trust Acquisition, the Federal and State Actions, the Project and the approval, execution, delivery and implementation of this MOU are not activities that, within the meaning of CEQA, (A) are directly undertaken by the County or the surrounding communities, (B) are supported, in whole or in part, through contracts, grants, subsidies, loans or other forms of assistance from the County or the surrounding communities, or (C) involve the issuance of a lease, permit, license, certificate or other entitlement for use by the County or the surrounding communities.

(2) Effect of MOU By approving, executing, delivering and implementing this MOU, the County does not, and does not commit itself to, (i) issue any lease, permit, license, certificate or entitlement for use, (ii) develop, construct or improve any facilities or cause any other physical changes to the environment, or (iii) approve, shape, deliberate on or otherwise exercise judgment over the Trust Acquisition, the Federal and State Actions or the Project.

(3) Not a Project as Defined by CEQA The Trust Acquisition, the Federal and State Actions, the Project and the approval, execution, delivery and implementation of this MOU are not "projects" (as such term is defined in CEQA) of the County.

(4) Limited Funding Arrangement This MOU should be construed to be a funding arrangement which does not commit the County to make any physical changes in the environment.

V. TERM AND TERMINATION.

A. **Effective Date.** This MOU shall not become effective unless and until the following events have occurred:

(1) this MOU has been approved or ratified by the County Council, approved as to form by the County Counsel, and executed and delivered by the County; and

(2) this MOU has been approved or ratified by the Tribe's Executive Council, approved as to form by legal counsel to the Tribe, and executed and delivered by the Tribe.

B. **Expiration Date.**

- (1) Subject to the early termination provisions of this MOU, this MOU shall expire on the earlier of (i) the twentieth (20th) anniversary of the date of this MOU, or (ii) the date on which the Tribe permanently ceases operation of the Project, or (iii) the date of the expiration or termination of the Tribal-State Compact.
- (2) Prior to the termination of this MOU, the parties will negotiate in good faith toward a new agreement that meets the needs of the parties at that time.

C. Termination.

(1) Termination Upon Land Going Out of Trust: In the event that the Property is removed from trust or protected status such that the Property is no longer held in trust by the United States of America for the benefit of the Tribe, or otherwise would no longer constitute Indian Country as that term is understood pursuant to federal law, or in the event the Tribe ceases gaming operations on the Trust Property, the provisions of this MOU would become void as of that date as to any further obligations of the Tribe for the payment of any amounts which would become due and payable to the County after the date that the Property is removed from trust or "Indian Country" status.

(2) Effect of Expiration or Termination Upon the expiration or termination of this MOU, the provisions of this MOU shall be of no further force or effect and none of the provisions of this MOU shall survive such expiration or termination; provided, however, that the Tribe shall continue to make contributions pursuant to the terms of this MOU which became due and payable prior to any expiration or termination date.

D. Suspension Events. If, due to Force Majeure (as hereinafter defined), an act of God, valid business considerations, or the events listed in Section V(E)(1.) below, or in the event the Tribe ceases gaming operations on the Trust Property, the Parties' obligations under this MOU shall be suspended as of the date of such suspension or termination until such time as such operations are resumed. For the purposes of this Section, the term "Force Majeure" shall include, without limitation, the following: earthquake; flood; fire; other natural disasters; riots; war; or terrorism. Nothing in this Section shall reduce the Tribe's liability for contributions or other payments which become due and payable prior to the date such gaming operations are suspended or terminated.

E. Renegotiation Provision.

- (1) Either Party may request that the other Party renegotiate one or more of the terms of this MOU if, and only if: (a) there is a significant

change that directly or indirectly relates to the Party's expectations under this MOU; (b) that change materially impacts that Party; (c) that change could not have been reasonably anticipated at the time of entering into this MOU. Such changes may include, but are not limited to:

(i) a change in State or federal constitutions, laws, rules or regulations, relating to gaming on Indian lands, or ending the prohibition on Class III gaming (as defined in IGRA) or the operation of gaming devices by non-Indians in the State;

(ii) a reduction in the scope of gaming permitted on the Trust Property, whether pursuant to a change in federal, state or local constitutions, laws, rules or regulations, the Tribal-State Compact or otherwise;

(iii) the Tribal-State Compact, as amended or interpreted from time to time, (1) does not authorize the Tribe to conduct the scope of Class III (as defined in IGRA) gaming activities authorized by the State 1999 model Tribal-State Gaming Compact, or (2) does not authorize the Tribe to operate at least 350 gaming devices;

(2) Renegotiation Procedures All requests by either Party to renegotiate or amend this MOU shall be by written notice addressed to the other Party and shall identify the provisions of this MOU to be negotiated. Upon receipt of such notice, the Parties shall be obligated to renegotiate applicable provisions of this MOU in good faith. The Parties shall confer promptly and determine a schedule for commencing negotiations within fifteen (15) days of receipt of notice. The Parties are hereby authorized to designate the person or agency responsible for conducting the negotiations, and shall execute any documents necessary to do so. The purpose of the negotiations will be to renegotiate the applicable provisions of this MOU in good faith so that the Parties will retain substantially the same rights and economic benefits in the aggregate from the Project as are contemplated as of the date of execution of this MOU.

VI. DISPUTE RESOLUTION PROVISIONS.

A. Dispute Resolution. In an effort to foster good government-to-government relationships, the Parties agree to the dispute resolution procedures set forth in this Section.

B. Meeting. The Parties shall make their best efforts to resolve claims of any dispute specifically arising under this MOU by good faith negotiations whenever

possible. The Parties shall meet and confer in good faith to resolve any disputes arising under the MOU or concerning its terms or administration as follows:

(1) A Party shall give the other Party, as soon as possible after the dispute arises, written notice setting forth, with specificity, the Party's claims.

(2) The Parties shall meet and confer in a good faith attempt to resolve such dispute through negotiation not later than 10 days after receipt of notice, unless the Parties agree in writing to an extension of time.

C. Arbitration. If such dispute is not resolved to the satisfaction of the Parties within thirty (30) calendar days after the first meeting, then the Parties may seek to have the dispute resolved by arbitration in accordance with the following procedures:

(1) Upon the request of a Party in writing, the dispute shall be submitted to binding arbitration in accordance with this Subsection.

(2) The disputes to be submitted to arbitration shall be limited to disputes specifically arising under this MOU.

(3) In the event that there is any dispute as to whether a matter is subject to the arbitration provisions of this MOU, or any dispute concerning the scope of the matter or matters to be arbitrated, the disagreement as to whether the dispute is subject to the arbitration provisions of this MOU or the scope of such arbitration shall be resolved by the courts referenced in Subsection D of this Section.

(4) The arbitration shall be administered by a single arbitrator. The Tribe and the County shall jointly select the arbitrator.

(5) The arbitration shall be held in Lake County, or at such other location as shall be mutually agreed upon by the Parties.

(6) The arbitration shall be administered in accordance with the Commercial Arbitration Rules of the American Arbitration Association utilizing the Expedited Procedures, as modified by the provisions of this MOU.

(7) The provisions of Section 1283.05 of the California Code of Civil Procedure shall apply; provided, however, that no discovery authorized by that section may be conducted without leave of the arbitrator.

(8) Each side shall bear its own costs, attorneys' fees, and one-half the costs and expenses of the arbitrator.

(9) Subject to the provisions of this Section, the arbitrator shall only be empowered to grant monetary awards or damages and only to the extent permitted in Subsection D(2).

(10) The decision of the arbitrator shall be in writing and shall give reasons for the decision.

(11) The County hereby waives any applicable requirements of the Government Claims Act (California Govt. Code section 810 *et. seq.*) that an administrative claim be filed by the Tribe prior to any arbitration demand.

D. Confirmation of Decisions. Any Party to an arbitration in which an award or decision has been made pursuant to this Section may petition the State Superior Court for Lake County to confirm the decision. The Parties expressly consent to be sued in such Court for the purposes of confirmation of such an award. An award shall be confirmed of any such decision. A decision shall be confirmed, provided that:

(1) The decision is limited to the purposes of arbitration stated in this MOU and to matters specifically arising under this MOU.

(2) No monetary award or damages may be awarded except for decisions which require the payment of sums pursuant to breaches of obligations of the Parties under this MOU and which are not inconsistent with the Tribe's limited waiver of sovereign immunity as set forth in this MOU.

(3) No person or entity other than the Parties is party to the action, unless failure to join a third party would deprive the court of jurisdiction; provided that nothing herein shall be construed to constitute a waiver of the sovereign immunity of the Parties in respect to any such third party.

If an award or decision is confirmed, judgment shall be entered in conformity therewith. The judgment so entered has the same force and effect as, and is subject to all the provisions of law relating to, a judgment in a civil action; and may be enforced like any other judgment of the court in which it is entered.

E. Actions. The express waivers and consents provided for in Subsection D hereof shall only extend to the following: civil actions specifically arising under this MOU; civil actions to compel arbitration; civil actions to determine whether a matter is subject to arbitration or determine the scope of the arbitration; any arbitration proceeding as provided herein; any action to confirm or enforce any judgment or arbitration award as provided herein; and any appellate proceedings emanating from a matter in which an immunity waiver has been granted. Except

as stated herein or elsewhere in this MOU, no other waivers or consents to be sued, either express or implied, are granted by either Party.

F. Other Dispute Resolutions. This Section may not be construed to waive, limit, or restrict the ability of the Parties to pursue, by mutual agreement, any other method of dispute resolution, including, but not limited to, mediation or utilization of a technical advisor to the Parties; provided, however, that no Party is under an obligation to agree to any such alternative method of dispute resolution.

G. Confidentiality. The Parties agree that any dispute resolution meetings or communications, arbitration proceedings, or agreements between the Parties settling or otherwise relating to any claims of breach of this MOU or otherwise shall be and remain confidential to the extent not prohibited by applicable law.

VII. LIMITED WAIVER OF SOVEREIGN IMMUNITY.

A. Waiver. Subject to the provisions of this Section, each of the Parties expressly and irrevocably waives sovereign immunity (and any defenses based thereon) in favor of the other Party (but not as to any other person or entity) as to any civil action relating to claims of dispute specifically arising under this MOU and not as to any other actions, matters or disputes.

B. Limitations on Tribe's Waiver. The Tribe's waiver of sovereign immunity in favor of the County is specifically limited to permitting, and does permit, the decisions referenced in Section VI.(E). Notwithstanding the foregoing or other provisions of this MOU, the Tribe does not waive its sovereign immunity to permit any monetary award or damages against, and the arbitrators and the courts will have no authority or jurisdiction to issue any monetary award or damages or order the execution or enforcement of any monetary award or damages against, any assets or revenues of the Tribe except for the Tribe's share of the net revenues distributed or to be distributed to the Tribe by the Facility's operations, which are included within the Project. The Tribe does not waive its sovereign immunity with respect to (i) actions by third parties, or (ii) disputes between the Tribe and the County which do not specifically arise under this MOU.

VIII. MISCELLANEOUS.

A. Severability.

(1) If any provision of this MOU is held by the Secretary, the arbitrators or a court of competent jurisdiction to be illegal, invalid, unenforceable, unauthorized, annulled, voided or set aside, under present or future laws, the remaining provisions of this MOU shall remain in full force and effect and shall not be affected by such provision or by its

severance from this MOU. In the event of any such determination, the Parties shall enter into good faith negotiations to replace the prohibited or invalid provision with a valid provision, the economic effect of which comes as close as possible to that of the invalid provision, which negotiations shall be conducted pursuant to the provisions of Section V(E)(2) of this MOU.

(2) In the event that the entire MOU is declared null and void or the actions of the County, the County Board of Supervisors or their respective officials in connection with the approval, execution or delivery of this MOU are set aside, voided or annulled, the Parties shall enter into good faith negotiations to negotiate a new agreement.

B. Scope. This MOU is intended to apply, and shall be construed to apply, solely to the Property, and, after the Trust Acquisition Date, solely to the Trust Property and shall not be construed to apply to any other property.

C. Binding Agreement. This MOU is intended to be, and shall be construed to be, binding upon the Parties and all successors and successors-in-interest of each Party, including, in the case of the County, any future County Board of Supervisors, and, in the case of the Tribe, future Executive Committees. The County intends that its approval, execution, delivery and performance of this MOU shall (i) be construed to be administrative actions, as distinguished from legislative actions, and (ii) not be construed to be an express or implied enactment, adoption or amendment of any zoning ordinance, general plan, special plan or elements thereof.

D. Notice. All notices required by this MOU will be deemed to have been given when made in writing and delivered or mailed to the respective Party and their representatives at their respective addresses as set forth below, or such other address as they may provide to the other Party from time to time:

For the Tribe:

Habematolel Pomo of Upper Lake

With a copy to:

Rosette & Associates PC
6124 E. Brown Rd #101
Mesa, AZ 85205
Attention: Robert A. Rosette, Esq.

For the County:

County of Lake

Courthouse
255 North Forbes Street
Lakeport, California 95453
Attention: Board of Supervisors, Chair
in care of Kelly Cox, Administrative Officer

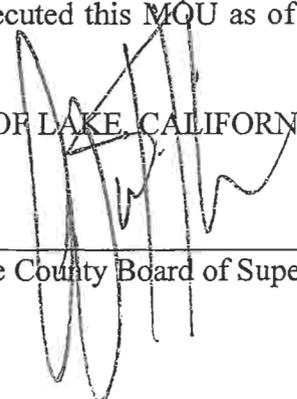
E. Governing Law. This MOU shall be governed by, and construed in accordance with, the laws of the State of California.

F. Construction of MOU. This MOU, together with all Exhibits hereto, constitutes the entire agreement between the Parties relating to the subject matter hereof and supersedes all prior negotiations, representations, or other agreements, whether written or oral. In the event of a dispute between or among the Parties as to the language of this MOU or the construction or meaning of any term hereof, this MOU shall be deemed to have been drafted by the Parties in equal parts so that no presumptions or inferences concerning its terms or interpretation may be construed against, or in favor of, any Party based on the preparation or negotiation of this MOU. The headings contained in this MOU are for convenience of reference only and shall not effect the construction or interpretation hereof.

IN WITNESS WHEREOF, the Parties have executed this MOU as of the date first set forth above.

COUNTY OF LAKE, CALIFORNIA

Date: 6-11, 2006

By: 
Lake County Board of Supervisors, Chair

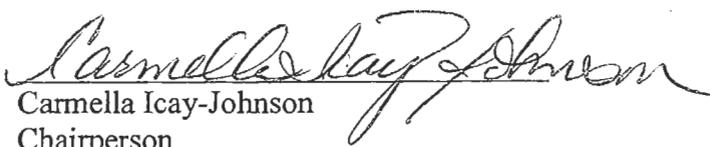
APPROVED AS TO LEGAL FORM BY
COUNTY COUNSEL:

Date: 6-12, 2006

By: 
Anita L. Grant
County Counsel

HABEMATOLEL POMO OF UPPER LAKE

Date: June 28, 2006

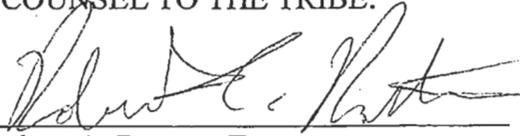
By: 
Carmella Icaay-Johnson
Chairperson



APPROVED AS TO LEGAL FORM BY
LEGAL COUNSEL TO THE TRIBE:

Date: 6-18, 2006

By:



Robert A. Rosette, Esq.
Rosette & Associates PC
Legal Counsel to the Tribe

LEGAL DESCRIPTION

EXHIBIT "A"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED THE UNINCORPORATED AREA, COUNTY OF LAKE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

BEGINNING at a point on the Southerly line of the Ukiah-Tahoe State Highway No. 20 that is South 12° 57' West from a point on the center line of Section 7, Township 15 North, Range 9 West, M.D.M., that is West 317.2 feet from the center of said Section, and running thence, from said point of beginning, South 12° 57' West to a point that is South 12° 57' West, 231.5 feet from a point on the center line of said Section that is West 317.2 feet from the center of said Section; thence West 219 feet to the East line of the lands formerly owned of record by Charles W. Sailor, thence, along the East line of said former Sailor lands, South 30' West 241.2 feet; thence, along the Southerly line of said former Sailors lands, North 82-1/2° West 265.4 feet to the East line of Lot 4 of said Section 7, said last mentioned point being on the East line of said former Sailor lands; thence South, along the East line of said Lot 4, 2.50 chains, more or less, to the Northwest corner of the East Half of the Northwest quarter of Section 18, Township 15 North, Range 9 West, M.D.M.; thence South to a point that is due West of a point that is North 0° 09' West, 1504.88 feet from a 1-1/4 inch pipe that is West 653.07 feet from the center of said Section 18; thence East to said point that is North 0° 09' West 1504.88 feet from a 1-1/4 inch iron pipe that is West 653.07 feet from the center of said Section 18; thence North 0° 09' West 1504.88 feet; thence East to a point that is South 12° 57' West from a point on the Southerly line of said State Highway that is South 83° 56' East 237.7 feet from the point of beginning; thence North 12° 57' East to said point on the Southerly line of said State Highway that is South 83° 56' East, measured along the Southerly line of said State Highway, 237.7 feet from the point of beginning; thence, along the Southerly line of said State Highway, North 83° 56' West 237.7 feet to the point of beginning

APN: 004-013-16 and 004-010-34

LEGAL DESCRIPTION

EXHIBIT "A"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED THE UNINCORPORATED AREA, COUNTY OF LAKE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE:

BEGINNING at a point on the southerly line of Ukiah-Tahoe State Highway No. 20 that is South 83° 56' East, measured along the southerly line of said State Highway, 237.7 feet from the Northwest corner of tract Two as said Tract Two is described in that certain deed from Ruth C. Polk, a widow, and Elysse P. Twedt, her daughter, to Robert C. Polk, et ux., as joint tenants, dated August 6, 1959, and of record in Book 316 of Official Records of Lake County at Page 208, and running thence, from said point of beginning, South 12° 57' West to a point that is due East of a point that is North 0° 09' West 3009.76 feet from a 1-1/4 inch iron pipe that is West 653.07 feet from the center of Section 18, Township 15 North, Range 9 West, M.D.M.; thence East to the Southerly terminal end of that certain course given as North 12° 50' 30" East 1381.46 feet on said Polk deed; thence, along the easterly line of said Polk tract, North 12° 50' 30" West 1381.46 feet to an iron pipe on the Southerly line of said Highway; and thence, along the Southerly line of said Highway, North 83° 56' West 237.7 feet to the point of beginning

PARCEL TWO:

BEGINNING at a 1-1/4 inch iron pipe that is West 653.07 feet from the center of Section 18, Township 15 North, Range 9 West, M.D.M., and running thence, from said point of beginning, North 0° 09' West 1504.88 feet; thence West to the Westerly line of that certain tract described as Tract Two in a deed from Ruth H. Polk and Elysse P. Twedt, her daughter, to Robert C. Polk, et ux., dated August 6, 1959, and of record in Book 316 of Official Records of Lake County at Page 208; thence, along the Westerly line of said tract so conveyed to Robert C. Polk, et ux., South to the Southwest corner thereof; and thence, along the South line of said tract so conveyed to Robert C. Polk, et ux., East 677.07 feet to the point of beginning.

APN: 004-010-35 and 004-013-17