

When recorded, return to:
Salt River Project
Attention: Legal Services
Mail Station PAB4TA
P.O. Box 52025
Phoenix, Arizona 85072-2025

MEMORANDUM OF EXTENSION LEASE

BETWEEN

THE NAVAJO NATION, as Lessor

AND THE

**SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT**

ARIZONA PUBLIC SERVICE COMPANY

TUCSON ELECTRIC POWER COMPANY

NEVADA POWER COMPANY d/b/a NV Energy

DEPARTMENT OF WATER AND POWER OF CITY OF LOS ANGELES, as Lessees

THIS MEMORANDUM OF EXTENSION LEASE (“Memorandum”) is made and entered into by and between THE NAVAJO NATION (“Nation”), as lessor, and SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT (“Salt River Project”), ARIZONA PUBLIC SERVICE COMPANY (“APS”), TUCSON ELECTRIC POWER COMPANY (“Tucson”), NEVADA POWER COMPANY d/b/a NV Energy (“Nevada”) AND THE DEPARTMENT OF WATER AND POWER OF CITY OF LOS ANGELES (“Los Angeles” and collectively with Salt River Project, APS, Tucson and Nevada, together with their successors and assigns, “Lessees”, and each a “Lessee”), as lessees, and is approved by the Secretary of the Interior on this ___ day of _____, 2017 (the “Effective Date”). The Nation and Lessees are hereinafter collectively referred to as the “Parties” or individually as “Party.”

RECITALS

WHEREAS, the Nation and the Lessees are parties to that certain Extension Lease of contemporaneous date herewith (the “Lease”). The Lease is for an electrical generation facility and transmission systems commonly known as the Navajo Project located in portions of the Navajo Nation and Navajo County and Coconino County, Arizona (the “Leased Premises”).

WHEREAS, the Nation has, as evidenced by Resolution CJN-33-17 dated June 29, 2017, authorized the Navajo Nation President to execute all necessary documents related to the Lease, including this Memorandum, which is an exhibit to the Lease, upon the terms and conditions set forth in the Resolution and the Lease, which the Nation has deemed to be in the best interests of the Nation.

WHEREAS, the Lessees have applied or will apply for the grant from the Secretary of one or more §323 Grants and the Nation has consented pursuant to Resolution CJN-33-17, to the issuance by the Secretary of such §323 Grants on terms and conditions substantially the same as the terms and conditions of the Lease and the rights-of-way and easements granted to the Lessees by the Secretary under each §323 Grant are intended to be and shall be additional and supplementary to, separate and independent from, and not conditioned upon the leasehold rights leased to the Lessees under the Lease, including as to the Lease evidenced by this Memorandum.

NOW THEREFORE the Nation and Lessees desire to enter into and record this Memorandum effective as of the Effective Date.

PURSUANT TO THE LEASE the Nation has leased to Lessees as co-tenants, and Lessees as co-tenants have leased from the Nation, the Leased Premises. The Nation and Lessees desire to confirm the Lease of record and by this Memorandum intend to provide record notice of the Lease and certain of its terms. In connection with the Lease, the Nation and Lessees acknowledge, agree and confirm as follows:

1. LEASE. The Nation has leased and demised (and hereby confirms the lease and demise) of the Leased Premises to Lessees, as co-tenants, upon and subject to the terms, covenants and conditions of the Lease. The Leased Premises are divided into Tract A and Tract B, as legally described on Exhibit A hereto.

2. LEASE TERM. The term of the Lease commences on **December 23, 2019**. The rent commencement date under the Lease is **December 23, 2019**.

Tract A. The Lease Term for Tract A is for thirty-five (35) years and expires on **December 22, 2054**, without extension of the Lease term.

Tract B. The Lease Term for Tract B is for thirty-five (35) years and expires on **December 22, 2054**, with one (1) extension of the Lease Term for Tract B, as referenced below.

3. EXTENSION OF LEASE TERM FOR TRACT B. The Lease Term for Tract B shall be extended once for either a 2-Year Extension Period or a 35-Year Extension Period, all as provided for in Section 8 (Further Compensation and Terms and Conditions Related to Tract

B) of the Lease. The Lease Term, as it relates solely to the Tract B and the related §323 Grants will be extended for the applicable time period provided for in Section 8 of the Lease, commencing on the day immediately following the expiration date of the Lease Term for Tract B, being an expiration date of **December 23, 2054** (as applicable, the “Extension Period”), on the same terms and conditions provided in the Lease, with the exception that the aggregate Lease rental and §323 Grant payments from the Lessees for the entire Extension Period shall be \$10.00 per annum, which may be prepaid or paid in a lump sum at any time by the Lessees. No Extension Period shall apply to Tract A.

4. OFFSITE ACCESS. The parcels comprising the Leased Premises are not all contiguous or always abutting public rights-of-way.

(A) Road Access. Lessees and their authorized representatives are permitted use for the Lease term, as it may be extended, of all access roads located outside the Leased Premises on Reservation Lands and recognized as a portion of Navajo Nation road system by the Navajo Department of Transportation, or other roads in consultation with the U.S. Bureau of Indian Affairs (“BIA”), for purposes of the operation, maintenance, repair, retirement and remediation of the Transmission Facilities and NGS; provided, however, that the Lessees are not obligated to maintain those roads, except for maintenance made necessary by Lessees’ use of the roads.

(B) Other Access. During certain periods of the Lease Term the Lessees are permitted, in consultation with the Navajo Department of Transportation and to the extent use of access roads is not practicable, a right to reasonable access across Reservation Lands to or from the Leased Premises for heavy haulage. The Lease provides for certain restoration and damage reimbursement obligations of Lessees, as provided in the Lease.

5. RIGHT OF ACCESS FOR ACTIVITIES AFTER END OF LEASE TERM. Applicable Law currently requires groundwater monitoring and other post-closure care of the Ash Landfill located on a portion of the Leased Premises (the Ash Disposal Area) for thirty (30) years and possibly longer from the date of closure of the Ash Landfill, as provided in the Lease. Other remediation or monitoring activities may continue past the end of the Lease Term. In the event that any such activities, at the Ash Disposal Area or elsewhere on the Leased Premises, are required to take place after the end of the Lease Term for Tract A or Tract B, the Nation shall provide reasonable access to Lessees and their authorized representatives, at all reasonable times and upon Lessees' compliance with the Nation's safety and security rules, to the Ash Disposal Area or any other areas necessary for these post-closure activities. The right of access shall be solely for the purpose of conducting the required activities, and shall terminate when those activities are complete or no longer required under Applicable Law.

6. SURRENDER. Portions of Tract A will be Surrendered by Lessees to the Nation during the Lease term. No portion of Tract B shall be Surrendered to the Nation during the Lease Term. “Surrender” means the surrender to and the Nation's corresponding acceptance of portions of Tract A as “Surrendered Lands” under Section 6 (Surrender) of the Lease. Upon Surrender: (1) the leasehold interest of the Lessees in the Surrendered Lands is extinguished; and (2) possession thereof by Lessees is relinquished, subject to and reserving rights of reasonable access by both the Nation and Lessees, all as provided in the Lease.

7. TENANTS IN COMMON STATUS; BENEFICIAL INTEREST.

(A) Co-Tenants. It is intended under the Lease that the Nation shall lease to the Lessees undivided interests as tenants in common in the Leased Premises with their respective undivided interests in the said real property being as follows:

Lessee	NGS Site/Tract A	Transmission Sites/Tract B	
	NGS and Related Property	Western Transmission System	Southern Transmission System (see Note 1)
APS	14.0%	0.0%	20.5%
Los Angeles	19.7%	48.9%	7.8%
NV Energy	11.3%	26.1%	4.5%
Salt River Project	47.5%	25.0%	56.2%
Tucson	7.5%	0.00%	11.0%
Note 1: Ownership values are based on acres equivalent and not on transmission capacity.			

Notwithstanding the foregoing, Lessees reserve the right to readjust and reallocate undivided interests in the Lease from time to time. The readjustment shall be effective when made and no modification of this Memorandum shall be required for that readjustment and reallocation to be effective.

(B) Beneficial Interest. Pursuant to other agreements related to the Navajo Project, Salt River Project presently owns 23.2 percent (23.2%) of the NGS Site for its own use and benefit and owns 24.3 percent (24.3%) of the NGS Site for the use and benefit of the United States of America. Pursuant to other agreements related to the Navajo Project, Salt River Project presently owns 32.3 percent (32.3%) of the STS Site portion of the Transmission Site for its own use and benefit and presently owns 23.9 percent (23.9%) of said STS Site portion of the Transmission Site for the use and benefit of the United States of America, and Salt River Project owns 25 percent (25%) of the WTS Site portion of the Transmission Site for the use and benefit of the United States of America. That beneficial ownership may be changed from time to time and no modification of this Memorandum shall be required for that change to be effective.

8. SEVERAL RIGHTS OF CO-TENANTS. As between the Lessees and Nation, each Lessee hereunder shall have the several and individual right to exercise all rights of whatever kind leased to Lessees under the Lease, including all rights in and to the Leased Premises and including the rights to occupy and use the Leased Premises, including without limitation, for NGS Retirement and NGS Site Remediation and for the operation, maintenance, Transmission Removal and Remediation of the Transmission Facilities located on portions of the Leased Premises, and for occupancy and use of the other portions of the Leased Premises in accordance with the Lease.

9. SUCCESSORS AND ASSIGNS. This Memorandum is a covenant running with the land as an equitable servitude for the benefit of the Nation and each Lessee. The terms and conditions contained herein shall extend to and be binding upon the successors, heirs, assigns, executors, administrators, employees and agents, of each Party.

10. RECORDATION. This Memorandum shall be recorded in the applicable public records and in accordance with Schedule 1.

11. EXECUTION IN COUNTERPARTS. This Memorandum may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument and as if all of the Parties to the aggregate counterparts had signed the same instrument. Any signature page of this Memorandum may be detached from any counterpart thereof without impairing the legal effect of any signatures thereon, and may be attached to other counterparts of this Memorandum identical in form hereto but having attached to it one or more additional signature pages.

12. ESTOPPEL CERTIFICATES. During the Lease Term on request of another Party, each of the Parties shall provide appropriate estoppel certificates to the requesting Party within forty-five (45) days of delivery of a written request. During any extended Lease Term, the Parties having an interest in Tract B shall provide on the request of another Party an appropriate estoppel certificate to one or more other Parties within forty-five (45) days of deliver of a written request. No estoppel certificate shall be recorded.

13. RECITALS. The Recitals are incorporated into this Memorandum. This Memorandum shall not amend any provision of the Lease. The Lease shall control over this Memorandum.

14. REFERENCED TERMS. Capitalized terms in this Memorandum shall have the meaning set forth in the Lease, as amended from time to time, except as otherwise provided below.

(A) “**Effective Date**” means the date that the Secretary has approved this Memorandum, which shall be inserted on page one of this Memorandum.

(B) “**Secretary**” means the Secretary of the Interior or his or her authorized representative or the person or agency as he or she may expressly designate to perform the functions specified in this Memorandum to be performed by the Secretary or any Federal agency as may succeed to the duties of the Secretary under the Lease and this Memorandum.

(C) “**§323 Grants**” means, singularly or collectively, one or more grants of rights-of-way and easements under the Act of February 5, 1948 (62 Stat. 17, 18, 25 U.S.C. §§323-328), the Act of March 3, 1879 (20 Stat. 394, 5 U.S.C. §485), as amended, and the Acts of July 9, 1832, and July 27, 1868 (4 Stat. 564, 15 Stat. 228, 25 U.S.C. §2), and such current regulations promulgated thereunder as are applicable, including 25 C.F.R. §1.2 and Part 169, to Lessees.

SCHEDULE 1
RECORDING OFFICES

A duplicate original of this instrument shall be recorded or filed in the following records and each Party shall execute and deliver, in recordable form, such further documents, supplements, certifications and resolutions to cause the same to be recorded or the recording thereof renewed:

US Department of the Interior, Land Titles and Records Office	Albuquerque, New Mexico
Navajo Nation Land Department Administration, GIS Section	Window Rock, Navajo Nation (Arizona)
Navajo Nation Environmental Protection Agency	Window Rock, Navajo Nation (Arizona)
Navajo County Recorder, Arizona	Holbrook, Arizona
Coconino County Recorder, Arizona	Flagstaff, Arizona
LeChee Chapter	LeChee, Arizona

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties have caused this Memorandum to be executed as of the date first above written.

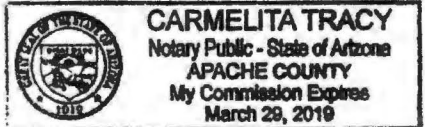
THE NAVAJO NATION

By: *Russell Begaye*
Russell Begaye, President
Navajo Nation *RMB*

Date: *July 1, 2017*

STATE OF ARIZONA)
County of *Apache*) ss.

The foregoing instrument was acknowledged before me this *1st* day of *July*, 2017 by Russell Begaye, the President of the Navajo Nation, on behalf of the Nation.



Carmelita Tracy
Notary Public

My commission expires: *03/29/19*

IN WITNESS WHEREOF, the Parties have caused this Memorandum to be executed as of the date first above written.

LESSEES:

ARIZONA PUBLIC SERVICE COMPANY

ATTEST:

KAREN M'LOUGHLIN
Secretary
Karen M'Laughlin

By: David A. Hansen
David A. Hansen
Its: Vice President, Fossil Generation
Date: 6/29/17

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 29th day of June, 2017 by David A. Hansen, the Vice President, Fossil Generation of Arizona Public Service Company, an Arizona corporation, on behalf of the company.

Karen M'Laughlin
Notary Public

My commission expires: 10/15/2018



IN WITNESS WHEREOF, the Parties have caused this Memorandum to be executed as of the date first above written.

**DEPARTMENT OF WATER AND POWER OF
THE CITY OF LOS ANGELES BY BOARD OF
WATER AND POWER COMMISSIONERS**

By _____

Title _____

Date _____

And: BARBARA E. MOSCHOS

Board Secretary _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document

State of California)

County of _____)

On _____ before me, _____ personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) 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)

IN WITNESS WHEREOF, the Parties have caused this Memorandum to be executed as of the date first above written.

NEVADA POWER COMPANY d/b/a NV Energy


ATTEST:


Secretary or Assistant Secretary

By: 
Paul Caudill
Its: President and Chief Executive Officer
Date: 6/29/17

STATE OF NEVADA)
) ss.
County of Washoe)

The foregoing instrument was acknowledged before me this 29 day of June, 2017 by Paul Caudill, the President and Chief Executive Officer of Nevada Power Company d/b/a NV Energy, a Nevada corporation, behalf of the company.



Notary Public

My commission expires: May 2, 2021



IN WITNESS WHEREOF, the Parties have caused this Memorandum to be executed as of the date first above written.

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT

ATTEST AND COUNTERSIGNED:

Secretary

By:

Michael Hummel

Michael Hummel

Its: Deputy General Manager Resources & Finance

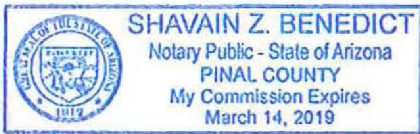
Date: 6/29/17

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 29 day of June, 2017 by Michael Hummel, the Deputy General Manager Resources & Finance of the Salt River Project Agricultural Improvement and Power District, on behalf of the district.

Shavain Z. Benedict
Notary Public

My commission expires: 3/14/2019



SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT FOR THE USE AND BENEFIT OF THE UNITED STATES

ATTEST AND COUNTERSIGNED:

Secretary

By:

Michael Hummel

Michael Hummel

Its: Deputy General Manager Resources & Finance

Date: _____

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____, 2017 by Michael Hummel, the Deputy General Manager Resources & Finance of the Salt River Project Agricultural Improvement and Power District, for the use and benefit of the United States.

Notary Public

My commission expires: _____

IN WITNESS WHEREOF, the Parties have caused this Memorandum to be executed as of the date first above written.

TUCSON ELECTRIC POWER COMPANY

ATTEST:

Shirley Dwyer
Witness

By: [Signature]
Mark Mansfield
Its: Vice President Energy Resources

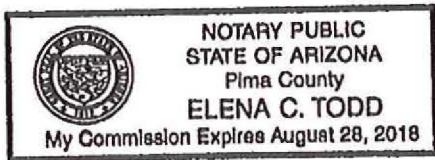
Date: June 29, 2017

STATE OF ARIZONA)
) ss.
County of Pima)

The foregoing instrument was acknowledged before me this 29th day of June, 2017 by Mark Mansfield, the Vice President Energy Resources of Tucson Electric Power Company, an Arizona corporation, on behalf of the company.

[Signature]
Notary Public

My commission expires: August 28, 2018



MEMORANDUM OF EXTENSION LEASE BETWEEN THE NAVAJO NATION AS LESSOR AND THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, ARIZONA PUBLIC SERVICE COMPANY, TUCSON ELECTRIC POWER COMPANY, NEVADA POWER COMPANY, AND DEPARTMENT OF WATER AND POWER OF CITY OF LOS ANGELES AS LESSEES

**UNITED STATES
DEPARTMENT OF THE INTERIOR
Bureau of Indian Affairs**

THE WITHIN MEMORANDUM OF EXTENSION LEASE between THE NAVAJO NATION as Lessor and THE SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, ARIZONA PUBLIC SERVICE COMPANY, TUCSON ELECTRIC POWER COMPANY, NEVADA POWER COMPANY, and DEPARTMENT OF WATER AND POWER OF CITY OF LOS ANGELES as Lessees, for lands of the Nation located within the formal Navajo Indian Reservation is hereby approved pursuant to authority delegated from the Secretary of the interior to the _____ Secretary of Indian Affairs by _____.

Director
Bureau of Indian Affairs
Department of the Interior

Date of Approval

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2017, by _____, the authorized representative of the Secretary of the Interior, United States Department of the Interior, for and on behalf thereof.

Notary Public

My Commission Expires:

Exhibit A to Memorandum of Extension Lease

**THE NGS SITE
(Tract A)**

Legal Description of the NGS Site, a portion of the Leased Premises

SEE EXHIBIT A TO THE LEASE REFERENCED HEREIN FOR COMPLETE LEGAL DESCRIPTION. THE PARTIES AUTHORIZE SAID DESCRIPTION TO BE ATTACHED HERETO FOR FILING IN THE OFFICIAL RECORDS.

Exhibit A (Continued) to Memorandum of Extension Lease

**THE TRANSMISSION SITE
(Tract B)**

Legal Description of the Transmission Site, a portion of the Leased Premises

SEE EXHIBIT A TO THE LEASE REFERENCED HEREIN FOR COMPLETE LEGAL DESCRIPTION. THE PARTIES AUTHORIZE SAID DESCRIPTION TO BE ATTACHED HERETO FOR FILING IN THE OFFICIAL RECORDS.