



COMMONWEALTH of VIRGINIA

Office of the Governor

Molly Joseph Ward
Secretary of Natural Resources

January 8, 2018

Brett Glymph
Executive Director
Virginia Outdoors Foundation
39 Garrett Street, Suite 200
Warrenton, Virginia 20186

RE: Mountain Valley Pipeline and Atlantic Coast Pipeline Mitigation Agreements

Dear Ms. Glymph,

As you are aware, the Commonwealth of Virginia and Mountain Valley Pipeline, LLC (“MVP”) have entered into a Memorandum of Agreement for Comprehensive Mitigation of Virginia Resource Impacts of Mountain Valley Pipeline (“MVP MOA”) in connection with the construction of the proposed Mountain Valley Pipeline project, an approximately 488.3-kilometer (303.4-mi), 106.7-centimeter (42-in) diameter natural gas pipeline to be constructed in 17 counties in Virginia and West Virginia (the “MVP Project”). In addition, the Commonwealth of Virginia and Atlantic Coast Pipeline, LLC (“ACP”) have entered into a Memorandum of Agreement for Mitigation of Virginia Forest Fragmentation Impacts of the Atlantic Coast Pipeline (“ACP MOA”) in connection with the construction of the proposed Atlantic Coast Pipeline project, an approximately 600 mile long 42 inch diameter natural gas pipeline, together with certain lateral extensions, to be constructed in West Virginia, Virginia and North Carolina (the “ACP Project”).

The MVP MOA and the ACP MOA require MVP and ACP, respectively, to provide funding to certain identified public bodies and non-profit organizations, which funding is to be utilized to provide mitigation of the forest fragmentation impacts of the MVP Project and ACP Project. In light of your organization’s long history of successfully carrying out land conservation projects throughout the Commonwealth, the Virginia Outdoors Foundation (“VOF”) is identified as a recipient of Fifteen Million and No/100 Dollars (\$15,000,000.00) (the “MVP Mitigation Funds”) under the MVP MOA and Twenty Four Million and Six Hundred Fifty Thousand Dollars (\$24,650,000) (the “ACP Mitigation Funds”) under the ACP MOA.

VOF is willing to accept those funds, and has agreed to carry out mitigation activities consistent with the guidelines contained in the MOAs and consistent with the establishment and administration of VOF as provided for by Section 10.1-1800 of the Code of Virginia. VOF shall

hold the MVP Mitigation Funds and ACP Mitigation Funds, together with any interest and investment returns thereon, in a separate account to be utilized solely for funding of forest mitigation projects related to the MVP Project and ACP Project.

VOF shall utilize the MVP Mitigation Funds to complete forest mitigation projects designed to address the impact of the MVP Project on the Commonwealth's forests, while the ACP Mitigation Funds shall be utilized to complete similar projects designed to address the same impacts of the ACP Project. VOF shall select projects that are consistent with state agency mitigation standards and practices. In particular, VOF shall expend the MVP Mitigation Funds and the ACP Mitigation Funds on avoided deforestation activities, which includes the purchase of conservation easements on properties that will include restrictions on forest conversion and the fee simple acquisition of forestland with restrictions on forest conversion. Funding for the fee simple acquisition of property should include a prioritization on lands that will provide public access and where forestland preservation is essential to the public benefit that will be derived from the property. It is not the intention that VOF retain or manage fee simple acquisition properties, but VOF will transfer any such property to local, state, federal, and/or non-profit partners.

Additional criteria that VOF may apply in the evaluation of applications for the purchase of fee simple title or an open-space conservation easement include:

- Acquires land, or an easement on land, which provides permanent protection for areas of afforestation or forest enhancement;
- Permanently protects existing forested habitat on private lands;
- Acquires lands or easements adjacent to existing park systems or other recreational resources that expand and protect public conservation or recreational interests;
- Protects viewsheds or land important to the protection of (i) any federally designated Wild and Scenic River or American Heritage River in or adjacent to Virginia, (ii) Virginia's Scenic Rivers, (iii) designated Scenic Roads, (iv) Virginia Byways, and/or (v) nationally designated scenic lands or recreational trails, including greenways or blueways;
- Supports local and/or regional comprehensive plans for parks, open space, and outdoor recreational facilities, and/or contributes to the protection of a state, regionally, or locally identified conservation corridor;
- Addresses a need identified in the *Virginia Outdoors Plan* (VOP);
- Makes the grant-funded land available for public use, including, but not limited to, hunting, fishing, or wildlife watching; or
- Addresses a protection need identified in the Virginia Natural Heritage Plan.

In evaluating any potential mitigation project, VOF agrees that it shall consult with appropriate agencies of the Commonwealth, including the Department of Forestry, the Department of Conservation and Recreation, the Department of Environmental Quality, and the Department of Game and Inland Fisheries, to ensure that the proposed mitigation project meets the mitigation goals of the MOAs and furthers the Commonwealth's policies of environmental protection and enhancement of natural resources. VOF agrees that it shall not commit to funding

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any particular mitigation project until it engages in such consultation with the Commonwealth. VOF further agrees that it shall use reasonable efforts to obligate the Mitigation Funds on a timeline consistent with the progress of construction activities on the respective Projects.

Should either MVP exercise its termination rights under the MVP MOA, or ACP exercise its termination rights under the ACP MOA, the MOAs provide that VOF shall return to the terminating party a proportionate share of the Mitigation Funds based upon the number of miles of the pipeline route in Virginia for which tree clearing and grubbing activity remains to be performed compared to the total number of miles of the pipeline route requiring such activities in Virginia as part of the impacted Project.

VOF shall provide to the Commonwealth an annual report on its activities in administering the Mitigation Funds by January 31 of each year. VOF may, consistent with the MOAs, charge against the Mitigation Funds its reasonable expenses in completing any particular mitigation project, with the total of such expenditures not to exceed five percent (5%) of the Mitigation Funds (together with any interest and investment returns thereon).

This letter represents the entire agreement between VOF and the Commonwealth with respect to the Mitigation Funds, and this letter may be amended only with the written consent of both parties. I trust that the terms set forth in this letter will be acceptable to VOF. If so, please sign a copy of this letter and return a copy to my office.

On behalf of the Commonwealth, my thanks to you for all of the work your organization will do in the future utilizing these mitigation funds.

Sincerely,



Russ Baxter
Secretary of Natural Resources

On behalf of the Virginia Outdoors Foundation, by my signature below I indicate my organizations agreement with the conditions contained in this letter.


Brett Glymph, Executive Director


Date