

## Minutes of the Board of Directors Meeting

June 10, 2009

The Board of Directors held a closed session meeting at the Modesto Centre Plaza in Modesto, CA beginning at 1:30pm. A public board meeting was held following this meeting beginning at 3:00pm.

The following Directors participated in the discussion and decisions:

Art Baggett  
Truman Burns  
Paul Clanon  
Michele Dias  
Todd Ferrara (for Mike Chrisman)  
Rich Gordon  
Kevin Hunting  
Steve Larson  
Randy Livingston  
Duane Marti  
Robert Meacher  
Karen Mills  
Soapy Mulholland  
Mark Rentz  
Richard Roos-Collins  
Dave Sutton

The following Directors were absent:

Mike Chrisman  
Luis Arteaga  
Larry Myers  
Chris Nota

The following secondary representatives were present in the audience: Lee Adams; Nancee Murray; Nancy Ryan; and Mike Schonherr.

The following staff were present: Allene Zanger, Executive Director; David Moyce, General Counsel; Ric Notini, Director of Land Conservation; Steve Hagler, Director of Youth Investment; Joel Wagner, Finance Manager; Mary Adelzadeh, Chantz Joyce, and Heidi Krolick, Regional Land Conservation Managers; Toby Perry, Land Conservation Project Manager; Manav Thapar, Youth Investment Program Associate; Lauren Kelly, Executive Liaison; Renee Villanueva, Administrative Coordinator; and Bronwyn Hogan, Communications Manager.

Members of the public were also present.

### SUMMARY OF ACTIONS AND RESOLUTIONS

1. **Adoption of the April 30, 2009 Minutes of the Board of Directors (Action):** The board adopted the April 30, 2009 Minutes of the Board of Directors.
2. **Recommendation for Selection of Kennedy Meadows Donee (Action):** The board approved the Planning Committee's request to adopt the staff and Planning Committee's recommendation regarding the donees of the Kennedy Meadows planning unit, specifically, that the Mother Lode Land Trust become the holder of a conservation easement on the property; that the County of Tuolumne hold fee title to the property; and that the Tuolumne County Resource Conservation District have a role as a participant in future land management and enhancement activities as a

conservation partner. Along with this recommendation, the board approved initial transaction terms which are expected to guide negotiations with the donees for the Kennedy Meadows property.

## MEETING SUMMARY

Council Co-Chair Art Baggett called the meeting to order and asked each director and staff member to introduce himself or herself, noting that a quorum was present. He then welcomed new board member Lee Adams stating that Mr. Adams was appointed by the Regional Council of Rural Counties as their new secondary representative. Mr. Baggett then thanked the Tuolumne River Trust for hosting the board on a youth-focused field trip just prior to the board meeting. He stated that the Tuolumne River Trust is a recipient of a 2008 Impact Fund grant and that the board had an opportunity to experience a canoe trip down the Tuolumne River and to talk with youth about the program and challenges they face experiencing the outdoors.

Mr. Baggett went on to briefly review outcomes of the Council's closed session meeting held just prior to the public session. He noted that the board agreed that a draft Funding Policy is ready to be posted to the Council's website for public comment for a period of 30 days. Mr. Baggett then reminded the board and the public that advance copies of the meeting agenda and staff reports were posted to the Council's website prior to the meeting to help facilitate public participation. With this, he briefly reviewed the meeting agenda, noting two action items, and asked members of the board if they had any conflicts of interest to disclose at this time. Hearing no conflicts, the meeting proceeded.

Mr. Baggett reviewed the meeting objectives and the plan for public comment during this meeting. He stated that the board had designated three specific public comment periods throughout the meeting: 1) General comments to be heard at the beginning of the meeting; 2) Comments specific to the Kennedy Meadows recommendation to be heard at the time of the agenda item; and 3) General public comments to be heard at the end of the meeting. Noting the public comment cards, Mr. Baggett called the following individual to speak regarding the general topic identified below:

**Sonya Harrigfeld:** Member of Stanislaus County Department of Parks and Recreation. Thanked the board for awarding a \$200,000 Infrastructure grant to build the community's Regional Water Safety Training Center – Empire Pool. She stated that the goal of this program is to teach all kids how to swim to avoid tragedies similar to what occurred six years ago when three young brothers drowned. Randy Livingston thanked Ms. Harrigfeld for her work stating that there are many drownings in the rivers of California each year making water safety an important task.

Following the general public comment period, Mr. Baggett turned the Council's attention to the Consent Calendar on the agenda. He stated that there was one item requested for adoption, the April 30, 2009 Minutes of the Board of Directors. Mr. Baggett then asked if there were any questions or objections to this request, and hearing none, the board adopted the minutes as presented.

Mr. Baggett asked Allene Zanger to provide the Executive Director's Report. Ms. Zanger began her report by thanking the US Forest Service, the Tuolumne County Resource Conservation District, Mother Lode Land Trust, and the County of Tuolumne for their level of commitment to preserving Kennedy Meadows and their patience with the Stewardship Council pilot process. She also expressed appreciation to the members of the public who have been engaged throughout the process to identify a donee for the Kennedy Meadows planning unit. Ms. Zanger went on to thank the Stewardship Council staff for their work on this project, specifically Mary Adelzadeh who is assigned to the Kennedy Meadows project. She also thanked members of the Planning Committee and the board for their diligence in evaluating the donee proposals and in determining the key preconditions for land ownership. Ms. Zanger reported that the board

would reflect on what has been learned to date with regard to the pilot process, and would engage in a strategic planning process to help the Stewardship Council gain momentum to escalate work on the remaining planning units during its annual board retreat the following day.

Ms. Zanger then provided a brief update regarding the activities of the Youth Investment Program. She gave a brief overview of the board's recent visit to the Burney Pool which has been refurbished using funds from a Stewardship Council grant. She reiterated comments made earlier regarding the importance of water safety. Ms. Zanger went on to report that the staff has approved 8 new Catalyst Fund grant awards to the following organizations for a total of \$70,000:

- Alliance Equine Rescue and Youth Educational Foundation (\$12,000);
- Healing Waters Wilderness Adventures (\$8,000);
- Wildplaces (\$10,000);
- Living Arts Kinetic Experience (\$8,000);
- Movimiento (\$10,000);
- Synergia Learning Center (\$5,000);
- Take Out Until Completely Healed (\$10,000); and
- Willie Brown Jr. Academy Garden Program (\$7,000).

Ms. Zanger noted that the Stewardship Council received 27 applications for this round of Catalyst grants and there were many more deserving applications than available funds. She then reported that the Youth Investment Program has made two new hires. Ms. Zanger introduced Manav Thapar, the new Youth Investment Program Associate, who was in attendance at the meeting. She then announced that Angie Chen will fill the newly created Youth Investment Program Officer position. Ms. Zanger noted that Ms. Chen will start in early July. Ms. Zanger concluded her report by noting some important dates pertaining to the availability of grant applications for the Youth Investment Program's next round of Infrastructure, Catalyst, and Impact grant funds.

Mr. Baggett then asked Mike Schonherr, member of the Audit Committee, to provide a brief update on the committee's activities. Mr. Schonherr read the Audit Committee report submitted by committee members dated June 10, 2009. The report reviewed committee membership, the purpose of the committee, and recent meetings held by the committee to review and discuss the independent auditors' Audit Report and Management Letter for the years ending December 31, 2008 and 2007. Mr. Schonherr reported that the auditors provided an unqualified opinion on financial statements and only had one minor recommendation regarding process and procedures in the Management Letter. He then reported that the committee accepted the Audit Report without qualification. He then asked for questions from the board, and hearing none, the meeting proceeded.

Mr. Baggett then asked Soapy Mulholland, chair of the Planning Committee, to provide this committee's report. Ms. Mulholland provided an overview of the committee's purpose and then asked Ric Notini, Director of Land Conservation, to provide a more detailed staff report. Mr. Notini provided his staff report (See Attachment A). As part of his report, Mr. Notini provided background on the Planning Committee's recommendation regarding the selection of the prospective donees for the Kennedy Meadows planning unit. With this, he reviewed the process for receiving and reviewing Land Stewardship Proposals. He stated that two sets of competitive proposals were received for the Kennedy Meadows planning unit including one joint proposal submitted by Tuolumne County (County), Tuolumne Resource Conservation District (TCRCD) and the Mother Lode Land Trust (MLLT), collectively the "joint proposal", and one proposal submitted by the US Forest Service (USFS). Mr. Notini stated that the requirements of the Stipulation and Settlement Agreement, along with the Land Conservation Plan Volumes I and II, the Pilot Process, and public comments were considerations in the decision-making process for

recommending a donee for the property. He indicated that the proposals were evaluated using programmatic, financial, legal, and public input analysis.

Mr. Notini then presented the staff and Planning Committee's recommendation that the Mother Lode Land Trust become the holder of a conservation easement on the property; that the County of Tuolumne hold fee title to the property; and that the Tuolumne County Resource Conservation District have a role in the management of the property as a participant in future land management and enhancement activities as a partner under a management plan, memorandum of understanding, or some other form of agreement (a "conservation partner"). He stated that the Planning Committee recommended that the board adopt this recommendation contingent on the 12 transaction terms and conditions described in the staff recommendation.

Mr. Notini reviewed the results of the evaluation and ultimate recommendation, stating that the evaluation team concluded the joint proposal demonstrates a commitment to honoring existing economic uses and the six beneficial public values, to furthering the management objectives for Kennedy Meadows set forth in Volume II of the Land Conservation Plan, to being inclusive of different perspectives, and to creating youth opportunities. He further stated that the joint proposal reflects public input, and is consistent with the requirements of the Land Conservation Plan. Mr. Notini reviewed the qualifications and capacity of the County, MLLT, and TCRCD and briefly reviewed the initial transaction terms. Mr. Notini noted that although the recommendation contained 12 initial transaction terms, the board reviewed and agreed upon language for a thirteenth term at its closed session meeting. He then reviewed next steps for this process, stating that the prospective donees, PG&E, and the Stewardship Council will negotiate transaction terms including the scope and timing of studies, management plans, enhancements, land conservation partners, and funding. Mr. Notini explained that the results of these negotiations will be reflected in a Land Conservation and Conveyance Plan (LCCP) that will describe measures to preserve and enhance the beneficial public values for the property. Mr. Notini stated that the LCCP will fulfill the requirements of the Settlement Agreement and will serve as a basis for PG&E submitting a Section 851 filing with the California Public Utilities Commission. He stated that the LCCP will be available for public comment before it is submitted for approval by the full board.

Following Mr. Notini's report, Ms. Mulholland requested action by the full board to adopt the staff and Planning Committee's recommendation that the Mother Lode Land Trust become the holder of a conservation easement on the property; that the County of Tuolumne hold fee title to the property; and that the Tuolumne County Resource Conservation District have a role in the management of the property as a participant in future land management and enhancement activities as a conservation partner. Along with this recommendation, Ms. Mulholland requested board approval of the initial transaction terms for the Kennedy Meadows property, including the thirteenth transaction term discussed by the board in its closed session meeting. Ms. Mulholland asked David Moyce, General Counsel, to review the thirteenth term, noting that the board agreed to remove the last bullet listed under the initial draft of the term. Mr. Moyce distributed copies of the proposed additional transaction term to those present and noted that the transaction terms will be posted to the Council's website. Mr. Baggett stated that the addition of the thirteenth term is important because it requires due diligence to determine what preservation and enhancement measures might be needed. He also noted that the transaction terms require the County to ensure funds from the pack station lease be returned to the property.

Ms. Mulholland asked whether there were any questions at the moment from the board regarding the request for action, and hearing none, Mr. Baggett invited members of the public to speak regarding this request. Mr. Baggett first asked representatives of the USFS, TCRCD, MLLT, and the County to speak.

**Susan Skalski:** US Forest Service Supervisor for the Stanislaus National Forest. Ms. Skalski thanked the Stewardship Council for considering the USFS proposal for the Kennedy Meadows property and for allowing them to be a part of the process, but stated that in her view, the Planning Committee's recommendation was shortsighted and unduly influenced by local politics. She stated that she worked long and hard with the other eligible donees for the property and indicated that she benefited from the discussions and formed strong relationships over the last year. Ms. Skalski stated that she believes the proposals were very similar in nature and that she is unclear why one option was favored over another. She stated her belief that the best alternative was the compromise option detailed in the USFS proposal to split the parcel so that the USFS could own and manage the upper meadow and the County could manage the lower meadow, including the pack station lease. She stated that the USFS has a long history of managing open spaces such as the upper meadow while the County's experience is with managing park space closer to developed areas. Board members posed several questions and received responses from Ms. Skalski regarding matters such as the benefits of choosing the USFS over the County; the feasibility and enforceability of entering into a covenant with the USFS versus a conservation easement; history and perspective regarding USFS success with other parcel splits; the USFS's ability to amend its Forest Management Plan; and required USFS planning processes before the USFS could implement an agreement pertaining to the property. Ms. Skalski stated that the Forest Service would cover all costs of a parcel split and she noted that if the USFS were to own the upper meadow, boundary line survey costs would be reduced.

**Kirk Ford:** Tuolumne County Resource Conservation District Board Chair. Mr. Ford stated that the TCRCD is in full support of the staff and Planning Committee recommendation regarding prospective donees for the Kennedy Meadows planning unit. Mr. Ford urged the board to adopt the recommendation, stating that the TCRCD is happy to play a role as a conservation partner with the County and MLLT. Board members posed questions and received responses from Mr. Ford regarding the need for CEQA review to implement conservation projects on the property, and the availability of support by the Natural Resources Conservation Service (NRCS).

**Ellie Rountt:** Executive Director of the Mother Lode Land Trust. Ms. Rountt thanked the board, Planning Committee, and staff for recommending the MLLT to hold a conservation easement on the Kennedy Meadows planning unit. She indicated that she formed strong relationships with the Stewardship Council, TCRCD, County, and local tribes during the pilot process and clarified the role the MLLT will play as a conservation easement holder. Ms. Rountt then responded to questions from the board regarding matters such as the sustainability of the organization. Ms. Rountt stated that the MLLT has a memorandum of understanding with the Sacramento Valley Conservancy which could potentially be willing to hold the MLLT conservation easements if sustainability became an issue.

**Teri Murrison:** Tuolumne County Board of Supervisors. Supervisor Murrison thanked the board and staff for their work and the opportunity to participate in this process and indicated her understanding that there is an abundance of work ahead. She further reviewed the benefits of choosing a local and publically accessible donee for Kennedy Meadows and the importance of Kennedy Meadows to the County's local economy. Ms. Murrison then asked Tuolumne County Administrator Craig Pedro to provide additional thoughts. Mr. Pedro stated that the staff and Planning Committee recommendation reflects the strong desire by local residents to protect the property for future generations. He indicated that the County has a strong desire to be involved and has the competency, resources, capacity, and experience to effectively own and manage the Kennedy Meadows property. Ms. Murrison and Mr. Pedro then responded to several questions posed by board members regarding matters such as how the County will ensure management plans are appropriately implemented; whether the proposed additional transaction terms appeared acceptable to the County; the County's views on the USFS's compromise proposal to split the parcel; and whether the County will continue to explore partnerships with the USFS if the board approves

the recommendation for the Kennedy Meadows Property. Mr. Murrison stated that the County is committed to working with the USFS. Mr. Pedro indicated that there was nothing in the proposed transaction terms that the County cannot accept as long as it is understood that they will be subject to future negotiation.

Mr. Baggett then invited other members of the public to speak regarding the Kennedy Meadows recommendation. Noting the public comment cards, Mr. Baggett called the following members of the public to speak:

**Kurt Vander Weide:** Representing the office of Congressman George Radanovich. Mr. Vander Weide thanked the board for the opportunity to speak and stated that Congressman Radanovich had provided him with a letter to share with the board. Mr. Vander Weide read the letter from Congressman Radanovich in support of the Planning Committee's recommendation for donation of the Kennedy Meadows planning unit. His stated that his comments also reflected the views of the Tuolumne County Chamber of Commerce. He stated that the recommendation is a reasonable solution that addresses the objectives of the Stewardship Council, supports ongoing local control, and fosters accountability.

**Sharron Mills-Walk:** Representative of State Senator Dave Cogdill. Ms. Mills-Walk stated that Senator Cogdill represents the 14<sup>th</sup> District which includes the Kennedy Meadows property. She stated that Senator Cogdill asked her to convey his support of the Planning Committee's recommendation for donation of the Kennedy Meadows property.

**Rob Schaeffer:** Private citizen. Mr. Schaeffer stated that he loves Kennedy Meadows and has been hiking in the Stanislaus National Forest for over 40 years. He stated that if the goal is to balance the conservation of resources then he believes the USFS should be selected as the donee for the property. He stated his belief that the County has fought for decades against conservation measures and that they have no experience to manage wild lands. He further stated that he does not believe the County has the capacity to manage the property in the long term. Mr. Schaeffer concluded his remarks by stating that visitors to Kennedy Meadows come from all over California and the United States and that the decision should be balanced to protect Kennedy Meadows as a California treasure, not just for locals in Tuolumne County.

**John Buckley:** Executive Director of the Central Sierra Environmental Resource Center. Mr. Buckley opposed the staff and Planning Committee recommendation and stated his belief that the Stewardship Council based its decision on the economic values tied to the Kennedy Meadows pack station. He stated his belief that the County has consistently taken positions opposing ecological values. Mr. Buckley also stated that he believes it is not accurate that the County and TCRCDC have staff capacity to manage the property and that only the USFS has the staff and financial capacity to manage the resources of the property for the long term. He reiterated remarks that Kennedy Meadows is beloved by people throughout the state and beyond. Mr. Buckley then urged the board to consider adopting the parcel split option proposed by the USFS.

**John Hoffman:** Private citizen. Mr. Hoffman noted that although he is a consultant for Amador County, his comments reflected his personal views and not necessarily those of Amador County. Mr. Hoffman raised questions regarding the conservation easement terms pertaining to existing economic uses and questioned whether any economic uses will impair the beneficial public values. Mr. Hoffman also noted the proposed transaction term whereby the County acknowledges receipt of the property is sufficient to make the transaction tax neutral for the County. He asked the Stewardship Council to analyze what the tax revenue on the property has been and whether current revenues will offset them to make the transaction tax neutral.

**Elaine Gorman:** Property owner in Tuolumne County. Ms. Gorman stated that she is a frequent visitor to Kennedy Meadows as she has hiked the Emigrant Wilderness for many years. She encouraged the board to consider donating the land to the USFS as it is her belief that the organization has the recreation and resource land management specialists available to appropriately manage the property. She also said she views the Stanislaus National Forest as a local agency.

**Jon Sturtevant:** Representative of the Tuolumne Sierra Club chapter. Mr. Sturtevant stated that he favors donating the Kennedy Meadows property to the USFS because they have experience managing similar lands and own the lands surrounding the Kennedy Meadows parcel. He also reiterated remarks made earlier that the property should be managed for the people of California and not just Tuolumne County locals. Mr. Sturtevant stated that he believes the County holds a strong anti-environmental stance and is only interested in preserving the pack station.

**Matt Bloom:** Kennedy Meadows Pack Station lessee. Mr. Bloom stated that he strongly supports the Planning Committee recommendation. He also responded to earlier remarks made about local interests, stating that when he talks about local control, he is talking about the people who visit Kennedy Meadows. Mr. Bloom reminded the board about the hundreds of letters received as comments on its Land Conservation Plan Volumes I and II asking the Stewardship Council not to donate the property to the USFS. He stated that these letters were from people who live all over California and the United States. Mr. Bloom also expressed concern about the USFS proposed option to split the parcel and indicated that his lease is for the entire property and to separate it doesn't make sense. He said that the entire leased acreage is important to his operation. He noted that the USFS would limit the use of the group camp grounds in the upper meadow area to groups which had historically used the area. He also expressed concern that conveying a portion of the parcel to USFS will create NEPA requirements and could cost his operation a significant amount of money. Mr. Bloom concluded his remarks by stating that he has tried to get trails and campgrounds in the area maintained for several years and has been consistently told by the USFS that they do not have the staff or budget to do this. He also indicated that stream bank erosion is a continuing problem on the property due to river flows and that as a result several large cotton wood trees were recently lost. Mr. Bloom then responded to several questions by the board pertaining to matters such as what specific limitations a parcel split would pose on the pack station operations; the length of his current lease with PG&E; and whether he has any economic impact concerns if the parcel were to be split. He noted that his lease has recently been renewed for another 20 years.

The board also asked Susan Skalski to respond to the issues raised by Mr. Bloom regarding limitations the USFS may impose on the uses of the property as allowed under his current lease, and whether the USFS would be willing to cover the costs of a parcel split. Ms. Skalski indicated the USFS was willing to pay costs of a parcel split, and elaborated on the USFS's position regarding existing uses, such as the existing outfitting and guiding operation which uses public land, and the permitting process that would be required to continue group camping on the upper meadow.

Following the public comment period, Mr. Baggett asked the board for their thoughts prior to taking action on the Planning Committee recommendation regarding the Kennedy Meadows property. Several board members outlined reasons why they support the Planning Committee's recommendation. Mr. Larson noted that neither ownership option was without drawbacks, and found it significant that the local congressional representative was not supporting federal ownership of the property. Mr. Roos-Collins noted that he believed more consideration needs to be given to the potential for partnership between the County and the USFS and that his support of the Planning Committee's recommendation was contingent on the County being open to including the USFS as a partner..

Dave Sutton proposed the board further discuss the parcel split approach as he is not convinced it had been fully explored. Ms. Mulholland questioned what benefit would be achieved by splitting the parcel. Mr. Baggett responded to Mr. Sutton indicating the challenges of such an option including the renegotiation of the pack station lease, and the ability to enforce the terms of a covenant with the USFS. Mr. Baggett stated that the transaction terms, including the language in the proposed thirteenth transaction term, are very enforceable with the County holding fee title. Randy Livingston stated that the decision regarding the recommended donee for Kennedy Meadows is a first step and will allow the board to direct staff to work toward an agreement to incorporate the concerns raised by the board and the public, which the board will consider at a later date. Mr. Burns indicated that he did not support the option of splitting the Kennedy Meadows property into smaller parcels due to the small amount of acreage involved in the planning unit.

Mr. Sutton offered several comments. He indicated that he believed the process had been too rushed with regard to the Planning Committee recommendation and the timeframe allowed for public comment, and suggested the committee and staff work to revise the process moving forward. He noted that he had expressed concerns about the Planning Committee's recommendation prior to the Stewardship Council receiving the recent comment letters from the public. He stated that the Planning Committee recommendation is most aligned with the pack station's historical use of Kennedy Meadows and demonstrates trust and faith that the environmental practices of the County are changing for the better. He acknowledged that the lease revenue from the pack station and resort would be invested on the Kennedy Meadows property and stated his belief that the legal document with the County as the landowner will have more definitive standing than a Forest Service covenant. He stated that while he supported the pack station operation, he had questions regarding current practices on the property related to the riparian corridor and water quality; the health and appropriate uses of the meadow; environmentally sensitive area used for group camp; the need to address forestry practices; the fiduciary capacity of the County in difficult economic times; and the expertise and capacity of the County. Mr. Sutton stated that his preferred course of action would be the parcel split option proposed by the USFS but indicated that he could live with the Planning Committee recommendation because he believes it will result in substantially improved management practices and environmental responsibility on the property while supporting the ongoing use of the pack station. He noted that the USFS could assist the County to carry out its management responsibilities where the County lacked the necessary staff. He reiterated Mr. Livingston's earlier remarks that this action is to approve the Stewardship Council and PG&E entering into negotiations and is not the Stewardship Council's final approval of the donees. He noted that he was reserving his right to withdraw his support of the Planning Committee's recommendation if he was not satisfied with the results of the negotiations. Mr. Sutton concluded his remarks by asking staff to pursue a fallback contingency if the negotiations with the recommended donees are not successful and to review the process and cost associated with a parcel split. He also asked staff to review the issue of a USFS covenant in lieu of a conservation easement more closely to see how it will apply beyond Kennedy Meadows. Ms. Mulholland also asked staff to provide more information about the enforceability of covenants.

Following board remarks, Ms. Mulholland requested action by the full board to adopt the staff and Planning Committee's donee recommendation regarding the Kennedy Meadows planning unit, specifically, that the Mother Lode Land Trust become the holder of a conservation easement on the property; that the County of Tuolumne hold fee title to the property; and that the Tuolumne County Resource Conservation District have a role as a participant in future land management and enhancement activities as a conservation partner. Along with this recommendation, Ms. Mulholland requested board approval of the initial transaction terms for the Kennedy Meadows property which are expected to form the basis for subsequent negotiations with the prospective donees leading to a comprehensive Land Conservation and Conveyance Plan (LCCP). The proposed initial transaction terms are as follows:

1. The Mother Lode Land Trust will hold a conservation easement over the property, which shall provide for the preservation in perpetuity of the beneficial public values outlined in Volume II of the Stewardship Council's Land Conservation Plan.
2. The County of Tuolumne shall receive fee title to the property, subject to the conservation easement and to the other reserved rights described below.
3. The conservation easement will honor existing agreements for economic uses of the property (including the Kennedy Meadows Resort and Pack Station lease) by reserving to the land owner the right to maintain and renew such agreements. However, the conservation easement will provide that the land owner will not renew or replace any such agreements without including language pursuant to which the lessee acknowledges that the property is subject to the terms of the conservation easement and reserving to the land owner the right to prevent substantial impairment of the BPVs resulting from such uses. The LCCP will include details of all existing agreements for economic uses that will be subject to this provision.
4. The conservation easement will establish a mechanism (such as a land management plan) to provide for ongoing monitoring and future enhancements to the BPVs. The initial land management plan shall be included in the Land Conservation and Conveyance Plan to be submitted to the Stewardship Council board for approval. The LCCP will include, at a minimum, a strategy to undertake studies and measures to preserve and enhance the BPVs, including but not limited to measures that might be required to avoid, minimize or mitigate any adverse impacts of the resort and pack station operations.
5. The recommended donees will provide the Stewardship Council with details concerning the composition and operation of the collaborative advisory committee described in the County/RCD proposal.
6. A third party beneficiary may be appointed by the Stewardship Council for purposes of enforcing the conservation easement and/or other legal agreements.
7. PG&E will reserve rights to operate and maintain hydroelectric facilities as required by the Settlement and Stipulation. The conservation easement and/or other agreements to be negotiated as part of the LCCP process will describe PG&E's access and other rights with reasonable specificity.
8. Current sources of revenue, such as rent received by the land owner under agreements for economic uses of the property (including but not limited to the Resort and Pack Station lease), shall be applied to costs associated with property ownership, land management, and future enhancements to the BPVs.
9. The LCCP shall include the County's acknowledgement that the receipt of the property by the County at no cost (and/or the rent and other revenues derived from the property) is sufficient to ensure that the transaction is tax neutral for the County.
10. The land owner will permit reasonable access to the property for such purposes as public recreational access, protection of cultural and historical resources, scientific research into such issues as climate change, and outdoor programs for local and out-of-county youth, as described in the conservation easement and/or other agreements to be negotiated as part of the LCCP process. Moreover, an easement shall be granted to the U.S. Forest Service for public access along Huckleberry Trail consistent with FERC requirements.

11. The Stewardship Council may require that legal documents transferring title to the County contain a prohibition against future transfers of title without the consent of the Stewardship Council or a successor entity, or such other restriction on the right to transfer fee title as may be necessary to ensure that the terms of the Land Conservation Commitment are honored in perpetuity.

12. In transferring fee title to the Property, PG&E will hold the donee harmless for hazardous waste or substance liability, provided that PG&E may decline to agree to such disposition unless the CPUC authorizes PG&E to recover the costs of such liability and any associated mitigation or remediation measures in rates, otherwise in compliance with the terms of the Settlement and Stipulation.

13. At a minimum, the initial Land Management Plan (or other transaction agreements to be approved in conjunction with the LCCP) will provide that the donee of fee title:

- Will continue in effect existing management activities and practices on the Property, to the extent consistent with the BPVs;
- Will undertake such studies, assessments and surveys for the preservation and enhancement of the BPVs on the Property as the Stewardship Council, in consultation with the donee and PG&E, considers necessary and prudent ("Studies"), for which Studies the Stewardship Council may agree to provide appropriate funding support;
- Will agree to implement such preservation and enhancement measures and activities as are indicated by such Studies and are deemed necessary and appropriate by the Stewardship Council, with the understanding that certain of these measures may be implemented following the transfer of title; and
- Will assume responsibility for compliance with all applicable laws and regulations (including CEQA) applicable to such post-closing preservation and enhancement measures.

Mr. Baggett asked if there were any further questions or comments by the board regarding the requested board action, and hearing none, the board approved the donee recommendation regarding the Kennedy Meadows planning unit, subject to the initial transaction terms described above.

Mr. Baggett then asked if any board or staff members had announcements to make. Hearing no other announcements, the meeting was adjourned.

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Secretary, Randal S. Livingston

## STAFF REPORT

**To:** Stewardship Council Board of Directors  
**From:** Ric Notini, Director of Land Conservation  
**Date:** June 3, 2009  
**RE: Land Conservation Program Activities**

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### EXECUTIVE SUMMARY

- **ACTION ITEM:** A recommendation regarding the selection of the prospective donees at the Kennedy Meadows Planning Unit is being forwarded by the Planning Committee for full board consideration and approval.
- Staff has been working on a mid-point lessons learned evaluation of the pilot process with regard to the work completed to date on the four pilot project sites. This evaluation has incorporated feedback on the pilot process from a wide variety of interested stakeholders, many of which have directly participated in the pilot process. A number of suggestions have been made, some of which are already being applied to the next round of planning units.
- Staff continues work on the next round of planning units (Round One). Most notably, 19 organizations submitted statements of qualification in April and May expressing interest in, and describing their qualifications for, holding conservation easements for planning units within each of the three watershed areas.
- At the board meeting held on April 30, 2009, the board adopted funding guidelines for the land conservation program. Staff is working with a board funding policy workgroup to develop a funding policy based on these guidelines and anticipates that a draft of this policy will be made available for public comment later this summer.

### KENNEDY MEADOWS PLANNING UNIT (ACTION ITEM)

In March 2008, the board adopted a pilot process for Kennedy Meadows and three other pilot project sites. The pilot process included a series of steps designed to solicit, evaluate and select eligible organizations with the organizational and financial capacity to receive fee title and hold a conservation easement at these pilot project sites. It also involved a process for evaluating, recommending, and selecting the best suited donees for each of the four pilot projects, taking into consideration the information provided by the potential donees, the management objectives for the planning unit that were adopted by the board as reflected in Volume II of the Land Conservation Plan (LCP), public input received, and other relevant information.

In September 2008, five organizations registered their interest in becoming a donee at Kennedy Meadows and submitted statements of qualification (SOQ) describing their interest, organizational capacity, and qualifications to manage land or hold a conservation easement. Staff reviewed the SOQs and determined that all five organizations were eligible to become donees. Following this determination, staff facilitated a series of collaborative meetings among the donees from September to December 2008.

In December 2008, staff received two land stewardship proposals for Kennedy Meadows. One proposal was submitted by the U.S. Forest Service, Stanislaus Forest. The other proposal was submitted by a collaborative group consisting of the County of Tuolumne, the Tuolumne Resource Conservation District, and the Mother Lode Land Trust. The fifth organization, the Tuolumne Band of Me-Wuk Indians, elected

to withdraw from the process indicating that they were no longer interested in being a donee. The four remaining potential donees made presentations to the Stewardship Council Board at the February 11, 2009 board meeting. Following these presentations, an evaluation team comprised of staff and two external experts conducted a preliminary review of the proposals to identify any additional information needed to formally evaluate the proposals. PG&E staff also conducted an operations analysis of proposals and notified Council staff of their issues/or concerns. On April 4, 2009, members of the evaluation team met with the potential donees. The purpose of these meetings was to discuss and resolve issues identified by the evaluation team and PG&E during the preliminary review of the proposals. The evaluation team completed its evaluation of the proposals and this information was used by staff to prepare its recommendation for consideration by the Planning Committee. The recommendation also included a number of initial terms and conditions. The Planning Committee met on May 20, 2009 to consider staff's recommendation, and subsequently endorsed it. The staff and planning committee recommendations were posted on the Stewardship Council's web site on May 28, 2009.

Specifically, the Planning Committee endorsed the selection of:

- The Mother Lode Land Trust to become holder of a conservation easement on the property
- The County of Tuolumne to hold fee title to the property
- The Tuolumne County Resource Conservation District to have a role in the management of the property as a participant in future land management and enhancement activities as a partner under a management plan, memorandum of understanding, or other form of agreement.

The Planning Committee is recommending that the board adopt this recommendation contingent on the terms and conditions described in the staff recommendation. These terms are expected to form the basis for subsequent negotiations with the prospective donees leading to a Land Conservation and Conveyance Plan (LCCP) to be considered for adoption at a later date, following public review and comment.

## LESSONS LEARNED

A substantial amount of work has been completed on the four pilot project sites since the pilot process was initiated in the summer of 2008. For the past several months, staff has been conducting a mid-point evaluation of the pilot process with regard to the work completed to date. An important aspect of this evaluation has been the completion of a series of one-on-one conversations with a wide range of key stakeholders involved in the pilot process for the purpose of soliciting feedback. This evaluation is being documented in a lessons learned report to be completed in the near future and made available to the public.

A number of findings and suggestions have been made, some of which are already being applied to the next round of planning units. Some of the key findings and suggestions are summarized below.

- The collaboration undertaken by potential donees has been beneficial in building relationships and forming collaborative groups. In three of the pilot sites, the collaboration resulted in the development and submission of a collaborative land stewardship proposal. However, this collaboration has also resulted in proposed management structures among the potential donees that may be more complicated and difficult to implement and operate.
- Additional guidance should be provided by the Stewardship Council up front in a number of areas. Most notably, additional guidance should be provided on the roles and responsibilities of the different types of donees, the requirements for organizational and financial capacity, the allowable forms of governance, the funding available from the Stewardship Council, the donee selection process, and the key terms of any transaction. The availability of this information would also respond to the suggestion of some stakeholders that the Stewardship Council staff and board decision-making process be more defined and transparent.

- The process being used by the Stewardship Council to solicit and select donees is new, complex and burdensome on the potential donees. Wherever possible, the process should be streamlined.
- Efficiencies and economies of scale could be achieved by using a watershed approach for the solicitation and selection of donees. If such an approach is taken, consideration should be given to involving knowledgeable and experienced organizations that are actively engaged in conservation work in the region.

## ROUND ONE PLANNING UNITS

While work progresses on the four pilot project sites, staff has initiated work on the next round of planning units (Round One). This work involves 20 planning units located within three different watershed areas - the Pit-McCloud watershed area, the Feather River watershed area, and the Upper Mokelumne River watershed area. In an effort to streamline the process and achieve economies of scale, the land conservation and conveyance process has been organized into two components.

The first component involves seeking qualified organizations interested in becoming holders of conservation easements on multiple planning units within each of the three watershed areas. A total of 19 organizations submitted statements of qualification expressing interest in and describing their qualifications for holding conservation easements on planning units within each of the three watershed areas. These statements of qualification are under review by staff. All organizations determined to be qualified will be asked to continue to work with the Stewardship Council as this process continues.

The second component consists of seeking qualified organizations interested in either holding fee-title or becoming a land conservation partner<sup>1</sup> at individual planning units within the three watershed areas. Initially, organizations will be actively solicited for 11 of the 22 planning units. Planning units not yet selected will be placed in future rounds and processed sequentially. Public planning workshops for the 11 planning units will likely be held in late summer or early fall of this year. The primary purpose of these public workshops is to solicit input from the public on the development of LCCPs for these planning units.

## FUNDING POLICY

At the board meeting held on April 30, 2009, the board adopted funding guidelines for the land conservation program. Staff is working closely with a board funding policy workgroup to develop a funding policy based on these guidelines. The purpose of the funding policy is to guide future planning and decision-making regarding the long term management and stewardship of the watershed lands and communicate expectations around matching funds and contributions by future recipients of donated fee title holdings and conservation easements. A draft version of the policy will be made available for public comment later this summer, with the goal of adopting a final policy following consideration of public comment.

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<sup>1</sup> A land conservation partner would be an organization that could perform or provide activities that promote the beneficial public values associated with the watershed land in coordination with the fee title holder and the conservation easement holder but would not themselves hold either.