

Final LCCP

June 26, 2019

Updated July 13, 2020

Land Conservation and Conveyance Plan

Lands for Donation to San Joaquin County Office of Education at Lake Spaulding (SJCOE) Planning Unit



Stewardship
Council

Executive Summary

Subject

LCCP Lake Spaulding Planning Unit (Lands Donated to SJCOE)
Land Conservation Plan Identification Number (Parcel) 813 as shown on the map
attached as Exhibit 1.

Type of Property Interest Disposition

- San Joaquin County Office of Education (SJCOE) to hold fee simple title to approximately 62 acres within Parcel 813 of the Lake Spaulding planning unit.
- Wildlife Heritage Foundation (WHF) to hold the conservation easement on the 62 acres of Parcel 813 donated to SJCOE.

Summary

Approximately 62 acres within one parcel (Parcel 813) will be donated to SJCOE and, consistent with the conditions in the Settlement Agreement, the Property will be subject to a perpetual conservation easement granted by SJCOE to WHF. The remaining 1,263 acres within Parcel 813 will be retained by PG&E or donated to the California Department of Forestry and Fire Protection (CAL FIRE) and are addressed in separate Land Conservation and Conveyance Plans (LCCPs).

Pending California Public Utilities Commission (CPUC) approval, and immediately following PG&E's conveyance of 62 acres within Parcel 813 to SJCOE, SJCOE and WHF will enter into the conservation easement.

The 62 acres in Parcel 813 to be donated to SJCOE are outside the Drum-Spaulding FERC Project boundary (FERC #2310) and PG&E has determined this acreage does not need to be retained for existing or future utility operations. Therefore, this acreage is available for donation, subject to PG&E's reserved rights.

This transaction will not have an adverse effect on the public interest or on the ability of the utility to provide safe and reliable service to customers at reasonable rates.

Property Location

The Property subject to this LCCP consists of approximately 62 acres in Placer County immediately south of Lake Valley Reservoir.

Economic Uses and Agreements

There are recorded encumbrances on the acreage for donation to SJCOE in the Lake Spaulding planning unit for underground communication facilities. There are no unrecorded encumbrances, but there is an existing lease for economic uses on the lands to be donated to SJCOE for group recreational facilities (Camp). SJCOE and the lessee have entered into an agreement allowing SJCOE to purchase the Camp facilities when SJCOE receives fee title to the Property.

Consistent with the Settlement Agreement, PG&E will reserve its rights to maintain and operate existing and future utility facilities on the parcel to be conveyed in fee. The specific reserved rights are set forth in the grant deed and conservation easement, which can be found in Appendices 2 and 3, respectively.

Permanent Protection of the Beneficial Public Values

The grant deed transferring fee title to SJCOE includes a recital that SJCOE and PG&E acknowledge that the conveyance, together with the conservation easement transaction being entered into by SJCOE and WHF, is being made in the public interest with the intent to ensure the permanent protection of the beneficial public values (BPVs) on the Property as identified in the Land Conservation Plan while allowing the ongoing use of the Property by PG&E for hydroelectric operations, water delivery, and related activities, and acknowledging and honoring the existing third party uses.

Conservation Management Objectives to Preserve and/or Enhance the Beneficial Public Values

The conservation easement for Parcel 813 within the Lake Spaulding planning unit lists the following BPVs that are to be protected:

- Natural Habitat of Fish, Wildlife, and Plants - Habitat for fish, wildlife, and plants that are native to the area, including species protected under the California Endangered Species Act and/or the federal Endangered Species Act. The term “habitat” includes vegetation along banks and shorelines that contribute to maintaining watershed health. The term “native” refers to plants and animals that occur naturally on the Property, and are defined as “native” by the California Department of Fish & Wildlife and its successors.
- Sustainable Forestry - Forest resources on the Property consist of Sierra Mixed Conifer.
- The scenic viewshed of the Property in keeping with the surrounding environment, providing a contiguous forested landscape visible to passersby on the nearby roads and highways.
- Outdoor recreation in the form of passive recreational pursuits such as hiking, fishing, nature study, environmental education, and sightseeing.
- Identified historical and cultural values, to the extent they are protected by state and federal law.

Tax Neutrality

The Stewardship Council intends to provide funding to satisfy property tax payments in perpetuity for the Property.

Pending CPUC approval of the fee title donation of the Property, Placer County will receive a lump sum payment of \$20,882, consistent with the methodology described in the Property Tax Neutrality Methodology adopted on June 27, 2012 and amended most recently on November 15, 2017.

Hazardous Waste Disclosure

PG&E has provided the Lake Spaulding Planning Unit Environmental Site Assessment Report dated December 1st, 2011, to SJCOE and WHF, fulfilling the disclosure requirements of the Land Conservation Commitment.

Consideration of Parcel Split

Within Parcel 813, approximately 62 acres are proposed to transfer to SJCOE. At closing, the 62 acre Property, as well as the remainder of the parcel, must comply with the California Subdivision Map Act (Government Code Section 66410, et seq.) as separate legal parcels. Certain exemptions to the Map Act apply to public utilities and/or to governmental entities and may apply to this conveyance.

Enhancement Component

To further the preservation and enhancement of beneficial public values on the property, the Stewardship Council has budgeted funding for SJCOE to (1) acquire the existing Camp assets and (2) improve the existing facilities to ensure ADA compliance and suitability for educational purposes. The grant agreement contains the following conditions, among others: (1) SJCOE shall conduct CEQA review prior to adopting any improvement plan for the Property or undertaking any improvement project, whichever occurs first; (2) If SJCOE decides not to carry out the improvement projects for any reason, including because the CEQA review revealed significant and unavoidable environmental impacts, SJCOE shall return the unused portion of grant funding. This grant funding does not require Commission approval.

Applicable CEQA Exemption(s) or Reason Why Transaction is not a “Project Under CEQA”

This Lake Spaulding transaction will not result in a direct physical change or a reasonably foreseeable indirect physical change in the environment; therefore, the Stewardship Council does not believe that the transaction is a project under CEQA. SJCOE approved a Notice of Exemption for the transaction and stated the project is exempt based on 14CCR 15061 and 14CCR 15301. In addition, the transfer of land to preserve open space, habitat, or historical resources is categorically exempt under Section 15325 of the CEQA Guidelines (CFR Title 14, Chapter 3) and Public Resources Code 21080.28 clarifies that CEQA review is not required before a public agency transfers an interest in property, provided the purpose of the transfer is to conserve the land for habitat, open space, agricultural, or historic preservation, among other purposes. Also, the establishment of a conservation easement is categorically exempt under Section 15325 of the CEQA Guidelines (CFR Title 14, Chapter 3).

While the principal effect of the conservation easement will be to significantly restrict development on the site in perpetuity, the conservation easement reserves to SJCOE the right to expand the Camp consistent with the existing use of the Property and subject to the limitations in the conservation easement. However, SJCOE is not proposing to expand the Camp or change the Property's use at this time. Once SJCOE purchases the Camp from the current lessee, SJCOE plans to continue managing and operating the Camp as the lessee does presently. If, in the future, SJCOE decides to pursue new development or uses that are allowed by the conservation easement, it must first obtain all necessary permits and conduct any necessary CEQA review at that time.

The fact that the Stewardship Council has provided funding for SJCOE as described above does not change this analysis. The funding agreement contains conditions allowing SJCOE to return any improvement funding without penalty if SJCOE decides not to move forward with the improvements (due to environmental impacts or any other reason). In addition, any grant agreement requires SJCOE to conduct CEQA review prior to adopting an improvement plan or undertaking any improvements. Given these facts, CEQA review of these potential improvements is not required prior to approval of the land transaction.

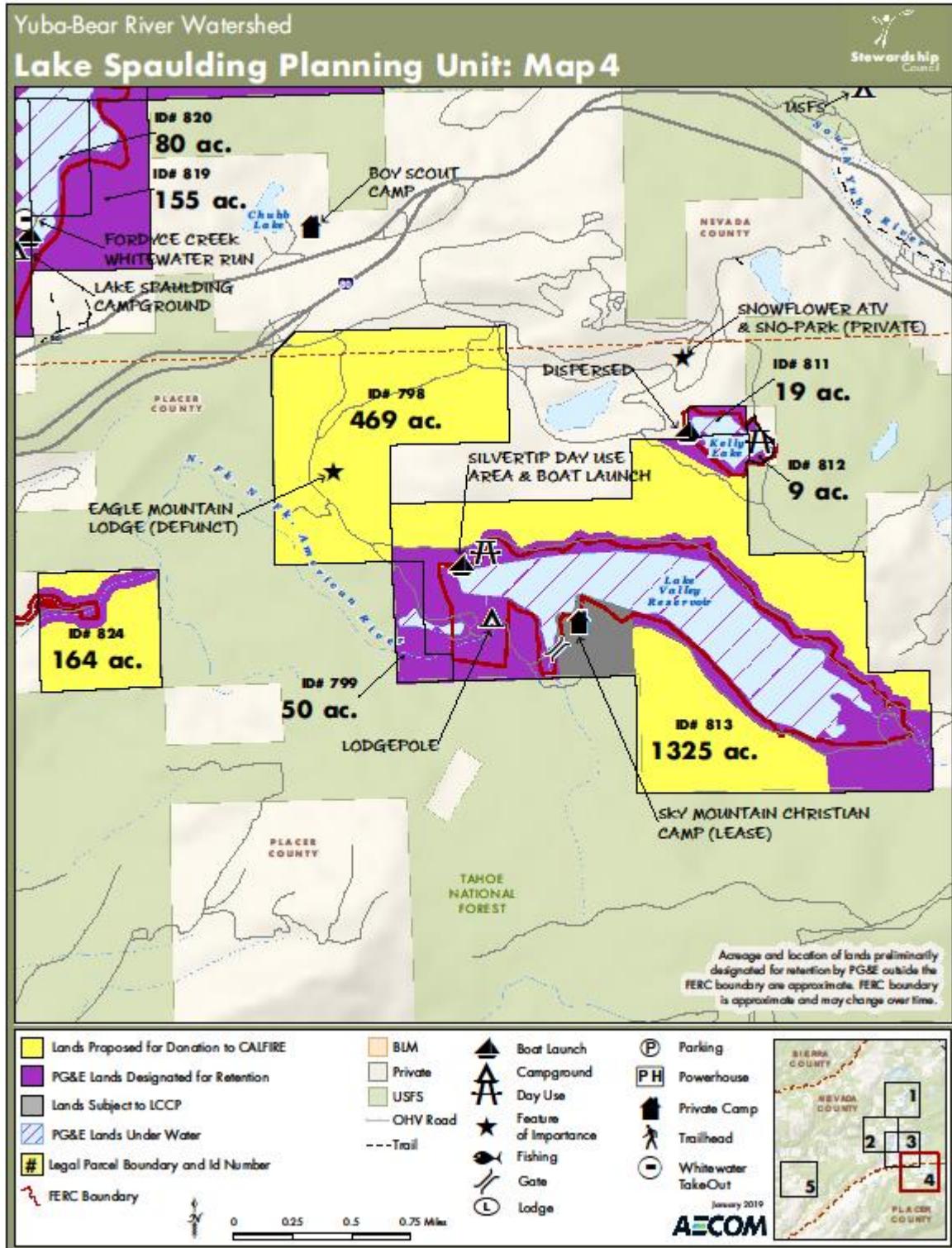
Exhibit 1. Map of the Property

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Introduction

The Pacific Forest and Watershed Lands Stewardship Council (Stewardship Council) is a private, nonprofit foundation established in 2004 pursuant to a Settlement Agreement and a Stipulation Resolving Issues Regarding the Land Conservation Commitment approved by the California Public Utilities Commission (CPUC) in Decision 03-12-035 (Dec. 18, 2003). The Stewardship Council Board of Directors includes appointees from state and federal agencies, water districts, Native American and rural interests, forest and farm industry groups, conservation organizations, the CPUC, and Pacific Gas and Electric Company (PG&E).

The Stewardship Council has developed a plan to protect more than 140,000 acres of watershed lands (Watershed Lands) currently owned by PG&E for the benefit of the citizens of California. Protecting the Watershed Lands will be accomplished through (1) PG&E's grant of conservation easements to one or more public agencies or qualified conservation organizations so as to protect the natural habitat of fish, wildlife, and plants, the preservation of open space, outdoor recreation by the general public, sustainable forestry, agricultural uses, and historic values (collectively the Beneficial Public Values), and in some cases, (2) PG&E's donation of the Watershed Lands in fee to one or more public entities or qualified conservation organizations, whose ownership would be consistent with these conservation objectives.

Located primarily in the Sierra Nevada and Cascade Mountain range watersheds, the Watershed Lands contain some of the most pristine and resource-rich landscapes found in the state. The properties are diverse and geographically remote, located in 21 counties from the northern reaches of the state to the southern end of the Central Valley.

As required by the Settlement and Stipulation, the Stewardship Council prepared a Land Conservation Plan (LCP) to establish a framework for the conservation and/or enhancement of the Watershed Lands, and to ensure the permanent protection of these lands for the benefit of current and future generations of Californians. To address the challenge of a conservation effort of this large scope and unique nature, and to facilitate engagement of a wide range of stakeholders and interested members of the public, the Stewardship Council grouped the Watershed Lands into 47 planning units and established a phased approach to development and implementation of the LCP.

In 2007, the Stewardship Council board adopted Volumes I and II of the LCP:

- **Volume I:** The Land Conservation Framework establishes the overall framework for the LCP, including legal requirements, the planning process, methodologies, public involvement, and relevant regulatory processes.
- **Volume II:** Planning Unit Concepts documents existing conditions and presents management objectives, potential measures, and conceptual plans to preserve and/or enhance the Beneficial Public Values (BPVs) within each planning unit. It also documents existing economic uses.

Volume III, consisting of Land Conservation and Conveyance Plans (LCCPs) to be issued serially and cumulatively, will encompass a series of real estate transaction packages that will detail the specific land conservation and/or disposition requirements for each parcel or parcel cluster. LCCPs represent the Stewardship Council's recommendations for preserving and/or enhancing the BPVs of the Watershed Lands, and are intended to support required regulatory approvals of the land transactions resulting from the Stewardship Council's recommendations. The content of the LCCP spans a number of issues required by the Settlement and Stipulation, such as an express reservation of a right for continued operation and maintenance of hydroelectric facilities and associated water delivery facilities, including project replacements and improvements required to meet existing and future water delivery requirements for power generation and consumptive water use by existing users, compliance with any Federal Energy Regulatory Commission (FERC) license, FERC license renewal, or other regulatory requirements. In addition, conservation easements will honor existing agreements for economic uses, including consumptive water deliveries, and preserve or enhance reasonable public access to the Watershed Lands.

During the development of LCP Volumes I and II and the LCCPs, the Stewardship Council implemented a public outreach program to ensure local communities, elected representatives, neighboring property owners, Native American tribes and groups, and other key stakeholders had many opportunities to engage in the Stewardship Council's effort to preserve and enhance the Watershed Lands. To solicit additional input from the public on potential fee title recipients or conservation easement holders (referred to as donees), the Stewardship Council hosted a series of public information meetings. These meetings were designed to (1) provide an overview and update on the Stewardship Council's Land Conservation Program, (2) outline next steps, timeline, and opportunities for additional public input, and (3) solicit public input on the desired qualifications of potential donees and the future stewardship of the planning units. The Stewardship Council also made a concerted effort to extend the benefits of PG&E's Land Conservation Commitment to Native American tribes and groups, including meeting in person with representatives of Native American entities and conducting special outreach to best ensure Native American entities were aware of, and provided full access to participate in the opportunities presented by PG&E's Land Conservation Commitment.

Public input that the Stewardship Council received as a result of the public outreach process, including comments on Volume II of the LCP, comments from public information meetings on the selection of donees and other issues, and correspondence received by the Stewardship Council were considered by the Stewardship Council in its evaluation of the potential donees and their land stewardship proposals. In addition to public meetings, the public was given the opportunity to participate in all of the Stewardship Council's public board meetings where decisions were made on fee title and conservation easement donees. Prior to making a decision regarding the disposition of any parcel, the Stewardship Council will provide notice to the Board of Supervisors of the affected county, each affected city, town, and water supply entity, each affected Tribe

and/or co-licensee, and each landowner located within one mile of the exterior boundary of the parcel, by mail or other effective manner. A summary of the public outreach process for this subject LCCP, the Lake Spaulding planning unit, is provided in Appendix 1. Furthermore, the proposed LCCP will be made available for public review and comment before it is forwarded by the Watershed Planning Committee to the board for its review and approval.

The Stewardship Council Board of Directors recommends that the San Joaquin County Office of Education (SJCOE) receive approximately 62 acres within one parcel (813) of the Lake Spaulding planning unit in fee and that the Wildlife Heritage Foundation (WHF) hold a conservation easement over the lands recommended for donation to SJCOE in this parcel (813) of the Lake Spaulding planning unit.

Table 1 identifies Stipulation requirements that will be addressed in the LCCP and includes pertinent language from the Stipulation.

Table 1 Stipulation 12(a) Requirements

(1) Acreage, Existing Economic Uses and Agreements “Reasonably exact estimates of acreage, by parcel, within or outside licensed project boundaries, and existing economic uses (including all related agreements);”
(2) Objectives to Preserve and/or Enhance “Objectives to preserve and/or enhance the BPVs, as defined in the Settlement Agreement, Appendix E, of each individual parcel;”
(3) Recommendations for Conservation Easement and Fee Simple Donation “A recommendation for grant of a conservation easement or fee simple donation for each such parcel;”
(4) Finding of Donee Funding and Other Capacity to Maintain Lands to Preserve and/or Enhance BPVs “A finding that the intended donee of such easement or fee simple has the funding and other capacity to maintain that property interest so as to preserve and/or enhance the BPVs thereof;”
(5) Analysis of Tax and Other Economic and Physical Impacts “An analysis of tax and other economic and physical impacts of such disposition strategy, and a commitment by an appropriate entity to provide property tax revenue, other equivalent revenue source, or a lump sum payment, so that the totality of dispositions in each affected county under the LCC will be 'tax neutral' for that county;”
(6) Hazardous Waste Disclosure “A disclosure of all known hazardous waste or substance contamination or other such environmental liabilities associated with each parcel;”
(7) Consideration of Parcel Split “Appropriate consideration whether to split any parcel which is partly used or useful for operation of PG&E's and/or a co-licensee's hydroelectric facilities, where the beneficial public values of the unused part may be enhanced by such split, provided that it is consistent with Section 12(b)(4) of this Stipulation and that, in the event that governmental approval of a parcel split imposes conditions or restrictions on other PG&E property, the decision to accept or reject such conditions will be at PG&E's sole discretion;”

Table 1 Stipulation 12(a) Requirements

(8) Strategy for Physical Measures to Enhance BPVs

“A strategy to undertake appropriate physical measures to enhance the BPVs of individual parcels; provided that no such measure will be in conflict with the provisions of Settlement Agreement paragraph 17(c) and Appendix E paragraph 1;”

(9) Monitoring Plan for the Economic and Physical Impacts of Disposition and Implementation of Enhancement Measures

“A plan to monitor the economic and physical impacts of disposition and implementation of enhancement measures on the applicable management objectives;”

(10) Implementation Schedule for Transactions and Measures

“A schedule for the implementing transactions and measures.”

1. Acreage, Existing Economic Uses and Agreements

Acreage and Property Description

Approximately 62 acres in Parcel 813 will be donated to SJCOE and, consistent with the conditions in the Settlement Agreement, the Property will be subject to a perpetual conservation easement granted by SJCOE to WHF. 592 acres within Parcel 813 will be donated to the California Department of Forestry and Fire Protection (CAL FIRE) and will also be subject to a conservation easement. The remaining 671 acres within Parcel 813 will be retained by PG&E subject to a conservation easement.

The Lake Spaulding planning unit is located 26 miles from Nevada City and 19 miles from Truckee at an approximate elevation range of 5,200 to 7,000 feet mean sea level (msl). The planning unit encompasses many scenic lakes in the high elevation mountains of the Sierra Nevada.

The Lake Spaulding planning unit offers a variety of habitat for both plants and wildlife. Various special status plant species have been identified in the vicinity of the planning unit, including shore sedge, Oregon fireweed, Stebbins' phacelia, Butte County fritillary, and Cantelow's lewisia. Similarly, special status wildlife species such as Sierra Nevada snowshoe hare, Pacific fisher, Sierra marten, foothill yellow-legged frog, and the Federally endangered mountain yellow-legged frog have been surveyed in the vicinity of the planning unit. Throughout the planning unit, there are key winter and summer deer range, fawning areas, and major deer migration corridors.

Lake Valley Reservoir provides recreation opportunities including boating, camping and picnicking. On the northwestern shore of Lake Valley Reservoir, PG&E operates the Silvertip Day Use area; across the reservoir, the Lodgepole Campground offers 35 sites in a forested setting. PG&E leases approximately 40 acres of land on the south side of the reservoir to Sky Mountain Christian Camp (Camp). The lease has been in place for several decades and extensive building and infrastructure improvements were funded and constructed by the lessee, including a main lodge, residence cabins, gymnasium, well and water system, propane, electric and communication infrastructure, landscaping, and paved roads, among other things. The facility has operated year-round as a religious retreat and summer camp. SJCOE intends to purchase the Camp facilities and continue to operate it for environmental education.

There is one PG&E Timber Management Unit (TMU) totaling 1,218 timbered acres that encompasses the lands recommended for donation to SJCOE. The TMU is currently managed under a Multiple-Use prescription, meaning that protection and uses of other resources and facilities may preclude sustained timber management as the highest and best use of portions of the TMU.

No agricultural (farming or grazing) activities occur within the planning unit.

The planning unit lies within the ancestral territory of the Maidu, Washoe, and Nisenan-Southern Maidu groups. Both historic and prehistoric resources are present within the Lake Spaulding planning unit.

Adjacent and Nearby Landowners

The parcel subject to donation to SJCOE is surrounded by National Forest System lands managed by the Tahoe National Forest and private property. The parcel is accessible via Lake Valley Road, which is accessed from the Yuba Gap exit off of Interstate 80 (I-80).

The Stewardship Council notified and invited landowners located within one mile of the subject parcel to provide comment during key phases of the land conservation and conveyance planning process.

Existing Economic Uses and Agreements

There are recorded encumbrances on the acreage for donation to SJCOE in the Lake Spaulding planning unit for underground communication facilities. There are no unrecorded encumbrances, but there is one existing agreement for economic uses on the lands to be donated to SJCOE for the Camp facilities. SJCOE and the lessee will enter into an agreement allowing SJCOE to purchase the Camp facilities when SJCOE receives fee title to the Property.

PG&E's specific reserved rights are set forth in the grant deed and conservation easement, which can be found in Appendices 2 and 3, respectively.

2. Objectives to Preserve and/or Enhance the BPVs

The Land Conservation Commitment provides that “PG&E shall ensure that the Watershed Lands it owns... are conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants, the preservation of open space, outdoor recreation by the general public, sustainable forestry, agricultural uses, and historic values. PG&E will protect these beneficial public values associated with the Watershed Lands... from uses that would conflict with their conservation.

PG&E recognizes that such lands are important to maintaining the quality of life of local communities and all the people of California in many ways, and it is PG&E’s intention to protect and preserve the beneficial public values of these lands under the terms of any agreements concerning their future ownership or management.”¹

The following text lists the objectives for each BPV at the Lake Spaulding planning unit that the Stewardship Council board approved in LCP Volume II, as well as a description of how the transaction, as summarized by this LCCP, supports each objective and preserves and/or enhances the BPVs.

The conservation easement will protect the BPVs, subject to PG&E’s hydro and other reserved rights as provided in the conservation easement.

1. Objective: Preserve and enhance habitat in order to protect special biological resources.

The conservation easement (Appendix 3) includes as a BPV the protection of natural habitat for fish, wildlife and plants that are native to the area, including species protected under the California Endangered Species Act and/or the federal Endangered Species Act.

2. Objective: Preserve open space in order to protect natural and cultural resources, the wilderness character of the region, and continued low-intensity recreation experiences.

The conservation easement will ensure that no further development will occur unless specifically authorized by the conservation easement and consistent with the BPVs. The Property contains the existing Camp facilities which are interspersed in the forest and blend with the natural scenery. SJCOE proposes to maintain the Property to be donated without significant modifications to the landscape. The current open space values on the Property will remain for the benefit of the public. The conservation easement allows for an additional 8 acres of development in a building envelope to expand the camp for campground, educational, recreational purposes, or Property management purposes, in a manner designed to minimize adverse impacts to the conservation values. No expansion is currently proposed.

¹ Land Conservation Commitment I.02-04-026, Appendix E, p. 38

3. Objective: Enhance recreational facilities in order to provide additional public access, and enhance recreation opportunities and management.

The conservation easement allows for public access for outdoor recreational and educational activities, including hiking, fishing, nature study, environmental education, and sightseeing. SJCOE reserves the right to make and enforce reasonable regulations to control, limit, or, exclude Informal Uses and public access where it determines such Informal Uses and/or public access is inconsistent with the protection of the Property, protection of the Conservation Values on the Property, or authorized uses of the Property, including the safety and security of authorized users of the Camp.

4. Objective: Develop and implement forestry practices in order to contribute to and promote a sustainable forest, preserve and enhance habitat, as well as to ensure appropriate fuel load and fire management.

The conservation easement allows vegetation and forest management for public or personal safety, fire protection and suppression, and the enhancement of biodiversity in accordance with sound, generally accepted practices that include prescriptive burning, harvesting, thinning, and brush removal.

5. Objective: Identify potential grazing opportunities in order to enhance agricultural resources and related economic benefits.

There is no current agricultural use of the Property, so agriculture is not included as a BPV. The Property is heavily forested, rocky, and developed, so it is not proposed to introduce agricultural uses.

6. Objective: Identify and manage cultural resources in order to ensure their protection, as well as to support opportunities for public education.

The conservation easement will protect identified historical and cultural values on the Property to the extent they are protected by state and federal law.

3. Recommendations for Conservation Easement and Fee Simple Donation

The Settlement and Stipulation require that the Watershed Lands: (1) be subject to permanent conservation easements restricting development of the Watershed Lands so as to protect and preserve the BPVs, and/or (2) be donated in fee simple to one or more public entities or qualified nonprofit conservation organizations, whose ownership will ensure the protection of these BPVs.

Conservation Easement

The Settlement Agreement states that “the conservation easements shall provide for the preservation of land areas for the protection of the natural habitat of fish, wildlife and plants, the preservation of open space, outdoor recreation by the general public, sustainable forestry, agricultural uses, and historic values and, shall prevent any other uses that will significantly impair or interfere with those values. Conservation easements on the Watershed Lands will include an express reservation of a right for continued operation and maintenance of hydroelectric facilities and associated water delivery facilities, including project replacements and improvements required to meet existing and future water delivery requirements for power generation and consumptive water use by existing users, compliance with any FERC license, FERC license renewal or other regulatory requirements. In addition, conservation easements will honor existing agreements for economic uses, including consumptive water deliveries. The conservation easements shall be donated to and managed by one or more non-profit conservation trustees, qualified conservation organizations or public agencies with the experience and expertise to fully and strictly implement the conservation easements” (Land Conservation Commitment I.02-04-026, Appendix E, pp. 38-39).

For the complete text of the conservation easement, see Appendix 3.

Conservation easements must be donated to nonprofit organizations, Native American tribes, or public agencies that meet the requirements of California Civil Code section 815.3 and possess the experience and capacity to fully and strictly implement the terms of the conservation easement. The Wildlife Heritage Foundation (WHF) will hold the conservation easement over the lands to be donated to SJCOE in the Lake Spaulding planning unit that are the subject of this LCCP. The qualifications of WHF are described in Chapter 4.

Accordingly, immediately following PG&E's conveyance of the lands to be donated to SJCOE in the Lake Spaulding planning unit, SJCOE will convey the conservation easement to WHF.

Donee Selection Process

The Stewardship Council used a formal multi-step process to solicit and select organizations interested in receiving a donation of Watershed Lands or becoming a

conservation easement holder at the Lake Spaulding planning unit. The process consisted of the following key steps:

- Organizations were invited to register via the Stewardship Council's Interested Donee Registry and were invited to submit a statement of qualifications (SOQ). The Stewardship Council reviewed the SOQs that were submitted to identify organizations that: (a) were determined to be a qualified nonprofit conservation organization; a federal, state or local governmental entity; or, a recognized tribe; (b) appeared to have sufficient financial and organizational capacity relative to the property interest sought within the planning unit; and, (c) appeared to be capable of satisfying the requirements of the Settlement and Stipulation for receiving a donation of fee title or to hold the conservation easement.
- Organizations interested in a fee title donation were invited to submit a land stewardship proposal ("LSP" or "proposal") describing their capacity and interest in preserving and enhancing the BPVs. No LSPs were received specifically for the Camp, but two proposals from CAL FIRE and the US Forest Service were received requesting available lands in the Lake Valley Reservoir area and SJCOE requested a donation of the former Eagle Mountain Lodge site to construct a new camp. Following discussion with the Camp operator that indicated willingness to sell the Camp assets, the Stewardship Council worked with SJCOE to enter into this transaction to acquire the Camp and SJCOE was recommended to receive fee title to the Camp at the January 24, 2018 board meeting. The US Forest Service was recommended for fee title donation to a different area (Parcel 798) at the November 14, 2013 board meeting, but later withdrew interest. CAL FIRE was recommended for donation of fee title to approximately 1,311 acres that include Parcel 798 and land adjacent to the SJCOE donation at the June 27, 2018 board meeting.
- The LSPs were posted on the Stewardship Council's website.
- Organizations demonstrating sufficient capacity and determined by the Stewardship Council to be best-suited to receive a donation of property interest (fee or conservation easement) in particular Watershed Lands within a planning unit are being recommended to PG&E to receive fee title and/or conservation easements.

Retention or Donation of Fee Title

The Settlement Agreement states that PG&E will not be expected to make fee simple donations of Watershed Lands with hydroelectric project features, and conservation easements and enhancements may not interfere with hydroelectric operations. In general, PG&E will retain fee title to those Watershed Lands within the boundaries of hydroelectric projects licensed by the FERC, as well as other properties required for continuing and future utility operations. However, these Watershed Lands will be conserved via a conservation easement. See Appendix 6 for a description of PG&E's Land Conservation Commitment.

The 62 acres proposed for donation to SJCOE in Parcel 813 were identified as available for donation, subject to PG&E's reserved rights.

Lands to be Donated by PG&E

Approximately 62 acres within one parcel (813) will be donated to SJCOE pending CPUC approval of the Section 851 filing for the transaction. The legal description of the parcel is included in the grant deed, which is provided in Appendix 2. The qualifications and capacity of SJCOE to manage the Lake Spaulding property recommended for donation are described in Chapter 4.

The map provided in Exhibit 1 shows all of the land within Parcel 813 in the Lake Spaulding planning unit that will be donated. The map also shows key features in the planning unit and surrounding area, and the ownership of adjacent land.

592 acres within Parcel 813 will be donated to the California Department of Forestry and Fire Protection (CAL FIRE) and are the subject of a separate LCCP.

Lands to be Retained by PG&E

The remaining 671 acres in Parcel 813 in the Lake Spaulding planning unit will be retained by PG&E and will be the subject of a separate LCCP.

4. Finding of Donee Funding and Other Capacity to Maintain Lands to Preserve and/or Enhance the BPVs

Selected Organizations

At the conclusion of the selection process referenced below, the following organizations were endorsed by the Stewardship Council board on January 24, 2018 and June 27, 2018 respectively:

- The San Joaquin County Office of Education (SJCOE) to hold fee simple title to approximately 62 acres within Parcel 813. SJCOE plans to use the Camp for environmental education. The Camp will offer activities for urban youth from San Joaquin and neighboring counties, such as outdoor education, hiking, fishing, kayaking, leadership, and team building.
- Wildlife Heritage Foundation (WHF) to hold a conservation easement over the 62 acres to be donated to SJCOE in Parcel 813.

Capacity of Selected Organizations

The Stewardship Council board finds that SJCOE and WHF will have the funding and other capacity to maintain the Property interest so as to preserve and/or enhance the BPVs².

A. SJCOE:

- SJCOE has provided educational programs and services in San Joaquin County for over 160 years and provides services to 14 local school districts and one community college district.
- SJCOE has operated the San Joaquin Outdoor Education (SJOE), an outdoor school program in the Santa Cruz Mountains, for nearly 60 years. SJCOE currently leases the school facility from YMCA Camp Jones Gulch. SJOE serves over 4,400 fifth- and sixth-grade students and nearly 500 high school cabin leaders annually from 12 of the 14 local school districts, for 33 weeks each year.
- SJCOE is fully certified through the California Department of Education by the California Outdoor School Association, Residential Outdoor Science School Certification program. The school has also received Commendations of Excellence from the State Superintendent of Public Instruction.
- Since 1993, SJCOE has acquired fee title to three other properties ranging from a 62,000 square foot historical building to a 290 acre park and developed them into new educational facilities, such as charter schools and an at-risk youth high school.

² Stipulation, Section 12(a)(4)

B. WHF:

- Founded in 2001, WHF is a 501(c)(3) non-profit dedicated to protecting and enhancing wildlife habitat and connecting Californians to the outdoors.
- WHF is a statewide land trust, holding nearly 100,000 acres on over 129 conservation easement and fee title lands in both rural and urban areas, as far north as Shasta County and as far south as the Mojave Desert.
- WHF is recognized by the California Department of Fish and Wildlife, California Department of Conservation, US Fish and Wildlife Service, and U.S. Army Corps of Engineers as a 501(c)(3) non-profit organization acceptable to hold conservation easements in accordance with state and federal permitting requirements. In addition, WHF has been accredited by the Land Trust Alliance since 2008 and is a member in good standing of the California Council of Land Trusts.
- WHF has a professional staff comprised of an Executive Director, Associate Director, Lead Biologist, two Field Technicians, and an Operations Manager. The staff has deep expertise in natural resource management, biology, and environmental sciences.

5. Analysis of Tax and Other Economic and Physical Impacts

The Stipulation requires that the LCCP provide “an analysis of tax and other economic and physical impacts of such disposition strategy, and a commitment by an appropriate entity [which may be PG&E, subject to being authorized by the Commission to fully recover in rates any such costs in approving PG&E’s Section 851 application or in another appropriate Commission proceeding, Stewardship Council, donee, or a third party, depending on the individual circumstances] to provide property tax revenue, other equivalent revenue source, or a lump sum payment, so that the totality of dispositions in each affected county under this Land Conservation Commitment will be ‘tax neutral’ for that county.”

The following sections address the Stewardship Council’s plan for achieving tax neutrality for Placer County, the county in which the Property is located. The final LCCP submitted for all PG&E Watershed Lands located in Placer County will address tax neutrality for the totality of all fee title transfers within the county, as required under the Settlement and Stipulation.

Stewardship Council Board Policies and Guidelines

The Stewardship Council board adopted a set of Guidelines Regarding Satisfaction of Tax Neutrality on March 30, 2011, after an opportunity for public comment. Under the guidelines, the Stewardship Council outlined the following overarching assumptions:

1. The Stewardship Council will address property tax neutrality based upon the most current property taxes paid by PG&E on the lands being transferred at the time of the actual transfer of fee title from PG&E to the selected donee.
2. The Stewardship Council’s achievement of property tax neutrality applies to all property taxes that would be distributed directly to County General Funds, School and Fire Districts, Regional Conservation and Water Districts, and any other special districts as defined by the applicable Tax Rate Area.
3. The Settlement and Stipulation direct the Stewardship Council to ensure that the effects of distributions be made tax neutral for the affected counties. Therefore, the Stewardship Council’s property tax neutrality commitment will not apply to any amount of property tax payments that are subject to apportionment by the State of California.

On June 27, 2012, the Stewardship Council board approved an amendment to the property tax neutrality methodology it had adopted on May 2, 2012, after an opportunity for public comment and specific outreach to all potentially affected counties. On June 24, 2015 and January 21, 2016, the Stewardship Council board approved some revisions to that methodology. The methodology establishes a standard payment process when lands are transferred to organizations that are exempt from paying property taxes (see Appendix 5).

On August 14, 2014, the California Public Utilities Commission approved Resolution E-4644. The resolution states that the Commission endorses the Guidelines Regarding Satisfaction of Tax Neutrality and the Property Tax Neutrality Methodology adopted by the Stewardship Council.

As of November 15, 2017, the Stewardship Council board approved further revisions to the property tax neutrality methodology. The revisions established that the County will receive a one-time lump sum payment allocated based upon the applicable Tax Rate Area at the time of the payment. Counties and special districts would then be free to determine the best use of the funds pursuant to the needs of the county or special district, including, if desired investment in a shared investment pool of the county's choosing.

Achieving Property Tax Neutrality

The Stewardship Council will provide funding to satisfy property tax payments in perpetuity for the Property. Based on the tax tables, which are current as of the date of this LCCP, the transfer of lands to SJCOE is anticipated to result in the reduction of approximately \$835 in annual taxes paid to Placer County (as shown in Table 2 below). If assessed values on the lands recommended for donation change prior to the transfer of the property, the Stewardship Council will revise the payment calculation.

Table 2: Property Tax Detail

Parcel ID	SBE Map Number	Taxes on Acres Transferred
813 (portion)	135-31-1-6 (portion)	\$835

Upon receipt of a lump sum payment of approximately \$20,882, Placer County will, in-turn, be required to distribute the funds to the general fund and applicable special districts consistent with the Tax Rate Area in effect for the parcel.

Other Economic and Physical Impacts

The Settlement and Stipulation require an analysis of the physical and economic impacts of each fee title transfer. The transaction agreements for the donation of 62 acres within the Lake Spaulding planning unit have not mandated any changes to the physical or economic uses of the lands. SJCOE intends to purchase the Camp facilities that Sky Mountain Christian Camp has developed on the Property and continue using them as a group recreational camp for environmental education. If SJCOE proposes to expand the existing facilities or to undertake or permit new activities on the Property in the future, consistent with the terms of the conservation easement, SJCOE will obtain all necessary permits and conduct any required CEQA review at that time.

To enhance and preserve beneficial public values on the Property, the Stewardship Council has granted funding for SJCOE to (1) acquire the existing Camp assets and (2) improve the existing Camp facilities to ensure ADA compliance and suitability for educational purposes. This approval of grant funding will not have any physical or economic impacts because SJCOE has not committed to undertaking any specific improvements at this time. Prior to adopting an improvement plan or conducting any improvements funded by this grant, SJCOE would be required to comply with CEQA and analyze the potential physical impacts of the improvements.

6. Hazardous Waste Disclosure

The Stipulation states that in the transfer of fee title and conveyance of a conservation easement, PG&E will disclose all known hazardous waste, substance contamination, or other such environmental liabilities associated with each parcel and hold the donee harmless.

Lands to be Donated by PG&E

PG&E has provided Lake Spaulding Planning Unit Environmental Site Assessment Report dated December 1, 2011, to SJCOE and WHF, fulfilling the disclosure requirements of the Land Conservation Commitment.

Environmental Agreement

Pending CPUC approval of the transaction, PG&E will execute Environmental Agreements with SJCOE and WHF, satisfying the requirements of Section 12(f) of the Stipulation.

7. Consideration of Parcel Split

To effectuate transfer of the 62 acres identified for donation to SJCOE within Parcel 813, a parcel split is required to comply with the California Subdivision Map Act (Government Code Section 66410, et seq.). Certain exemptions to the Map Act apply to public utilities and/or to governmental entities and may apply to this conveyance.

8. Strategy for Physical Measures to Enhance the BPVs

The Stewardship Council developed and implemented a strategy to identify and undertake appropriate physical measures to enhance the BPVs of the Watershed Lands consistent with Settlement Agreement paragraph 17(c)³ and Appendix E, paragraph 1.

During the preparation of Volume II of the LCP, a number of potential physical enhancement measures to preserve and/or enhance the BPVs were identified. These measures were identified with public input and were intended to be illustrative in nature and subject to change over time in coordination with the future landowner.

The Stewardship Council has developed a grant program that will fund selected enhancements on the Watershed Lands. In addition, it is anticipated that grant funding will be available to accomplish future projects that enhance one or more of the six Beneficial Public Values. Projects may include habitat restoration or physical measures such as developing trails, day use areas, and other public access improvements.

As part of this program, and to further the preservation and enhancement of the BPVs, the Stewardship Council has granted funding for SJCOE to (1) acquire the existing camp assets and (2) improve the existing facilities to ensure ADA compliance and suitability for educational purposes.

³ Settlement Agreement Paragraph 17(c) states, “PG&E shall fund PG&E Environmental Enhancement Corporation with \$70 million in Cash to cover administrative expenses and the costs of environmental enhancements to the Watershed Lands... provided that no such enhancement may at any time interfere with PG&E’s hydroelectric operations maintenance or capital improvements.”

9. Monitoring Plan for the Economic and Physical Impacts of Disposition and Implementation of Enhancement Measures

The Stipulation requires that the LCCP outline a plan to monitor the economic and physical impacts of disposition and implementation of enhancement measures.

The conservation easement holder is required to monitor every conservation easement that it holds to ensure that the landowner is complying with the terms of the easement. The Stewardship Council will enter into a Conservation Easement Funding Agreement (Appendix 4) with each conservation easement holder whereby the holder will receive a monitoring and enforcement endowment from the Stewardship Council to fund its monitoring activities.

To further meet the requirement of monitoring the economic and physical impacts, the Stewardship Council will enter into an agreement with the Sierra Nevada Conservancy (SNC), a state agency, whereby the agency will agree to undertake certain duties designed to monitor the impacts of PG&E's Land Conservation Commitment.

When the Stewardship Council has completed its work, it will be dissolved. Prior to its dissolution, the Stewardship Council expects to prepare a report providing an assessment of any economic and physical impacts resulting from the Land Conservation Commitment as of that time. Stewardship Council's close-out report will include, among other things, the following information:

- How the property tax neutrality requirement was satisfied with regard to each parcel donated to a tax exempt organization.
- A report regarding the enhancements that were funded by the Stewardship Council.

It is anticipated that several years after the dissolution of the Stewardship Council, SNC will prepare a report assessing the physical and economic impacts of the Land Conservation Commitment up until that time. The report is expected to cover the following topics:

- Impact of the Land Conservation Commitment on agreements for economic uses.
- Changes in entities holding conservation easements or fee title.
- Performance of duties by conservation easement holders.

In addition to preparing an assessment report, which will be submitted to the CPUC and PG&E, SNC will serve as a public repository for key transaction documents and other documents pertaining to the Land Conservation Commitment through June 2025.

10. Implementation Schedule for Transactions and Measures

Schedule for Transaction

- CPUC review and approval (2020)
- Close of escrow (2021)
- Stewardship Council release of funds to WHF per conservation easement funding agreement (2021)

Compliance with Local Land Use Planning Requirements

Future management of the donated Property at the Lake Spaulding planning unit is anticipated to comply with all applicable County ordinances and/or General Plan policies.

SUMMARY OF PUBLIC OUTREACH PROGRAM

The Stewardship Council established a comprehensive public outreach program to both inform and solicit input from the public on the development and implementation of a plan to permanently protect over 140,000 acres of PG&E watershed lands. A variety of tools and techniques are used to engage the public, including:

- Stewardship Council Website: the website provides background information on the land conservation program and is regularly updated with board meeting agendas and minutes, proposed recommendations, and other announcements.
- Stakeholder Database and E-mailing: regular e-mail notifications are sent directly to individuals and organizations that have signed-up to receive e-mails. The e-mails provide updates on the status of the land conservation program, including pending actions by the board and upcoming public meetings.
- Targeted Newspaper Noticing and Paid Advertisements: newspaper advertisements and notices are placed in local newspapers circulated in the area where a board or public meeting is taking place or in communities that may have an interest in a particular topic on an upcoming meeting agenda.
- News Releases: news releases are issued to statewide and local media outlets at key intervals during the planning process.
- Public Information Meetings and Workshops: public information meetings and workshops are conducted throughout the watershed lands to provide updates and solicit input from interested stakeholders on the land conservation program and individual planning units. In many workshops, public comments were sought on potential measures to protect and enhance the beneficial public values on specific lands as well as the desired qualifications of potential donee organizations. Individuals and organizations unable to attend are provided an opportunity to submit comments in writing and review meeting summaries posted on the web site.
- Notice by Mail of Pending Decisions Regarding the Conveyance of Individual Parcels and Invitation to Comment:
 - Noticing of Affected Governmental Entities: prior to the Watershed Planning Committee forwarding a recommendation to the board that a proposed Land Conservation and Conveyance Plan (LCCP) be adopted by the board, a notice will be mailed to the Board of Supervisors of the affected county; each affected city, town, and water supply entity; and each affected tribe and/or co-licensee.
 - Noticing of landowners: postcards or letters are sent to all landowners located within one mile of lands that are the subject of a proposed LCCP prior to the Watershed Planning Committee forwarding a recommendation to the board that the proposed LCCP be adopted by the board.
- Individual Meetings with Stakeholders: Over the course of the preparation of Volumes I and II of the Land Conservation Plan (LCP) and the LCCP, Stewardship Council staff met, and communicated via the telephone and email, with a number of stakeholders interested in the Watershed Lands.

Appendix 1: Summary of Public Outreach

- The Stewardship Council Board of Directors meets five to six times per year, typically on a bimonthly schedule. At the board meetings, the public is invited to directly address the board on an agenda item or on any other matter. The meetings have been held at locations in northern and central California and across the watershed lands to help facilitate public participation. Agendas are available one week prior to meetings, and meeting minutes are posted on the Stewardship Council public website approximately three weeks following those meetings.

LAKE SPAULDING PLANNING UNIT PUBLIC OUTREACH

Highlighted below are the opportunities that have been, or are being, provided for public input on key documents and decisions concerning the Lake Spaulding planning unit and the land conservation and conveyance process.

I. PUBLIC REVIEW OF VOLUMES I AND II OF THE LCP

The Draft Land Conservation Plan Volumes I and II were released in June 2007 for a 60-day public comment period. During this time, the Stewardship Council held ten public meetings to publicize the availability of the Draft LCP and to encourage public comment. These meetings were advertised via an e-mail sent to contacts in the Stewardship Council's database, an announcement posted on the Stewardship Council's web site, a press release issued to local newspapers, a paid advertisement in local papers, and a postcard sent to all landowners on record that reside within one mile of any PG&E parcel. Comments were received via email, the website, and hardcopy letters. The comments were reviewed, and responded to individually; and the text in the draft LCP was revised as appropriate.

During public review of Volumes I and II of the LCP, seven public comments were submitted concerning the Lake Spaulding planning unit. These comments reflected a request to reflect water agency facilities in LCP maps, support for the US Forest Service as a potential fee donee, as well as support for protecting and enhancing the open space and recreational values of the Lake Spaulding planning unit, as well as comments on certain recreational facilities proposed for the property.

II. NOTICING OF LANDOWNERS WITHIN ONE MILE

In the fall of 2006 a postcard was distributed to the approximately 26,000 landowners located within one mile of the exterior boundary of all the parcels to notify and invite comment on Volume I and II of the LCP. A postcard was also sent to notify and invite all landowners located within one mile of the parcels within the Lake Spaulding planning unit to a Public Information Meeting that was held in Auburn, California on April 14, 2011. In addition, simultaneous with the release of the proposed subject LCCP for public comment, adjacent landowners located within one mile of the subject parcels are noticed by mail 30 days before the Watershed Planning Committee considers forwarding the proposed subject LCCP to the board for final approval.

III. PUBLIC INFORMATION MEETING

A Public Information Meeting workshop for several planning units in the Yuba-Bear Watershed Area was hosted by the Stewardship Council on April 14, 2011 in Auburn, California. The meeting concerned six planning units: Lower Drum, Chili Bar, Lake Spaulding, Bear River, Narrows and Fordyce Lake planning

Appendix 1: Summary of Public Outreach

unit. Attendees at the workshop included a total of 58 individuals representing a wide variety of interests including local, state, federal, and tribal governments; and community organizations. The meeting was advertised via an e-mail sent to contacts in the Stewardship Council's database, an announcement posted on the Stewardship Council's web site, a press release issued to the local newspaper, and a postcard sent to all landowners on record located within one mile of any PG&E parcel associated with the Lake Spaulding planning unit.

The purpose of the workshop was to: (1) provide an overview of the land conservation process; and, (2) solicit additional public input on future stewardship of the planning unit.

The Stewardship Council received the following comments at the meeting and through comment cards that apply to the lands subject to this LCCP:

General Comments

- Mineral resources should be included as a beneficial public value
- Lands available for donation should be transferred to an entity that will preserve and enhance public access
- Provide adequate time for the public to review and provide comments on the land stewardship proposals, proposed donee recommendations, and conservation easements
- Understand that all of the parcels have a history of land use and are no longer pristine
- Provide parcel-specific goals to promote public understanding and comment

Lake Spaulding

- Support transfer of lands to an entity that would restrict vehicle traffic to present levels
- Continue to allow public use of existing roads
- Maintain public access for recreation (hiking, fishing, and camping)
- Support for lands available for donation to be transferred to the US Forest Service
- Rely on existing laws to protect sensitive wildlife and archaeological resources

IV. PUBLIC REVIEW OF LAND STEWARDSHIP PROPOSALS

On May 13, 2011, the Stewardship Council received five Land Stewardship Proposals from organizations interested in being considered for a donation of fee title to certain lands located within the Lake Spaulding planning unit. The Department of Forestry and Fire Protection, Nevada County Land Trust (aka Bear Yuba Land Trust), the San Joaquin County Office of Education, the US Forest Service–Tahoe National Forest, and University of California–Center for Forestry. Each of the organizations prepared and submitted its proposal which was posted on the Stewardship Council's website for public review and comment, and an e-mail was sent to contacts in the Stewardship Council's database to notify them of the postings.

V. PUBLIC REVIEW OF LAND CONSERVATION PROGRAM POLICIES & GUIDELINES

Public comment was sought on policies and guidelines that helped inform the Stewardship Council's land conservation and conveyance process. These documents were provided to the public in advance of

Appendix 1: Summary of Public Outreach

being reviewed and endorsed by the Watershed Planning Committee or Fiduciary Committee and forwarded to the board for review and consideration.

Land Conservation Program Funding Policy

The Stewardship Council created a Land Conservation Program Funding Policy to help guide future planning and decision-making regarding funding of the long term management and stewardship of the watershed lands. In June and July, 2009, the draft policy was posted on the Stewardship Council's web site and made available for review and comment to a group of stakeholders consisting of all registered potential donees and representatives of the counties in which the watershed lands are located. Two comments were received during the 30-day review and comment period. Both comments were reviewed, and it was determined that neither comment necessitated a change in the draft policy. The Stewardship Council's Board of Directors adopted the policy at a public board meeting in Sonora, Calif. on September 17, 2009.

Guidelines for Achieving Property Tax Neutrality

The Stewardship Council created guidelines for achieving property tax neutrality to describe scenarios when the Stewardship Council will make property tax payments to affected counties as in lieu payments for property taxes that are lost due to the donation of PG&E watershed lands to an entity that is exempt from paying property taxes. The guidelines also defined a set of overarching assumptions regarding property tax neutrality payments. The draft guidelines were posted on the Stewardship Council's web site in December 2010. A notice inviting review and comment on the guidelines was sent to the Stewardship Council's stakeholder database. Additional targeted outreach was performed to inform the affected counties. Nine comments were received during the 60-day review and comment period. After consideration of public comments, the Stewardship Council Board adopted a set of guidelines at its public board meeting on March 30, 2011.

Proposed methodology for achieving tax neutrality

The proposed methodology for achieving tax neutrality on donated lands was e-mailed to all land stakeholders and posted on Stewardship Council's website for public review and comment on January 9, 2012. The deadline for submission of comments was March 9, 2012. The Stewardship Council received one request to extend this deadline, which was granted. By the new deadline March 30, 2012, six comments were received. Upon consideration of the comments received, the Stewardship Council board deferred adoption of the full methodology until the June 27, 2012 board meeting so that the affected counties could be notified of the proposed change to the capitalization rate. No comments were received on the revised capitalization rate. The revised methodology was adopted by the board at its June 27, 2012 meeting.

VI. WATERSHED PLANNING COMMITTEE RECOMMENDATIONS OF FEE TITLE AND CONSERVATION EASEMENT DONEES

Staff recommendations for prospective fee title donees and conservation easement holders that are endorsed by the Watershed Planning Committee are posted on the Stewardship Council's website for public review and comment. The proposed board action is noticed via an e-mail sent to contacts in the

Appendix 1: Summary of Public Outreach

Stewardship Council's database. In addition, public board meetings are advertised via an e-mail sent to contacts in the Stewardship Council's database, an announcement posted on the Stewardship Council's web site, a press release issued to local papers, and an advertisement placed in local newspapers in the area where a board or public meeting is taking place or in communities that may have an interest in a particular topic on an upcoming meeting agenda. The board action taken is also noted in the meeting minutes that are posted on the Stewardship Council's website following each meeting.

All public comments received by staff concerning the conservation easement recommendation at the Lake Spaulding planning unit were provided to the board for consideration at the relevant public board meeting.

VII. PUBLIC REVIEW OF THE LAND CONSERVATION AND CONVEYANCE PLANS

The public is provided an opportunity to review and comment on the proposed Land Conservation and Conveyance Plans (LCCPs), and the comments received are shared with board members prior to the Watershed Planning Committee's forwarding the proposed LCCP to the board for its review and approval. The 30-day public review and comment periods are announced via an e-mail sent to contacts in the Stewardship Council's database, a posting on the Stewardship Council's web site, and an advertisement placed in local newspapers in communities that may have an interest in a particular planning unit. A notice inviting review and comment on the proposed LCCP is also sent to all landowners on record located within one mile of the subject PG&E parcels and to PG&E leaseholders. In addition, a notice is mailed to the board of supervisors of the affected county; each affected city, town, and water supply entity; and each affected tribe and/or co-licensee. After receiving public comment, the Watershed Planning Committee may make revisions to a proposed LCCP prior to forwarding a recommendation to the board.

VIII. STEWARDSHIP COUNCIL BOARD OF DIRECTORS MEETINGS

Proposed LCCPs endorsed by the Watershed Planning Committee are posted on the Stewardship Council's website for additional public review and comment approximately 30 days prior to being considered by the board at a public board meeting. The posting of proposed LCCPs is advertised via an e-mail sent to contacts in the Stewardship Council's database. In addition, public board meetings are advertised via an e-mail sent to contacts in the Stewardship Council's database, an announcement posted on the Stewardship Council's web site, a press release issued to local papers, and an advertisement placed in local newspapers in the area where a board or public meeting is taking place or in communities that may have an interest in a particular topic on an upcoming meeting agenda. The board action taken is noted in the meeting minutes that are posted on the Stewardship Council's website following each meeting.

All public comments received will be provided to the board. There is also an additional opportunity for public comment at the public board meeting when the board considers approval of the proposed LCCP. Adoption of an LCCP by the board would be the final step in the Stewardship Council's process for selecting donees. The conservation easement donee is responsible for securing its own internal approvals prior to the transaction being completed. Transactions will be finalized upon LCCP review and transaction approval by the California Public Utilities Commission.

RECORDING REQUESTED BY AND RETURN
TO:

PACIFIC GAS AND ELECTRIC COMPANY
245 Market Street, N10A, Room 1015
P.O. Box 770000
San Francisco, California 94177
Attention: Land Consultant (LCC)

No Recording Fee Pursuant to Government Code
27383

THE UNDERSIGNED GRANTOR(S) DECLARE(S)
DOCUMENTARY TRANSFER TAX IS \$0

Transfer Tax Exempt due to Revenue & Taxation
Code 11922

See Signature of Grantor Below

Signature of declarant or agent determining tax

(SPACE ABOVE FOR RECORDER'S USE ONLY)

LD
APN:

DEED

GRANT DEED AND RESERVATION OF RIGHTS AND EASEMENTS

I. CONVEYANCE OF FEE

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation (“**Grantor**”), hereby grants, without warranty express or implied, to San Joaquin County Office of Education, a county office of education duly organized and validly existing under the Constitution and laws of the State of California (“**Grantee**”), the real property (“**Property**”), situate in the County of Placer, State of California, described in Exhibit A attached hereto and made a part hereof.

In connection with such grant, Grantor and Grantee have agreed, for good and valuable consideration, that Grantor shall reserve certain rights and easements, as more fully described in Section III below.

II. RECITALS

A. Grantor is a party to that certain Settlement Agreement (“**Settlement Agreement**”) as modified and approved by the Public Utilities Commission of the State of California (“**CPUC**”) in its Opinion and Order of December 18, 2003 (Decision 03-12-035).

B. In furtherance of the Settlement Agreement, and to provide additional detail regarding the implementation of the “Land Conservation Commitment” (defined below), the parties to the Settlement Agreement and other interested parties entered into that certain

Stipulation Resolving Issues Regarding the Land Conservation Commitment dated September 25, 2003 (“**Stipulation**”).

C. The Settlement Agreement and the Stipulation (collectively, “**Governing Documents**”) require Grantor to ensure that approximately 140,000 acres of watershed lands, all owned by Grantor (collectively, “**Watershed Lands**”), including the Property, are conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants; the preservation of open space; outdoor recreation by the general public; sustainable forestry; agricultural uses; and historic values. The obligations of Grantor to convey fee interests and/or conservation easements and to protect such beneficial public values on the Watershed Lands, as well as certain other obligations related thereto, are set forth in detail in Appendix E of the Settlement Agreement (as further explicated in Section 12 of the Stipulation), and are defined therein as the “**Land Conservation Commitment**.”

D. Pursuant to the Governing Documents, the Pacific Forest and Watershed Lands Stewardship Council, a California non-profit public benefit corporation (“**Stewardship Council**”) was created to oversee and carry out the Land Conservation Commitment. Pursuant to the Governing Documents, the Stewardship Council developed a plan for protection of the Watershed Lands for the benefit of the citizens of California (“**Land Conservation Plan**” or “**LCP**”). The LCP includes, among other things, objectives to preserve and/or enhance the beneficial public values identified on each parcel of Watershed Lands.

E. Grantor has used and continues to use the Property for the purpose of generating and transmitting hydroelectric energy, managing and monitoring the flow of water over the existing waterways for consumptive and non-consumptive uses, conducting various biological and land use studies mandated by the Federal Energy Regulatory Commission (“**FERC**”), and for other purposes as described more fully in Section III below (collectively, “**Hydro Project Activities**”). Additionally, Grantor has used and continues to use the Property to erect, construct, reconstruct, replace, remove, operate, inspect, maintain and use facilities of the type hereinafter specified for the transformation, transmission and distribution of electric energy and for communication purposes (collectively “**Electric Activities**”). As used herein, “**Hydroelectric Facilities and associated Water Delivery Facilities**” and “**Electric Facilities**” refers to those existing and future facilities, structures and improvements now or hereafter located on, above, or under the Property, that are associated with the Hydro Project Activities and/or the Electric Activities, as described more fully in Section III below.

F. Consistent with the terms of the Governing Documents, Grantor and Grantee acknowledge this conveyance, together with the [conservation easement] (“**Conservation Easement**”) being entered into concurrently herewith by Grantee and Wildlife Heritage Foundation, a California non-profit public benefit corporation (together with its successors under the Conservation Easement, “**CE Holder**”), are being made in the public interest with the intent to ensure the permanent protection of the beneficial public values on the Property as identified in the LCP and the Conservation Easement while allowing the ongoing use of the Property by Grantor for Hydro Project Activities and Electric Activities, and acknowledging and honoring existing third party uses.

III. GRANTOR RESERVATION OF RIGHTS AND EASEMENTS

1. Reserved Rights and Reserved Easements. Grantor expressly reserves the right to engage in or invite or permit others to engage in the activities and uses set forth below (collectively, the “**Reserved Rights**”) as Grantor may determine in Grantor’s sole discretion exercised in good faith is required for Grantor’s continued Hydro Project Activities and Electric Activities, including the continued operation and maintenance of Hydroelectric Facilities and associated Water Delivery Facilities and Electric Facilities, together with easements as reasonably necessary or convenient for the exercise of the Reserved Rights (collectively the “**Reserved Easements**”). The Reserved Easements include a right of way for the continued operation and maintenance of electric lines and associated Electric Facilities, and the operation of future Electric Facilities within the easement area shown in Exhibit B, attached hereto and made a part hereof (the “**Electric Line Easement Area**”).

Whenever reasonably practical, Grantor will use reasonable efforts to notify and consult with Grantee in advance of the exercise of the Reserved Rights and Reserved Easements, and use reasonable efforts to employ methods and practices that will not significantly impair the beneficial public values of the Property. The Reserved Rights and Reserved Easements are as follows:

(a) Grantor reserves, for its beneficial uses, all riparian water rights inherent in and part and parcel of the Property; all appropriative surface water rights (including, but not limited to, any appropriative surface water rights having a point of diversion, place of storage, or place of use on the Property); all prescriptive surface water rights; and all other right, title and interest of any nature whatsoever in and to the surface waters (including subsurface flow) which are now or hereafter located or flowing upon or abutting the Property. Grantor acknowledges and agrees that Grantee shall have the right to utilize groundwater on the Property, including the right to drill wells.

(b) Grantor reserves the permanent right to operate, maintain, repair, alter, replace and expand existing and future Hydroelectric Facilities and associated Water Delivery Facilities, including project replacements and improvements required to meet existing and future water delivery and other requirements for power generation and consumptive water use by existing and future users, compliance with any FERC license, FERC license renewal or other regulatory or legal requirements. In furtherance of and without in any way limiting the generality of the foregoing, the following rights are expressly reserved:

(1) The right to conduct any and all uses and activities now or at any time in the future deemed necessary or appropriate by Grantor in Grantor’s sole discretion exercised in good faith in connection with the generation of hydroelectric energy, including, but not limited to the operation, maintenance, repair, alteration, replacement and expansion of existing Hydroelectric Facilities and associated Water Delivery Facilities, and the construction, operation, maintenance, repair, alteration, replacement and expansion of new Hydroelectric Facilities and associated Water Delivery Facilities; and

(2) The right to use, maintain, establish, construct, alter, expand and improve water sources, courses, and bodies within the Property, and to take, divert and appropriate water; and

(3) The right to conduct any and all uses and activities currently or in the future deemed necessary or appropriate by Grantor in Grantor's sole discretion exercised in good faith to comply with any applicable FERC license or other regulatory or legal requirements, including any amendments thereto and replacements thereof, and with applicable regulations and orders of the FERC or other regulatory agencies; and

(4) The right to conduct any and all uses and activities now or at any time hereafter deemed necessary or appropriate by Grantor in Grantor's sole discretion exercised in good faith to comply with the Federal Power Act (Title 16 United States Code, Chapter 12) and any successor statute (the "FPA"); and

(5) The right to decommission all or any portion of existing and future Hydroelectric Facilities and associated Water Delivery Facilities in accordance with any applicable license issued by the FERC.

(c) Grantor reserves the permanent right to conduct said Electric Activities within said Electric Line Easement Area for its Electric Facilities, described as follows:

Such poles, aerial wires, cables, electrical conductors with associated crossarms, braces, transformers, anchors, guy wires and cables; and such underground conduits, pipes, manholes, service boxes, wires, cables, and electrical conductors; aboveground marker posts, risers, and service pedestals; underground and aboveground switches, fuses, terminals, and transformers with associated concrete pads; and fixtures and appurtenances necessary to any and all thereof, as Grantor deems necessary for the transmission and distribution of electric energy and for communication purposes.

(d) Grantor further reserves to itself the following permanent rights with respect to the foregoing Reserved Rights and Reserved Easements:

(1) The right of ingress to and egress over and across the Property by means of roads and lanes thereon, if such there be, otherwise by such route or routes as shall occasion the least practicable damage and inconvenience to Grantee and to use said roads, lanes, or routes to provide access to any of Grantor's easements and facilities on lands adjacent to the Property; and

(2) The right, from time to time, to install, maintain and use gates in all fences which now or shall hereafter cross the Property; and

(3) The right, from time to time, to trim or to cut down any and all trees, brush or other vegetation now or hereafter on the Property which now or hereafter in the opinion of Grantor may interfere with or be a hazard to any of the Hydroelectric

Facilities and associated Water Delivery Facilities and/or Electric Facilities located on the Property or adjacent to the Property, or as Grantor deems necessary to comply with applicable state or federal regulations; and

(4) The right, from time to time, to trim or to cut down any unauthorized trees, crops, vines or other vegetation as described in Paragraph IV.3 that exceed ten feet (10') in height within the Electric Line Easement Area and may cause the Grantor to take reasonable measures to control re-sprouting trees; and

(5) The right, from time to time, to trim and cut down and clear away any and all trees, brush and other vegetation on the Property (A) for purposes of disease or insect control or otherwise as necessary or appropriate for prudent land management (i.e., not motivated by commercial benefit), and/or (B) for other vegetation management operations, including but not limited to forest fuel reduction projects, thinning of tree stands and meadow restoration projects. The foregoing may include the use of mastication machines and pesticide use to control trees, brush and other vegetation and/or insects; and

(6) To use such portion of the Property contiguous to the Electric Line Easement Area as may be reasonably necessary in connection with the construction, reconstruction, installation, inspection, maintenance, repair, replacement and removal of the Electric Facilities; and

(7) To mark the location of the Electric Line Easement Area by suitable markers set in the ground; provided that said markers shall be placed in fences or other locations which will not interfere with any reasonable use Grantee shall make of the Electric Line Easement Area; and

2. Required Exercise. An exercise of Grantor's Reserved Rights shall be "required" (as used in the preceding Section III.1) where Grantor determines in its sole discretion exercised in good faith that such exercise is necessary to fulfill requirements or directives of any one or more of the following: (a) the CPUC or the FERC; (b) other local, state or federal governmental entities; (c) any applicable law, ordinance, rule or regulation of local, state or federal governmental entity; (d) any third party agreement entered into by Grantor in good faith or by which Grantor is bound; or (e) professional engineering and design standards governing the ownership, maintenance, and/or operation of the Hydroelectric Facilities and associated Water Delivery Facilities and/or Electric Facilities.

IV. TERMS OF GRANT

1. The conveyance by Grantor to Grantee pursuant to this Grant Deed and Reservation of Rights and Easements (this "**Grant Deed**") is subject to: (a) a lien securing payment of real estate taxes and assessments; (b) applicable zoning and use laws, ordinances, rules and regulations of any municipality, township, county, state or other governmental agency or authority; (c) all matters that would be disclosed by a physical inspection or survey of the Property or that are actually known to Grantee; and (d) all contracts, leases, licenses, covenants,

conditions, easements, restrictions, liens, encumbrances and other exceptions of record or unrecorded.

2. The provisions hereof shall inure to the benefit of and bind the successors and assigns of the respective parties hereto, and all covenants shall apply to and run with the Property. All future conveyances of the fee interest in the Property shall be consistent with the terms of the Governing Documents. In accordance with Section 12 b (4) of the Stipulation, Grantee and its successors and assigns shall not convey all or any portion of the fee interest in the Property to any governmental entity, public agency or any Native American tribe that may currently have, or come to possess, authority to expand Grantor's obligations under Part 1 of the FPA and any successor statute, without the prior written consent of the Grantor, which consent shall be in Grantor's sole discretion exercised in good faith.

3. Grantee agrees that it shall not plant or maintain any trees, crops, vines or other vegetation that naturally exceeds a height of ten feet (10') at maturity within said Electric Line Easement Area,

4. Grantee shall have the right to use the Electric Line Easement Area for purposes which will not interfere with Grantor's full enjoyment of the rights hereby reserved; provided that:

(a) Grantee shall not erect or construct any building or other structure, or drill or operate any well, or construct any reservoir or other obstruction or diminish or substantially add to the ground level in the Electric Line Easement Area; and

(b) Grantee shall not deposit, or permit or allow to be deposited, earth, rubbish, debris, or any other substance or material, whether combustible or noncombustible, on the Electric Line Easement Area, or so near thereto as to constitute, in the opinion of Grantor, a hazard to any of the Electric Facilities.

V. MISCELLANEOUS

1. If any provision of this Grant Deed shall be unenforceable or invalid, the same shall not affect the remaining provisions hereof and to this end the provisions hereof are intended to be and shall be severable.

2. The real property hereby conveyed is no longer necessary or useful to Grantor in the performance by it of its duties to the public.

3. The California Public Utilities Commission, in Decision No. _____, has approved transfer of the Property under State of California Public Utilities Code Section 851.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the parties hereto have executed this agreement this _____ day of _____, 20 _____.

GRANTOR:

PACIFIC GAS AND ELECTRIC
COMPANY, a California corporation

By: _____

Name: _____

Title: _____

GRANTEE:

Grantee accepts, acknowledges, and agrees to
the terms of this Grant Deed.

SAN JOAQUIN COUNTY OFFICE OF
EDUCATION, a county office of education
duly organized and validly existing under the
Constitution and laws of the State of California

By: _____

Name: _____

Title: _____

CERTIFICATE OF ACCEPTANCE, GOVERNMENT CODE SECTION 27281

This is to certify that the interest in real property conveyed by the deed or grant deed dated _____, _____, from Pacific Gas and Electric Company to the San Joaquin County Office of Education, a county office of education duly organized and validly existing under the Constitution and laws of the State of California is hereby accepted by order of the [Board] on _____, _____, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: _____

By: _____

EXHIBIT A

PROPERTY DESCRIPTION

[Follows this page]

Appendix 2: Grant Deed

Exhibit Version

6/5/20

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 San Francisco)

On _____, before me, _____, a Notary Public,
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 _____

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 San Joaquin)

On _____, before me, _____, a Notary Public,
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 _____

RECORDING REQUESTED BY AND)
WHEN RECORDED MAIL TO:)
)
Wildlife Heritage Foundation)
Attn: Darla Guenzler, Executive Director)
563 Second Street, Suite 120)
Lincoln, CA 95648)
)

Space Above Line for Recorder's Use Only

CONSERVATION EASEMENT DEED
(Sky Mountain)

THIS CONSERVATION EASEMENT DEED ("Conservation Easement") is made as of _____, 20____ ("Effective Date"), by SAN JOAQUIN COUNTY OFFICE OF EDUCATION, a _____ ("Grantor"), in favor of WILDLIFE HERITAGE FOUNDATION, a California nonprofit public benefit corporation ("WHF" or "Grantee") (Grantor and WHF are sometimes referred to herein individually as "Party" and collectively as "Parties"), with reference to the following facts, circumstances, and terms:

R E C I T A L S

A. **The Property.** Grantor is the fee title owner of certain real property ("Property") containing approximately 61.96 acres located in the County of Placer, State of California. The Property is legally described and depicted in **Exhibit A** attached hereto and incorporated herein by this reference.

B. **WHF's Nonprofit Status.** WHF is a California nonprofit public benefit corporation, exempt from federal income taxation under sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code of 1986, as amended ("IRC"), and qualified to acquire and hold conservation easements pursuant to California Civil Code section 815.3. WHF is dedicated to the preservation, protection or enhancement of land in its natural, scenic, forested, or open space condition.

C. **Transfer of Property to Grantor.** Pacific Gas and Electric Company, a California corporation ("PG&E"), transferred to Grantor the fee interest in the Property in accordance with that certain Grant Deed, being recorded in the Official Records of the County of Placer, immediately prior to the recording hereof ("Grant Deed"), attached

hereto as **Exhibit B** and incorporated herein by reference, subject to: (1) PG&E's reservation of certain rights in and to the Property, as set forth in the Grant Deed ("PG&E Reserved Rights"); and (2) those legally-enforceable third-party rights to use the Property in effect as of the Effective Date, as listed on **Exhibit C** attached hereto and incorporated herein by this reference, true and complete copies of which have been provided to, and reviewed and accepted by, Grantee ("Express Third-Party Uses").

D. Governing Documents. PG&E transferred fee title to the Property to Grantor in connection with PG&E's implementation of the "Land Conservation Commitment," provided for in the following documents (collectively, "Governing Documents") and described more fully below: (i) that certain Settlement Agreement as modified and approved by the Public Utilities Commission of the State of California in its Opinion and Order of December 18, 2003 (Decision 03-12-035); and (ii) that certain Stipulation Resolving Issues Regarding the Land Conservation Commitment dated September 25, 2003 ("Stipulation").

E. Beneficial Public Values. The Governing Documents require PG&E to ensure that approximately 140,000 acres of watershed lands, all located in California and owned by PG&E as of the date the Governing Documents were entered into (collectively, "Watershed Lands"), are conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants; the preservation of open space; outdoor recreation by the general public; sustainable forestry; agricultural uses; and historic values (collectively, "Beneficial Public Values"). The Property is included in these Watershed Lands. The Land Conservation Commitment constitutes the obligations of PG&E to convey fee title and conservation easements to Watershed Lands, and to protect the Beneficial Public Values of the Watershed Lands, as well as certain other obligations related thereto, as set forth in detail in the Governing Documents. The Stipulation provides that conservation easements for Watershed Lands will preserve or enhance reasonable public access.

F. The Property's Beneficial Public Values. The Property includes the specific Beneficial Public Values identified on **Exhibit D** attached hereto and incorporated herein by this reference (collectively, "Conservation Values").

G. PG&E Reserved Rights. In accordance with the Governing Documents, the PG&E Reserved Rights constitute an express reservation in favor of PG&E of certain rights to continue operation and maintenance of hydroelectric facilities and associated water delivery facilities, including project replacements and improvements required to meet existing and future water delivery requirements for power generation and consumptive water use by existing users, compliance with any Federal Energy Regulatory Commission license or license renewal or other regulatory requirements.

H. Continued Economic Uses. The Governing Documents also include a requirement that conservation easements encumbering Watershed Lands honor existing agreements for economic uses, including consumptive water deliveries.

I. Land Conservation Commitment. Pursuant to the Governing Documents, the Pacific Forest and Watershed Lands Stewardship Council, a California nonprofit public benefit corporation ("Stewardship Council"), was created to oversee and carry out the Land Conservation Commitment. Pursuant to the Governing Documents, the Stewardship Council developed a plan for protection of the Watershed Lands for the benefit of the citizens of California ("Land Conservation Plan"). The Land Conservation Plan includes, among other things, objectives to preserve and/or enhance the Beneficial Public Values identified on each parcel of Watershed Lands, including the Property.

J. California Civil Code Section 815 et seq. The Legislature of the State of California, as set forth in California Civil Code section 815 *et seq.*, has found and declared it to be the public policy and in the public interest of this state to encourage the preservation of land predominantly in its natural, scenic, agricultural, historical, forested, or open-space condition. In furtherance of the Land Conservation Commitment and the above-described public policy purposes, Grantor desires to grant a conservation easement over the Property to Grantee.

K. Preservation and Protection in Perpetuity. Grantor and WHF each desire through this Conservation Easement to ensure the permanent protection of the Conservation Values on the Property, subject to PG&E's Reserved Rights and the Express Third-Party Uses. Specifically, the Parties desire to ensure that the Conservation Values on the Property will be preserved and protected in perpetuity as provided herein, and that uses of the Property that are inconsistent with these Conservation Values will be prevented or corrected.

GRANT OF CONSERVATION EASEMENT AND AGREEMENTS

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and pursuant to California law, including California Civil Code section 815, *et seq.*, Grantor hereby voluntarily grants and conveys to WHF a conservation easement in perpetuity over the Property, subject to and in accordance with the terms, covenants, and conditions of this Conservation Easement.

1. Conservation Purposes. The purposes of this Conservation Easement are to protect and preserve in perpetuity the Conservation Values of the Property by restricting any use of the Property that will significantly impair the Conservation Values ("Conservation Purposes"). Subject to the following terms and conditions, Grantor will confine uses of the Property to activities that are consistent with the Conservation Purposes and the terms of this Conservation Easement. As used herein, the terms "impair" or "impairment" mean to diminish in quantity, quality, value, strength or viability.

As used in this Conservation Easement, the terms “significant” or “significantly”, when used with “impair” or “impairment”, respectively, mean a greater than negligible adverse impact or an impact for more than a transient period.

Grantor and WHF acknowledge that the Governing Documents reflect the intention of the Parties thereto (a) to honor Express Third-Party Uses and (b) to continue to permit beneficial uses of the Property that preserve and/or enhance the Conservation Values. It is intended that this Conservation Easement shall allow uses on the Property that are consistent with the protection and preservation of each of the Conservation Values in harmony with each other. While permitted actions required or taken to protect and preserve one or more individual Conservation Values may impair, on an individual and stand-alone basis, one or more other Conservation Values, Grantor and WHF understand that achieving the Conservation Purposes requires the preservation and protection, on balance, of all the Conservation Values existing on the Property, to the maximum extent possible. The Parties recognize that in protecting and/or enhancing one or more of the Conservation Values, another Conservation Value may be impaired, but the Parties intend that this shall not be a permanent occurrence, or a reason to prioritize one Conservation Value over another. The Parties shall balance on an aggregate basis the Conservation Values on the whole Property whenever possible.

2. **Rights Conveyed to WHF.** To accomplish the Conservation Purposes, Grantor hereby grants and conveys the following rights to WHF:

(a) **Right to Preserve and Protect.** WHF shall have the right to preserve and protect in perpetuity the Conservation Values of the Property in a manner consistent with the terms of this Conservation Easement. WHF, in its sole and absolute discretion, shall have the right to prevent by any lawful means any activity on or use of the Property that is or may be a violation of the terms of this Conservation Easement, and to require the restoration of such areas or features of the Property that may be damaged by any act, failure to act, or any use or activity undertaken by Grantor or under Grantor’s control that constitutes a violation of the terms of this Conservation Easement.

(b) **Right of Access to Inspect, Monitor and Enforce.** WHF shall have the right to access and enter upon the Property using any easement or right of way appurtenant to the Property in order to exercise the following rights: (a) inspect the Property three times annually to determine whether Grantor is in compliance with the terms of this Conservation Easement, provided that WHF provides written notice to Grantor at least ten (10) days prior to the annual inspection, and that Grantor shall have the option to be present during any compliance monitoring; (b) exercise the rights which are granted to WHF herein; and (c) enforce the terms of this Conservation Easement, in accordance with Section 10 of this Conservation Easement, including without limitation, the right to restore the Conservation Values, provided, that such access and entry will

be made in a manner that will not interfere unreasonably with the permitted use(s) or enjoyment of the Property by Grantor and any occupant(s) or user(s) of the Property pursuant to the terms of this Conservation Easement. WHF may authorize entry of its consultants to the extent they are assisting WHF in its monitoring obligations or other activities authorized by this Conservation Easement in the exercise of WHF's rights under this Section 2(b) or Section 2(c) below; provided that all access conducted by WHF and WHF's consultants hereunder that is not under the accompaniment of Grantor shall be in accordance with applicable laws and regulations, including without limitation, those included in California Education Code Sections 45125.1 and 45125.2. The appurtenant access rights referenced above include, without limitation, all access rights granted to Grantor for the benefit of Grantor and WHF, among others, under the Easement and Maintenance Agreement covering real property owned by PG&E and located adjacent to the Property that has been recorded immediately preceding this Conservation Easement, without Grantor imposing any additional terms, conditions, permissions, or limitations on WHF's exercise of such appurtenant access rights than those set forth in this Conservation Easement. Nothing in this section shall be construed to authorize entry by members of the public for any purpose.

(c) **Right of Immediate Entry.** WHF, in its sole and absolute discretion, shall have the right to immediately enter the Property where it is determined that urgent action is necessary to prevent, terminate, or mitigate a significant impairment of the Conservation Values. If WHF determines such immediate entry is necessary, WHF need not provide Grantor with prior written notice; provided, however, WHF shall provide Grantor with telephonic or other comparable notice at the time of entry, or immediately prior to entry if reasonably practicable, to be followed by a written notice of entry within three (3) business days after such immediate entry.

3. **Prohibited Uses of the Property.** Except for any use or activity that is expressly permitted in this Conservation Easement, any activity on or use of the Property that is inconsistent with the Conservation Purposes of this Conservation Easement is prohibited. Grantor and WHF agree that **Exhibit F**, attached hereto and incorporated herein by this reference, sets forth both the permitted and prohibited uses of the Property by Grantor, Grantor's agents, Grantees, and/or third parties under Grantor's control on the Property. In entering into this Conservation Easement, Grantor understands and acknowledges that uses prohibited by the terms of this Conservation Easement may become more economically valuable than permitted uses and that neighboring properties may in the future be dedicated partially or entirely to such prohibited uses. Grantor and WHF intend that any such changes will not be deemed to be circumstances justifying the termination, extinguishment, or modification of this Conservation Easement. The inability of Grantor, or its successors or assigns, to carry out any or all the uses permitted under the terms of this Conservation Easement, or the unprofitability of doing so, will not impair the validity, force and effect of this

Conservation Easement or be considered grounds for its termination, extinguishment, or modification.

4. **Grantor's Duties.** To the extent Grantor has or reasonably should have knowledge of actual or anticipated unauthorized third-party use of the Property that violates or would violate the terms of this Conservation Easement, Grantor shall undertake all reasonable actions to prevent such unauthorized use. In determining what actions are reasonable pursuant to this section, the Parties acknowledge that the Property is large and has multiple points of ingress and egress and that preventing all unauthorized use may not be reasonable or feasible.

5. **Grantor's Reserved Rights and Permitted Uses of Property; PG&E's Reserved Rights.**

(a) **Rights of Ownership.** Grantor reserves to itself all rights of ownership of the Property. Grantor shall confine its use of the Property to those permitted activities and uses, and to such other activities and uses of the Property as are both: (1) consistent with the Conservation Purposes; and (2) not prohibited under the terms of this Conservation Easement. The permitted uses and activities set forth on **Exhibit F** are presumed to be consistent with the Conservation Purposes, but **Exhibit F** is not an exclusive list of such uses and activities. Uses and activities that are prohibited in **Exhibit F** are inconsistent with the Conservation Purposes. Those permitted uses listed in **Exhibit F** that will involve construction or renovation of buildings or other structures shall be undertaken only in the applicable zones ("Zones"), as depicted on the map included in **Exhibit G** ("Zones Map"), attached hereto and incorporated herein by this reference. Each Zone is mapped by survey or other reasonably precise method and has been marked in the field using signage mutually acceptable to the Parties.

(b) **PG&E Reserved Rights.** All rights and obligations of Grantor and WHF under this Conservation Easement are subject to the PG&E Reserved Rights specified in the Grant Deed. In the event of a conflict between the PG&E Reserved Rights and the Conservation Purposes, this Conservation Easement shall be construed to unconditionally permit the exercise of the PG&E Reserved Rights. In the event PG&E notifies Grantor of PG&E's intention to exercise any of the PG&E Reserved Rights, Grantor shall notify WHF, in writing, of such intention within five (5) days of Grantor's receipt of such notification.

6. **Express Third-Party Uses.** **Exhibit C** describes the Express Third Party Uses of the Property permitted with the express agreement of Grantor. Grantor retains the right to maintain, renew, or replace all such agreements memorializing Express Third-Party Uses ("Third-Party Use Agreements") and to engage in all activities reasonably required to comply with Grantor's obligations with respect to the Express Third-Party Uses, subject to the following conditions:

(a) **Increases in Intensity or Expansion of Location or Size or**

Change in Third Party Use. Except as otherwise provided in this Conservation Easement, subject to existing Third Party Use Agreements, any (i) increase in the intensity, (ii) expansion of the location or size, or (iii) change in the use, of any of the Express Third-Party Uses, whether through a new agreement or an amendment to an existing agreement, that Grantor determines in consultation with WHF under Section 9(a) are likely to significantly impair the Conservation Values shall not be allowed.

(b) **Renewal or Replacement of Third-Party Use Agreements.** All

Third-Party Use Agreements existing as of the Effective Date are identified on **Exhibit C.** As Third-Party Use Agreements are renewed or replaced (either with the existing user or a new user), Grantor, in consultation with WHF, shall use all commercially reasonable best efforts to include contractual provisions to bring the continuation of the Express Third-Party Uses and the preservation of the Conservation Values into alignment to the fullest extent reasonably practicable.

(c) **Enforcement of Third-Party Use Agreements.** If Grantor or WHF

discovers any default or breach under a Third-Party Use Agreement that significantly impairs the Conservation Values (and if WHF makes such discovery and WHF gives Grantor written notice thereof), Grantor shall use reasonable efforts to enforce or otherwise remedy such violation, at Grantor's sole expense.

7. **Public Access.**

(a) **Informal Uses and Public Access.** Grantor and WHF recognize

the Property has been used by third parties for recreational, cultural, and other non-commercial or informal purposes without formal written agreements to conduct such activities ("Informal Uses"). Grantor and WHF further recognize that access to the Property is inherent or may be inherent in the enjoyment of the Conservation Values and the Informal Uses. Consistent with the objectives articulated in the Governing Documents to provide continued reasonable access by the public to the Watershed Lands, Grantor shall allow public access to the Property that is substantially consistent with the public access existing on the Effective Date. Grantor reserves the right to make and enforce reasonable regulations to control, limit, or, exclude Informal Uses and public access where it determines such Informal Uses and/or public access is inconsistent with the protection of the Property, protection of the Conservation Values on the Property, or authorized uses of the Property, including the safety and security of authorized users of the Property. Grantor shall not allow any Informal Use or any public access that significantly impairs the Conservation Values.

(b) **New or Increased Public Access.** If Grantor desires to allow new

public access or Informal Uses or an expansion of public access or Informal Uses on the Property, WHF's advance written approval is required in accordance with

Section 9(b), which approval shall not be unreasonably withheld, conditioned or delayed.

(c) **Liability Limitation.** Notwithstanding Section 7(a) and Section 7(b) above, Grantor and WHF claim all of the rights and immunities against liability for injury to the public to the fullest extent allowable by law.

(d) **Periodic Review of Informal Uses.** As part of WHF's compliance monitoring: (i) Grantor and WHF shall meet and confer to discuss the known Informal Uses and public access conducted on the Property for the purpose of WHF's assessment of Grantor's compliance with the requirements set forth above in this section; and (ii) with respect to Informal Uses allowed by Grantor on the Property in accordance with Section 7(a) above, Grantor and WHF shall meet and confer, and include recommendations, if any, regarding the necessity of controlling, limiting, or excluding Informal Uses or public access to ensure the preservation of the Conservation Values.

8. **Compliance with Applicable Law.** This Conservation Easement describes certain rights held by Grantor, WHF, PG&E, and third parties, as well as permitted uses that are presumed to be consistent with the Conservation Purposes of the Conservation Easement. Nothing in this Conservation Easement requires Grantor, WHF, PG&E, or third parties to exercise these rights. Nor does this Conservation Easement provide Grantor, WHF, PG&E, or third parties with regulatory approval to undertake any action described as a retained right or permitted use. Prior to undertaking any action to exercise these rights, Grantor, WHF, PG&E, and third parties shall obtain all necessary permits and comply with all applicable laws, including, but not limited to, the California Environmental Quality Act ("CEQA"), Public Resources Code sections 21000 et seq.

9. **Consultation and Approval Processes.**

(a) **Consultation.** Whenever this Conservation Easement requires a Party to consult with the other Party, the Party with the obligation to seek consultation shall provide the other Party with a written request to consult. The Parties shall seek to meet in person within thirty (30) days of the receipt of the consultation request, unless the Parties agree, or this Conservation Easement provides otherwise. For purposes of this Conservation Easement, consultation means the meaningful and timely process of meeting in good faith to exchange adequate information and discuss, understand, and consider the views of the other Party and to seek, wherever feasible, to reach agreement. If the Parties are unable to reach agreement and WHF believes the proposed activity would violate the terms of this Conservation Easement, WHF may issue a Notice of Breach pursuant to Section 10(a). If no response to the request to consult is received within thirty (30) days of its receipt, the requesting Party shall have no obligation to consult.

(b) **Approval**. Whenever this Conservation Easement requires the approval of WHF (“Approval”) for a proposed action or activity (“Proposed Activity”), Grantor shall provide WHF a written notice requesting the Approval at least thirty (30) days before the commencement of the Proposed Activity. The notice shall set forth in detail all material facts of the Proposed Activity and the following provisions shall then be applicable:

(1) **Additional Information**. WHF may request additional information concerning the Proposed Activity within thirty (30) days after the notice is given. Grantor shall provide any supplemental information to WHF within thirty (30) days of WHF’s request.

(2) **Objection Notice**. WHF shall review the notice promptly and give Grantor prompt written notice of any objections based on WHF’s assessment that the Proposed Activity is reasonably likely to violate the terms of the Conservation Easement. If WHF objects, WHF shall advise Grantor how, if at all, the Proposed Activity could be modified to be consistent with the Conservation Purposes and the terms of the Conservation Easement.

(3) **Written Approval**. Grantor shall not, and shall not have the right to, commence or conduct the Proposed Activity until and unless it receives the written approval of WHF, and only in the manner approved, unless the Proposed Activity is deemed approved pursuant to Section 9(b)(4) below.

(4) **Agreement Deadline for Proposed Activity**. The Proposed Activity shall be deemed to have been approved if no objection has been given within sixty (60) days after WHF’s receipt of the notice of the Proposed Activity and all supplemental information requested by WHF pursuant to Section 9(b)(1) above.

(5) **Limitations on Approval**. No actual or deemed approval to, or acquiescence in or failure to object to, any given Proposed Activity shall constitute: (i) agreement or consent to, or approval of, any aspect of the Proposed Activity which was not disclosed in the Grantor’s notice (including any supplemental information, as noted above), or any subsequent action or activity of the same or any different nature; or (ii) agreement or consent to, or approval of, any activity or use which is prohibited by the terms of this Conservation Easement, or any other alteration of the terms of this Conservation Easement.

10. **Enforcement and Remedies.**

(a) **Procedures Upon Violation**. If a party hereto (“Non-Breaching Party”) determines there is a breach of the terms of this Conservation Easement or that a breach is threatened, written notice of such breach (“Notice of Breach”) and a demand for corrective action sufficient to cure the breach shall be given in accordance with Section 21 by the Non-Breaching Party to the Party allegedly breaching this

Conservation Easement (“Breaching Party”). Within fourteen (14) days after receipt of the Notice of Breach, the Parties shall meet at a location in Sacramento County or as otherwise agreed by the Parties to discuss the circumstances of the alleged or threatened breach and to attempt to agree on appropriate corrective action. If the Parties are unable to agree on corrective action within thirty (30) days after such meeting, then a Non-Breaching Party may, at its election, deliver a further written notice to the Breaching Party to demand reasonable corrective action to cure the breach. (“Notice of Violation”). If a violation is not cured within thirty (30) days after receipt of the Notice of Violation, or if the cure reasonably requires more than thirty (30) days to complete and there is failure to begin the cure within the 30-day period or failure to continue diligently to complete the cure, a Non-Breaching Party may commence litigation in accordance with Section 10(b) below. For purposes of this Section 10(a), a Non-Breaching Party can be either or both WHF and/or Grantor.

(b) **Litigation.** If the Parties are not able to resolve a dispute under Section 10(a) above, a Non-Breaching Party may bring an action at law or equity in a court of competent jurisdiction to enforce compliance with the terms of this Conservation Easement, to recover damages to which a Non-Breaching Party may be entitled for violation of the terms of this Conservation Easement, or for any other legal or equitable relief available under California law, including, but not limited to, temporary or permanent injunctive relief, monetary damages or any other form of relief required to achieve the restoration of the Property to the condition it existed prior to any violation. Notwithstanding anything to the contrary in this Conservation Easement, in no event shall the Breaching Party be liable to the Non-Breaching Party for, and the Parties each hereby waive their right to, any indirect, special, punitive or consequential damages resulting from the Breaching Party’s breach of this Conservation Easement, whether foreseeable or unforeseeable. For purposes of this Section 10(b), a Non-Breaching Party can be either or both WHF and/or Grantor.

(c) **Emergency Injunctive Relief.** If circumstances require immediate action to prevent or mitigate a violation of this Conservation Easement and a Non-Breaching Party determines that irreparable harm would result if it were required to complete the process set forth in Section 10(a), the Non-Breaching Party may proceed immediately to seek an injunction to stop the violation, temporarily or permanently. The Non-Breaching Party shall make a good faith effort to immediately provide notice to the Breaching Party of the circumstances requiring urgent action to prevent or mitigate any significant impairment to the Conservation Values. For purposes of this Section 10(c), a Non-Breaching Party can be either or both WHF and/or Grantor.

(d) **Remedies at Law Inadequate.** The Parties agree that remedies at law for any violation of the terms of this Conservation Easement are inadequate and that a Non-Breaching Party shall be entitled to the injunctive relief described in this section, in addition to such other relief to which it may be entitled, including specific performance of the terms of this Conservation Easement, without the necessity of

proving either actual damages or the inadequacy of otherwise available legal remedies, provided the other legal requirements for injunctive relief are met. The Non-Breaching Party's remedies shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity, including but not limited to, the remedies set forth in California Civil Code section 815 *et seq.* For purposes of this Section 10(d), a Non-Breaching Party can be either or both WHF and/or Grantor.

11. **Costs of Enforcement.** The non-prevailing party in litigation to enforce the terms of this Conservation Easement shall pay to the prevailing party any costs and attorneys' fees awarded by the court.

12. **WHF's Discretion.** Enforcement of the terms of this Conservation Easement shall be at the discretion of WHF, and any forbearance by WHF to exercise its rights under this Conservation Easement in the event of any violation of any term of this Conservation Easement shall not be deemed or construed to be a waiver by WHF of such violation or of any subsequent violation of the same or any other term of this Conservation Easement or of any of WHF's rights under this Conservation Easement.

13. **Acts Beyond Grantor's Control.** Nothing contained in this Conservation Easement shall be construed to entitle WHF to bring any action against Grantor for any injury to or change in the Property or impairment of the Conservation Values resulting from (a) any natural cause beyond Grantor's control, including, without limitation, fire not caused by Grantor, flood, storm, climate change, earth movement, diseases affecting biological features of the Property, or any prudent action taken by Grantor under emergency conditions to prevent, abate, or mitigate significant injury to the Property or impairment to the Conservation Values resulting from such causes; (b) acts by WHF or its employees, consultants, agents, contractors, board of directors, or representatives; or (c) acts by third parties over whom Grantor has no control, provided Grantor has fulfilled its obligations under Section 4. Should impairment to the Conservation Values occur as a result of (a) or (c), Grantor and WHF shall consult to determine an appropriate, reasonable response to address the conditions.

14. **Costs and Liabilities.** Grantor retains all responsibilities and shall bear all costs and liabilities of any kind related to the ownership, operation, upkeep, and maintenance of the Property. Except as set forth in Section 16, Grantor agrees that WHF shall have no duty or responsibility for the operation, upkeep or maintenance of the Property, the monitoring of hazardous conditions thereon, or the protection of Grantor, the public or any third parties from risks relating to conditions on the Property. Grantor remains solely responsible for obtaining any applicable governmental permits and approvals required for any activity or use by Grantor permitted by this Conservation Easement. Any activity or use shall be undertaken in accordance with all applicable federal, state and local statutes, ordinances, rules, regulations, orders and requirements.

15. **Taxes; No Liens.** Grantor shall pay before delinquency all taxes, assessments (general and special), fees, and charges of whatever description levied on or assessed against the Property by competent authority (collectively "Taxes"), including any Taxes imposed upon, or incurred because of, this Conservation Easement, and shall furnish WHF with satisfactory evidence of payment upon request. Grantor shall keep the Property free from any liens (other than a security interest that is expressly subordinate to this Conservation Easement as provided in Section 23(m)), including those arising out of any obligations incurred by Grantor for any labor or materials furnished or alleged to have been furnished to or for Grantor at or for use on the Property.

16. **Hold Harmless.** Grantor shall hold harmless and indemnify WHF and its directors, officers, and employees and the successors and assigns of each of them (each an "Indemnified Party" and, collectively, "Indemnified Parties") from and against any and all liabilities, penalties, costs, losses, damages, expenses (including, without limitation, reasonable attorneys' fees and experts' fees), causes of action, claims, demands, orders, liens or judgments (each a "Claim" and, collectively, "Claims"), proximately caused by the occupancy or use of the Property by Grantor or its directors, officers, employees, or agents, unless due solely to the negligence of WHF or any of WHF's officers, employees or agents. If any action or proceeding is brought against any of the Indemnified Parties by reason of any such Claim, Grantor shall, at the election of and upon written notice from an Indemnified Party seeking indemnification under this section, defend such action or proceeding by counsel reasonably acceptable to the Indemnified Party or reimburse such Indemnified Party for all reasonable charges incurred.

WHF shall hold harmless and indemnify Grantor and its directors, officers, and employees, and successors and assigns of each of them from and against any and all liabilities, penalties, costs, losses, damages, expenses (including without limitation reasonable attorneys' fees and costs and consultant fees), causes of action, claims, demands, orders, liens or judgments proximately caused by to the entry onto or use of the Property by WHF or its officers, employees, or agents, unless due solely to the negligence of the Grantor, its directors, officers, employees or agents. If any action or proceeding is brought against the Grantor, its directors, officers, employees or agents, by reason of such claim, WHF shall, at the election of and upon written notice from the Grantor, defend such action or proceeding by counsel reasonably acceptable to the Grantor.

17. **Extinguishment.** If circumstances arise in the future that render the Conservation Purposes impossible to accomplish, this Conservation Easement can only be terminated or extinguished, in whole or in part, by judicial proceedings in a court of competent jurisdiction.

18. **Condemnation.** This Conservation Easement is “property appropriated to public use,” the condemnation of which is prohibited except as provided in California Code of Civil Procedure section 1240.055.

19. **Transfer of Conservation Easement.**

(a) **Voluntary Assignment.** In the event that Grantee decides to assign its interest under this Conservation Easement, Grantee shall only assign such interest to an organization that is: (i) qualified to hold a conservation easement under section 815.3 of the California Civil Code; (ii) experienced in holding and monitoring conservation easements on properties similar to the Property; and (iii) willing and financially able to assume all of the responsibilities imposed on such successor Grantee under this Conservation Easement. The assigning Grantee shall give preference to any qualifying organization that has experience in holding and monitoring conservation easements on properties of the nature and characteristics of the Property. Before assigning its interest under this Conservation Easement, the assigning Grantee shall provide Grantor, and the Sierra Nevada Conservancy (“SNC”) with written notice of such intention to transfer (“Transfer Notice”) and shall consult with Grantor and SNC pursuant to Section 9(a). The Transfer Notice shall identify the proposed assignee and include a description of how the proposed assignee meets the assignee designation criteria set forth in this section. In consultation with Grantor, the assigning Grantee shall allow SNC a period of not less than sixty (60) days to approve the proposed assignee, which approval shall not be unreasonably withheld and shall be based on whether the proposed assignee meets the designation criteria specified in this section. If SNC does not approve the proposed assignee, SNC shall provide the assigning Grantee with the reasons behind such decision.

(b) **Involuntary Assignment.** If WHF (or its successor in interest hereunder) ever ceases to exist or no longer qualifies under applicable state law to hold a conservation easement interest, then SNC shall select an assignee that meets all the designation criteria specified in subsection (a) above. If SNC is unable to identify an assignee that meets all of the designation criteria specified in subsection(a) above and that is willing to accept such assignment, then SNC may elect to serve as such assignee. Notwithstanding the foregoing, SNC may elect to exercise the rights of WHF (or its successor in interest hereunder), as Grantee hereunder during any period that a successor assignee for WHF is not yet in place.

(c) **Conditions of Assignment.** As conditions to any assignment of this Conservation Easement, the assigning Grantee and/or SNC shall: (i) require the assignee to expressly agree in writing to assume the transferring of Grantee’s obligations hereunder; and (ii) ensure that assignee has the resources to fulfill its obligations under the Conservation Easement.

(d) **Successor to SNC.** Upon any liquidation or dissolution of SNC, SNC or the State of California shall have the right to assign SNC's rights and obligations under this section to another entity that has a conservation mission and level of expertise consistent with that of SNC and sufficient resources and capacity to carry out the obligations of SNC.

20. **Transfer of Property to Third-Party.** Grantor shall not transfer the Property without the prior written approval of Grantee, which approval shall not be unreasonably withheld, conditioned or delayed. Grantor shall give written notice to Grantee of the intent to transfer the interest at least ninety (90) days prior to the date of such transfer. Grantor agrees to incorporate the terms of this Conservation Easement by reference in any deed or other legal instrument by which Grantor divests itself of any interest in all or any portion of the Property, including, without limitation, a leasehold interest. Grantee shall have the right to prevent subsequent transfers in which prospective transferees are not given actual notice of the terms, covenants, conditions and restrictions of this Conservation Easement. The failure of Grantor or Grantee to perform any act provided in this section shall not impair the validity of this Conservation Easement or limit its enforceability in any way.

21. **Notices.** Any notice, demand, request, consent, approval, or other communication that either Party desires or is required to give to the other shall be in writing and be delivered: (a) personally; (b) by reliable overnight courier that guarantees next-day delivery; or (c) by first class United States mail, postage fully prepaid, and addressed as follows:

To WHF: Wildlife Heritage Foundation
563 Second Street, Suite 120
Lincoln, CA 95648
Attn: Executive Director

To Grantor: San Joaquin County Office of Education
2922 Transworld Drive
Stockton, CA 95206
Attn: Superintendent

or to such other address as either Party shall designate by written notice to the other. Notice shall be deemed effective upon delivery in the case of personal delivery or delivery by overnight courier or, in the case of delivery by first class mail, three (3) days after deposit into the United States mail.

22. **Amendment.** This Conservation Easement may be amended only upon the written agreement of Grantor and Grantee. Any such amendment shall be consistent with the Conservation Purposes of this Conservation Easement and

California law governing conservation easements and shall not affect its perpetual duration. Any such amendment shall be recorded in the official records of Placer County.

23. **Additional Provisions.**

(a) **Baseline Documentation Report.** Grantor and WHF each acknowledge that certain biological and other physical attributes of the Property particularly relevant to the Conservation Easement are further documented in a written inventory of such attributes (“Baseline Documentation Report”), which has been prepared by a competent natural resource professional familiar with the Property and approved in writing by Grantor and WHF. Grantor and WHF acknowledge they each have a copy of the Baseline Documentation Report, as approved by them. The Parties agree that the Baseline Documentation Report contains an accurate representation of such attributes of the Property at the time that this Conservation Easement is recorded, and is intended to serve as an objective, though non-exclusive, source of baseline information for monitoring compliance with the terms of the Conservation Easement. The foregoing notwithstanding, if a dispute arises with respect to the nature and extent of the biological or physical condition of the Property, the Parties shall not be foreclosed from utilizing any and all other relevant documents, surveys, or other evidence or information to assist in the resolution of the dispute.

(b) **Grantor's Advice of Legal Counsel.** Grantor and WHF acknowledge and stipulate that WHF has advised Grantor that WHF cannot provide, and has not provided, Grantor with legal or tax advice at any time respecting the Conservation Easement. Grantor and WHF further acknowledge that WHF has advised Grantor to seek legal counsel in the negotiation and execution of this Conservation Easement and that Grantor has done so.

(c) **Controlling Law.** The interpretation and performance of this Conservation Easement shall be governed by the laws of the State of California, disregarding the conflicts of law principles of such State, with venue in Placer County.

(d) **Liberal Construction.** Despite any general rule of construction to the contrary, this Conservation Easement shall be liberally construed to accomplish the Conservation Purposes of this Conservation Easement in perpetuity, and to effectuate the policy and purpose of California Civil Code section 815 *et seq.* If any provision in this instrument is found to be ambiguous, an interpretation consistent with the Conservation Purposes of this Conservation Easement that would render the provision valid shall be favored over any interpretation that would render it invalid.

(e) **Severability.** If a court of competent jurisdiction voids or invalidates on its face any provision of this Conservation Easement, such action shall not affect the remainder of this Conservation Easement. If a court of competent jurisdiction voids or invalidates the application of any provision of this Conservation

Easement to a person or circumstance, such action shall not affect the application of the provision to any other persons or circumstances.

(f) **Entire Agreement.** This instrument sets forth the entire agreement of the Parties with respect to the Conservation Easement and supersedes all prior written or oral discussions, negotiations, understandings, or agreements of the Parties relating to the Conservation Easement. No alteration or variation of this instrument shall be valid or binding unless contained in an amendment in accordance with Section 22.

(g) **No Forfeiture.** Nothing contained in this Conservation Easement will result in a forfeiture or reversion of Grantor's fee title in and to the Property in any respect.

(h) **Successors.** The covenants, terms, conditions, and restrictions of this Conservation Easement shall be binding upon, and inure to the benefit of, the Parties and their respective personal representatives, heirs, successors, and assigns and shall constitute a servitude running in perpetuity with the Property.

(i) **Termination of Rights and Obligations.** A Party's rights and obligations under this Conservation Easement terminate upon transfer of the Party's interest in the Conservation Easement or Property, except that liability for acts, omissions, or breaches occurring prior to transfer shall survive transfer.

(j) **Captions.** The captions in this instrument have been inserted solely for convenience of reference and are not a part of this instrument and shall have no effect upon its construction or interpretation.

(k) **Hazardous Materials Liability.**

(1) Except as disclosed in environmental reports provided to Grantee, Grantor represents and warrants that it has no actual knowledge or has not received actual notice of any Hazardous Materials (as defined below) or underground storage tanks existing, generated, treated, stored, used, released, disposed of, deposited or abandoned in, on, under, or from the Property, or transported to or from or affecting the Property.

(2) Without limiting the obligations of Grantor under Section 16 of this Conservation Easement, Grantor hereby releases and agrees to indemnify, protect and hold harmless the Indemnified Parties from and against any and all Claims arising from or connected with any Hazardous Materials or underground storage tanks present, alleged to be present, released in, from, or about, the Property at any time, except any Hazardous Materials placed, disposed or released by Grantee or its employees, officers, agents, consultants or representatives. This release and indemnification include, without limitation, Claims for injury to or death of any person or physical damage to any property; and the violation or alleged violation of, or other failure to comply with, any Environmental Laws (as defined below). If any action or proceeding is brought against any of the Indemnified Parties because of any such

Claim, Grantor shall, at the election of and upon written notice from Grantee, defend such action or proceeding by counsel reasonably acceptable to the Indemnified Party.

(3) Despite any contrary provision of this Conservation Easement, the Parties do not intend this Conservation Easement to be, and this Conservation Easement shall not be, construed to create in or give to Grantee any of the following:

(A) The obligations or liability of an "owner" or "operator," as those terms are defined and used in Environmental Laws (as defined below), including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. section 9601, et seq.; hereinafter, "CERCLA"); or

(B) The obligations or liabilities of a person described in 42 U.S.C. section 9607(a)(3) or (4); or

(C) The obligations of a responsible person under any applicable Environmental Laws (as defined below); or

(D) The right or duty to investigate and remediate any Hazardous Materials associated with the Property; or

(E) Any control over Grantor's ability to investigate, remove, remediate or otherwise clean up any Hazardous Materials associated with the Property.

(4) The term "Hazardous Materials" includes, without limitation, (a) material that is flammable, explosive or radioactive; (b) petroleum products, including by-products and fractions thereof; and (c) hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in CERCLA, the Resource Conservation and Recovery Act of 1976 (42 U.S.C. section 6901, et seq.; hereinafter "RCRA"); the Hazardous Materials Transportation Act (49 U.S.C. section 6901, et seq.; hereinafter "HTA"); the Hazardous Waste Control Law (Health & Safety Code section 25100, et seq.; hereinafter "HCL"); the Carpenter-Presley-Tanner Hazardous Substance Account Act (Health & Safety Code section 25300, et seq.; hereinafter "HSA"), and in the regulations adopted pursuant to them, or any other applicable Environmental Laws that define Hazardous Materials now in effect or enacted after the Effective Date.

(5) The term "Environmental Laws" includes, without limitation, CERCLA, RCRA, HTA, HCL, HSA, and any other federal, state, or local statute, ordinance, rule, regulation, order or requirement relating to pollution, protection of human health or safety, the environment or Hazardous Materials. Grantor represents, warrants and covenants to Grantee that all activities upon and use of the Property by Grantor, its agents, employees, invitees and contractors will comply with all Environmental Laws.

(l) **Warranty.** Grantor represents and warrants to Grantee that Grantor is the sole owner of fee simple title to the Property; that the Property is not subject to any other conservation easement; and, other than those exceptions expressly listed in **Exhibit J,** attached hereto and incorporated herein by this reference, there are no outstanding mortgages, liens, encumbrances or other interests in the Property (including, without limitation, water and mineral interests) that may conflict or are otherwise inconsistent with this Conservation Easement and which have not been expressly subordinated to this Conservation Easement by a written, recorded subordination agreement approved by Grantee.

(m) **Additional Easements.** Grantor shall not grant any additional easements, rights of way, or other interests in the Property (other than a security interest that is expressly subordinated to this Conservation Easement), or grant, transfer, abandon, or relinquish (each a "Transfer") any mineral, air, or water right, or any water associated with the Property, without first obtaining the written approval of Grantee, which approval shall not be unreasonably withheld, conditioned or delayed. This section shall not limit the provisions of Section 20 nor prohibit transfer of a fee or leasehold interest in the Property that is subject to this Conservation Easement and complies with Section 20. Grantor shall provide a certified copy of any recorded or unrecorded grant or Transfer document to Grantee.

(n) **Recording.** Grantee shall record this Conservation Easement in the Official Records of Placer County, and Grantee may re-record this Conservation Easement at any time as Grantee deems necessary to preserve its rights in this Conservation Easement.

(o) **Exhibits.** The following Exhibits referenced in this Conservation Easement are attached to and incorporated by reference in this Conservation Easement:

EXHIBIT A – Legal Description of Property and Map of the Property

EXHIBIT B – Grant Deed

EXHIBIT C – Express Third-Party Uses and Third-Party Use Agreements

EXHIBIT D – Conservation Values

EXHIBIT E – **Intentionally Omitted**

EXHIBIT F – Grantor’s Use of the Property

EXHIBIT G – Zones Map

EXHIBIT H – **Intentionally Omitted**

EXHIBIT I – **Intentionally Omitted**

EXHIBIT J –Encumbrances

IN WITNESS WHEREOF Grantor and WHF have executed this Conservation Easement as of the day and year first above written.

GRANTOR:

SAN JOAQUIN COUNTY OFFICE OF EDUCATION

By: _____

Name: _____

Title: _____

Date: _____

WHF:

WILDLIFE HERITAGE FOUNDATION

By: _____

Name: Darla Guenzler

Title: Executive Director

Date: _____

NOTARY 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)
) ss.
COUNTY OF _____)

On _____, before me, _____, Notary Public,
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: _____

Print Name: _____

NOTARY SEAL

Appendix 3: Conservation Easement

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)
) ss.
COUNTY OF _____)

On _____, before me, _____, Notary Public,
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: _____

Print Name: _____

NOTARY SEAL

EXHIBIT A

Legal Description of Property and Map of the Property

[Follows this page]

EXHIBIT B

Grant Deed

[Follows this page]

EXHIBIT C

Express Third-Party Uses and Third-Party Use Agreements

1. The terms, conditions, and provisions as contained in the instrument entitled "Agreement", by and between the Pioneer Pulp Company, and M. Pedlar, regarding water rights, recorded in Book A of Miscellaneous Records, Page 147. The existence of said document being disclosed by Book 121, Page 448 of Deeds.
2. An easement granted to Pacific Bell for Underground Communications Facilities and Incidental Purposes (February 10, 1993)

EXHIBIT D
Conservation Values

The Conservation Values of the Property are summarized below and described in more detail in the Baseline Documentation Report:

- (a) Natural Habitat of Fish, Wildlife, and Plants - Habitat for fish, wildlife, and plants that are native to the area, including species protected under the California Endangered Species Act and/or the federal Endangered Species Act. The term "habitat" includes vegetation along banks and shorelines that contribute to maintaining watershed health. The term "native" refers to plants and animals that occur naturally on the Property and are defined as "native" by the California Department of Fish & Wildlife and its successors.
- (b) Sustainable Forestry - Forest resources on the Property consist of Sierra Mixed Conifer.
- (c) The scenic viewshed of the Property in keeping with the surrounding environment, providing a contiguous forested landscape visible to passersby on the nearby roads and highways.
- (d) Outdoor recreation in the form of passive recreational pursuits such as hiking, fishing, nature study, environmental education, and sightseeing.
- (e) Identified historical and cultural values, to the extent they are protected by state and federal law.

EXHIBIT F

Grantor's Use of the Property

The following uses of the Property are permitted or prohibited, as indicated below. Permitted uses are deemed to be consistent with the Conservation Purposes and do not require approval by Grantee, unless otherwise indicated. Prohibited uses are deemed to be inconsistent with the Conservation Purposes and may not be authorized by the Grantee. Grantor agrees that all permitted uses shall be carried out in conformance with all local, state and federal laws, including the California Environmental Quality Act ("CEQA"), and the terms of this Conservation Easement.

1. Subdivision and Partitioning: Any legal or de facto division, subdivision, lot creation, or partitioning of the Property, including a request for a certificate of compliance pursuant to the Subdivision Map Act (California Government Code section 66499.35), is prohibited. Notwithstanding that, as of the Effective Date, the Property is comprised of a single legal parcel, the terms and conditions of this Conservation Easement will apply to the Property as a whole, and the Property will not be transferred or otherwise conveyed except as a whole, intact, single piece of real estate; neither Grantor nor Grantor's personal representative, successors, or assigns will transfer or otherwise convey any portion of the Property that constitutes less than the entire fee interest in the Property, except for leasehold interests. Upon prior written notification to Grantee, Grantor may execute one or more lot-line adjustments that may involve the boundary of the Property, provided, however, that no part of the Property is removed or divided from the Property as a whole, and no boundaries delineating the Zones are altered.

2. Development Rights: Except as specifically permitted by this **Exhibit F**, the exercise of any development rights associated with the Property is prohibited, including, without limitation, the right to construct apartment houses; multi-family dwellings; mobile homes; house-trailers; permanent tent facilities or similar structures; golf courses; casinos and gaming facilities; boat ramps; underground tanks; billboards, or street lights. All development rights that are now or hereafter allocated to, implied, reserved or inherent in the Property are assigned, granted, deeded and/or otherwise transferred to and/or vested in and/or otherwise placed under the sole and absolute control and discretion of Grantee in perpetuity and may not be used on or transferred to any portion of the Property as it now or hereafter may be bounded or described or to any other property nor used for the purpose of calculating permissible lot yield of the Property or any other Property.

3. Commercial Uses: Except as specifically permitted by this **Exhibit F**, commercial structures and commercial uses on the Property are prohibited. Notwithstanding any other provision in this Conservation Easement, the following uses are explicitly prohibited: livestock feedlots; gravel mining; casinos and gaming facilities; mobile home parks; commercial wind farms; and billboards; provided, that the foregoing

prohibition shall not prohibit Grantor from installing mobile homes as New Improvements (as defined below) in accordance with Section 4 below and consistent with the Camp Purposes (as defined below). For purposes of this Section 3, the term "commercial" shall be defined as any structure or use for which a fee or charge is imposed for the purpose of generating a financial gain that is inconsistent with the Conservation Purposes.

4. Construction and Use of Structures: Notwithstanding any provision herein to the contrary, Grantor shall have the right to construct the following structures, all of which shall be located wholly within the Zones. All permitted structures shall conform with the following additional restrictions. Grantor shall consult with, and/or seek approval of, Grantee, as set forth below, in accordance with Section 9 of this Conservation Easement and provide construction plans to Grantee before beginning construction.

- a. All camp buildings, facilities, recreational areas, parking areas, and other facilities existing on the Property ("Existing Camp Improvements") are located within the 13.31 acre "Existing Camp Zone" and within the "Expanded Building Zone", both as designated on the Zones Map and in the specific locations set forth in the Baseline Documentation Report. Grantor may take the following actions with respect to any Existing Camp Improvement, without consultation or approval of WHF: (1) repair and maintain such Existing Camp Improvement, and (2) reconstruct and/or replace such Existing Camp Improvement but only if such reconstructed or replaced Existing Camp Improvement is located within the same building footprint and is no more than ten percent larger in total square footage of the Existing Camp Improvement being reconstructed or replaced. Grantor may construct new improvements, including new parking areas and including expanded or relocated Existing Camp Improvements not covered by subsection (2) of the immediately preceding sentence (collectively, "New Improvements") within the Existing Camp Zone; provided, that: (1) Grantor shall seek approval of Grantee, as required in accordance with Section 9(b) of this Conservation Easement, of any New Improvements and provide construction plans to Grantee before beginning construction; (2) any New Improvements shall not exceed two stories or forty feet in height; and (3) any New Improvements shall not be inconsistent with the Conservation Purposes and shall not significantly impair the Conservation Values. Once any Grantee-approved New Improvement has been constructed, Grantor shall have the right to repair, maintain, reconstruct, and/or replace such New Improvement in accordance with second sentence of this Section 4(a). At least fifty percent (50%) of the surface land acreage coverage in the Existing Camp Zone shall be retained in its natural condition as described in the Baseline Documentation Report.
- b. In addition to the New Improvements permitted under Section 4(a) of this Exhibit F, Grantor may construct New Improvements within development

- footprint(s) that are located within the “Expanded Building Zone” designated on the Zones Map; provided, that, in addition to the requirements for New Improvements set forth in Section 4(a) above, Grantor shall seek approval of Grantee, as required in accordance with Section 9(b) of this Conservation Easement, of the proposed development footprint (a “New Development Footprint”) for the proposed New Improvements. At no time shall the total acreage of the New Development Footprints (including any permitted expansions thereof) located within the Expanded Building Zone plus the development footprint of the Existing Camp Improvements (including any permitted expansions thereof) located within the Expanded Building Zone exceed a total of eight acres.
- c. Grantor shall obtain all required building permits, approvals, and licenses, and comply with all applicable federal, state, and local laws and regulations, in construction, reconstruction, repair, maintenance, replacement, and management of all Existing Camp Improvements and New Improvements.
 - d. Grantor may operate and maintain permitted Existing Camp Improvements and New Improvements as a commercial campground. Use of the Existing Camp Improvements and New Improvements shall not be inconsistent with the Conservation Purpose and shall not significantly impair the Conservation Values.
 - e. Unless otherwise provided, for each structure permitted under this Section 4, appurtenant power generation, power sources or water production facilities are permitted to supply power or water for the permitted uses set forth in this Conservation Easement.
 - f. Grantor and Grantee acknowledge that Grantor intends to use the Property primarily to support environmental education, science education, and recreational programs for, or for the benefit of, youth, including offering an outdoor school and camp to youth inside and outside of San Joaquin County, adult professional development, and other activities reasonably connected to youth environmental education, science education, and outdoor recreation. Grantor also intends to make the Property, including the overnight accommodation facilities, available to current user groups and other public and private organizations for team building, recreational use, and general outdoor enjoyment. All uses referenced above in this Section 4(f) are collectively referred to herein as the “Camp Purpose”. If use of the Property for the Camp Purpose is determined to be infeasible by Grantor in consultation with Grantee in accordance with Section 9 of this Conservation Easement, Grantor may change the Camp Purpose to a new use of the Property provided: (1) the new Camp Purpose is for educational, recreational, property management purposes, or for the protection or enhancement of the Conservation Values, and (2) the new Camp Purpose shall be subject to Grantee’s prior

written consent in accordance with Section 9 of this Conservation Easement to ensure the uses will not significantly impair the Conservation Values and will be consistent with the Conservation Purpose. Grantor shall provide Grantee true, correct, and complete reasonable data and information on an annual basis that will enable Grantee to confirm that the primary use of the Property is in conformance with the first sentence of this Section 4(f).

5. Roads: Grantor may maintain, repair, or replace existing roads on the Property, without approval of or consultation with Grantee, as long as such maintenance, repair and replacement of existing roads are consistent with the current footprint and level of improvement of such roads. Grantor shall have the right to limit or prohibit access to existing nonpublic roads, provided such actions are consistent with existing rights of way and/or easements on the Property, and further, that such actions are consistent with Section 3 and Section 8 of this Conservation Easement. Grantor may upgrade the level of improvement of existing roads (i.e. improve a gravel road to a paved road) within the same footprint of such roads, subject to approval with Grantee pursuant to Section 9(b) of this Conservation Easement. Grantor may construct new roads to provide access to existing structures or structures authorized to be constructed by this Easement. The location and construction of such new roads shall be approved in advance by Grantee, which approval shall not be unreasonably withheld. Any other alteration of the surface or general topography of the Property for the purpose of construction, improvement or replacement of roads for motorized vehicles of any type or for the purpose of paving such roads is prohibited.

6. Fences and Gates: Grantor may construct, place and erect fencing and gates only as necessary for permitted uses of the Property. The construction and installation of fencing and gates shall not significantly impair the Conservation Values and shall not interfere with the public access requirements set forth in Section 7 of this Conservation Easement. In the event of destruction or deterioration of any fences and gates, whether existing at the date hereof or constructed subsequently in accordance with the provisions of this Conservation Easement, the Grantor may maintain, remove and/or replace such fencing and gates with replacements of substantially the same size.

7. Trails: Grantor may construct and maintain trails (defined as any definable route less than five (5) feet in width, not including curbs, cuts or fills) for recreational and educational purposes, and for use by pedestrians, horses, and mules. Grantor may use motorized vehicles on trails for management purposes, provided such use does not significantly impair the Conservation Values. Otherwise, motorized vehicles are prohibited on trails. The following requirements for the construction and maintenance of such new trails shall apply: (a) the surface of the trail shall remain pervious (such as dirt, wood chips or gravel) (except within the designated Zones or as may be required by federal, state or local laws relating to access for disabled persons); (b) the trail shall be located, to the extent possible, in the path of a trail or forestry road existing on the Effective Date, as defined in the Baseline Documentation Report; (c) the trail shall be constructed and maintained so as to minimize erosion and sedimentation and ensure proper drainage; (d) the trail shall be otherwise installed in a manner to avoid

unnecessary tree removal, grading and other land disturbance, but allowing for selective brush removal; and (e) prior to construction of trails, Grantor shall submit to Grantee a qualified scientist's opinion that the proposed trail construction will not impact any special status, endangered or threatened species, or their habitats, listed in the Baseline Documentation Report, or any other such designated species or habitats identified at the time of the proposed construction. Grantee may request consultation regarding construction of trails under Section 9(a) of this Conservation Easement.

8. [Intentionally Omitted]

9. Water Resources: As necessary and appropriate to carry out the uses permitted by this Conservation Easement, Grantor may, after obtaining any necessary state permits, develop, enhance and maintain water resources on the Property for habitat restoration, water consumption in connection with permitted uses, and permitted recreation uses, provided that such activities are consistent with and do not violate PG&E's Reserved Rights and do not significantly impair the Conservation Values. Permitted uses include, without limitation, the construction, repair, and maintenance of ponds and irrigation systems, installation and maintenance of wells, and the development of water capture and delivery facilities, including but not limited to water lines and access roads or trails to water facilities consistent with Section 5 and Section 7 of this **Exhibit F**. Water may be exported off the Property for immediate fire control response or wildfire emergency. Other than as permitted in this section, the manipulation, impoundment, or alteration of any natural swale, natural water course, non-human constructed channel, wetland, streambank, vernal pool, perennial spring, water circulation, or any other body of water are prohibited.

10. Water and Mineral Rights: The transfer, encumbrance, sale, lease, severance, or other separation of the mineral, or water rights for the Property by Grantor is prohibited without the prior approval of Grantee, which Grantee may withhold in its absolute discretion, and otherwise in accordance with Section 9 of this Conservation Easement. The following are also prohibited: changing the place or purpose of use of any water rights; abandoning or allowing the abandonment of, by action or inaction, any water or water rights, ditch or ditch rights, spring rights, reservoir or storage rights, wells, ground water rights, or other rights in and to the use of water historically used on or otherwise appurtenant to the Property, including but not limited to: (1) riparian water rights; (2) appropriative water rights; (3) rights to waters which are secured under contract with any irrigation or water district, to the extent such waters are customarily applied to the Property; and (4) any groundwater from wells that are in existence or may be constructed in the future on the Property. Nothing herein restricts the right of Grantor to enter into sales, purchases, leases, exchanges, and other transactions in water rights, such as forbearance agreements or the use of California Water Code section 1707, with a government agency or nonprofit organization for wildlife, ecological enhancement purposes, or other in-stream Conservation Values, subject to the sole discretion and prior written approval of Grantee under Section 9(b) of this Conservation Easement, provided that any such transfer does not significantly impair other Conservation Values of this Conservation Easement.

11. Air Rights: The transfer, encumbrance, sale, lease, severance or other separation of the air rights attached to the Property by Grantor is prohibited without the prior approval of Grantee in accordance with Section 9 of this Conservation Easement, which Grantee may withhold in its absolute discretion. Grantor shall not use or authorize others to use the airspace above the Property for commercial or private aviation, including but not limited to, airplane flights, ultralight flights; hang gliding; glider flights; rotor craft flights; balloon flights; airship flights; and light sport airplane flights. Grantor may use unmanned aerial vehicles only for the following purposes: (1) management or monitoring purposes, but shall not authorize others to use such airspace above the Property for that purpose; and (2) developing communications, storytelling, or marketing materials for the Property no more frequently than on an annual basis and for short periods of time that shall not impact the Conservation Values; provided that (a) Grantor shall not use unmanned aerial vehicles during avian nesting season without first consulting with Grantee in accordance with Section 9(a) above, and (b) Grantor shall give Grantee advance written notice of Grantor's use of unmanned aerial vehicles during other times of the year. Grantee may use unmanned aerial vehicles for monitoring purposes; provided that Grantee provides written notice to Grantor at least ten (10) days prior to each flight.

12. Natural Resource Management: Grantor may protect, restore, enhance and maintain the natural resources on the Property, including, without limitation, stabilization of banks and soils, vegetation management; fire control and the enhancement of biodiversity, all, in accordance with sound, generally accepted practices such as prescriptive grazing, prescriptive burning, harvesting, thinning, planting and brush removal, provided such activities do not significantly impair the Conservation Values. The intentional introduction of non-native tree or other plant species is prohibited. Grantor may remove or control invasive, non-native plant species or feral, non-native animal species, using techniques that minimize harm to native wildlife and plants, provided such activities do not significantly impair the Conservation Values.

13. Refuse and Hazardous Materials: The dumping, deposit, permanent storage and/or disposal of refuse, soil, trash, contaminated soil, waste, bio-solids, debris, sewer sludge, agrichemicals, herbicides, pesticides, or any other dangerous, toxic, hazardous or unsightly materials on the Property is prohibited.

14. Minerals: Grantor may not explore for or extract minerals on the Property, provided that notwithstanding the foregoing, Grantor may remove existing rocks from the Property to be used for the purpose of blocking off roads on the Property, delineating camping areas and for other purposes on the Property approved in advance by Grantee under Section 9(b), which approval shall not be unreasonably withheld, conditioned or delayed. Grantor may further remove gravel and shale for the purposes of building permitted structures and/or maintaining permitted roads on the Property. No removal of rocks may occur within 50' slope distance of any perennial or ephemeral watercourse, as such term is defined in the California Forest Practice Rules 2013, Title 14 California Code of Regulations, Chapter 4 Article 1, 895.1, as amended or replaced from time to time. Erosion control and drainage structures are not considered "man-made watercourses" under this Conservation Easement. Other than as permitted by this

section, the filling, dumping, excavating, draining, dredging, mining, hydraulic fracturing, drilling, removing or exploring for or extracting minerals, loam, soil, sands, hydrocarbons, gravel, rocks or other similar material on or below the surface of the Property, or granting or authorizing surface entry for any such purpose are prohibited.

15. Forest Management: Grantor may harvest, cut or remove trees and vegetation for the purposes of ensuring public or personal safety on the Property, including for fire protection and suppression; provided, that all such activities are conducted in a manner that is consistent with the Conservation Purposes and other terms and conditions of this Conservation Easement. Snags shall be retained for wildlife habitat benefits and shall not be intentionally removed, except for reasons of public safety. Except where Grantor is required to take emergency action to protect public or personal safety, Grantor shall consult with Grantee under Section 9(a) of this Conservation Easement before undertaking any fire management activities under this section. Where Grantor is required to take emergency action to protect public or personal safety, such action shall be carried out in a manner designed to minimize impacts on the Conservation Values.

16. [Intentionally Omitted]

17. Carbon Rights: Grantor hereby reserves for itself and its successors and assigns all carbon rights and the right to sell carbon rights that are part of and appurtenant to the Property for forest-based carbon storage occurring by virtue of the forest management and other restrictions established herein starting as of the Effective Date. For the purposes of this Conservation Easement, carbon rights and carbon as described herein are rights that currently exist or may come to exist in the future and are associated with the absorption by plants of carbon dioxide from the atmosphere and its conversion to carbon stored in trees and plants on the Property or stored in wood products extracted pursuant to forest management activities permitted herein, and trees and other vegetation and associated roots, surface duff and organic elements in the soil on the Property.

18. Agriculture: Except for grazing for management purposes in accordance with Section 12 or Section 16 of this Exhibit F, the plowing, disking, cultivation, ripping, planting, sowing, irrigation, or any other conversion of the Property to crops, orchards, vineyards, or any other agricultural use or disturbance of the Property and its native vegetation are prohibited. Intentional seeding, planting, or introduction of exotic or non-native plant species are prohibited. Cannabis cultivation and the commercial cultivation of native plants are prohibited.

19. Vehicle Use: Grantor may authorize the use of motorized vehicles on designated roadways in support of the recreational uses permitted in Section 8 of this Exhibit F. Except as permitted in Section 8 of this Exhibit F, commercial recreational vehicle use is prohibited. Grantor shall take reasonable and practicable actions to ensure that all vehicles use only designated roads, and that unauthorized third parties are prevented from using motorized vehicles on the Property, provided, however, that Grantor shall not be responsible for injuries or changes to the Property caused by such uses beyond Grantor's control. In no event shall any all-terrain vehicles, off-road vehicles, or off-highway vehicles, including without limitation four-wheelers, three-wheelers,

Appendix 3: Conservation Easement

snowmobiles, and/or motorcycles be used off designated roadways, except when used by Grantor for management purposes, provided such uses do not significantly impair the Conservation Values.

EXHIBIT G

Zones Map



Roads, Parking, Trails and Boundaries		Camp Facilities
Sky Mountain Property Approximate Boundary		Existing Camp Zone (13.31 acres)
FERC Approximate Boundary		Expanded Camp Zone (19.50 acres)
Access road (Sky Mountain Private Road and Lake Valley Road)		Camp Buildings
Paved road		Activity Area
Fire road		
Parking area		
Dirt path/trail		Cabins

EXHIBIT J

Encumbrances

1. The terms, conditions, and provisions as contained in the instrument entitled "Agreement", by and between the Pioneer Pulp Company, and M. Pedlar, regarding water rights, recorded in Book A of Miscellaneous Records, Page 147. The existence of said document being disclosed by Book 121, Page 448 of Deeds.
2. An easement granted to Pacific Bell for Underground Communications Facilities and Incidental Purposes (February 10, 1993)



Conservation Easement Funding Agreement
Lake Spaulding Planning Unit
SJCOE Donated Lands
(within Parcel #813)

This Conservation Easement Funding Agreement ("Agreement") is entered into as of the Effective Date (defined below) by and between the Pacific Forest and Watershed Lands Stewardship Council, a California nonprofit public benefit corporation (the "Stewardship Council") and the Wildlife Heritage Foundation, a California nonprofit public benefit corporation ("Grantee") with reference to the following facts:

A. The Stewardship Council was created to oversee the "Land Conservation Commitment" described in (1) that certain Settlement Agreement among Pacific Gas and Electric Company ("PG&E"), PG&E Corporation, and the California Public Utilities Commission (the "Commission") as modified and approved by the Commission in its Opinion and Order of December 18, 2003 (Decision 03-12-035) (the "Settlement Agreement"); and (2) that certain Stipulation Resolving Issues Regarding the Land Conservation Commitment dated September 25, 2003 (the "Stipulation").

B. Pursuant to the Settlement and Stipulation, certain lands owned by PG&E at the time of the Settlement (the "PG&E Watershed Lands") are to be conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants; the preservation of open space; outdoor recreation by the general public; sustainable forestry; agricultural uses; and historic values. The Stewardship Council is charged with developing a Land Conservation Plan for the protection and enhancement of the PG&E Watershed Lands.

C. Grantee is a publicly-supported, tax exempt nonprofit organization, qualified under Section 501 (c)(3) of the Internal Revenue Code ("IRC"), whose primary purpose is to preserve, protect or enhance, land in its natural scenic, historical agricultural, forested or open space condition or use and conserve natural areas for aesthetic, scientific, charitable and educational purposes. Grantee is eligible to hold a conservation easement pursuant to California Civil Code Section 815.3.

D. In connection with the Land Conservation Commitment, Grantee has agreed to accept a perpetual conservation easement created pursuant to California Civil Code Section 815 *et seq.* (the "Conservation Easement") over a portion of the PG&E retained Watershed Lands consisting of approximately 62 acres of real property located in Placer County, State of California, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Property").

E. In consideration of Grantee's agreement to accept the Conservation Easement and assume the duties and obligations of the easement holder, the Stewardship Council has agreed to provide funding to Grantee in the amounts and subject to the terms and conditions described below.

NOW, THEREFORE, the Stewardship Council and Grantee agree as follows:



1. Effective Date. This Agreement shall become effective upon the recording of the Conservation Easement in favor of Grantee in the Official Records of Placer County (the “**Effective Date**”). It is understood and agreed that if for any reason whatsoever the recording of the Conservation Easement does not occur on or before December 31, 2020, this Agreement shall be of no further force or effect and the parties shall thereupon be released from any obligations under this Agreement.

2. Grant. Effective upon the Effective Date, the Stewardship Council grants **Two Hundred Seventy-Five Thousand Sixteen Dollars (\$275,016)** (the “**Grant Funds**”) to Grantee to be used solely for the following purposes:

a. Two Hundred Sixty-Five Thousand Sixteen Dollars (\$265,016) of the Grant Funds shall be used to implement conservation easement monitoring as described in Sections 3 and 4 below (the “**Monitoring Funds**”).

b. Ten Thousand Dollars (\$10,000.00) of the Grant Funds shall be used for conservation easement defense and enforcement costs as described in Section 5 below (the “**Defense and Enforcement Funds**”).

3. Use of Grant Funds. The Grant Funds shall be payable to Grantee within thirty (30) days of the Effective Date. Grantee will use the Grant Funds for the purposes described in this Agreement and for no other purpose without the prior written consent of the Stewardship Council. The Stewardship Council reserves the right to require the total or partial return of Grant Funds in the event Grantee fails to comply with the terms and conditions of this Agreement.

a. Grantee may “pool” the Monitoring Funds with other funds Grantee uses for monitoring of other conservation easements held by Grantee, and Grantee may use the Monitoring Funds to monitor any of its conservation easements as long as Grantee meets its obligations as described in Section 4 below.

b. Within thirty (30) days of receipt of funds, Grantee will provide the Stewardship Council with evidence of deposit of (1) the Monitoring Funds into an account which shall be restricted to the stewardship and monitoring of conservation easements held by the Grantee, including but not limited to the Conservation Easement on the Property; and (2) the Defense and Enforcement Funds into an account which shall be restricted to the legal defense or enforcement of conservation easements held by the Grantee, including but not limited to the Conservation Easement on the Property. The requirement to provide evidence of deposit will be satisfied when Grantee submits to the Stewardship Council the form attached as **Exhibit B**.

4. Conservation Easement Monitoring. From and after the Effective Date, Grantee agrees to conduct regular monitoring of the Property to ensure compliance with the terms of the Conservation Easement. Grantee shall conduct on-site monitoring of the Property not less than annually to assess compliance with the terms and conditions of the Conservation Easement and note any material changes to the Property compared to the baseline documentation report and



prior monitoring reports. Upon written request, the Stewardship Council or its designee shall be permitted to accompany the Grantee on its monitoring visits and to receive a copy of any monitoring report prepared by Grantee. Permissible uses of Monitoring Funds shall include:

- a. Regular on-site inspection and monitoring to ensure that the terms of Conservation Easement are being met;
- b. Recordkeeping and preparation of reports, notices of violation, any written consent to be submitted to the fee title owner of the property which is subject to the easement, and other documentation related to the Conservation Easement and the Property;
- c. Communications with the fee title owner of the property which is subject to the easement regarding the provisions of the Conservation Easement and planned or completed activities on the lands to be performed or allowed by the fee title owner or a licensee/lessee;
- d. Responding to any inquiries or concerns raised by entities that have leases or licenses on the Property or other stakeholders who have an interest in ensuring the beneficial public values are protected.

5. Defense and Enforcement Funds. Grantee shall be permitted to use the Defense and Enforcement Funds for the following purposes:

- a. To make direct expenditures of attorneys' fees, costs and disbursements incurred in connection with proceedings to enforce and/or defend the provisions of the Conservation Easement against legal challenge, including any claims by third parties;
- b. To "pool" funds for legal expenses to enforce and/or defend against legal challenge conservation easements held by the Grantee, including without limitation the Conservation Easement on the Property;
- c. To pay premiums into a Conservation Defense Insurance Program offered through the Land Trust Alliance, or other nationally-recognized conservation organization of which Grantee is a member for the enforcement and defense of conservation easements held by member organizations, or to cover deductibles related to such insurance.

6. Grant Report. Grantee agrees to submit to the Stewardship Council and/or its designee the following grant Status Reports pursuant to this Agreement. The initial Status Report shall be submitted to the Stewardship Council by the fourth quarter of the 2021 calendar year and include data up to the date of the initial Status Report. The final Status Report shall be submitted to the Stewardship Council or its designee on or before December 31, 2023. The due dates of the initial and final Status Reports can be changed by the Stewardship Council or its designee with at least 60 days written notice to Grantee. The Stewardship Council or its



designee shall notify Grantee in a timely manner of the form and content of each Status Report, which shall include, at a minimum:

- a. Copies of annual monitoring reports pertaining to the Conservation Easement for years selected by the Stewardship Council or its designee;
- b. A statement as to whether any violations of the Conservation Easement were observed during the reporting period, and the outcome of any action taken to correct such violation;
- c. A statement as to whether any amendments to the Conservation Easement were approved during the reporting period, with copies of any such amendments included in the Status Reports;
- d. A statement as to whether fee title of the property was conveyed, the date of such conveyance, and the identity of the transferee; and
- e. A report providing an accounting of how the Grant Funds have been invested or expended in furtherance of the purposes of this Agreement.

7. Records. Grantee will indicate the Grant Funds separately on its books of account, and maintain such records in accordance with generally accepted accounting principles. Grantee shall additionally maintain written records including the baseline documentation report, the Deed of Conservation Easement, any amendments to the Conservation Easement, other transaction documents, and copies of monitoring reports, notices to the landowner, and other communications pursuant to the Conservation Easement in accordance with the practices generally accepted in the land trust community.

8. Inspection. The Stewardship Council or its designee shall have the right to inspect the books and records of Grantee and evaluate Grantee's use of Grant Funds, so long as (i) such inspection or evaluation occurs during regular business hours; (ii) such inspection or evaluation does not unreasonably interfere with Grantee's regular operations; and (iii) the Stewardship Council or its designee provides at least three (3) days prior notice of any such inspection or evaluation.

9. Assignment and Transfer of Funds. Grantee shall not assign its interest under the Conservation Easement except in accordance with the provisions of the Conservation Easement relating to permitted assignments. In the event that Grantee assigns its interest under the Conservation Easement to a successor conservation easement holder, Grantee shall transfer the remaining balance of the Grant Funds to the successor conservation easement holder. Assignee's receipt of any funds from Grantee shall be conditioned upon the assignee's agreement in writing to assume all of Grantee's obligations under this Agreement.

10. Publicity. The Stewardship Council may include information regarding this Agreement and Grantee in its periodic public reports, press releases, or other public communications.



11. Representations and Warranties. Grantee warrants and represents that it is a tax exempt organization under Section 501(c)(3) of the IRC, and is not a private foundation as defined in section 509(a) of the IRC or is an exempt operating foundation described in Section 4940(d)(2) of the IRC. Grantee further represents and warrants that it shall not use the Grant Funds to attempt to influence legislation or otherwise carry out lobbying activities within the meaning of Sections 501(h), 4911, 4945(d)(1) or 4945(e) of the IRC. No part of the Grant Funds may be used to attempt to influence the outcome of any specific public election, or to carry on, directly or indirectly, any voter registration drive. No part of the Grant Funds may be used for purposes other than charitable, scientific, literary, or educational purposes within the meaning of IRC Section 501(c)(3).

Grantee does not knowingly employ individuals or contribute funds to organizations found on any terrorist-related list prepared by the U.S. Government, the United Nations, or the European Union, including the Department of Treasury's Office of Foreign Assets Control Specially Designated Nationals List, the Department of Justice's Terrorist Exclusion List, or the list attached to Executive Order 13224. Should any change occur with respect to the preceding sentence, Grantee will notify the Stewardship Council within 7 days of such change.

12. Indemnification. Grantee hereby agrees to indemnify, defend, and hold harmless the Stewardship Council, and the Stewardship Council's past, present and future officers, directors, and employees, from and against any and all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries, and deficiencies, including interest, penalties, and reasonable attorney fees and costs, that they may incur or suffer and that result from, or are related to, the receipt and use of the Grant Funds by Grantee.

13. Limit of Stewardship Council Obligations. The Stewardship Council's obligations under this Agreement shall under no circumstances exceed the Grant Funds amount set forth in Section 2 above.

14. Assignment. This Agreement may not be assigned by the Grantee in whole or in part except as provided in Section 9 above. The Stewardship Council may assign its rights and delegate its obligations under this Agreement to a third party at the Stewardship Council's sole discretion. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit and burden of the parties and their respective heirs, successors and assigns.

15. Amendment; Entire Agreement. This Agreement may not be amended or modified except by written instrument signed by both parties. This Agreement constitutes the entire understanding of the parties concerning the subject matter hereof, and supersedes any and all previous negotiations, agreements, or understandings, if any, regarding the matters contained herein.

16. Governing Law. This Agreement shall be governed by the laws of the State of California.



17. Counterparts. This Agreement may be executed in counterparts which together shall constitute a single agreement.

Pacific Forest and Watershed Lands Stewardship Council,
a California Nonprofit Public Benefit Corporation

By: _____

Name: Heidi Krolick

Title: Executive Director

Date: _____

Wildlife Heritage Foundation,
a California Nonprofit Public Benefit Corporation

By: _____

Name: _____

Title: _____

Date: _____

Exhibit A
Property Map
Lake Spaulding Planning Unit
SJCOE Donated Lands*

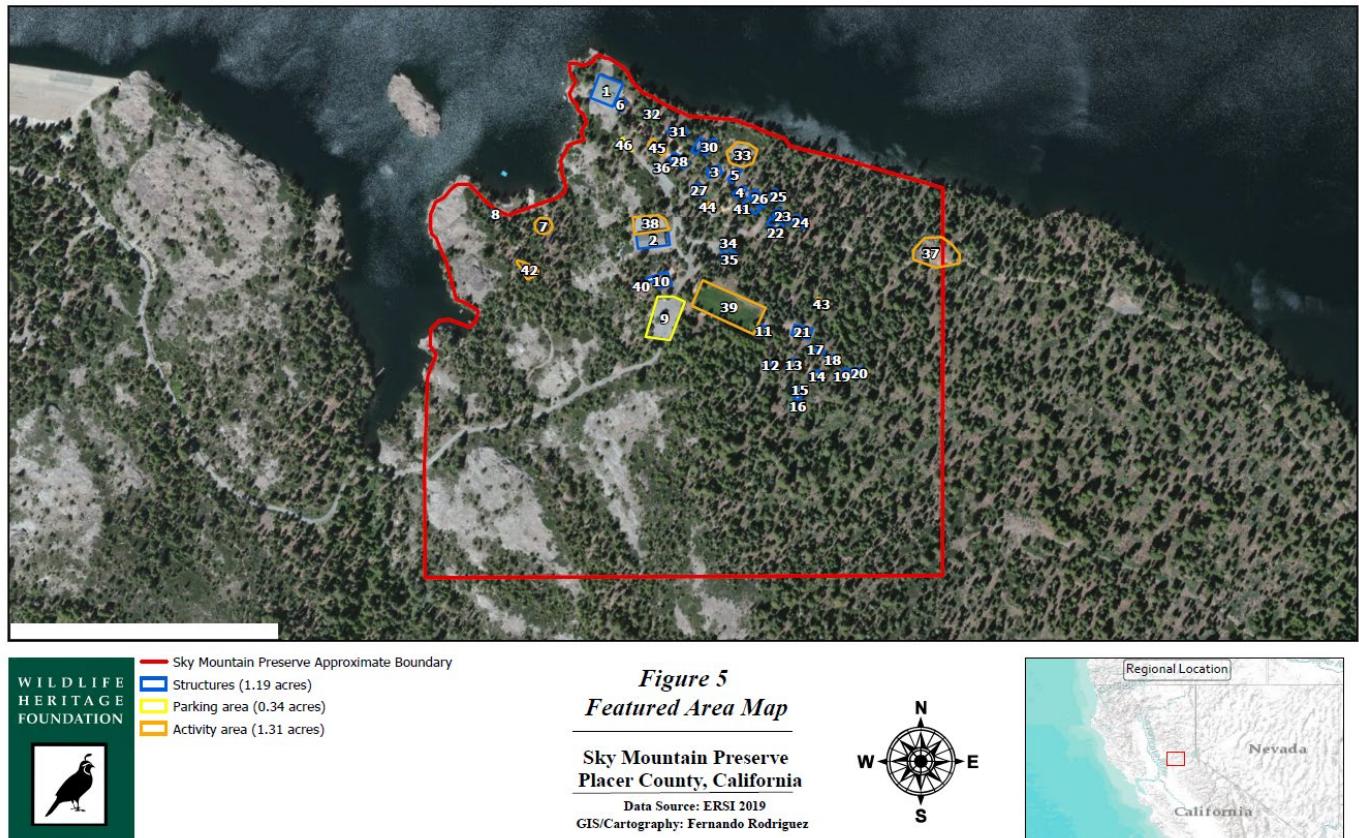




Exhibit B

Evidence of Grant Fund Deposit and Restriction of Use Certification

Date:	Planning Unit/Property Title: Lake Spaulding Planning Unit SJCOE Donated	
Grantee Name: Wildlife Heritage Foundation	Grantee Address:	

*Date of Deposit of Grant Funds:		Amount Deposited:
Bank Name:	Account Name:	Account #:
Certification of Deposit of Grant Funds and Restricted use of Monitoring of Conservation Easement Funds		
I, hereby state that the above referenced information is true and accurate, and understand that the above information, if misrepresented, or incomplete, may be grounds for immediate repayment of grant funds. I also agree that account activity will be restricted to the permissible uses of Monitoring Funds as set forth in Section 4 of the Grant Agreement.		
Name:	Title:	
Signature:	Date:	

*Date of Deposit of Grant Funds:		Amount Deposited:
Bank Name:	Account Name:	Account #:
Certification of Deposit of Grant Funds and Restricted Use of Defense & Enforcement Funds		
I, hereby state that the above referenced information is true and accurate, and understand that the above information, if misrepresented, or incomplete, may be grounds for immediate repayment of grant funds. I also agree that account activity will be restricted to the permissible uses of the Defense and Enforcement Funds as set forth in Section 5 of the Grant Agreement.		
Name:	Title:	
Signature:	Date:	

Please include a copy of the bank statement(s) referencing the deposit.

Return to:

Stewardship Council
3300 Douglas Blvd, Suite 250
Roseville, CA 95661
Phone: (916)297-6660

PROPERTY TAX NEUTRALITY METHODOLOGY

INTRODUCTION

The Settlement Agreement¹ and Stipulation² that established the Land Conservation Commitment require that the Land Conservation Plan being developed by the Stewardship Council provide property tax revenue, other equivalent revenue source, or a lump sum payment, so that the totality of dispositions in each affected county will be “tax neutral” for each county. Section 4.3 of Volume I of the Land Conservation Plan (LCP) adopted by the Stewardship Council in November 2007 described the Stewardship Council’s potential strategies and anticipated approach to achieving property tax neutrality at a programmatic level.

More recently, on September 17, 2009, the Stewardship Council adopted a funding policy. This policy further clarified the Stewardship Council’s approach to property tax neutrality and identified several potential vehicles to achieving this requirement. On March 30, 2011, the Stewardship Council adopted a set of guidelines which describe scenarios in which the Stewardship Council will make property tax payments to affected counties and further defined a set of overarching assumptions regarding property tax neutrality payments.

Table 1 in Appendix A lists the estimated acreage and estimated annual property taxes associated with PG&E watershed lands which have been recommended by the Stewardship Council Board of Directors for donation. The estimated total tax liability that would be subject to tax neutrality will depend upon the total acreage actually transferred, and the types of organizations receiving fee title to the lands. No PG&E watershed lands will be recommended for donation in counties that are not listed in Table 1.

PURPOSE OF PROPOSED METHODOLOGY

The purpose of this methodology is to establish a standard payment process when lands are transferred to organizations that are exempt from paying property taxes. The following methodology will be applied to all counties which experience a loss in property tax revenues due to a recommended donation of fee title as part of the Stewardship Council’s Land Conservation Commitment.

DETERMINING TAX NEUTRALITY PAYMENT AMOUNT

Following the Stewardship Council approval of a fee-title donation, the Stewardship Council will work with the affected county to calculate the payment amount for inclusion in the Stewardship Council’s Land Conservation and Conveyance Plan (LCCP).

1. Using the legal description and/or survey of lands identified for transfer to an organization which is exempt from paying property taxes, the Stewardship Council and PG&E will prepare an estimate of the annual taxes on lands to be donated. If assessed values on the lands recommended for donation change prior to the transfer of land, the

¹ *Opinion Modifying the Proposed Settlement Agreement of Pacific Gas & Electric Company, PG&E Corporation and the Commission Staff, and Approving the Modified Settlement Agreement*, December 18, 2003:

http://www.stewardshipcouncil.org/documents/Settlement_Agreement.pdf

² *Stipulation Resolving Issues Regarding the Land Conservation Commitment*, September 25, 2003:

http://www.stewardshipcouncil.org/documents/Stipulation_Agreement.pdf

Stewardship Council will revise the payment calculation included in the proposed tax neutrality funding agreement prior to its execution by the parties.

2. The reduction in annual taxes caused by the donation of acres to organizations exempt from property tax will constitute the “Annual Base Value” for the funding calculation.
3. The County will receive a one-time lump sum payment. The Stewardship Council will provide a draft funding agreement for county review and approval using the Annual Base Value and payment option. The draft funding agreement is expected to include, among other items, the following acknowledgements by the county:
 - a. Payment by the Stewardship Council satisfies the tax neutrality requirement as specified in the Settlement and Stipulation for the subject fee-title donation.
 - b. The county has issued (or will not reasonably withhold) a Welfare Tax Exemption for the new landowner, if required.
 - c. The county will agree to distribute the lump-sum payment to the applicable special districts as dictated in the relevant Tax Rate Area at the time of payment. In consideration for the additional administrative responsibility of the county to set up the process to allocate payments to special districts, the Stewardship Council will make a \$3,000 payment to the county for county's anticipated costs to perform such activities for the first fee title donation of lands in the county. Said payment will be made at the time the Stewardship Council makes its lump-sum tax neutrality payment. For subsequent fee title donations, if a county expects to incur more than \$3,000 in costs to perform such activities, then it shall make a request to the Stewardship Council for increased funding no later than 60 days following the recording of the grant deed for each additional fee title donation or the execution of a tax neutrality funding agreement, whichever comes later. The Stewardship Council will review each funding request and provide the county with sufficient funds to cover all reasonable anticipated costs.
4. The Stewardship Council will fund the settlement amount according to the terms of the tax neutrality funding agreement as described in number 3 above no later than 60 days following the recording of the grant deed for the fee title donation or the execution of a tax neutrality funding agreement, whichever comes later.

Lump-sum payment

Lump-sum payments in satisfaction of property tax neutrality would be calculated based upon the net present value of the Annual Base Value at the time that lands are removed from the property tax rolls. The lump-sum payment will be calculated using a discounted cash flows analysis for perpetual payment streams, otherwise known as a Capitalization Rate (Cap Rate).

The Cap Rate calculation requires an assumption of a long-term rate of return on comparable investments, and a long-term inflation rate. In order to develop a Cap Rate for a lump-sum payment, the Stewardship Council considered multiple long-term inputs, including long term equity and fixed income returns (Dow Jones Industrial Average, S&P 500, U.S. Treasury,

CalPERS), weighted average borrowing costs for subject counties, and discount rate assumptions for pension and other post-employment benefits.

Based upon the analysis described above, **the Stewardship Council is offering counties a Cap Rate of 4.0%** to be used in the calculation of a lump-sum payment in satisfaction of property tax neutrality. The calculation for arriving at a lump-sum payment is as follows:

$$\text{Lump Sum Value} = \text{Annual Base Value} \div 4.0\%$$

The following table provides an example of the application of the Cap Rate to various Annual Base Values:

Annual Base Value	\$500	\$1,000	\$5,000	\$10,000
Lump Sum at 4.0%	\$12,500	\$25,000	\$125,000	\$250,000

Lump-sum payments would be allocated based upon the applicable Tax Rate Area at the time of payment. The Stewardship Council envisions making these lump-sum payments as unrestricted payments in lieu of property taxes, subject to the distribution method described in section 4.c above. Counties and special districts would be free to determine the best use of the funds pursuant to the needs of the county or special district, including, if desired investment in a shared investment pool of the county's choosing.

Appendix A

Estimated acreage and property taxes associated with PG&E watershed lands which have been recommended by the Stewardship Council Board of Directors for donation.

Table 1

Table 1 – Estimated Property Taxes From Land Available for Donation³

County	Lands Available for Donation	Total Taxes (Annual)	Total Taxes (Lump)
Alpine	410	2,948	\$73,691
Amador	2,040	\$8,577	\$214,431
Butte	N/A	\$0	\$0
Calaveras	60	\$53	\$1,320
El Dorado	N/A	\$0	\$0
Fresno	267	\$2,413	\$60,334
Kern	N/A	\$0	\$0
Lake	986	\$31,844	\$796,090
Lassen	N/A	\$0	\$0
Madera	220	\$10,271	\$256,770
Mariposa	N/A	\$0	\$0
Mendocino	797	\$17,011	\$425,289

Appendix 5: Tax Neutrality Methodology

Adopted 06/27/2012
 Amended 06/24/2015
 Amended 01/21/2016
 Amended 11/15/2017

Merced	N/A	\$0	\$0
Nevada	1,867	\$13,150	\$328,758
Placer	2,683	\$46,794	\$1,169,882
Plumas	3,278	\$40,873	\$1,021,828
San Luis Obispo	N/A	\$0	\$0
Shasta	23,386	\$89,727	\$2,243,172
Tehama	151	\$45	\$1125
Tulare	N/A	\$0	\$0
Tuolumne	868	\$360	\$9,9009
Yuba	41	\$530	\$13,256
Total	\$37,054	\$264,597	\$6,614,955

^a This acreage
 includes lands
 within parcels that
 cross county
 boundaries

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APPENDIX E
LAND CONSERVATION COMMITMENT

STATEMENT OF PURPOSE

PG&E shall ensure that the Watershed Lands it owns and Carizzo Plains are conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants, the preservation of open space, outdoor recreation by the general public, sustainable forestry, agricultural uses, and historic values. PG&E will protect these beneficial public values associated with the Watershed Lands and Carizzo Plains from uses that would conflict with their conservation. PG&E recognizes that such lands are important to maintaining the quality of life of local communities and all the people of California in many ways, and it is PG&E's intention to protect and preserve the beneficial public values of these lands under the terms of any agreements concerning their future ownership or management.

PG&E Environmental Enhancement Corporation will develop a plan for protection of these lands for the benefit of the citizens of California. Protecting such lands will be accomplished through either (1) PG&E's donation of conservation easements to one or more public agencies or qualified conservation organizations consistent with these objectives, or (2) PG&E's donation of lands in fee to one or more public entities or qualified conservation organizations, whose ownership would be consistent with these conservation objectives.

COMMITMENTS

1. **PG&E Shall Place Permanent Conservation Easements on or Donate Watershed Lands:** The Watershed Lands and Carizzo Plains shall (1) be subject to permanent conservation easements restricting development of the lands so as to protect and preserve their beneficial public values, and/or (2) be donated in fee simple to one or more public entities or qualified non-profit conservation organizations, whose ownership will ensure the protection of these beneficial public values. PG&E will not be expected to make fee simple donations of Watershed Lands that contain PG&E's or a joint licensee's hydroelectric project features. In instances where PG&E has donated land in fee, some may be sold to private entities subject to conservation easements and others, without significant public interest value, may be sold to private entities with few or no restrictions.

The conservation easements shall provide for the preservation of land areas for the protection of the natural habitat of fish, wildlife and plants, the preservation of open space, outdoor recreation by the general public, sustainable forestry, agricultural uses, and historic values and, shall prevent any other uses that will significantly impair or interfere with those values. Conservation easements on the Watershed Lands will include an express reservation of a right for continued operation and maintenance of hydroelectric facilities and associated water delivery facilities, including project replacements and improvements required to meet existing and

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future water delivery requirements for power generation and consumptive water use by existing users, compliance with any FERC license, FERC license renewal or other regulatory requirements. In addition, easements will honor existing agreements for economic uses, including consumptive water deliveries. The conservation easements shall be donated to and managed by one or more non-profit conservation trustees, qualified conservation organizations or public agencies with the experience and expertise to fully and strictly implement the conservation easements.

2. Process For Development of the Conservation Easements and Land Donation Plan: PG&E will work with PG&E Environmental Enhancement Corporation and the Commission in the development and implementation of the conservation easements and land donation plan. PG&E Environmental Enhancement Corporation will recommend to PG&E (1) conservation objectives for the properties, including identification of conservation values, (2) criteria for ultimate disposition of the properties, (3) conservation easements guidelines, and (4) land disposition plans.
3. Reporting Responsibilities: PG&E Environmental Enhancement Corporation will prepare a report to the Commission within 18 months of the Effective Date describing the status of the conservation easement and land disposition plan. PG&E Environmental Enhancement Corporation will make the report available to the public upon request. Every two years following the first report, PG&E Environmental Enhancement Corporation will prepare a report to the Commission on the implementation of the conservation easement and land disposition plan.