

June 25, 2014



Stewardship
Council

Land Conservation and Conveyance Plan

Lands for Donation to Auburn Area Parks and
Recreation District (ARD) at Christian Valley Park
Lower Drum Planning Unit

Executive Summary

Subject

LCCP for Lower Drum Planning Unit (Christian Valley Park)
Land Conservation Plan Parcel Identification Number 888 as shown on the map attached
as Exhibit 1.

Type of Property Interest Disposition

- Auburn Area Recreation and Park District (ARD) to hold fee simple title to 16 acres within LCP Parcel ID #888 of the Lower Drum planning unit.
- Placer Land Trust (PLT) to hold the conservation easement on the 16 acres of Parcel 888 donated to ARD.

Summary

Sixteen acres in Parcel 888 will be donated to ARD and, consistent with the conditions in the Settlement Agreement, the Property will be subject to a perpetual conservation easement granted by ARD to PLT. The remaining 50 acres within Parcel 888 will be retained by PG&E subject to a conservation easement and will be addressed in a future Land Conservation and Conveyance Plan (LCCP).

Pending CPUC approval, and immediately following PG&E's conveyance of the 16 acres within Parcel 888 to ARD, ARD and PLT will enter into the conservation easement.

The 16 acres in Parcel 888 to be donated to ARD 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 16 acres in Placer County northeast of Halsey Afterbay, along Christian Valley Road.

Economic Uses and Agreements

There is one unrecorded license agreement on the acreage for donation to ARD for park recreational facilities owned and managed by ARD. This agreement will be terminated upon the transfer of the property to ARD.

PG&E will reserve its rights to maintain and operate existing and future utility facilities on the 16 acre 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 ARD includes a recital that ARD and PG&E acknowledge that the conveyance, together with the conservation easement transaction being entered into by ARD and PLT, 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

In accordance with the terms and conditions specified in D.03-12-035, Appendix A, the conservation easement on the Lower Drum property will ensure the permanent protection and preservation of the following BPVs:

- Habitat for plants, trees and wildlife that are native to the area.
- Scenic character of the Property, including viewsheds from adjoining public roadways.
- Recreational access and use of the Property, including organized sporting activities, hiking, exercising, picnicking, having group gatherings, playing games, relaxing, enjoying recreational amenities (such as ball fields), and similar recreational uses that are not incompatible with the Conservation Values of the Property.
- 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 may select the option of either receiving a lump sum payment of \$46,500 or an annual payment from a trustee selected by the Stewardship Council. Annual payments would be equal to 4% of a rolling 20 quarter average of the principal balance invested for the parcel, consistent with the methodology described in the Property Tax Neutrality Methodology adopted on June 27, 2012 by the Stewardship Council.

Hazardous Waste Disclosure

PG&E has provided the Lower Drum Planning Unit Environmental Site Assessment Report dated December 1, 2011, to ARD and PLT, fulfilling the disclosure requirements

of the Land Conservation Commitment. The Environmental Site Assessment did not identify any hazardous waste or substance contamination on this site.

Consideration of Parcel Split

Within Parcel 888, approximately 16 acres are proposed for transfer to ARD. At closing, the sixteen 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.

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

The establishment of a conservation easement is categorically exempt under Section 15325 of the CEQA Guidelines (CFR Title 14, Chapter 3).

The Lower Drum 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.

Exhibit 1. Map of the Property

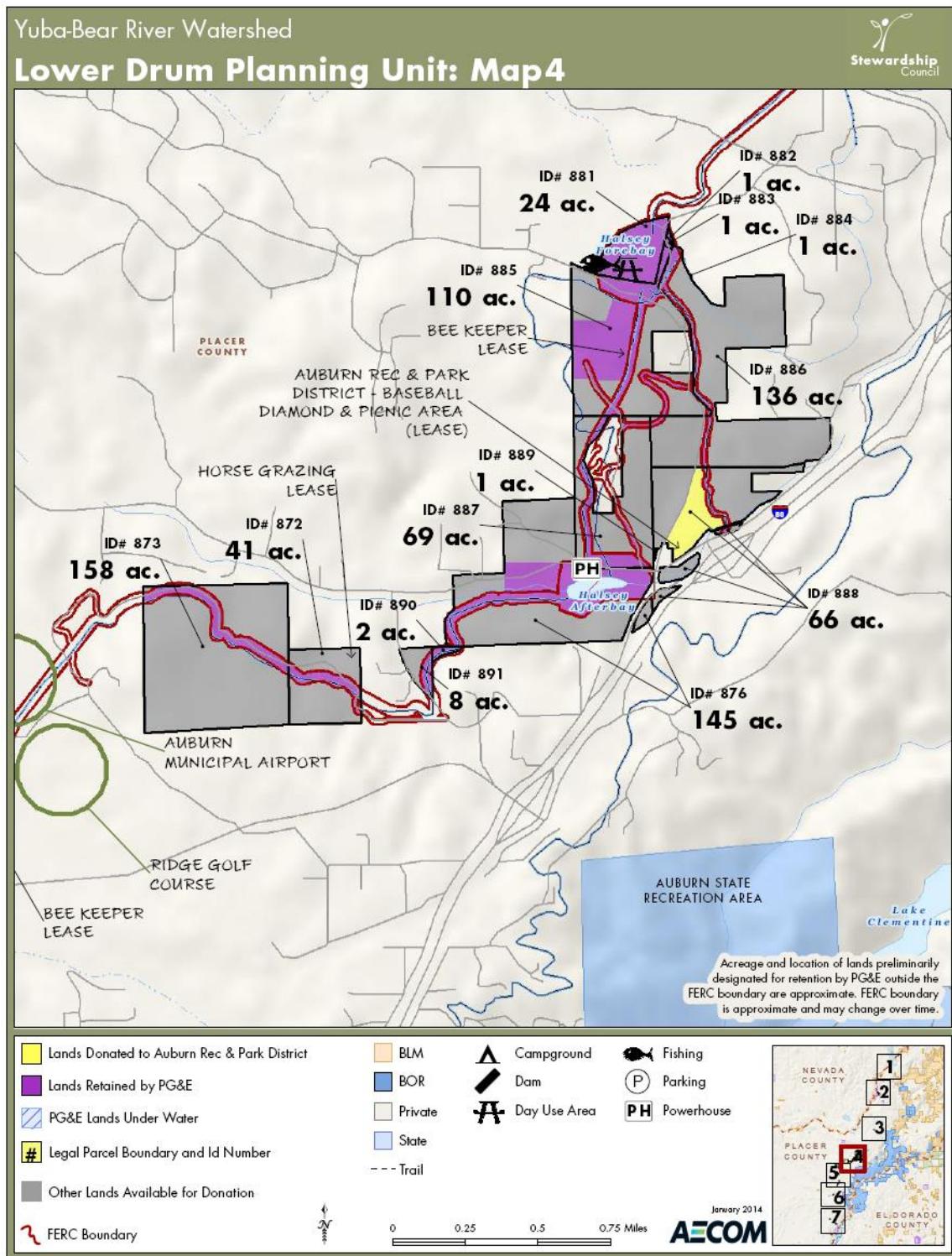


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Introduction

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 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 to PG&E, 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, 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.

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 this 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 Lower Drum 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 Auburn Area Recreation and Park District (ARD) receive 16 acres within one parcel (#888) of the Lower Drum planning unit in fee and that the Placer Land Trust (PLT) hold a

conservation easement over the lands recommended for donation to ARD in this parcel (#888) in the Lower Drum 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;”
(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

Sixteen acres in Parcel 888 will be donated to ARD and, consistent with the conditions in the Settlement Agreement, the Property will be subject to a perpetual conservation easement granted by ARD to PLT. The remaining 50 acres within Parcel 888 will be retained by PG&E and be subject to a conservation easement.

The sixteen acres proposed for donation are located approximately five miles from the City of Auburn, and offer recreation opportunities, open space, as well as oak and pine woodland habitat.

ARD manages a baseball field and picnic area on approximately 3 acres of the property.

Adjacent and Nearby Landowners

The acreage subject to donation to ARD within Parcel 888 is adjacent to lands that are proposed to be retained by PG&E.

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. To date, the nearby landowners have not provided any comments concerning their property interests.

Existing Economic Uses and Agreements

There is one unrecorded encumbrance on the property to be donated to ARD:

- License for park recreational facilities between PG&E and ARD.

This License will be extinguished upon transfer of the acreage to ARD. 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 Lower Drum 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.

ARD proposes to maintain the majority of the property identified to be donated in its natural state and therefore preserve habitat values as they exist. The conservation easement (Appendix 3) will permanently protect habitat by restricting development and limiting the landowner’s uses to those that are consistent with the protection of the BPVs on the property.

2. Objective: Preserve open space in order to protect natural and cultural resources and the recreation setting.

The conservation easement will ensure that no further development will occur unless specifically authorized by the conservation easement and consistent with the BPVs. ARD 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.

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

ARD will continue to manage Christian Valley Park for current and future public recreational uses. The conservation easement ensures that opportunities to promote

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

passive recreation via the development of facilities such as picnic areas or natural surface trails remain.

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

The current timber management prescription on the acres proposed for transfer to ARD is limited to salvage harvest and fuel load reduction. The conservation easement will ensure that fire management activities, including vegetation management and fuel load reductions required for compliance with any laws or guidelines are allowed to continue.

5. Objective: Preserve and enhance grazing in order to support associated economic benefits, as well as to protect open space and habitat resources.

The acreage proposed for transfer to ARD is not currently used for grazing.

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 cultural resources (as defined in Title XIV of the California Code of Regulations) on the Property consistent with applicable laws and regulations.

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. Placer Land Trust (PLT) will hold the conservation easement over the lands to be donated to ARD in the Lower Drum planning unit. The qualifications of PLT are described in Chapter 4.

Accordingly, immediately following PG&E's conveyance of the lands to be donated to ARD in the Lower Drum planning unit, ARD will convey the conservation easement to PLT.

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 7 for a description of PG&E's Land Conservation Commitment.

The sixteen acres proposed for donation to ARD in Parcel 888 were identified as available for donation, subject to PG&E's reserved rights.

Lands to be Donated by PG&E

The Stewardship Council initially recommended 40 acres within one parcel (Parcel 888) be donated to ARD. Subsequent to further review of the property, discussions with PG&E, as well as completed surveys, ARD is pursuing donation of 16 acres within the 40 acres previously recommended for donation.

The legal description of the parcel is included in the grant deed, which is provided in Appendix 2. The qualifications and capacity of ARD to manage the Lower Drum property recommended for donation are described in Chapter 4.

The map attached in Appendix 6 shows all the land within Parcel 888 in the Lower Drum 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.

Lands to be Retained by PG&E

The remaining 50 acres in Parcel 888 in the Lower Drum planning unit will be retained by PG&E and will be the subject of a future 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 November 16, 2011 and September 15, 2011 respectively:

- The Auburn Area Recreation and Park District (ARD) to hold fee simple title to 16 acres within Parcel 888.
- Placer Land Trust (PLT) to hold a conservation easement over the 16 acres to be donated to ARD in Parcel 888.

Capacity of Selected Organizations

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

A. ARD:

- ARD is a public agency with over 60 years of experience developing and maintaining a public park system that offers a variety of recreational facilities and programs, including ball fields, tennis courts, public swimming pools, and community centers.
- ARD operates over a dozen major parks and facilities within a 100 square mile area, including 158 acres of developed park lands, four miles of pathways, and 60 acres of open space.
- In partnership with the Army Corps of Engineers, ARD manages a 10-acre nature preserve, which involves protection of wetlands, waterways, native plants, and wildlife habitat.
- ARD completed a 0.7 mile ADA paved pathway that loops the perimeter of the 22 acre Recreation Park. Recreation Park includes a community center, gymnasium, ball fields, playgrounds, picnic areas, and a public swimming pool.
- ARD has managed the 3.5 acre public sports field at Christian Valley Park under a PG&E lease. Other amenities offered here by ARD include a playground, picnic area, and a preschool building.
- ARD has 21 full-time staff including a full-time maintenance and seasonal crew to inspect and maintain park facilities, which involves trash pick-up, mowing, and noxious weed removal. ARD also employs a number of seasonal staff as

² Stipulation, Section 12(a)(4)

needed, such as lifeguards and staff related to the operation of camps. ARD also retains the services of a grant writing consultant as needed to secure grants.

- ARD partners with various youth sports organizations, including Placer High School, to develop and maintain recreation facilities and support fundraising. ARD also partners with the Army Corps of Engineers and the Placer County Resource Conservation District to manage its nature preserve and the Bureau of Reclamation to manage facilities through a 25 year agreement. ARD also partnered with the Ashley Memorial Dog Park Foundation to establish the first dog park in Auburn.

B. PLT:

- Established in 1991, PLT's mission is to work with willing landowners and conservation partners to permanently preserve natural and agricultural lands in Placer County for future generations.
- PLT holds 17 conservation easements totaling 3,537 acres, including three over lands owned by public agencies. In addition, PLT owns 14 fee properties totaling 3,984 acres.
- PLT is guided by an ten-member board of directors and is staffed by an executive director, assistant director, stewardship manager, land manager, community relations manager, program manager and office assistant. PLT's staff has expertise in strategic land acquisitions, natural resources management, forestry, habitat restoration, ecology, agriculture and community outreach and volunteer management.
- PLT is an accredited land trust.

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 Lower Drum 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. 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.

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.”

Although the matter has not been settled by the CPUC, the Stewardship Council interprets the PG&E Settlement Agreement to include in lieu payments to counties to achieve property tax neutrality as an allowable use of a portion of the \$70 million provided to the Stewardship Council to implement the Land Conservation Commitment. Based on its belief that the Stewardship Council could use a portion of the \$70 million for such purposes, the Stewardship Council board adopted the property tax neutrality policies and guidelines described below.

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 methodology it had adopted on May 2, 2012, after an opportunity for public comment and specific outreach to all potentially affected counties. The methodology establishes a standard payment process when lands are transferred to organizations that are exempt from paying property taxes (see Appendix 5). The methodology outlines two in-lieu payment options: a one-time lump sum payment from the Stewardship Council directly to counties, and the Stewardship Council's establishment of an endowment account that would be designed to generate enough investment income to make annual in-lieu payments to counties on an ongoing basis. Regardless of the payment option selected by the county, the payment methodology provides that the county will distribute funds related to the special districts as defined in the Tax Rate Area upon receipt of the lump sum payment or the annual installment payment.

Achieving Property Tax Neutrality

The Stewardship Council will provide funding to satisfy property tax payments in perpetuity for the Property. After the CPUC has approved the fee title donation of the Property, Placer County may select the option of either receiving a lump sum payment or an annual payment from a trustee selected by the Stewardship Council.

The transfer of lands to ARD is expected to result in the reduction of approximately \$1,862 in annual taxes paid to Placer County (as shown in Table 2 below).

Table 2: Property Tax Detail

Parcel ID	SBE Map Number	Taxes on Acres Transferred
888	135-31-73E-1	\$1,862

If Placer County chooses the lump sum option, the Stewardship Council would make a one-time payment of \$46,500 to the county. Placer County would, 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.

If Placer County chooses the annual payment option, the Stewardship Council would deposit \$46,500 with a third party trustee, which would be responsible for making annual payments to Placer County. Pursuant to the methodology described in the Property Tax Neutrality Methodology adopted on June 27, 2012, the trustee will make annual payments equal to 4% of a rolling 20 quarter average of the principal balance invested for the parcel. Placer County would, 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 Lower Drum planning unit have not mandated any changes to the physical or economic uses of the lands.

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 Retained by PG&E

Approximately 50 acres within Parcel 888 in the Lower Drum planning unit will be retained by PG&E.

Lands to be Donated by PG&E

The Lower Drum Planning Unit Environmental Site Assessment Report dated December 1, 2011, found no potential hazardous waste, substance contamination, or other such environmental conditions on the Property. PG&E has provided this report to ARD and PLT, fulfilling the disclosure requirements of the Land Conservation Commitment.

Environmental Agreement

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

7. Consideration of Parcel Split

To effectuate transfer of the sixteen acres identified for donation to ARD within Parcel 888, 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 to fund enhancements on the Watershed Lands in the future. Grant funding will be available to accomplish any number of potential future physical measures such as developing trails, day use areas, and other public access improvements.

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 (See 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 (2014)
- Close of escrow (2015)
- Stewardship Council release of funds to PLT per conservation easement funding agreement (2015)

Compliance with Local Land Use Planning Requirements

Future management of the donated property in the Lower Drum planning unit is anticipated to comply with all applicable Placer 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.

- 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.

LOWER DRUM 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 Lower Drum 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.

No public comments were submitted concerning the Lower Drum planning unit during public review of Volumes I and II of the LCP.

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 Lower Drum planning unit to a Public Information Meeting that was held in Auburn 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: Bear River, Chili Bar, Fordyce Lake, Lake Spaulding, Lower Drum, and Narrows. Attendees

Appendix 1: Summary of Public Outreach

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 Lower Drum planning unit.

The purpose of the workshop was to: (1) provide a review and update on the Stewardship Council's Land Conservation Program; and, (2) solicit additional public input on future stewardship of the six planning units. Stations were set up with maps, other pertinent information, and easels with blank paper. Below is a summary of comments related to the Lower Drum planning unit that were recorded on the easels and provided on comment cards.

Lower Drum Planning Unit

- Develop an equestrian trail from Halsey Afterbay to Halsey Forebay, Sugar Pine Mountain Trail, and Winchester Trail
- Implement fire prevention treatments where there is a need, specifically on extremely overgrown areas.
- Support for the County's acquisition of property for development of a riparian recreation area.
- Develop a trail that would provide access to the entire planning unit
- Enhance recreation in the Rock Creek Reservoir area for nearby residents
- Develop a baseball field northeast of Halsey Afterbay on Parcel 888
- Support for a donation of lands to the Auburn Area Recreation and Park District
- Improve fishing access along the area between Rollins Reservoir and Hwy 174

General Comments Concerning the Yuba-Bear Watershed Area

- 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.
- Understand that all of the parcels have a history of land use and are no longer pristine.
- Provide adequate time for the public to review and provide comments on the land stewardship proposals, proposed donee recommendations, and conservation easements.
- Provide parcel-specific goals to promote public understanding and comment.

IV. PUBLIC REVIEW OF LAND STEWARDSHIP PROPOSALS

On May 13, 2011, the Stewardship Council received three Land Stewardship Proposals from organizations interested in being considered for a donation of fee title to certain lands located within the Lower Drum planning unit. The Auburn Area Recreation and Park District, Placer County, and Placer County Water Agency. 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 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 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 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 fee and conservation easement recommendations at the Lower Drum planning unit were provided to the board for consideration at the relevant public board meetings.

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

Appendix 1: Summary of Public Outreach

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 prospective donees are 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.

PACIFIC GAS AND ELECTRIC COMPANY
245 Market Street, N10A, Room 1015
P.O. Box 770000
San Francisco, California 94177

Location: City/Uninc_____
 Recording Fee \$_____

Document Transfer Tax \$_____

This is a conveyance where the consideration and Value is less than \$100.00 (R&T 11911).
 Computed on Full Value of Property Conveyed, or
 Computed on Full Value Less Liens & Encumbrances Remaining at Time of Sale

Signature of declarant or agent determining tax

(SPACE ABOVE FOR RECORDER'S USE ONLY)

LD

DEED

GRANT DEED, RESERVATION OF RIGHTS AND EASEMENTS, AND ASSIGNMENT OF RIGHTS

I. CONVEYANCE OF FEE

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, hereinafter called Grantor, hereby grants, without warranty express or implied, to **AUBURN RECREATION AND PARK DISTRICT**, a special district, hereinafter called Grantee, the real property (“Property”), situated in the unincorporated area of the County of Placer, State of California, described as follows:

as 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 easements and rights, as more fully described 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 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 purposes 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**”) (collectively, “**Hydroelectric Facilities and associated Water Delivery Facilities**”), and for other purposes as described more fully in the Reservation of Rights contained herein.

F. Consistent with the terms of the Governing Documents, Grantor and Grantee acknowledge this conveyance, together with the conservation easement transaction being entered into by Grantee and Bear Yuba Land Trust concurrently herewith, is 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 while allowing the ongoing use of the Property by Grantor for hydroelectric operations, water delivery and related activities, and acknowledging and honoring the existing third party uses.

III. RESERVATION OF RIGHTS AND 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 operation and maintenance of Hydroelectric Facilities and associated Water Delivery Facilities. Grantor will use reasonable efforts to notify and consult with Grantee in advance of the exercise of the Reserved Rights, and use reasonable efforts to employ methods and practices that will not significantly impair the beneficial public values.

An exercise of Grantor’s Reserved Rights shall be “required” (as used in the preceding paragraph) 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:

Appendix 2: Grant Deed

(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.

(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.

(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 will be expressly reserved:

(1) Reserving to PG&E 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;

(2) The rights for PG&E's existing and future facilities for transformation, transmission and distribution of electric energy and for communication purposes within the strips of land described below and also the rights to reconstruct, replace, remove, maintain and use the same as PG&E shall at any time and from time to time deem necessary, together with the rights to excavate for, construct, install, repair, reconstruct, replace, remove, maintain and use, at any time and from time to time, additional facilities for the transformation, transmission and distribution of electric energy and for communication purposes, consisting of such devices and equipment with suitable concrete pads and adequate protection therefor necessary for transforming electric energy, one or more lines of towers, poles and/or other structures, wires and cables, including both underground and overhead ground wires, and all necessary and proper foundations, footings, cross arms and other appliances and fixtures for use in connection with said towers, poles and/or other structures, wires and cables; all to be on land described as follows:

(a) Strips of land of the uniform width of 20 feet, lying 10 feet on each side of the alignment of the existing electric distribution and communications pole line facilities; strips of land of the uniform width of 10 feet, lying 5 feet on each side of the alignment of the existing underground electric and communication facilities;

Appendix 2: Grant Deed

(b) Strips of land of the uniform width of 75 feet, lying 37.5 feet on each side of the alignment of the existing electric transmission wood pole line facilities; and

(c) Strips of land of the uniform width of 350 feet, lying 175 feet on each side of the centerline between the alignments of the two existing electric transmission steel tower line facilities.

(3) The right of ingress to and egress from said easement areas over and across said real property by means of any and all existing and future 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 PG&E's easements and facilities on lands adjacent to said real property.

(4) The right to install, maintain and use gates in all fences which now or shall hereafter cross said real property.

(5) The rights to trim and cut down and clear away any and all trees and brush now or hereafter on or near PG&E's facilities and the further right to trim and to cut down and clear away any trees on the property adjacent to said facilities which in the opinion of PG&E may be a hazard to such facilities by reason of the danger of falling thereon or contacting transmission or distribution wires, or may interfere with the exercise of PG&E's reserved rights.

IV. TERMS OF GRANT

The conveyance by Grantor to Grantee pursuant to this Grant Deed, Reservation of Rights and Easements, and Assignment of Rights 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.

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, without the prior written consent of the Grantor, which consent shall be in Grantor's sole discretion exercised in good faith.

VI. MISCELLANEOUS

If any provision of this Grant Deed, Reservation of Rights and Easements, and Assumption of Rights 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.

Appendix 2: Grant Deed

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

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

Dated _____, 20____.

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By

Attested

Appendix 2: Grant Deed

EXHIBIT A

Appendix 2: Grant Deed

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.

Notary Public

(Seal)

Recorded at the request of, and
when recorded return to:

Placer Land Trust
Attn: Executive Director
11661 Blocker Drive, Suite 110
Auburn, CA 95603

DEED OF CONSERVATION EASEMENT
(Christian Valley Park, Placer County)

On this _____ day of _____, the Auburn Area Recreation and Park District, a special district of the State of California, having an address at 471 Maidu Drive, Suite 200, Auburn, CA, 95603 (hereinafter the “**Grantor**”), for full and fair consideration paid, hereby grants to Placer Land Trust, a California nonprofit public benefit corporation, having an address at 11661 Blocker Drive, Suite 110, Auburn, CA, 95603 (hereinafter the “**Grantee**”) the following described conservation easement (hereinafter the “**Easement**”) on real estate in the County of Placer in the State of California, as described in Exhibit A, attached hereto and made a part hereof by reference (hereinafter the “**Property**”), exclusively for the purpose as follows:

- 1. PURPOSE.** The purpose of this Easement (hereinafter the “**Purpose**”) is to protect and preserve the Conservation Values (as defined in Exhibit D herein) in perpetuity by preventing any use of the Property that will significantly impair the Conservation Values. Grantor and Grantee intend that, subject to the provisions of this Easement, this Easement will confine the use of the Property only to such activities that are consistent with the Purpose and terms of this Easement.

As used in this Easement, the term “impair” or “impairment” means to diminish in quantity, quality, value, strength or viability. As used in this Easement, the term “significantly” or “significant,” when used with “impair” and “impairment” respectively, means a greater than negligible adverse impact, for more than a transient period.

For the balance of the Property outside the Existing Developed Area (as defined in Recital L and Exhibit E herein), it is intended that this 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 Grantee understand

that achieving the Purpose requires the preservation and protection, on balance, of all of the Conservation Values actually existing on the Property outside the Existing Developed Area, to the extent possible. It is recognized that in protecting and/or enhancing one or more of the Conservation Values, another Conservation Value may be impaired, but this is not meant to be a permanent occurrence, nor a reason to re-prioritize one Conservation Value over another.

2. RECITALS. The following recitals are incorporated in this Easement.

- A. The Grantor is the sole owner in fee simple of the Property, which consists of approximately 16 acres of land with existing recreational structures.
- B. Grantee is a publicly supported, tax-exempt nonprofit public benefit organization under Section 501(c)(3) and a “qualified organization” under Section 170(h), respectively, of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (hereinafter the “**Internal Revenue Code**”). Grantee is also qualified to acquire and hold conservation easements in California under Sections 815 and 816 of the California Civil Code. Grantee’s primary purpose is the permanent protection of natural and agricultural land in Placer County.
- C. Immediately prior to the execution and delivery of this Easement, Pacific Gas and Electric Company, a California corporation (hereinafter “**PG&E**”), transferred to Grantor fee title in the Property in accordance with that certain Grant Deed, recorded in the Official Records of the County of Placer, concurrently with the recording of this Easement (hereinafter the “**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 (hereinafter “**PG&E Reserved Rights**”), and (2) those legally-enforceable third-party rights to use the Property in effect as of the date this Easement is recorded in the Official Records of Placer County (the “**Effective Date**”), as listed on Exhibit C attached hereto and incorporated herein by reference (hereinafter the “**Existing Third-Party Uses**”).
- D. PG&E transferred fee title to the Property to Grantor in connection with PG&E’s implementation of the “Land Conservation Commitment,” defined below, provided for in the following documents and described more fully below:
 - (a) That certain Settlement Agreement (hereinafter the “**Settlement Agreement**”) as modified and approved by the Public Utilities Commission of the State of California (hereinafter the “**Commission**”) in its Opinion and Order of December 18, 2003 (Decision 03-12-035); and
 - (b) That certain Stipulation Resolving Issues Regarding the Land Conservation Commitment dated September 25, 2003 (hereinafter the “**Stipulation**”).
- E. The Settlement Agreement and the Stipulation (hereinafter, collectively, 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 (hereinafter, collectively, the “**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 (hereinafter, collectively, the “**Beneficial Public Values**” or “**BPVs**”). The Stipulation provides, among other things, that the conservation easements will preserve or enhance reasonable public access. A 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 (hereinafter the “**Land Conservation Commitment**”), as set forth in detail in the Governing Documents.

- F. The Property is included in the Watershed Lands, and contains significant natural and recreational values of great importance to Grantor, Grantee, the people of Placer County and the State of California. The Property includes the specific Beneficial Public Values identified on Exhibit D attached hereto and incorporated herein by reference (hereinafter, collectively, the “**Conservation Values**”). The Conservation Values are further described in the *Baseline Documentation Report for Christian Valley Park, Placer County*, dated _____, incorporated by this reference and on file in the office of the Grantee (hereinafter the “**Baseline Documentation Report**”), which consists of reports, maps, photographs, and other documentation that the Grantor and Grantee agree provide, collectively, an accurate representation of the Property and the existing Conservation Values at the time of this Easement and which is intended to serve as an objective, though nonexclusive, information baseline for monitoring compliance with the terms of this Easement.
- G. The protection of the Property is consistent with multiple goals and objectives of the State of California. 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.
- H. The protection of the Property is consistent with the County of Placer’s public policy to “protect and conserve open space, natural resources and agricultural lands throughout the county” and is consistent with the goals of the Placer County General Plan (1994) and the Placer Legacy Open Space and Agricultural Conservation Program (2000).
- I. In accordance with the Governing Documents, the PG&E Reserved Rights constitute an express reservation in favor of PG&E of certain rights to 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 (hereinafter the “**FERC**”) license, FERC license renewal or other regulatory requirements.
- J. The Governing Documents also include a requirement that conservation easements encumbering Watershed Lands honor existing agreements for economic uses, including consumptive water deliveries.

- K. Pursuant to the Governing Documents, the Pacific Forest and Watershed Lands Stewardship Council, a California nonprofit public benefit corporation (hereinafter the “**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 (hereinafter the “**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, including the Property.
- L. Grantor and Grantee each desires through this Easement to ensure the permanent protection of the Conservation Values on the Property, subject to PG&E’s Reserved Rights and the Existing Third-Party Uses, and subject to those specific rights permitted in this Easement for the Existing Developed Area, as further described and depicted in Exhibit E, attached hereto and made a part hereof by reference (hereinafter, respectively, the “**Existing Developed Area**”). Grantor and Grantee further intend (a) to honor Existing Third-Party Uses as described in Exhibit C and (b) to continue to permit compatible and beneficial uses of the Property including but not limited to outdoor recreation by the general public.
- M. It is intended that within the Existing Developed Area, recreational access and use shall be the primary Conservation Value, even to the detriment of other Conservation Values within the Existing Developed Area.
- N. Grantor and Grantee intend that Grantor’s management of the Property shall further be subject to that certain *Management Plan for Christian Valley Park, Placer County*, dated March 27, 2014, as it may be amended, an adaptive management document containing specific terms and conditions of that may change over time upon the agreement of Grantor and Grantee, that is completely subservient to this Easement, located on file at the offices of both Grantor and Grantee, and incorporated by this reference (“**Management Plan**”). This Easement prohibits use of the Property for any purpose that would significantly impair, degrade or interfere with the Conservation Values on a collective, not individual basis, taking into account the relative condition and quality of each of the Conservation Values as of the date of this Easement.
- O. In furtherance of the Land Conservation Commitment and the above-described public policy purposes, Grantor intends, as owner of the Property, to convey to Grantee the right to preserve and protect the Conservation Values of the Property in perpetuity according to the terms and conditions of this Easement.

3. INCORPORATION OF PURPOSE AND RECITALS.

NOW THEREFORE, in consideration of the foregoing Purpose and Recitals, for the benefit of the general public, and pursuant to the laws of the State of California; the Grantor and Grantee have established this Easement on, over, and across the Property consisting of the foregoing Purpose and Recitals and the following terms, covenants, restrictions, conditions, exhibits, and affirmative rights that the Grantor has voluntarily

granted to Grantee, which shall run with and bind the Property in perpetuity.

4. RESTRICTIONS AND RESERVED RIGHTS. To further accomplish the Purpose of this Easement, the Grantor and Grantee agree to the following restrictions and reserved rights.

4.1 Subdivision. The Property shall remain in unified ownership, which may be joint or undivided, but without division, subdivision, partition or other legal or *de facto* creation of lots or parcels in separate ownership. The foregoing does not prohibit the lease of all or a portion of the Property if otherwise consistent with the terms of this Easement.

4.2 Development. No new structures, temporary or permanent, may be constructed, located, placed, or installed on the Property, with the following exceptions.

- (a) Recreational and Maintenance Structures and Improvements; Activities Required by Local Jurisdiction. Grantor reserves to itself and its successors and assigns the following rights and allowable activities outside of the Existing Developed Area: (1) as specifically allowed and described in the Management Plan, the right to construct, erect, maintain, alter, improve, remove, and replace recreational and maintenance structures and improvements that are necessary to facilitate the recreational use of the Property as part of the Conservation Values, including but not limited to: fences, gates, shade structures, picnic shelters, picnic tables, benches, interpretive kiosks and displays, hardscape or natural trails, and (2) if required by a local jurisdiction, the right to construct, erect, maintain, alter, improve, remove, and replace sidewalks, curbs, gutters, sewer and storm water systems.
- (b) Existing Developed Area. In addition to the rights and activities described in Section 4.2(a) above, Grantor reserves to itself and its successors and assigns the right to construct, erect, maintain, alter, improve, remove, and replace structures and improvements within the Existing Developed Area, as defined, set forth, and limited by the terms in Exhibit E. Specifically, Grantor retains the right to maintain and enhance existing parking lot and ball field as described in the Baseline Documentation Report.
- (c) Property Signage. Property signage as required by PG&E, Commission, Stewardship Council, Grantor or Grantee to acknowledge organizations involved in the creation of the Easement or the protection of the Property is allowed as generally described in the Management Plan. Signs on exterior fence lines deterring trespassing or clarifying allowed or prohibited uses, interpretive and educational signs, directional and informational signs, and signs as needed for Americans with Disabilities Act compliance or for public health and safety, are allowed.

4.3 Transfer of Rights. All rights to develop or use the Property that are prohibited or inconsistent with the Purpose of this Easement are extinguished, and cannot be used now or in the future to use or transfer development rights to other land not subject to this Easement, or to permit, entitle or otherwise facilitate increased development

density or increased natural resource use or extraction on other land not subject to this Easement.

4.4 Land Use. Land uses that significantly impair the Conservation Values of the Property or are inconsistent with the purpose of this Easement are prohibited. Without limiting the generality of the foregoing, the following land uses and activities on the Property are expressly prohibited:

- (a) Industrial activity. Any and all industrial activity on the Property is prohibited.
- (b) Mining and excavation activity. Mining and the removal or extraction of soil or minerals from the Property is prohibited. Filling, excavating, draining, dredging, mining, drilling, removing, exploring for or extracting minerals, loam, gravel, soil, rock, sand or other material on or below the surface of the Property, or granting or authorizing surface entry for any of these purposes, is prohibited. However, Grantor reserves the right to permit limited excavation of the surface of the Property to create recreational improvements as described in Sections 4.2(a) and 4.2(b) above, or for ecological or scientific research or archaeological investigation, if conducted under then current generally accepted professional standards without adverse impact to the Conservation Values.
- (c) Commercial activity. Any and all commercial activity on the Property is prohibited, except for activities that enhance or protect the Conservation Values.
- (d) Overgrazing. Livestock grazing in accordance with the Management Plan is permitted. Overgrazing in a manner inconsistent with the Management Plan is prohibited.
- (e) Irrigation. Irrigation outside of the Existing Developed Area is prohibited, except as necessary to facilitate restoration and enhancement of natural habitat and approved in advance by Grantee.
- (f) Off-road motorized vehicles. The use of motorized vehicles off of established road is prohibited, except if reasonably necessary: (i) by Grantor or under the Grantor's control for property management, or (ii) by Grantee for the purposes of monitoring and enforcing this Easement and the Management Plan.
- (g) Roads. The construction or creation of new roads is prohibited.
- (h) Dumping. The dumping or accumulation of trash, ashes, garbage, inoperative or unserviceable vehicles, equipment or parts thereof, waste, or other debris on the Property including, without limitation Hazardous Materials, is prohibited. For the purposes of this instrument, "**Hazardous Materials**" shall mean any substance defined, listed, or otherwise classified pursuant to any federal, state, or local law, regulations, or requirements as hazardous, toxic, polluting, or otherwise contaminating to the air, water, or soil, or in any way harmful or threatening to human health or the environment. This prohibition shall not be construed to prevent the use, storage, or disposal of organic matter or compost that does not significantly impair the Conservation Values. No filling, dumping, excavation, or

other alteration may be made to the surface or subsurface of the Property or to its surface waters or wetlands, except as described in Sections 4.2(a) and 4.2(b) above.

4.5 Water Quality and Water Protection. Activities and uses otherwise permitted under this Easement, which result in significant damage or degradation of water quality, are prohibited. Stockpiling animal wastes, compost, loose soil or toxic materials in a manner whereby runoff or leakage adversely affects water quality, is prohibited. Discharge of any septic waste, wastewater, toxic waste, pollution, or other environmentally harmful substances into surface waters, springs or drainages on the Property is prohibited.

4.6 Water and Mineral Rights. Grantor warrants that the Property includes all surface and subsurface mineral rights, including all mining and quarrying rights and all right to excavate or remove subsurface oil, gas, and other minerals, all geothermal energy rights (hereinafter, collectively the “**Mineral Rights**”). To the best of Grantor’s knowledge, the Property includes all water and water rights, ditches and ditch rights, springs and spring rights, reservoir and storage rights, wells and groundwater rights, and other rights in and to the use of water historically used on the or otherwise appurtenant to the Property (hereinafter, collectively, the “**Water Rights**”).

Grantor reserves all Water Rights, provided that such Water Rights, if any, are used on the Property in a manner not inconsistent with the purpose and terms of this Easement, and provided that any and all Water Rights necessary to maintain or restore the Conservation Values are used accordingly.

Grantor shall not transfer, encumber, sell, lease, or otherwise separate the Mineral Rights or Water Rights from the Property, or in the case of Water Rights, in any way diminish or reduce the historic use of the Water Rights, without the consent of the Grantee. Grantor shall not abandon or allow the abandonment of, by action or inaction, any of the Water Rights without the consent of the Grantee.

4.7 Surface Alterations. As of the date of this grant, there are surface alterations on the Property, as documented in the Baseline Documentation Report. Any new alteration to the surface of the Property is prohibited, with the exception of the following reserved rights of the Grantor:

- Grantor reserves the right to make new surface alterations reasonably necessary to manage the Property, to enhance or restore habitat consistent with the Conservation Values, provided the alterations do not significantly impair the Conservation Values, and to create and maintain recreational improvements as described in Sections 4.2(a) and 4.2(b) above.
- Subject to Exhibit E, the Grantor reserves the right to make surface alterations within the Existing Developed Area.

4.8 Fire Suppression. This Easement shall not prohibit Grantor from retaining and satisfying the obligation to comply with any applicable local, state, and federal laws or

guidelines regarding the prevention and suppression of wildfire.

4.9 Express Third Party Uses. Exhibit C hereto describes the existing third party uses of the Property that Grantor and Grantee recognize as permitted uses (hereinafter “**Express Third Party Uses**”). Grantor retains the right to maintain, renew, and replace all agreements memorializing the Express Third Party Uses (hereinafter “**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) Any (i) increase in the intensity, or (ii) expansion of the location or size, or (iii) change in the use, of an Express Third Party Use, whether through a new agreement or an amendment to an existing agreement, that Grantor determines in Grantor’s reasonable discretion exercised in good faith are likely to significantly impair the Conservation Values shall be subject to Grantee’s prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed by Grantee.
- (b) All Third Party Use Agreements existing on the Effective Date of this Easement are identified in Exhibit C. As Third Party Use Agreements are renewed or replaced, either with an existing or new user, Grantor, in consultation with Grantee, shall include contractual provisions to bring the continuation of the Express Third Party Use and the preservation of the Conservation Values into alignment to the fullest extent reasonably practicable.
- (c) If Grantor or Grantee discovers any default under a Third Party Use Agreement that significantly impairs the Conservation Values (and if Grantee makes such discovery, Grantee gives Grantor written notice thereof), Grantor shall use reasonable efforts to enforce or otherwise remedy such violation, at Grantor’s sole expense.

4.10 Public Access and Informal Uses. Grantor and Grantee recognize that 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 (hereinafter “**Informal Uses**”). Grantor and Grantee 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 and Informal Uses on the Property that are substantially consistent with the public access and Informal Uses existing on the Effective Date of this Easement. Grantor reserves the right to make reasonable rules and regulations to control, limit, or, as necessary, exclude Informal Uses and public access. Grantor shall not allow Informal Uses that significantly impair the Conservation Values.

If Grantor desires to allow new public access or Informal Uses or expand public access or Informal Uses on the Property, and such access or Informal Uses is not described in

the Management Plan, Grantee's advance written approval is required, which approval shall not be unreasonably withheld.

As part of Grantee's annual monitoring, (i) Grantor shall provide to Grantee information describing the known Informal Uses and public access on the Property conducted in accordance with this Section 4.10 during the preceding monitoring period for the purpose of Grantee's assessment of Grantor's compliance with the requirements set forth in this section; and (ii) with respect to Informal Uses allowed by Grantor on the Property in accordance with the first paragraph of this Section 4.10, Grantor and Grantee will consult, and include recommendations, if any, regarding the necessity of controlling, limiting, or excluding Informal Uses to ensure the preservation of the Conservation Values.

Grantee or its designee may lead educational tours on the Property as allowed, limited, and described in the Management Plan.

Grantor and Grantee claim all of the rights and immunities against liability for injury to the fullest extent allowable by law.

4.11 PG&E Reserved Rights. All rights and obligations of Grantor and Grantee under this Easement are subject to the PG&E Reserved Rights specified in the Grant Deed in Exhibit B. In the event PG&E notifies Grantor of its intention to exercise any of the PG&E Reserved Rights, Grantor shall notify Grantee, in writing, of said intention within sixty (60) days.

4.12 Cultural Resources. There shall be no activities, actions or uses that disturb or impair any cultural resources (as defined in Title XIV of the California Code of Regulations) on the Property in violation of any applicable law, statute or regulation.

5. GRANTEE'S AFFIRMATIVE RIGHTS. To accomplish the purpose of this Easement the following rights are conveyed to Grantee by this Easement:

- (a) To identify, preserve and protect the Conservation Values, and to prevent any activity on or use of the Property that is inconsistent with the purpose of this Easement and the Management Plan.
- (b) To access, enter upon, monitor, inspect, observe, and study the Property, including the right to access the Property, including the Existing Developed Area, by motorized vehicle over and on roads owned by Grantor and any rights-of-way or other access ways now or hereafter available to Grantor for access to the Property, at reasonable times not more often than four times per year except when necessary to prevent a violation or potential violation of the terms of this Easement or to monitor and observe specific activities to ensure compliance with the terms of this Easement and the Management Plan. Grantor shall provide Grantee with keys, combinations, instructions or other means to open any locked gates that are on the Property and/or that are necessary to access the Property. Grantee will make reasonable efforts to notify Grantor prior to entry onto the Property except when immediately necessary to prevent a violation of the terms of this Easement. Notwithstanding anything to the contrary contained herein,

Grantee when entering or traveling on the Property for inspection or monitoring purposes shall be entitled to travel on all existing roads on the Property.

- (c) To prevent any activity on, use of or practice on the Property that is inconsistent with the purpose and terms of this Easement and the Management Plan and to require the restoration of such areas or features of the Property that may be damaged by any inconsistent activity or use, pursuant to the remedies set forth in Section 8 below.
- (d) To require that Grantor's reserved rights be exercised in a manner that does not significantly impair the Conservation Values.
- (e) To erect and maintain Property signage as defined in the Management Plan.
- (f) To pursue damages from third parties, but not to the exclusion of any right of the Grantor to seek damages or relief from any third party for damage to the Property.

6. RIGHTS OF LANDOWNER. In addition to any specific reserved rights set forth in Section 4 above, Grantor reserves to itself, its representatives, assigns, and all future transferees, all rights accruing from its ownership of the Property, including the right to engage in, or permit or invite others to engage in, all uses of the Property that do not significantly impair the Conservation Values, are not expressly prohibited herein, and are not inconsistent with the purpose of this Easement. Without limiting the generality of the foregoing, the following activities and uses are specifically reserved as Grantor's rights as owner of the Property:

- (a) The ownership and right to sell or transfer the Property in its entirety (subject to the restrictions on transfer set forth in the Grant Deed).
- (b) Those rights relative to the Existing Developed Area specified in the Easement.
- (c) The right to control predatory and invasive animals (including feral pigs) by the use of reasonable selective control techniques that are designed to not significantly impair the Conservation Values.
- (d) The right to utilize the Property for recreational or educational purposes (including organized sporting activities in the Existing Developed Area, and non-motorized recreational and educational activities throughout the Property) that do not significantly impair the Conservation Values and require or cause no significant surface alteration or other development or impairment of the land outside of the Existing Developed Area, except as may be otherwise specifically permitted in this Easement.
- (e) All rights for the management and improvement of the Property that are specifically allowed by the Management Plan.

7. NOTICE TO GRANTEE, GRANTEE APPROVAL.

7.1 Means of Notice. Any notices to Grantee required in this Easement shall be sent by first class postage prepaid mail, or other courier providing reliable proof of delivery, or served personally to the following person and address, or other person or address as

may be hereafter specified:

Placer Land Trust
Attn: Executive Director
11661 Blocker Drive, Suite 110
Auburn, CA 95603

All other communication shall be made by reasonable means under the circumstances, provided that facsimile and electronic mail (hereinafter “**E-mail**”) will not be deemed received unless accompanied by delivery of one of the foregoing methods. For routine communication, Grantee may be contacted by telephone, facsimile, or E-mail as follows:

Telephone: (530) 887-9222
Facsimile: (530) 888-7720
E-mail: info@placerlandtrust.org

It shall be the duty and responsibility of the Grantee, or its assigns, representatives or successors to notify the Grantor of any and all change of address to which legal notice is to be directed, in writing, by certified U.S. Mail, or other such equivalent mail delivery, within thirty (30) days of such change. Grantee will also endeavor to inform Grantor of any other changes to its contact information.

7.2 Purpose and Content of Notice. The purpose of requiring Grantor to notify Grantee prior to undertaking certain activities as permitted and limited in Section 4 above, is to afford Grantee an adequate opportunity to monitor the activities in question to ensure that they are designed and carried out in a manner consistent with the terms and Purpose of this Easement. Further, the purpose of notice is to prevent Easement violations through a cooperative approach. Notices to Grantee or requests for Grantee consent, required or contemplated hereunder, must include, at a minimum, sufficient information, including the nature, scope, design, location, timetable, and any other material aspect of the proposed activity, in sufficient detail to enable Grantee to determine whether proposed plans are consistent with the requirements of this Easement.

7.3 Process of Notice and Approval. Whenever notice to Grantee is required, and unless otherwise specified to the contrary in this Easement, Grantor shall notify Grantee in writing not less than 30 days prior to the date Grantor intends to undertake the activity in question. Where Grantee’s approval is required, as in Section 4 above, Grantee shall grant or withhold its approval in writing within 30 days of receipt of Grantor’s written request therefore. Grantee’s approval may be withheld only upon a reasonable determination by Grantee that the action as proposed would be inconsistent with the Purpose of this Easement and the protection of the Conservation Values.

7.4 Failure to Respond. If Grantee approval is required under the terms of this Easement prior to the exercise of a reserved right that is the subject of the notification and request for approval, failure of Grantee to respond within thirty (30) days shall be deemed to be approval of any activity proposed in such notice.

7.5 Transfers of Ownership. Without limiting the restrictions on transfer set forth in the Grant Deed, Grantor may transfer any interest in the Property, including but not limited to any sale, gift, conveyance, or phased transfer subject to Grantee's approval and the conditions herein; provided, however, Grantee shall not convey any additional conservation easement interest, deed restriction or other property interest that imposes any additional restrictions on any specific Conservation Value that impairs in any way the balancing of all of the Conservation Values required under Section 1 herein. Grantor agrees to give written notice to Grantee of the intended transfer at least thirty (30) days prior to the date of the beginning of such transfer. Prior to any such transfer, Grantor shall provide written notice to the prospective transferee(s) that the Property is subject to this Easement, with a copy of this notice provided to Grantee. Prior to Grantor's transfer of the Property, Grantor shall pay, or cause to be paid, to Grantee an unrestricted sum of Ten Thousand Dollars (\$10,000.00) in consideration of the increased cost of Easement stewardship. If Grantor fails to provide the notice and \$10,000.00 as required herein, Grantee may withhold approval of the transfer. Grantor shall provide Grantee with written proof of any transfer of ownership within fifteen (15) days after the date of any such transfer, which notice shall include a certified copy of the grant deed.

8. GRANTEE'S REMEDIES.

8.1 Corrective Action. If Grantee determines that a violation of the terms of this Easement has occurred or is threatened or impending, Grantee shall give written notice to Grantor within three (3) business days of Grantee's determination. If the violation has occurred, Grantee has the right and authority to demand corrective action from the party causing the violation, sufficient to cure the violation and, where the violation involves injury to the Property resulting from any use or activity inconsistent with the purpose of this Easement, to restore the portion of the Property so injured to its prior condition in accordance with a plan approved by Grantee.

8.2 Injunctive Relief. If Grantor fails to cure the violation within 30 days after receipt of notice thereof from Grantee, or under circumstances where the violation cannot reasonably be cured within a 30-day period, fails to begin curing such violation within the 30-day period, or fails to continue diligently to cure such violation until finally cured, Grantee may bring an action at law or in equity in a court of competent jurisdiction to enforce the terms of this Easement, to enjoin the violation, *ex parte* as necessary, by temporary or permanent injunction, and to require the restoration of the Property to the condition that existed prior to any such injury. Nothing in this Easement shall be construed to impair Grantee's right to seek temporary or permanent injunctive relief, including emergency relief, *ex parte* as necessary, to enforce the terms of this Easement against a violation or threatened violation hereof.

8.3 Damages. Grantee shall be entitled to recover actual damages from Grantor for actions by Grantor in violation of the terms of this Easement or causing injury to any Conservation Values protected by this Easement, including, without limitation, actual

damages for the loss of scenic, aesthetic, or environmental values. Without limiting Grantor's liability therefor, Grantee, in its sole discretion, may apply any damages recovered to the cost of undertaking any corrective action on the Property. In any action brought to enforce the obligations of Grantor under this Agreement, the judgment or decree shall be enforceable as far as the issue of monetary damages only in an amount not to exceed the value of the Property as determined by an appraisal process as generally set forth in Section 13.2 herein.

- 8.4 Emergency Enforcement.** If Grantee, in its reasonable discretion, determines that immediate action is required to prevent or mitigate significant damage to the Conservation Values of the Property, Grantee may pursue its remedies under this Section 8 without prior notice to Grantor or without waiting for the period provided for cure to expire. In the event Grantee takes action pursuant to this Section, Grantee shall as soon as reasonably practical give notice to Grantor of the situation giving rise to the need for immediate action and the action taken and to be taken.
- 8.5 Scope of Relief.** Grantee's rights under this Section 8 apply equally in the event of either actual or threatened violations of the terms of this Easement. Grantor agrees that Grantee's remedies at law for any violation of the terms of this Easement are inadequate and that Grantee shall be entitled to the injunctive relief described in paragraph 8.2 above, both prohibitive and mandatory, in addition to such other relief to which Grantee may be entitled, including specific performance of the terms of this Easement, without the necessity of proving either actual damages or the inadequacy of otherwise available legal remedies. Grantee's remedies described in this Section 8 shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity.
- 8.6 Costs of Enforcement.** All reasonable costs incurred by Grantee in enforcing the terms of this Easement against Grantor following a breach by Grantor of the terms of this Easement that remains uncured after the expiration of the cure period (if applicable), including, without limitation, costs and expenses of suit and reasonable attorneys' fees, and any costs of restoration necessitated by Grantor's violation of the terms of this Easement shall be borne by Grantor; provided, however, that if Grantor ultimately prevails in a judicial enforcement action Grantee shall pay all costs and expenses of suit and reasonable attorneys' fees incurred by Grantor in the defense of such action. Grantor or Grantee, as applicable, shall reimburse the prevailing party for any reasonable costs of enforcement, including court costs, reasonable attorney's fees, and any other payments ordered through mediation as described in Section 10 below, or as ordered by a court of competent jurisdiction.
- 8.7 Forbearance.** Forbearance by Grantee to exercise its rights under this Easement in the event of any breach of any term of this Easement by Grantor shall not be deemed or construed to be a waiver by Grantee of such term or of any subsequent breach of the same or any other term of this Easement or of any of Grantee's rights under this Easement. No delay or omission by Grantee in the exercise of any right or remedy upon any breach by Grantor shall impair such right or remedy or be construed as a waiver.

8.8 Acts Beyond Grantor's Control. Nothing contained in this Easement shall be construed to entitle Grantee to bring any action against Grantor for any injury to or change in the Property resulting from natural environmental causes beyond Grantor's control, including, without limitation, fire, flood, storm, and earth movement caused by earthquake, or from any prudent action taken by Grantor under emergency conditions to prevent, abate, or mitigate significant injury to the Property resulting from such causes. In addition, Grantor shall have no liability under this Easement to prevent or remediate any naturally-occurring deterioration or degradation of the Conservation Values or damage to the Property or Conservation Values caused by acts of Grantee or third parties, provided that Grantor shall have taken reasonably prudent landowner actions to prevent such damage caused by third parties.

9. NOTICE TO GRANTOR.

9.1 Means of Notice. Any notices to Grantor required in this Easement shall be sent by first class postage prepaid mail, or other courier providing reliable proof of delivery, or served personally to the following person and address, or other person or address as may be hereafter specified:

Auburn Recreation and Park District
Attn: District Administrator
471 Maidu Drive, Suite 200
Auburn, CA 95603

All other communication shall be made by reasonable means under the circumstances. For routine communication, Grantor may be contacted by telephone as follows:

Telephone: (530) 885-0611

It shall be the duty and responsibility of the Grantor, or its heirs, assigns, representatives or successors to notify the Grantee of any and all change of address to which legal notice is to be directed, in writing, by certified U.S. Mail, or other such equivalent mail delivery, within 30 days of such change. Grantor will also endeavor to inform Grantee of any other changes to its contact information.

Any notices to Sierra Nevada Conservancy (hereinafter "SNC"), as relates to Section 12.2 herein, shall be sent by first class postage prepaid mail, or other courier providing reliable proof of delivery, or served personally to the following person and address, or other person or address as may be hereafter specified:

Sierra Nevada Conservancy
Attn: Executive Director
11521 Blocker Drive, Suite 205
Auburn, CA 95603

9.2 Grantor's Designee. In the event that the Property is ever owned by a public or quasi-public agency, trust, business entity, or any common or jointly held ownership, the

Grantor shall provide Grantee with written notice of a designated representative, who shall be responsible for the receipt of notices on behalf of Grantor hereunder. The approval of, or notice to, the designated representative shall be deemed the approval of, or notice to, the entity or all owners, as the case may be.

10. MEDIATION. If a dispute arises between the Grantor and Grantee (hereinafter, each individually a “**Party**”, and collectively the “**Parties**”) concerning use or activities on the Property, or the terms and conditions of this Easement, either Party may refer the dispute to mediation by request made in writing to the other, and the Parties agree not to proceed with the use or activity pending resolution of the dispute. Within ten (10) days of the receipt of such a request, the Parties shall select a single trained and impartial mediator. If the Parties are unable to agree on the selection of a single mediator, then the Parties shall, within fifteen (15) days of receipt of the initial request, jointly apply to a proper court for the appointment of a trained and impartial mediator. Mediation shall then proceed in accordance with the following guidelines:

- (a) Purpose. The purpose of the mediation is to: (i) promote discussion between the Parties; (ii) assist the Parties to develop and exchange pertinent information concerning the issues in dispute; and (iii) assist the Parties to develop proposals which will enable them to arrive at a mutually acceptable resolution of the controversy. The mediation is not intended to result in any express or *de facto* modification or amendment of the terms, conditions, or restrictions of this Easement.
- (b) Participation. The mediator may meet with the Parties and their counsel jointly or *ex parte*. The Parties agree that they will participate in the mediation process in good faith and expeditiously, attending all sessions scheduled by the mediator. Representatives of the Parties with settlement authority will attend mediation sessions as requested by the mediator.
- (c) Confidentiality. All information presented to the mediator shall be deemed confidential and shall be disclosed by the mediator only with the consent of the Parties or their respective counsel. The mediator shall not be subject to subpoena by any Party. No statements made or documents prepared for mediation sessions shall be disclosed in any subsequent proceeding or construed as an admission of a Party.
- (d) Time Period. Neither Party shall be obligated to continue the mediation process beyond a period of ninety (90) days from the date of receipt of the initial request or if the mediator concludes that there is no reasonable likelihood that continuing mediation will result in a mutually agreeable resolution of the dispute.
- (e) Costs. The costs of the mediator shall be borne equally by Grantor and Grantee; the Parties shall bear their own expenses, including attorneys’ fees, individually.

11. COSTS, LIABILITIES, TAXES AND ENVIRONMENTAL COMPLIANCE.

11.1 Control. Grantor acknowledges that Grantee has neither possessory rights in the Property, nor any responsibility or right to control, maintain, or keep up the Property other than those rights assigned to Grantee in Section 5 above, and those rights

assigned to Grantee in the Management Plan. Nothing in this Easement shall be construed as giving rise, in the absence of a judicial decree, to any right or ability in Grantee to exercise physical or managerial control over the day-to-day operations of the Property, or any of Grantor's activities on the Property, or otherwise to become an "owner" or "operator" with respect to the Property within the meaning of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 USCA Section 9601 *et seq.*) or any successor or related law (hereinafter "CERCLA"), and corresponding state statute.

11.2 Taxes. Grantor shall pay and discharge before delinquency all taxes, assessments, fees, and charges of whatever description levied on or assessed against the Property and any uses thereof by competent authority (hereinafter, collectively "**Taxes**"), including any Taxes imposed upon, or incurred as a result of, this Easement, and shall furnish Grantee with satisfactory evidence of payment upon request. Grantee may, at its discretion, pay any outstanding Taxes and shall then be entitled to reimbursement by Grantor.

11.3 Monetary Liens and Mortgages. Grantor represents that as of the date of this grant, there are no monetary liens or mortgages outstanding against the Property. Grantor has the right to use the Property as collateral to secure the repayment of debt, provided that any lien or other rights granted for such purpose, regardless of date, are subordinate to Grantee's rights under this Easement. Under no circumstances may Grantee's rights be extinguished or otherwise affected by the recording, foreclosure, or any other action taken concerning any subsequent lien or other interest in the Property, including without limitation those arising out of any work performed for, materials furnished to, or obligations incurred by Grantor.

11.4 Hold Harmless. Grantor shall indemnify, defend, and hold harmless Grantee and its members, directors, officers, employees, agents, and contractors and the heirs, personal representatives, successors, from and against any and all liabilities, penalties, fines, charges, costs, losses, damages, expenses, causes of action, claims, demands, orders, judgments, or administrative actions, including, without limitation, reasonable attorneys' fees, arising from or in any way connected with: (1) injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, in each case, due solely to the acts of Grantor and its employees, agents, and contractors and the heirs, personal representatives, successors; (2) the violation or alleged violation of, or other failure to comply with, any state, federal, or local law, regulation, or requirement, including, without limitation, CERCLA and corresponding state statute by Grantor and its employees, agents, and contractors and the heirs, personal representatives, successors, in any way affecting, involving, or relating to the Property; and (3) the release in, on, from, or about the Property by Grantor and its employees, agents, and contractors and the heirs, personal representatives, successors, at any time, of any substance now or hereafter defined, listed, or otherwise classified pursuant to any federal, state, or local law, regulation, or requirement as hazardous, toxic, polluting, or otherwise contaminating to the air, water, or soil, or in any way harmful

or threatening to human health or the environment.

11.5 Liability Insurance. 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, including the maintenance of adequate liability insurance coverage. Grantor shall provide Grantee with a certificate of insurance naming Grantee as additional insured. Additionally, Grantee shall provide Grantor a certificate of insurance naming Grantor as additional insured relative to Grantee's activities on the Property.

11.6 Permits and Applicability of Other Laws. Grantor remains solely responsible for obtaining any applicable governmental permits and approvals for any construction or other activity or use permitted by this Easement, and all such construction or other activity or use shall be undertaken in accordance with all applicable federal, state, and local laws, regulations, and requirements. Nothing herein shall be construed to: (i) supersede or exempt the Property from the application of laws and regulations affecting land uses on the Property, or to (ii) permit any activity otherwise prohibited by existing or future laws and regulations imposed by any federal, state, or local government or governmental agency having jurisdiction of the Property, or to (iii) prohibit the imposition of further land use restrictions consistent with the terms of this Easement and Management Plan by Grantor or by operation of law.

11.7 Environmental Laws and Remediation. Grantor is solely responsible, and Grantee has no responsibility whatsoever, for the operation of the Property or the monitoring of hazardous and other conditions thereon. Grantor is solely responsible for compliance with any federal, state, local, or administrative agency statute, regulation, rule, ordinance, order, or requirement relating to environmental conditions or hazardous substances. Notwithstanding any other provision of this Easement to the contrary, the Parties do not intend, and the Easement shall not be construed, such that it creates in the Grantee obligations or liabilities of a person described in 42 U.S. Code Section 9607(a)(3) or any successor or related law.

If there occurs a release in, on, or about the Property of any substance which causes damage to the values protected by this Easement and either Grantor caused the release or Grantor is required by federal, state, local, or administrative agency statute, regulation, rule, ordinance, order, or requirement to take steps to assure its containment and remediation, including any cleanup and restoration that may be required, Grantor agrees to take all such steps unless the release was caused by Grantee, in which case Grantee shall be responsible for those costs.

12. CONSERVATION EASEMENT REQUIREMENTS UNDER STATE AND FEDERAL LAW.

12.1 Qualified Organization. As described in Recital B, Grantee is an organization qualified to accept and hold conservation easements. The acceptance of this Deed of Conservation Easement is consistent with the Grantee's mission to work with willing landowners to permanently preserve natural and agricultural lands in the Placer

County region.

12.2 Voluntary and Involuntary Assignment, Executory Limitation, Successors.

Grantee may voluntarily assign its rights and obligations under this Easement and its interest in this Easement only 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 the Grantee under this Easement. Before assigning its interest in this Easement, Grantee shall provide written notice of such intention to transfer to both SNC or its successor organization, and the Grantor (hereinafter “**Transfer Notice**”). Grantee will provide the Transfer Notice to Grantor and SNC at least 60 days prior to the date of transfer. 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. The failure of Grantee to provide the Transfer Notice shall not affect the validity of such assignment nor shall it impair the validity of this Easement or limit its enforceability in any way. If SNC or the Grantor does not approve the proposed assignee within such 60-day period, SNC or the Grantor shall provide the other party and the Grantee with the reasons behind such decision. SNC’s or Grantor’s approval of the transfer may not be unreasonably withheld.

Further, if Grantee shall cease to exist, or to be authorized to acquire and hold conservation easements under Sections 815 and 816 of the California Civil Code, then SNC shall, in consultation with Grantor, select an assignee that meets all the designation criteria specified in this section. If SNC is unable to identify an assignee that: (i) meets all the designation criteria specified in this section, and (ii) 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 Grantee hereunder during any period that a successor assignee for Grantee is not yet in place.

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

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.

The covenants, terms, conditions, and restrictions of this Easement shall be binding upon, and inure to the benefit of, the Parties hereto and any heirs, successors, and assigns and shall continue as a servitude running in perpetuity with the Property. A Party’s rights and obligations under this Easement terminate upon transfer of the Party’s interest in the Easement or Property, except that liability for acts or omissions occurring prior to transfer shall survive transfer.

13. EXTINGUISHMENT, VALUATION, AND CONDEMNATION.

13.1 Extinguishment. The Grantor and Grantee, and subsequent landowners and holders of the Easement, cannot voluntarily extinguish the Easement. If circumstances arise in the future that render the purpose of this Easement impossible to accomplish, this Easement can only be terminated or extinguished, whether in whole or in part, by judicial proceedings in a court of competent jurisdiction. The amount of the proceeds to which Grantee shall be entitled, after the satisfaction of prior claims, from any sale, exchange, or involuntary conversion of all or any portion of the Property subsequent to such termination or extinguishment, shall be the stipulated fair market value of the Easement, or proportionate part thereof, as determined in accordance with paragraph 13.2 below.

13.2 Valuation. This Easement constitutes a real property interest immediately vested in Grantee, which the Parties stipulate to have a fair market value determined by the standard practice of determining the appraised value of the Property with and without the Easement at the time of termination. This appraisal valuation is to be completed following accepted Internal Revenue Service and Unified Standards of Professional Appraisal Practice (USPAP) standards, by an appraiser approved by Grantee and Grantor with experience valuing conservation easements. The appraisal will determine the value of the Easement being the difference between the value of the Property at its highest and best use according to economic value, and the value of the Property with this Easement in effect, as of the date of the appraisal. The appraisal will take into account investments made by any party into the Property that may affect valuation.

13.3 Condemnation. If all or any part of the Property is acquired by exercise of the power of eminent domain or by purchase in lieu of a related condemnation proceeding, whether by public, corporate, or other authority, so as to terminate this Easement, in whole or in part, Grantor and Grantee shall act jointly to recover the full value of the interests in the Property subject to the taking or in lieu purchase and all direct or incidental damages resulting there from and to have their interests valued separately to the extent reasonably possible. All expenses reasonably incurred by Grantor and Grantee in connection with the taking or in lieu purchase shall first be paid out of the amount recovered. Then, the Grantee's share of the amount recovered after expenses shall be equal to the proportion that the value of the portion of the Easement that is so taken (based upon the total value for the Easement set forth in Section 13.2 above) bears to the fair market value of the fee interest in the Property that is so taken. Any remaining amount shall be paid to the Grantor.

13.4 Application of Proceeds. Grantee shall use any proceeds received under the circumstances described in this Section 13 in a manner consistent with its stated conservation purposes.

14. GENERAL PROVISIONS.

14.1 Controlling Law. The interpretation and performance of this Easement shall be

governed by the laws of the State of California.

14.2 Liberal Construction. This Easement shall be liberally construed in favor of the grant to affect the purpose of this Easement and the policy and purpose of California State Civil Code, Sections 815 and 816. If any provision in this instrument is found to be ambiguous, an interpretation consistent with the purpose of this Easement that would render the provision valid shall be favored over any interpretation that would render it invalid.

14.3 Joint Obligation. A person's obligation hereunder as Grantor, or successor owner of the Property, shall be joint and several, and will cease, if and when such person or entity ceases to have any present, partial, contingent, collateral, or future interest in the Property (or pertinent portion thereof), but only to the extent that the Property (or relevant portion thereof) is then in compliance herewith. Responsibility of owners for breaches of this Easement that occur prior to the transfer of title will survive such transfer, provided that the new owner shall also be responsible for bringing the Property into compliance.

14.4. Subsequent Deeds and Transfers. Grantor agrees to incorporate the terms of this Easement by reference in any deed or other legal instrument by which they divest themselves of any interest in all or a portion of the Property, including, without limitation, a leasehold interest. Grantor shall adhere to Section 7.5 herein for any such divestment or transfer. Grantor further agrees to give written notice to Grantee of the transfer of any interest at least twenty (20) days prior to the date of such transfer. Except as set forth in Section 4.9 above, the grant or transfer of any new or existing easement or license for public or private ingress and egress through or across the Property or benefitting any other Property not subject to this Easement is prohibited. The failure of Grantor to perform any act required by this paragraph shall not impair the validity of this Easement or limit its enforceability in any way.

14.5. Estoppel Certificates. Upon request by Grantor, Grantee shall execute and deliver to Grantor, or to any party designated by Grantor, any document, including an estoppel certificate, which indicates the extent to which, to the best of Grantee's knowledge after due inquiry, the Property is in compliance with the terms of this Easement, after an inspection by Grantee made at Grantor's cost within a reasonable time after Grantor's written request therefore. Such certificate shall be limited to the condition of the Property as of Grantee's most recent inspection.

14.6 Amendment. The Parties recognize that circumstances could arise which justify amendment of certain of the terms, covenants, or restrictions contained in this Easement, and that some activities may require the discretionary consent of Grantee. To this end, Grantor and Grantee have the right to agree to amendments and discretionary consents to this Easement without prior notice to any other party, provided that in the sole and exclusive judgment of the Grantee, such amendment or discretionary consent furthers or is not inconsistent with the Purpose of this Easement. Amendments will become effective upon the signature of both Parties and recording at

the Placer County Recorder's Office. Notwithstanding the foregoing, the Grantor and Grantee have no right or power to consent to any action or agree to any amendment that would limit the term or result in termination of this Easement, or adversely affect the qualification of this Easement or the status of Grantee under applicable laws.

14.7 Economic Hardship. In making this grant, Grantor has considered the possibility that uses prohibited by the terms of this Easement may become more economically valuable than permitted uses, and that neighboring properties may in the future be put entirely to such prohibited uses. It is the intent of both Parties that any such changes shall not be deemed to be circumstances justifying the termination or extinguishment of this Easement pursuant to Section 13 above. In addition, the inability of Grantor, or its heirs, successors, or assigns, to conduct or implement any or all of the uses permitted under the terms of this Easement, or the unprofitability of doing so, shall not impair the validity of this Easement or be considered grounds for its termination or extinguishment.

14.8 Waiver of Certain Defenses. The failure or delay of Grantee, for any reason whatsoever, to discover a violation or initiate an action to enforce this Easement shall not constitute a waiver or estoppel of its rights to do so at a delayed or later time. Grantor hereby waives any defense of laches, estoppel or prescription with regard to the enforcement of all other terms of this Easement.

14.9 Severability. If any provision of this Easement or the application of any provision to a particular person or circumstance is found to be invalid, the remainder of this Easement and the application of such provision to any other person, or in any other circumstance, shall remain valid.

14.10 Entire Agreement. This instrument (including all Attachments) sets forth the entire agreement of the Parties with respect to the Easement and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Easement, all of which are merged herein.

14.11 No Forfeiture. Nothing contained herein will result in a forfeiture of this Easement or reversion to Grantor of any rights conveyed hereby.

14.12 Standing to Enforce. Excepting the rights of SNC set forth in Section 12.2 above, only Grantee and Grantor may bring an action to enforce this grant, and nothing herein should be construed to grant any other individual or entity standing to bring an action hereunder, nor any rights in the Property by adverse possession or otherwise, provided that nothing in this Easement shall affect any public rights in or to the Property acquired by common law, adverse possession, prescription, or other law, independently of this grant.

14.13 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 construction or interpretation.

14.14 Counterparts. The Parties may execute this instrument in two or more counterparts, which shall, in the aggregate, be signed by all Parties; each counterpart shall be deemed an original instrument as against any Party who has signed it. In the event of any disparity between the counterparts produced, the recorded counterpart shall be controlling.

14.15 Recordation. Grantee shall record this instrument in timely fashion in the official records of Placer County, California, and may re-record it at any time as may be required to preserve its rights in this Easement.

TO HAVE AND TO HOLD the said Easement unto the said Grantee and its successors and assigns forever.

IN WITNESS WHEREOF Grantor and Grantee have set their hands on the day and year first above written.

Grantor: Auburn Area Recreation and Park District
471 Maidu Drive, Suite 200
Auburn, CA 95603

Kahl Muscott
District Administrator

Grantee: Placer Land Trust
11661 Blocker Drive, Suite 110
Auburn, CA 95603

Fred Yeager
President

Larry Welch
Secretary

SCHEDULE OF EXHIBITS

- Exhibit A Legal Description of Property
- Exhibit B Grant Deed & PG&E Reserved Rights
- Exhibit C Existing Third-Party Uses
- Exhibit D Existing Beneficial Public Values (Conservation Values)
- Exhibit E Existing Developed Area Description, Restrictions and Allowable Activities

Note: Notary acknowledgements also attached as unnumbered pages.

Exhibit A

Legal Description of Property

THE LAND DESCRIBED HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF PLACER, UNINCORPORATED AREA, AND IS DESCRIBED AS FOLLOWS:

Resultant Auburn Recreation District Parcel

A portion of the Lands of Pacific Gas and Electric Company as described in the Grant Deed recorded on August 2, 1916 in Book 163 at Page 166, O.R.P.C; situated in the southeast quarter of the southwest quarter of Section 24, Township 13 North, Range 8 East, M.D.M., Placer County, California, described as follows:

Beginning at an angle point in the northerly right of way of Dry Creek Road (E7106) as shown on the Division of Highways Monument Map, 03 PLA 80, P.M. 22.2-22.7, pages 8-9, said angle point being distant 135.00 feet Northerly, measured at right angles from base line at Engineer's Station "Fs198+00.00";

Thence, from said **Point of Beginning**, along said northerly right of way the following three (3) courses:

1. South $40^{\circ} 11' 34''$ West 411.13 feet,
2. South $53^{\circ} 33' 11''$ West 307.71 feet to the beginning of a tangential curve,
3. Said curve turning to the right through an angle of $10^{\circ} 31' 17''$, having a radius of 460.00 feet, and an arc length of 84.47 feet more or less to a point of intersection with a non-tangential line, being also the southeast corner of the Lands of Auburn Area Recreation and Park District (AAR&PD) as described in the Grant Deed recorded on August 23, 1979 in Book 2161 at Page 374, O.R.P.C;

Thence, along said Lands of AAR&PD the following two (2) courses:

1. North $00^{\circ} 22' 08''$ West 141.31 feet,
2. South $89^{\circ} 37' 52''$ West 77.00 feet to a point on the East line of the Christian Valley School District (CVSD) as described in the Grant Deed recorded on August 23, 1979 in Book 2161 at Page 423, O.R.P.C;

Thence, along said Lands of CVSD the following two (2) courses:

1. North $00^{\circ} 22' 08''$ West 128.43 feet,
2. South $89^{\circ} 37' 52''$ West 104.31 feet to the beginning of a non-tangential curve, being also a point of intersection with the existing centerline of Christian Valley Road (F8120);

Thence, along said centerline following eight (8) courses:

1. Said curve having a radial bearing of North 69° 27' 56" West, turning to the left through an angle of 04° 03' 56", having a radius of 980.00 feet, and an arc length of 69.54 feet to a point of intersection with a tangential line,
2. North 16° 28' 08" East 124.67 feet to the beginning of a tangential curve,
3. Said curve turning to the right through an angle of 18° 14' 22", having a radius of 395.00 feet, and an arc length of 125.74 feet to a point of intersection with a tangential line,
4. North 34° 42' 30" East 174.88 feet to the beginning of a tangential curve,
5. Said curve turning to the left through an angle of 08° 01' 43", having a radius of 2780.00 feet, and an arc length of 389.55 feet to a point of intersection with a tangential line,
6. North 26° 40' 47" East 87.67 feet to the beginning of a tangential curve,
7. Said curve turning to the left through an angle of 09° 49' 25", having a radius of 265.00 feet, and an arc length of 45.44 feet to a point of intersection with a tangential line,
8. North 16° 51' 22" East 94.34 feet to a point on the North line of the southeast quarter of the southwest quarter of said Section 24;

Thence, along said North line, North 88° 38' 14" East 330.86 feet to a point of intersection with a line parallel and distant southwesterly, 25 feet, measured at right angles from the centerline of the spillway serving Halsey Forebay;

Thence, along said line as described above the following fifteen (15) courses:

1. South 06° 38' 50" East 109.70 feet,
2. South 22° 03' 21" West 70.54 feet,
3. South 31° 26' 51" East 143.45 feet,
4. South 25° 16' 57" East 94.49 feet,
5. South 63° 59' 34" East 69.05 feet,
6. North 63° 43' 17" East 129.85 feet,
7. South 80° 11' 11" East 23.67 feet,
8. South 06° 32' 03" East 150.39 feet,
9. South 00° 11' 11" East 77.14 feet,
10. South 31° 22' 39" West 57.52 feet,
11. South 76° 06' 13" West 45.08 feet,
12. South 89° 11' 59" West 104.97 feet,
13. South 59° 43' 11" West 47.46 feet,
14. South 35° 12' 21" West 54.34 feet,
15. South 25° 54' 04" West 72.33 feet to a point on said northerly right-of-way line of Dry Creek Road (E7106);

Appendix 3: Conservation Easement

Thence, along said right-of-way line, North 58° 52' 05" West a distance of 109.81 feet to the **Point of Beginning**;

The herein described area contains 15.93 acres, more or less.

Bearings hereon are based on the Division of Highways Monument Map, 03 PLA 80, P.M. 22.2-22.7 (1975).

The herein described area depicted graphically on Exhibit "B" attached hereto and made a part hereof.

END DESCRIPTION

Appendix 3: Conservation Easement

MAP

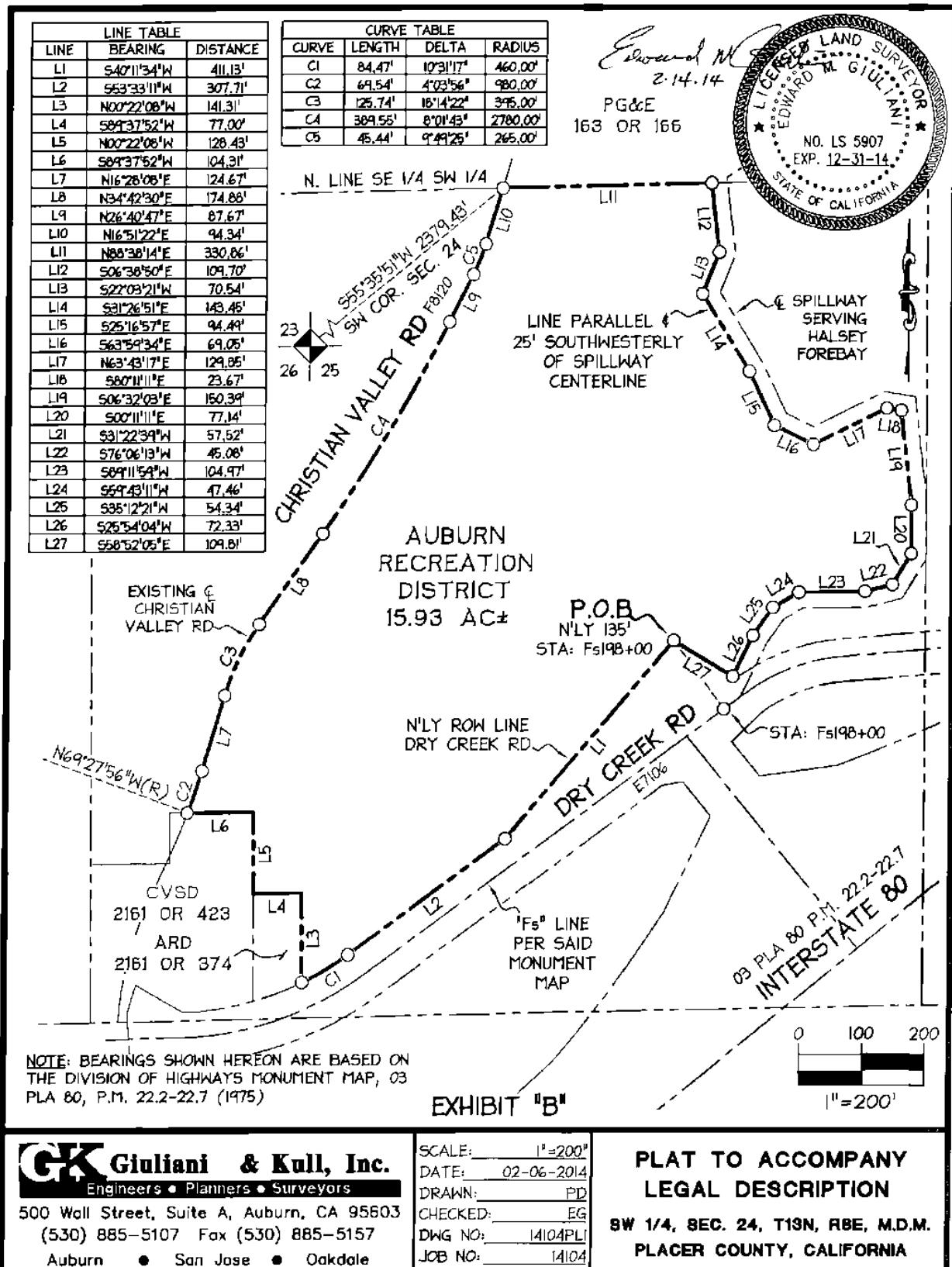


Exhibit B

Grant Deed and PG&E Reserved Rights

[Attached on the following unnumbered pages.]

Exhibit C

Existing Third-Party Uses

The following are Existing Third Party Uses allowed on the Property.

1. Rights and easements, including but not limited to, recreation, navigation and fisheries, which may exist over that portion of the Property lying beneath the waters of Halsey Forebay Spillway and any unnamed creek.
2. Rights of the public, as to that portion of the Property lying within Christian Valley Road, Dry Creek Road, or any unnamed road.
3. The terms, conditions and provisions as contained in the instrument entitled "Agreement" by and between Pacific Gas & Electric Company, a California corporation, and Heinz W. Richter, et ux, recorded November 20, 1967, Book 1177, Page 488, Placer County Records. The exact location and extent of said easement is not disclosed of record.
4. The terms, conditions and provisions as contained in the instrument entitled "Agreement" by and between Pacific Gas & Electric Company, a California corporation, and the Pacific Telephone and Telegraph Company, a California corporation, recorded January 21, 1971, Book 1332, Page 30, Placer County Records. Affects a portion of the Property, with other property.
5. Lack of abutters rights in and to the freeway or highway adjacent to the Property, said rights having been released and relinquished by deed to the State of California, recorded June 25, 1971, Book 1358, Page 209, Placer County Records. Affects a portion of the Property, with other property.
6. An easement over the Property to construct, reconstruct, maintain and use a road of various widths and incidental purposes, as granted to Placer County Water Agency, in deed recorded October 22, 1979, Book 2184, Page 564, Placer County Records. Affects a portion of the Property. No representation is made as to the current ownership of said easement.
7. An easement over the Property to excavate for, install, replace, maintain and use a pipe line for conveying water and incidental purposes, as granted to Placer County Water Agency, a public body of the State of California, in deed recorded March 26, 1981, Book 2370, Page 593, Placer County Records. Affect a portion of the Property. No representation is made as to the current ownership of said easement.
8. The terms, conditions and stipulations as contained in the Federal Energy Regulatory Commission license, dated June 24, 1963, relicensing the Drum Spillway Hydroelectric Project No. 2310.

Exhibit D

Existing Beneficial Public Values (Conservation Values)

The purpose of conservation easements for Land Conservation Commitment is to protect the Beneficial Public Values (BPVs) of the properties in the Land Conservation Plan (LCP).

The specific BPVs for this Property (Conservation Values) are summarized below and described in more detail in the Baseline Documentation Report:

- (a) Habitat for plants, trees and wildlife that are native to the area.
- (b) Scenic character of the Property, including viewsheds from adjoining public roadways.
- (c) Recreational access and use of the Property, including organized sporting activities, hiking, exercising, picnicking, having group gatherings, playing games, relaxing, enjoying recreational amenities (such as ball fields), and similar recreational uses that are not incompatible with the Conservation Values of the Property.

Exhibit E

Existing Developed Area Description, Restrictions and Allowable Activities

1. DESCRIPTION

The Existing Developed Area is the southwestern portion of the Property, approximately 5.5 acres in size and further described below, containing primarily a parking lot and ball field.

a) Geographic Description

The Existing Developed Area is geographically located using Geographic Positioning Systems (GPS) and Geographic Information Systems technology, which at the time of the recordation of this Easement locates geographic points with a degree of accuracy within approximately 30 feet; the Parties agree that the geographic description of the Existing Developed Area may vary by this 30-foot amount. The coordinate system for the GPS points listed below is NAD_1983_StatePlane_California_II_FIPS_0402_Feet.

The Existing Developed Area is that portion of the Property that is southwest of the line described by the following GPS points, listed clockwise starting on the northwestern Property boundary and ending at the southeastern Property boundary:

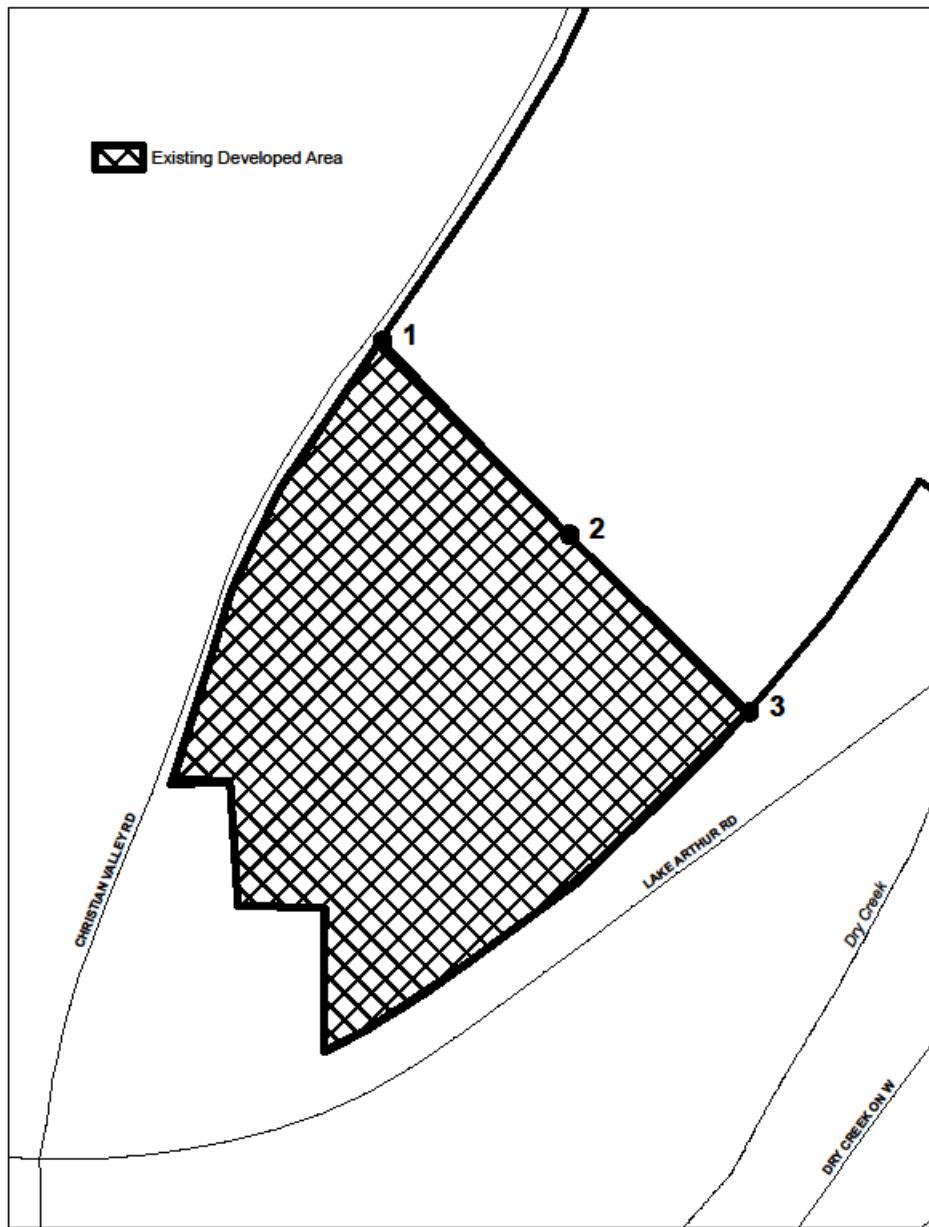
GPS Point	Northing	Easting	Description
1	2112561.74	6835684.16	Point on northwest Property boundary
2	2112370.51	6835852.29	(roughly the midpoint of northeast boundary of the Existing Developed Area)
3	2112207.31	6836027.02	Point on southeast Property boundary

Although it is not required by this Easement, the Grantor may, at its own cost, survey the Existing Developed Area to create a legal description to more precisely define this area; in such case, the resulting legal description, if approved by the Parties in writing, would replace the above geographic description of the Existing Developed Area.

b) Map

This map of the Property shows the location of the Existing Developed Area in cross-hatching, with GPS points noted.

MAP



2. RESTRICTIONS

Grantor shall ensure that no activity in the Existing Developed Area is inconsistent with the protection of the Conservation Values on the remainder of the Property, with the exception of those activities in the Existing Developed Area that may affect the scenic values of the Property.

3. ALLOWABLE ACTIVITIES

Grantor reserves to itself and its successors and assigns the right to construct, maintain, alter, and improve, remove, and replace structures in the Existing Developed Area, subject to the restrictions in this Easement, including those preventing commercial, industrial and residential uses of the Property. Grantor shall be entitled to make other use of the Existing Developed Areas permitted by the Placer County's Zoning Ordinance that is in effect on the Property as of the date of this Easement (that is, both Open Space District, and Farm District with 4.6-ac min), provided such use is not inconsistent with the protection of the Conservation Values. This Easement anticipates and allows public recreational use of the Property, including the Existing Developed Area. Specifically within the Existing Developed Area, this Easement anticipates and allows certain development including, but not limited to, park development, parking lot, ball fields, restrooms, storage buildings, picnic areas, concrete slabs, signage, kiosks, interpretive displays, fencing, gates, and similar development. Specifically within the Existing Developed Area, this Easement also anticipates and allows maintenance activities including, but not limited to, site preparation, grading, leveling, landscaping, tree and vegetation trimming and removal, mowing, and similar activities.



Natural Wonders Forever

Management Plan for Christian Valley Park Placer County

First Created: March 27, 2014

Last Updated: March 27, 2014

Prepared by Placer Land Trust and
approved by the Auburn Area Recreation and Park District

Signed:

Date: _____

Jeff Darlington
Executive Director, Placer Land Trust

Date: _____

Kahl Muscott
District Administrator, Auburn Area Recreation and Park District

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1.0 INTRODUCTION

I.1 Abbreviations and Definitions

Important abbreviations and definitions in this document are defined as follows.

ARD

Auburn Area Recreation and Park District.

Baseline Documentation Report

That certain *Baseline Documentation Report (Christian Valley Park, Placer County)*, created in 2014, containing a description of the condition of the Property at the time of the recordation of the Conservation Easement.

Conservation Easement

That certain *Deed of Conservation Easement (Christian Valley Park, Placer County)*, anticipated to be recorded on title of the Property in 2014, and containing terms and conditions that permanently protect the Property.

Conservation Values

The Conservation Values are the important habitat, scenic and recreational attributes of the Property, as defined in Exhibit D of the Conservation Easement, and as further described and depicted in the Baseline Documentation Report.

Easement Holder

The Easement Holder is a qualified owner of the Conservation Easement and the entity responsible for enforcing the terms of the Conservation Easement and the Management Plan to ensure the permanent protection of the Property and its Conservation Values. The proposed Easement Holder is Placer Land Trust (PLT), a California nonprofit public benefit corporation, having an address at 11661 Blocker Drive, Suite 110, Auburn, CA 95603.

Existing Developed Area

A portion of the Property that has already been developed at the time of the Baseline Documentation Report, generally at the southwest corner of the Property, containing primarily a portion of a parking lot and a ball field, more completely described in the Conservation Easement. For reference purposes in this Management Plan, the Existing Developed Area is shown on Attachment B-4.

Landowner

The proposed landowner is the Auburn Area Recreation and Park District (ARD), a special district of the State of California, having an address at 471 Maidu Drive, Suite 200, Auburn, CA 95603.

Management Plan

(This document.) The *Management Plan for Christian Valley Park, Placer County*, dated March 27, 2014, or as it may be amended or replaced. This document and its attachments define the

roles and responsibilities of the Landowner in the management of the Property and the protection the Conservation Values, and the roles and responsibilities of the Easement Holder in support of this management.

PG&E

Pacific Gas and Electric Company, a public utility corporation.

PG&E Land Conservation Commitment

Pacific Gas and Electric Company (PG&E) is required to ensure that approximately 140,000 acres of watershed lands (including this Property) are preserved for a broad range of beneficial public values by conveying fee title and conservation easements to qualified entities (including ARD and PLT), per that certain Stipulation Resolving Issues Regarding the Land Conservation Commitment dated September 25, 2003, and 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).

PLT

Placer Land Trust.

Property

The real property owned by the Landowner; in this case, 15.93 acres identified as a portion of Placer County Assessor's Parcel Number 077-050-056-000. The legal description of the Property is attached as Attachment A.

Stewardship

As narrowly defined in this document, land stewardship includes the ongoing and perpetual management, monitoring, protection and defense of the Conservation Values of the Property.

Stewardship Council

A California nonprofit public benefit corporation created to assist in the implementation of the PG&E Land Conservation Commitment.

1.2 Executive Summary

The Property is known as the "Christian Valley Park" and is approximately 15.93 acres situated at the northeast corner of Lake Arthur Road/Dry Creek Road and Christian Valley Road in the unincorporated area of Placer County northeast of Auburn, at an elevation of approximately 1,520-1,600 feet. As the name implies, the Property is a public park in the community of Christian Valley; it contains a portion of a publicly-accessible parking lot, a ball field, and foothill oak woodlands. For many years, the Property was owned by PG&E and leased to ARD for recreational uses consisting of organized sporting activities, hiking, exercising, picnicking, having group gatherings, playing games, relaxing, enjoying recreational amenities (such as ball fields), etc. Upslope behind the ball field, the Property contains foothill hardwood woodlands and annual grasslands that support a variety of plant communities and wildlife species within the Upper Coon Creek/Auburn Ravine watershed of Placer County.

The Property is to be granted to ARD by PG&E in 2014, as part of the PG&E Stipulation and Settlement Agreement, which requires PG&E to ensure that approximately 140,000 acres of watershed lands, all owned by PG&E, 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. In particular, Christian Valley Park will be managed to ensure its habitat, scenic, and recreational values are permanently protected.

The Conservation Easement is to be granted to PLT by ARD in 2014, with the intent to ensure the permanent protection of the Conservation Values on the Property. This Management Plan supports the Conservation Easement by outlining how the Property should be managed to achieve the goal of permanent protection.

This Management Plan was finalized by PLT and ARD, in consultation with PG&E and the Stewardship Council, on March 27, 2014, in anticipation of the subsequent approval of the Baseline Documentation Report and the Conservation Easement. Accordingly, the remainder of this Management Plan assumes all of these documents to be approved, signed, and (in the case of the Conservation Easement) recorded.

2.0 PLAN OBJECTIVES

2.1 Project Purpose

The primary goals in transferring fee title of the Property to ARD and burdening the Property with the Conservation Easement held by PLT are the protection of the Property's Conservation Values, and to satisfy conditions of the PG&E Land Conservation Commitment.

2.2 Management Plan Development

This Management Plan was developed by PLT staff, namely Executive Director Jeff Darlington and Stewardship Manager Jeff Ward, with assistance from Assistant Director Jessica Daugherty, Land Manager Justin Wages, and professional and volunteer assistance. Data was collected from various sources to complete this Management Plan, including: discussions among PLT, ARD, the Stewardship Council and PG&E; property and project document review; photography and mapping, physical site inspections, etc.

2.3 Management Plan Purpose & Goals

To support the terms and conditions of the Conservation Easement and to protect the Property's Conservation Values, this Management Plan sets forth roles and obligations for the permanent protection of the Property. The primary goal in the implementation of this Management Plan is the permanent protection of the habitat, scenic and recreational attributes and values of the Property.

2.4 Management Plan Review & Amendments

The Easement Holder will review this Management Plan at least annually, in conjunction with an annual monitoring visit. The Easement Holder and the Landowner may discuss potential changes to the management of the Property and the protection of the Conservation Values using an adaptive management approach (as described in Section 5.4). All decisions regarding the management of the Property shall be consistent with the Management Plan goal and the terms of the Conservation Easement. The Easement Holder and the Landowner shall jointly review and approve any management decision not expressly prescribed in this Management Plan. If a major change is needed that would necessitate an amendment to this Management Plan, the Management Plan may be amended by the mutual consent and written agreement of the Landowner and Easement Holder.

3.0 METHOD OF PROTECTION

3.1 Property Ownership

The Property is owned by ARD (Landowner). The Landowner has agreed to be bound by the terms of the Conservation Easement and the Management Plan.

3.2 Conservation Easement

The Property shall be protected in perpetuity by a Conservation Easement, a legally binding agreement which includes and incorporates this Management Plan and encumbers the deed of the Property.

3.2.1 Easement Holder

PLT shall hold the Conservation Easement. As the Easement Holder, PLT is bound by the terms of the Easement and the Management Plan. PLT is a publicly supported, tax-exempt nonprofit public benefit organization under Section 501(c)(3) and is qualified to acquire and hold conservation easements for public benefit under Section 170(h), respectively, of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder. PLT is also qualified to acquire and hold conservation easements in California under Sections 815 and 816 of the California Civil Code. The Conservation Easement and this Management Plan are consistent with PLT's mission to work with willing landowners and conservation partners to permanently protect natural and agricultural lands in the Placer County region for future generations.

3.2.2 Supremacy of Conservation Easement

This Management Plan is incorporated in and consistent with the Conservation Easement on the Property held by PLT. All management activities on and uses of the Property must comply with the terms of the Conservation Easement, and in the case of any inconsistency, the Conservation Easement supersedes this Management Plan. Any other agreements or encumbrances on the Property must be subordinate to the Conservation Easement.

3.3 Successors

The Conservation Easement and this Management Plan are legally binding, in perpetuity, for current and future Landowners and Easement Holders, including heirs and successors.

3.4 Funding Mechanism

PLT obtained funding to assist with the perpetual stewardship and defense of the Conservation Easement from the Stewardship Council.

3.4.1 Stewardship Fund

A contribution to PLT's Stewardship Fund has been made by the Stewardship Council to assist with PLT's ongoing and perpetual protection and stewardship of the Property's Conservation Values. PLT may accomplish its stewardship tasks using these or other funds, and/or through the work of salaried staff, volunteers, and/or paid consultants. PLT invests its Stewardship Fund to generate annual interest to expend on annual stewardship expenses. When invested using a conservative yield of four percent, the Stewardship Council's contribution should generate significant annual income. PLT's annual stewardship expenses for this Property will vary, but on average are estimated at \$4,000. In years when PLT's investment interest is not sufficient to cover PLT's stewardship expenses, PLT will consider temporary measures to reduce stewardship expenses (including, if needed, reducing service levels), and/or PLT may seek supplemental funding to make up the difference. In years when PLT's investment interest is greater than PLT's stewardship expenses, PLT may re-invest the remaining interest back into the Stewardship Fund.

3.4.2 Legal Defense Fund

A contribution to PLT's Legal Defense Fund in the amount of \$10,000 has been made by the Stewardship Council to assist with PLT's defense of the Property's Conservation Values. PLT invests its Legal Defense Fund to grow over time to assist in funding unanticipated expenses related to Conservation Easement approvals, clarifications, violations, deterrents, and enforcement actions, including legal remedies such as injunctions, restraining orders, and litigation.

4.0 PLAN IMPLEMENTATION

4.1 Landowner Responsibilities

The Landowner is responsible for all obligations resulting from and consistent with ownership, maintenance and management of the Property, and complying with all laws affecting the Property. Notably, Landowner responsibilities include, but are not limited to, the following.

4.1.1 Habitat Management

The Landowner is responsible for any and all habitat management duties as described in this Management Plan.

4.1.2 Property Management

The Landowner is responsible for any and all property management as described in this Management Plan.

4.1.3 Title Protection

The Landowner is responsible for maintaining title insurance on the Property, and keeping title of the Property free from any new liens, loans, and encumbrances that are inconsistent with the protection of the Conservation Values.

5.0 PROPERTY MANAGEMENT PROVISIONS

5.1 Prohibited Activities

Any activity or use of the Property that would result in significant adverse effects to the Conservation Values of the Property is prohibited. For a full description of prohibited activities, see the Conservation Easement.

5.2 Potential Threats

The primary potential threats to the Conservation Values on the Property include vandalism, dumping and littering, and invasive species. The Easement Holder will monitor the Property at least annually and will document and report threats to the Conservation Values as they arise or have the potential to arise.

5.3 Voluntary Restoration and Enhancement

Although no specific habitat restoration and enhancement activities are required, it is recognized that the Landowner may want to conduct habitat restoration or enhancements in the future. Such activities are allowed and should be governed by this Management Plan, as it may be amended.

5.4 Adaptive Management

The management of the Property should strive to follow adaptive management practices. Adaptive management allows the Landowner and the Easement Holder some flexibility in management decision-making, which enables the parties to permanently protect the Conservation Values from changing conditions that may affect the Property. Adaptive management is defined as a type of natural resource management in which decisions are made as part of an ongoing science-based process. Adaptive management involves testing, monitoring, and evaluating applied strategies, and incorporating new knowledge into management approaches that are based on scientific findings and the needs of society. Results are used to modify management policy, strategies and practices.

5.5 Fencing

The Property boundary is fenced along the southeast boundary where the Property borders Lake Arthur Road and along the northwest boundary. There is existing interior fencing that roughly separates the Existing Developed Area from the rest of the Property. External, interior and temporary fencing could be placed on the Property by the Landowner in the future, as fencing can be an important tool in managing property.

5.6 Public Access and Recreation

Public access and public recreation is allowed on the Property. The development and improvement of public access and recreation improvements are allowed if they do not conflict with the terms of the Conservation Easement. The Property has in the past and presently supports recreational uses consisting of organized sporting activities, hiking, exercising, picnicking, having group gatherings, playing games, relaxing, enjoying recreational amenities (such as ball fields), and similar recreational uses that are not incompatible with the Conservation Values of the Property. The Landowner and Easement Holder intend that the majority of public recreation on the Property take place in the Existing Developed Area;

however, the Landowner is allowed to create non-motorized public trails elsewhere on the Property (including minor grading and necessary tree removal work and signage associated with public trails). The Easement Holder is not responsible for the management of recreation activities on the Property, and the Landowner agrees to hold the Easement Holder harmless for any claims related to or resulting from public access and recreation.

5.7 Motorized Vehicle Use

Motorized vehicle use is allowed only for the management and maintenance of the Property, except in the parking lot area. Reasonable care should be taken that vehicle use does not unnecessarily damage, erode or scar the landscape. Also, reasonable care should be taken by all users that motorized vehicles do not inadvertently transport non-native invasive plant species onto the Property; motor vehicle users are especially encouraged to ensure that the tires of their vehicles are free of such matter. At this time, motorized vehicle use is only allowed on the Property when under Landowner's control. For the purpose of general Property management and maintenance purposes, motorized vehicles may be used "off road" as long as the use does not have a significant adverse effect on the Conservation Values.

5.8 Research, Archaeological and Educational Uses

Individuals or groups wishing to use the Property for scientific research, archaeological research, or educational purposes that are consistent with the protection of the Conservation Values may be allowed by the Landowner.

5.9 Vegetation Management

No unnecessary harm to vegetation should result from any management activities on or uses of the Property, except in the creation of trails or the fulfillment of fire and fuels management and invasive plant management, as follows.

5.9.1 Public Trails

The Landowner may alter or remove vegetation in order to create non-motorized public trails on the Property.

5.9.2 Fire and Fuels Management

The Landowner bears the obligation and cost of meeting any fire management and suppression responsibilities according to applicable ordinance or law.

5.9.3 Invasive Plant Management

Although no invasive plant species management is required, it is recognized that use of the Property could influence existing vegetation distribution and composition, and invasive plant management is encouraged. Management of invasive plant species can be a complex and expensive task. It is important to recognize that the Landowner can only conduct as much exotic species management as can be accomplished with available funding and within the constraints of other management objectives. Vegetation management using a combination of mechanical and chemical control is identified as the best strategy of control of non-native species.

5.10 Wildlife Management

All management activities on and uses of the Property shall be consistent with the protection of the Conservation Values of the Property, and will be done with due consideration of their impacts on these Conservation Values. No unnecessary harm to wildlife or significant wildlife habitats should result from any management activities on or uses of the Property outside the Existing Developed Area, except in the fulfillment of vegetation management as described in this Management Plan.

5.10.1 Invasive Animal Management

Although no invasive animal species management is required, it is recognized that certain non-native and invasive animal species have the potential to negatively impact the Conservation Values. Management of invasive animal species can be a complex and expensive task. It is important to recognize that the Landowner can only conduct as much invasive species management as can be accomplished with available funding and within the constraints of other management objectives. Accordingly, the Landowner may conduct or approve invasive animal management using a lethal and/or non-lethal means, including but not limited to sport hunting and depredation in accordance with the laws and guidelines of the California Department of Fish & Wildlife.

5.11 Water Quality Management

Although the current activities on and use of the Existing Developed Area on the Property, specifically the maintenance of a parking area and the irrigation of a ball field, may have some effect on water quality, these uses should not significantly degrade water quality. The Landowner may monitor water quality on the Property in order to make informed management decisions. Further, the following prohibitions and restrictions should help protect water quality:

- a) Direct herbicide application into waterways is prohibited.
- b) Irrigation must be contained to the Existing Developed Area, and excessive irrigation runoff should be avoided.
- c) Any significant erosion should be immediately remedied.

The Landowner has the right to seek funding for the implementation of water quality improvement projects.

5.12 Cultural Resources

The Landowner shall take measures to avoid disturbance and damage to any known or suspected cultural resources on the Property.

6.0 LIST OF ATTACHMENTS

Attachment A – Legal Description of Property

Attachment B-1 – Vicinity Map

Attachment B-2 – Aerial Map

Attachment B-3 – Topographic Map

Attachment B-4 – Existing Developed Area and Land Cover Map

Attachment A: Legal Description of Property

THE LAND DESCRIBED HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF PLACER, UNINCORPORATED AREA, AND IS DESCRIBED AS FOLLOWS:

Resultant Auburn Recreation District Parcel

A portion of the Lands of Pacific Gas and Electric Company as described in the Grant Deed recorded on August 2, 1916 in Book 163 at Page 166, O.R.P.C; situated in the southeast quarter of the southwest quarter of Section 24, Township 13 North, Range 8 East, M.D.M., Placer County, California, described as follows:

Beginning at an angle point in the northerly right of way of Dry Creek Road (E7106) as shown on the Division of Highways Monument Map, 03 PLA 80, P.M. 22.2-22.7, pages 8-9, said angle point being distant 135.00 feet Northerly, measured at right angles from base line at Engineer's Station "Fs198+00.00";

Thence, from said **Point of Beginning**, along said northerly right of way the following three (3) courses:

1. South $40^{\circ} 11' 34''$ West 411.13 feet,
2. South $53^{\circ} 33' 11''$ West 307.71 feet to the beginning of a tangential curve,
3. Said curve turning to the right through an angle of $10^{\circ} 31' 17''$, having a radius of 460.00 feet, and an arc length of 84.47 feet more or less to a point of intersection with a non-tangential line, being also the southeast corner of the Lands of Auburn Area Recreation and Park District (AAR&PD) as described in the Grant Deed recorded on August 23, 1979 in Book 2161 at Page 374, O.R.P.C;

Thence, along said Lands of AAR&PD the following two (2) courses:

1. North $00^{\circ} 22' 08''$ West 141.31 feet,
2. South $89^{\circ} 37' 52''$ West 77.00 feet to a point on the East line of the Christian Valley School District (CVSD) as described in the Grant Deed recorded on August 23, 1979 in Book 2161 at Page 423, O.R.P.C;

Thence, along said Lands of CVSD the following two (2) courses:

1. North $00^{\circ} 22' 08''$ West 128.43 feet,
2. South $89^{\circ} 37' 52''$ West 104.31 feet to the beginning of a non-tangential curve, being also a point of intersection with the existing centerline of Christian Valley Road (F8120);

Thence, along said centerline following eight (8) courses:

1. Said curve having a radial bearing of North 69° 27' 56" West, turning to the left through an angle of 04° 03' 56", having a radius of 980.00 feet, and an arc length of 69.54 feet to a point of intersection with a tangential line,
2. North 16° 28' 08" East 124.67 feet to the beginning of a tangential curve,
3. Said curve turning to the right through an angle of 18° 14' 22", having a radius of 395.00 feet, and an arc length of 125.74 feet to a point of intersection with a tangential line,
4. North 34° 42' 30" East 174.88 feet to the beginning of a tangential curve,
5. Said curve turning to the left through an angle of 08° 01' 43", having a radius of 2780.00 feet, and an arc length of 389.55 feet to a point of intersection with a tangential line,
6. North 26° 40' 47" East 87.67 feet to the beginning of a tangential curve,
7. Said curve turning to the left through an angle of 09° 49' 25", having a radius of 265.00 feet, and an arc length of 45.44 feet to a point of intersection with a tangential line,
8. North 16° 51' 22" East 94.34 feet to a point on the North line of the southeast quarter of the southwest quarter of said Section 24;

Thence, along said North line, North 88° 38' 14" East 330.86 feet to a point of intersection with a line parallel and distant southwesterly, 25 feet, measured at right angles from the centerline of the spillway serving Halsey Forebay;

Thence, along said line as described above the following fifteen (15) courses:

1. South 06° 38' 50" East 109.70 feet,
2. South 22° 03' 21" West 70.54 feet,
3. South 31° 26' 51" East 143.45 feet,
4. South 25° 16' 57" East 94.49 feet,
5. South 63° 59' 34" East 69.05 feet,
6. North 63° 43' 17" East 129.85 feet,
7. South 80° 11' 11" East 23.67 feet,
8. South 06° 32' 03" East 150.39 feet,
9. South 00° 11' 11" East 77.14 feet,
10. South 31° 22' 39" West 57.52 feet,
11. South 76° 06' 13" West 45.08 feet,
12. South 89° 11' 59" West 104.97 feet,
13. South 59° 43' 11" West 47.46 feet,
14. South 35° 12' 21" West 54.34 feet,
15. South 25° 54' 04" West 72.33 feet to a point on said northerly right-of-way line of Dry Creek Road (E7106);

Thence, along said right-of-way line, North 58° 52' 05" West a distance of 109.81 feet to the **Point of Beginning**;

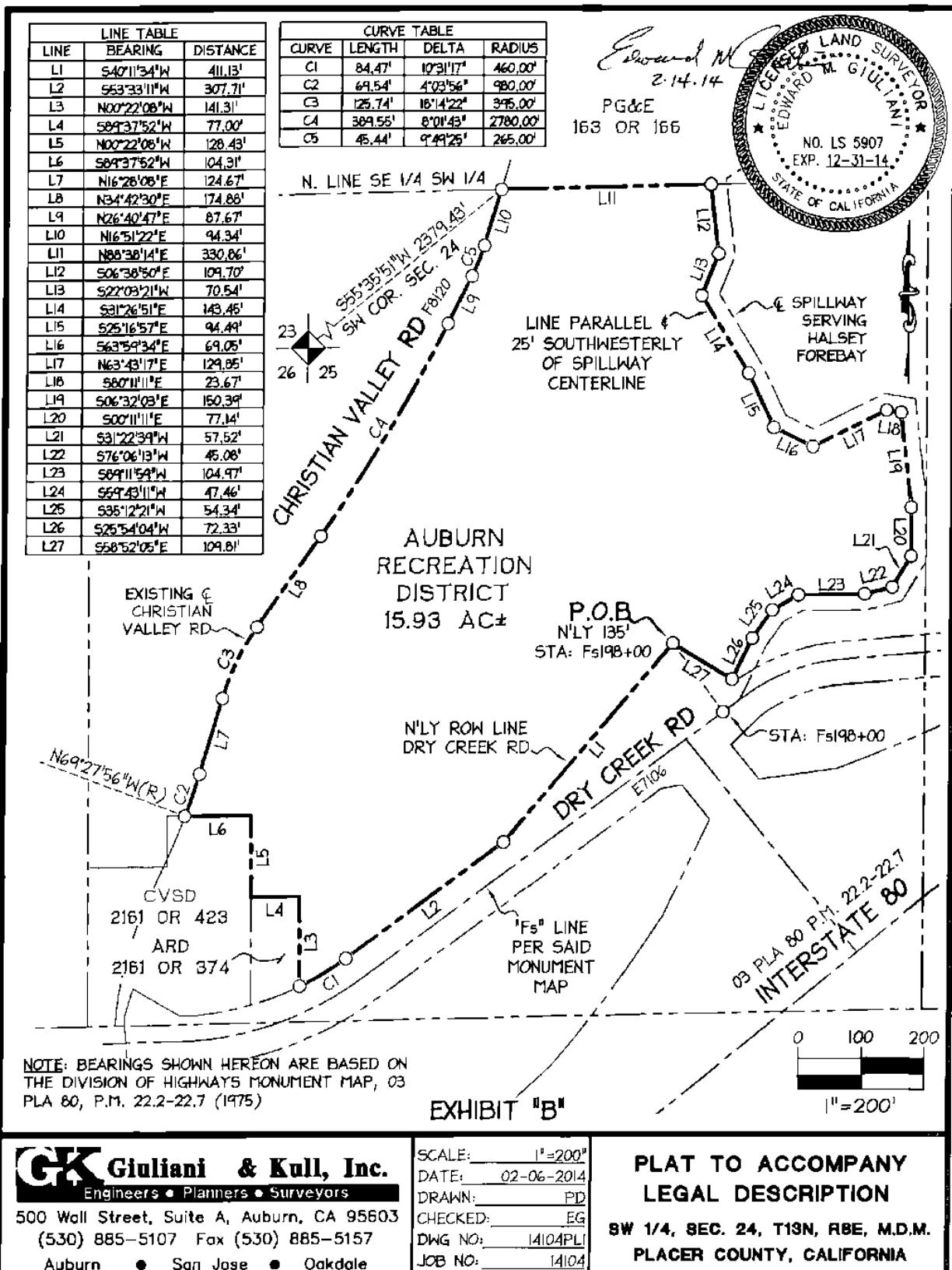
The herein described area contains 15.93 acres, more or less.

Bearings hereon are based on the Division of Highways Monument Map, 03 PLA 80, P.M. 22.2-22.7 (1975).

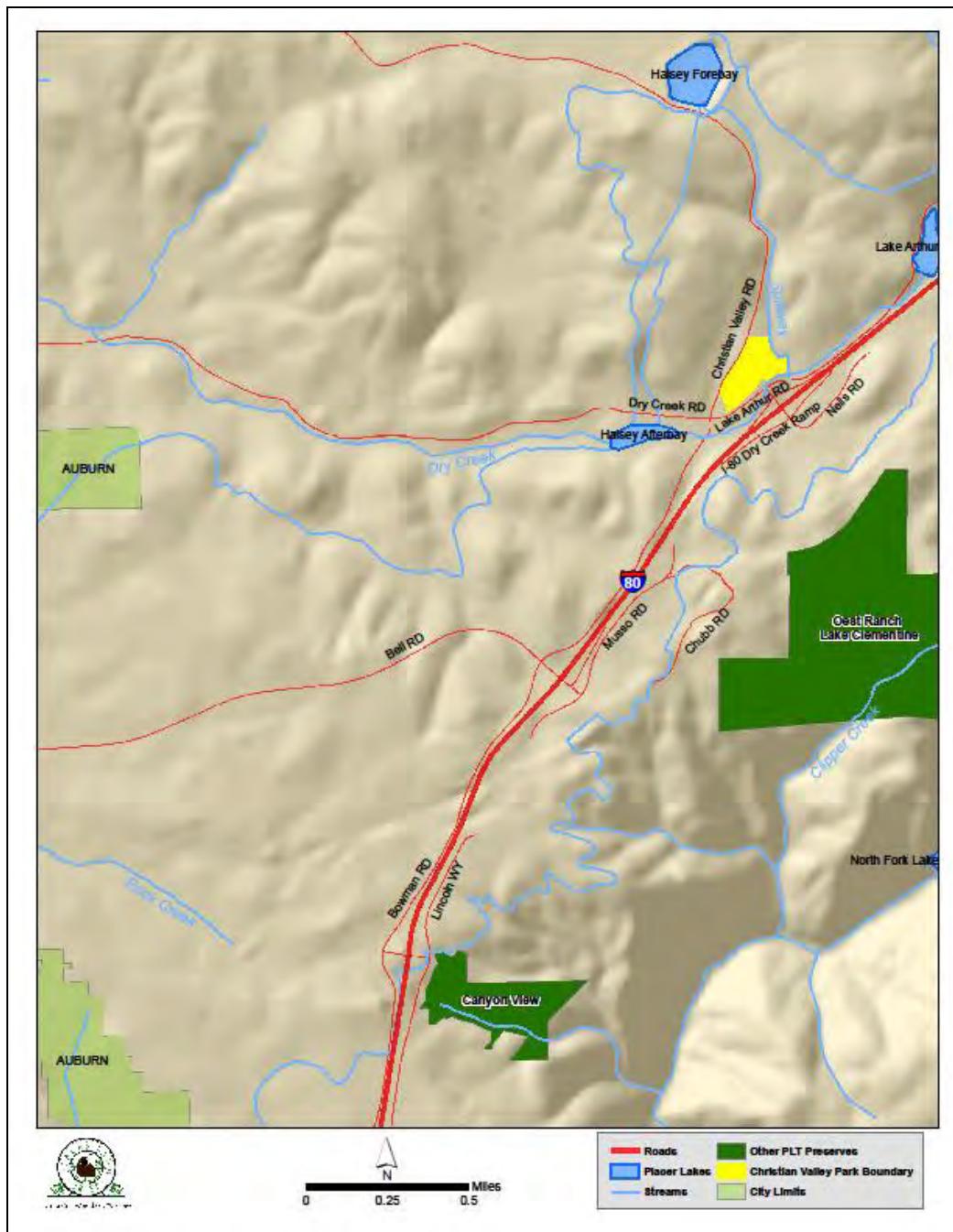
The herein described area depicted graphically on Exhibit "B" attached hereto and made a part hereof.

END DESCRIPTION

MAP



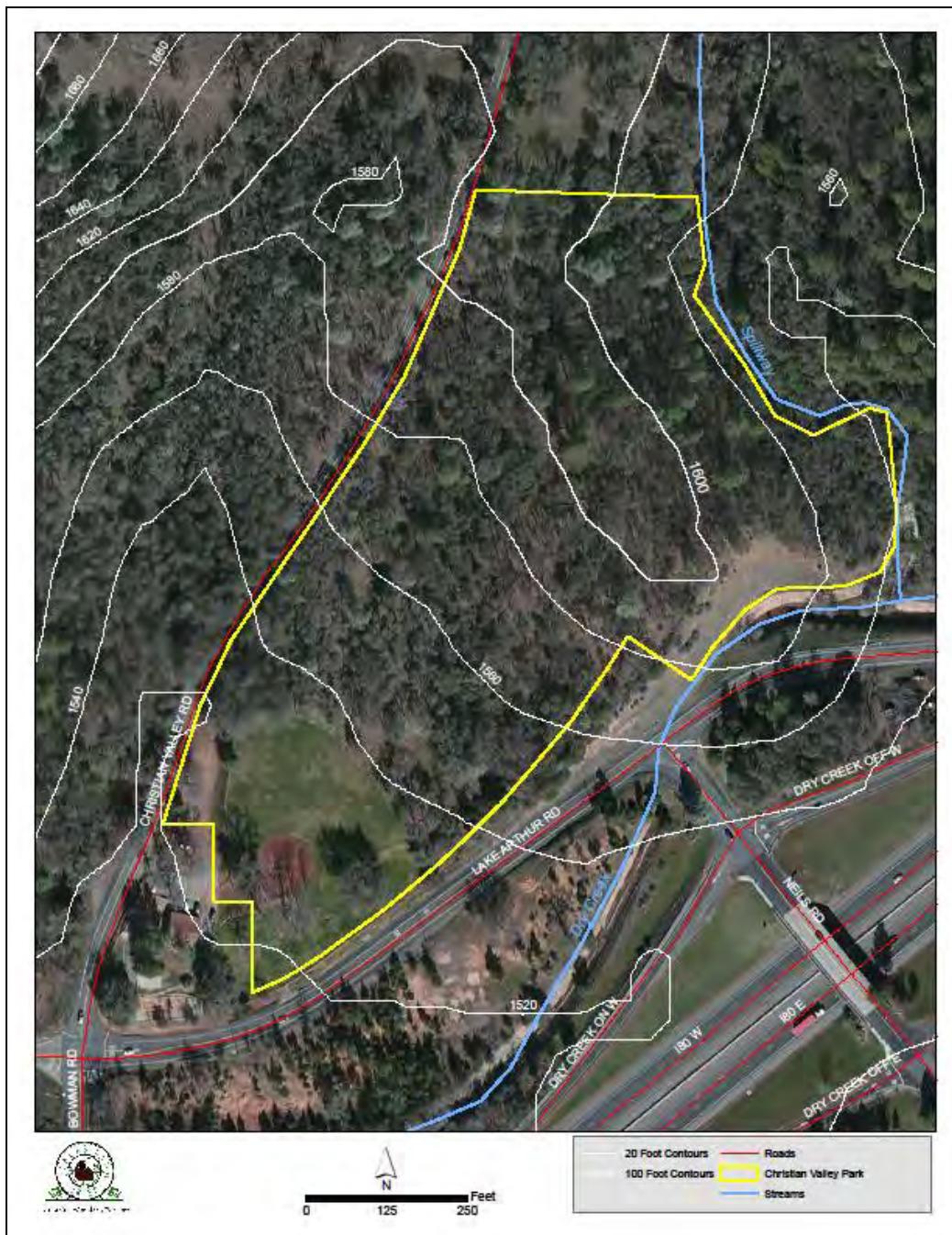
Attachment B-1: Vicinity Map



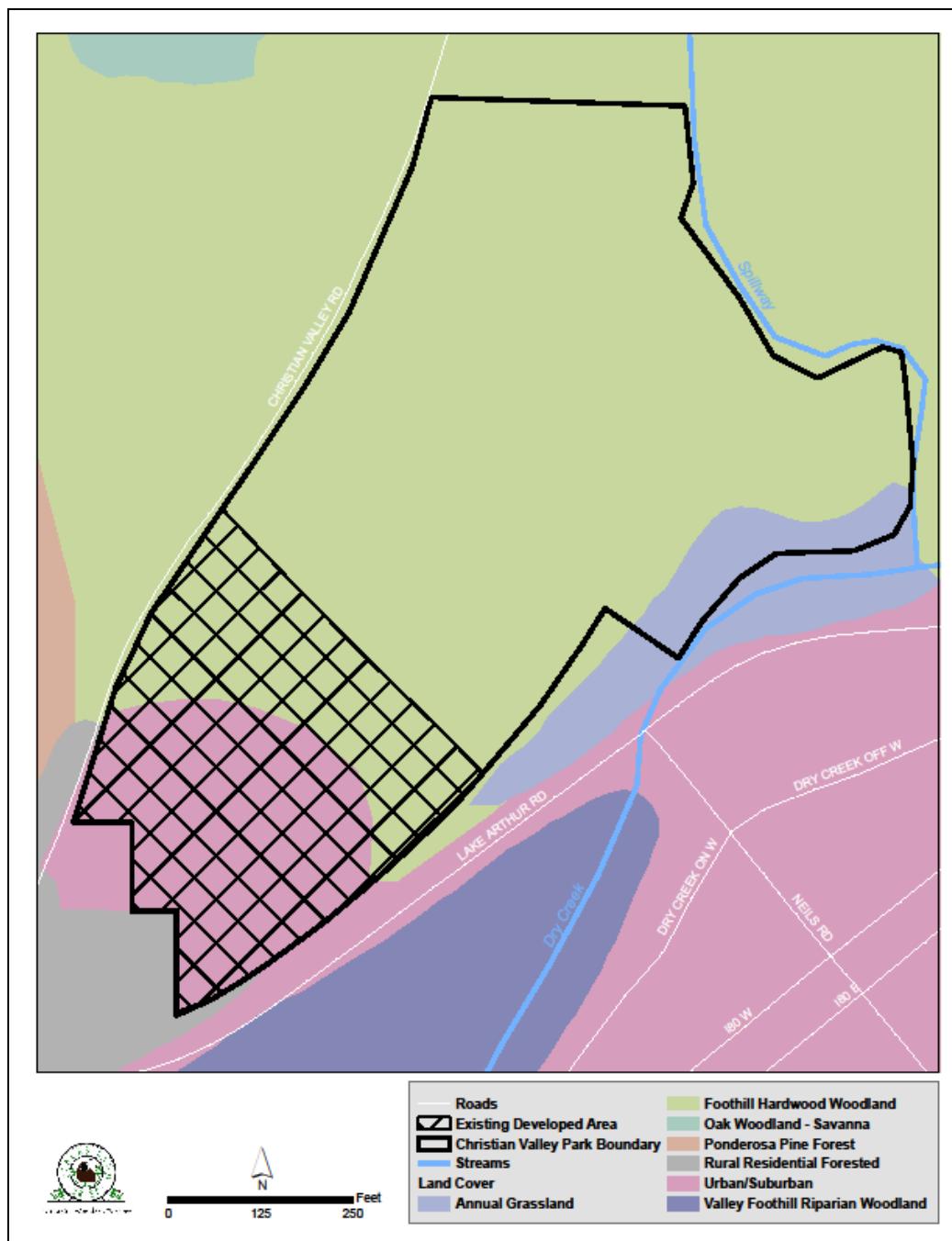
Attachment B-2: Aerial Map



Attachment B-3: Topographic Map



Attachment B-4: Existing Developed Area and Land Cover Map





**Conservation Easement Funding Agreement
Lower Drum Planning Unit
(Parcel #888, Christian Valley Park)**

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 **Placer Land Trust**, 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 Watershed Lands that is being donated to Auburn Area Parks and Recreation District (ARD) consisting of approximately 16 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, 2015, 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 Eighty-Six Thousand Dollars (\$86,000.00) (the "Grant Funds") to Grantee to be used solely for the following purposes:

a. Seventy-Six Thousand Dollars (\$76,000.00) 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 2016 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 170(c)(2)(B).

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: _____
Title: _____
Date: _____

Placer Land Trust,
a California Nonprofit Public Benefit Corporation

By: _____
Title: _____
Date: _____

Exhibit A

Property Description

(to be attached)



Exhibit B

Deposit Certification

(to be attached)



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 below lists the estimated acreage and annual property taxes associated with PG&E watershed lands which are available for donation as of September 2011. The estimated total tax liability that would be subject to tax neutrality will depend upon the total acreage transferred, and the types of organization receiving lands.

COUNTY	Total Acres	Total Taxes (\$)	Acres Available for Donation	Taxes on Lands Avail. (\$)
Alpine	1,983	\$26,995	965	\$6,449
Amador	4,891	\$45,916	3,238	\$25,493
Butte	8,029	\$75,706	6,449	\$55,539
Calaveras	318	\$2,699	230	\$1,643
Fresno	1,527	\$26,917	342	\$3,552
Kern	664	\$1,734	0	\$0
Lake	5,271	\$116,467	3,355	\$80,975

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



COUNTY	Total Acres	Total Taxes (\$)	Acres Available for Donation	Taxes on Lands Avail. (\$)
Madera	2,016	\$181,650	686	\$64,396
Mendocino	2,112	\$28,181	1,799	\$22,252
Nevada	10,651	\$107,895	4,889	\$39,128
Placer	7,846	\$356,996	5,587	\$179,825
Plumas	38,094	\$304,316	4,935	\$113,228
Shasta	46,989	\$296,123	36,191	\$178,510
Tehama	1,946	\$8,839	1,564	\$4,422
Tuolumne	1,840	\$28,470	1,040	\$11,368
Yuba	41	\$612	41	\$612
Grand Total	134,216	\$1,609,516	71,310	\$787,392

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.
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 select either the lump-sum or annual payment option (described below) for the selected fee-title donation and communicate their preference in writing to the Stewardship Council.
4. 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 or annual 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 provide a one-time reimbursement of up to \$3,000 of the county cost to perform such activities.

5. The proposed funding agreement that has been deemed acceptable by the county as evidenced by a certified board resolution will be included in the Stewardship Council's Land Conservation and Conveyance Plan (LCCP). In turn, the LCCP will be attached to PG&E's Section 851 filing with the California Public Utilities Commission, wherein PG&E will seek regulatory approval of the proposed fee title donation. If assessed values on the lands recommended for donation change prior to the transfer of land, the Stewardship Council will revise the payment calculation included in the proposed funding agreement prior to its execution by the parties.
6. Immediately following the transfer of lands, the Stewardship Council and the county will execute the funding agreement and the Stewardship Council will fund the settlement amount according to the terms of the funding agreement as described in number 4 above.

OPTIONS FOR FUNDING PROPERTY TAX NEUTRALITY PAYMENTS

The Stewardship Council is presenting two options for making tax neutrality payments: (1) a one-time lump-sum payment; or, (2) funding of an independent trustee to continue annual payments in lieu of taxes.

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.

Annual payments

The Stewardship Council is in negotiations with a professional investment manager to act as investment manager and trustee for an endowment to support the management and monitoring of conservation covenants after the Stewardship Council's anticipated dissolution in 2016 or thereafter. The Stewardship Council is prepared to make this arrangement available to counties which prefer to receive an annual payment in lieu of property taxes on lands which are removed from the tax rolls.

Under this structure, the Stewardship Council will make a contribution to an endowment account which would be designed to generate enough income to compensate for the lost property tax revenues and pay for annual investment management and trustee fees. The contribution to the endowment account would be calculated based upon the Annual Base Value for lands approved for donations and the expected payout ratio of 4%.

Annual payments out of the endowment account will be calculated based upon a rolling 20 quarter average of the account's ending balance³. The practice of calculating payments based

³ During the initial four years, the trustee will calculate payments based upon the number of available quarters (e.g. year 1 – rolling 4 quarters, year 2 – rolling 8 quarters, etc.)



upon a rolling average (smoothing) has been shown to reduce the number of significant declines in annual distributions, and increase the total value of payments and invested assets⁴.

Annual payments to counties would be allocated based upon the applicable Tax Rate Area at the time of payment by the receiving county. The Stewardship Council envisions making these annual 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.

Participating counties would be enrolled in a common service model in the investment management account. All counties would share a common investment policy and investment management agreement. Funds will be invested in a commingled account, with the investment manager providing an individual accounting to each individual county.

Considerations of the Annual Payment Approach

The viability of the annual payment option is subject to a level of participation by the counties which meets the minimum account size (estimated at \$1 million).

Under this approach annual payments may exceed the original Annual Base Value in some years, and be lower in others, as the payment amount is reliant upon the ending market value of the account.

The Stewardship Council's transaction process is expected to occur serially, over the span of several years. It is likely that the viability and pricing of the annual payment approach will not be known for the initial transactions. Therefore, the Stewardship Council may make the initial annual payments directly to counties until the minimum account size is reached.

Please see Appendix A for more details on the annual payment option.

⁴ Smarter Giving for Private Foundations, AllianceBernstein, https://www.alliancebernstein.com/Research-Publications/Black-Books/Foundations-and-Endowments/Stories/Foundations_BlackBook.htm



Appendix A Annual Payment Details

TRUSTEE SELECTION

The Stewardship Council is performing due diligence for the selection of an investment manager and trustee to administer the trust account for annual payments to counties. Selection will be based upon many factors, including (but not limited to): organization history and reputation, investment management experience, fee structure, and administrative capabilities. Additional information on the selection process can be provided upon request.

Trustee's Responsibilities:

Upon the Stewardship Council's funding of the trust account, the trustee would assume all responsibilities for making annual payments to counties in lieu of property taxes, including:

Trust administration

- Interpret the trust document.
- Distribute trust assets according to the trust document.
- Perform principal and income accounting.
- Prepare and file tax returns.
- Address specific beneficiary issues, reporting, etc.

Investment management

- Invest the trust portfolio assets objectively for the benefit of all interested parties.
- Manage portfolio assets in a tax-efficient and tax-effective manner.
- Review investment performance to ensure the portfolio is meeting the established goals and objectives.

THE ANNUAL PAYMENT STRUCTURE

Using the inputs described in the term sheet, the Stewardship Council will make a contribution to the trust account on behalf of the participating county. The following example illustrates the funding and payout process.

EXAMPLE: Calculation of Contribution to Trust Account

Annual Base Value:	\$5,000 per year
Annual Payout Percentage:	4.00%
Contribution Calculation:	$\$5,000 \div 0.04 = \$125,000$



The actual annual payout is dependent upon the following factors:

Annual Rate of Return: The annual rate of return will depend upon investment selections and market and economic performance. While past results are not an accurate predictor of future results, the annual return of the S&P 500 has averaged approximately 9%-10% since 1925¹.

Estimated Annual Fees: Annual investment management and trust administration fees will be deducted from the account and are expected to be approximately 1% - 2%, depending upon the selected investment manager and trustee.

As envisioned, the trustee will make annual payments based upon a rolling 20 quarter average of the account balance². The practice of calculating payments based upon a rolling average (smoothing) has been shown to reduce the number of significant declines in annual distributions, and increase the total value of payments and invested assets³. However, this does not guarantee against the possibility of losses in investment principal resulting in payments in some years being less than the county would have otherwise received from property taxes.

The following examples illustrate the payment methodology in two theoretical scenarios. Scenario A shows anticipated annual payments to a county with a stable rate of return. While it is unrealistic to expect no volatility in investment returns, Scenario A shows that the growth in annual payments should keep pace with, or exceed annual inflation, when invested in a balanced portfolio⁴.

Scenario B shows actual market returns for the S&P 500 index from 1980 to 2010. While historical returns do not predict future performance, the time period in Scenario B provides a more realistic assumption of variability in stock market returns. Please note that the proposed investment portfolio would not include a 100% allocation to the S&P 500 or to equities. A model portfolio would include diversification among equities (small cap, large cap, international) and fixed income investments. This diversification would likely reduce the estimated annual return and reduce volatility.

Please note that both of the scenarios are provided for illustrative purposes only and do not constitute a prediction of future performance on behalf of the Stewardship Council or the prospective investment manager.

¹ Based upon Historical Average Return of the S&P 500 index 1925-2010.

http://apps.finra.org/investor_information/smart/401k/401104.asp

Past performance does not guarantee future results.

² During the initial four years, the trustee will calculate payments based upon the number of available quarters (e.g. year 1 – rolling 4 quarters, year 2 – rolling 8 quarters, etc.).

³ Smarter Giving for Private Foundations, AllianceBernstein, https://www.alliancebernstein.com/Research-Publications/Black-Books/Foundations-and-Endowments/Stories/Foundations_BlackBook.htm

⁴ Bureau of Labor Statistics, CPI Rate: Jan 1913 to Nov 2011 http://www.bls.gov/data/inflation_calculator.htm


Scenario A: \$125,000 earning a stable return⁵

Year	Beginning Balance	Annual Return %	Annual Return \$	Annual Distribution (4%)	Fees -1%	Ending Balance
0	125,000	9.00%	11,250	-	(1,250)	135,000
1	135,000	9.00%	12,150	(5,400)	(1,350)	140,400
2	140,400	9.00%	12,636	(5,508)	(1,404)	146,124
3	146,124	9.00%	13,151	(5,620)	(1,461)	152,194
4	152,194	9.00%	13,697	(5,737)	(1,522)	158,632
5	158,632	9.00%	14,277	(5,859)	(1,586)	165,464
6	165,464	9.00%	14,892	(6,103)	(1,655)	172,598
7	172,598	9.00%	15,534	(6,360)	(1,726)	180,046
8	180,046	9.00%	16,204	(6,631)	(1,800)	187,818
9	187,818	9.00%	16,904	(6,916)	(1,878)	195,927
10	195,927	9.00%	17,633	(7,215)	(1,959)	204,387
11	204,387	9.00%	18,395	(7,526)	(2,044)	213,211
12	213,211	9.00%	19,189	(7,851)	(2,132)	222,417
13	222,417	9.00%	20,018	(8,190)	(2,224)	232,020
14	232,020	9.00%	20,882	(8,544)	(2,320)	242,038
15	242,038	9.00%	21,783	(8,913)	(2,420)	252,489
16	252,489	9.00%	22,724	(9,297)	(2,525)	263,390
17	263,390	9.00%	23,705	(9,699)	(2,634)	274,763
18	274,763	9.00%	24,729	(10,118)	(2,748)	286,626
19	286,626	9.00%	25,796	(10,554)	(2,866)	299,002
20	299,002	9.00%	26,910	(11,010)	(2,990)	311,912
21	311,912	9.00%	28,072	(11,486)	(3,119)	325,379
22	325,379	9.00%	29,284	(11,981)	(3,254)	339,428
23	339,428	9.00%	30,549	(12,499)	(3,394)	354,084
24	354,084	9.00%	31,868	(13,038)	(3,541)	369,372
25	369,372	9.00%	33,243	(13,601)	(3,694)	385,320
26	385,320	9.00%	34,679	(14,189)	(3,853)	401,957
27	401,957	9.00%	36,176	(14,801)	(4,020)	419,313
28	419,313	9.00%	37,738	(15,440)	(4,193)	437,417
29	437,417	9.00%	39,368	(16,107)	(4,374)	456,304
30	456,304	9.00%	41,067	(16,802)	(4,563)	476,005

⁵ Annual return based upon historical performance of the S&P 500 index 1925-2010. These figures are provided for illustrative purposes only and do not constitute a prediction of future performance on behalf of the Stewardship Council or the prospective investment manager.

Scenario B: \$125,000 at historical S&P 500 returns⁶

Year	Beginning Balance	Annual Return %	Annual Return \$	Annual Distribution (4%)	Fees (1%)	Ending Balance
1980	125,000	25.8%	32,213	0	(1,250)	155,963
1981	125,000	-9.7%	(12,163)	(6,239)	(1,250)	105,349
1982	105,349	14.8%	15,550	(4,214)	(1,053)	115,631
1983	115,631	17.3%	19,969	(4,420)	(1,156)	130,025
1984	130,025	1.4%	1,820	(4,680)	(1,300)	125,865
1985	125,865	26.3%	33,140	(4,769)	(1,259)	152,977
1986	152,977	14.6%	22,365	(5,039)	(1,530)	168,774
1987	168,774	2.0%	3,426	(5,546)	(1,688)	164,966
1988	164,966	16.6%	27,401	(5,941)	(1,650)	184,777
1989	184,777	31.7%	58,556	(6,379)	(1,848)	235,106
1990	235,106	-3.1%	(7,288)	(7,253)	(2,351)	218,214
1991	218,214	30.5%	66,490	(7,775)	(2,182)	274,747
1992	274,747	7.6%	20,936	(8,622)	(2,747)	284,313
1993	284,313	10.1%	28,659	(9,577)	(2,843)	300,551
1994	300,551	1.3%	3,967	(10,503)	(3,006)	291,009
1995	291,009	37.6%	109,361	(10,951)	(2,910)	386,510
1996	386,510	23.0%	88,743	(12,297)	(3,865)	459,090
1997	459,090	33.4%	153,152	(13,772)	(4,591)	593,880
1998	593,880	28.6%	169,731	(16,248)	(5,939)	741,424
1999	741,424	21.0%	155,996	(19,775)	(7,414)	870,230
2000	870,230	-9.1%	(79,191)	(24,409)	(8,702)	757,927
2001	757,927	-11.9%	(90,118)	(27,380)	(7,579)	632,850
2002	632,850	-22.1%	(139,860)	(28,770)	(6,329)	457,891
2003	457,891	28.7%	131,369	(27,683)	(4,579)	556,999
2004	556,999	10.9%	60,601	(26,207)	(5,570)	585,823
2005	585,823	4.9%	28,764	(23,932)	(5,858)	584,797
2006	584,797	15.8%	92,339	(22,547)	(5,848)	648,741
2007	648,741	5.5%	35,616	(22,674)	(6,487)	655,196
2008	655,196	-37.0%	(242,423)	(24,252)	(6,552)	381,969
2009	381,969	26.5%	101,069	(22,852)	(3,820)	456,366
2010	456,366	15.1%	68,729	(21,817)	(4,564)	498,715

Annualized Return : 9.6% (1980-2010)

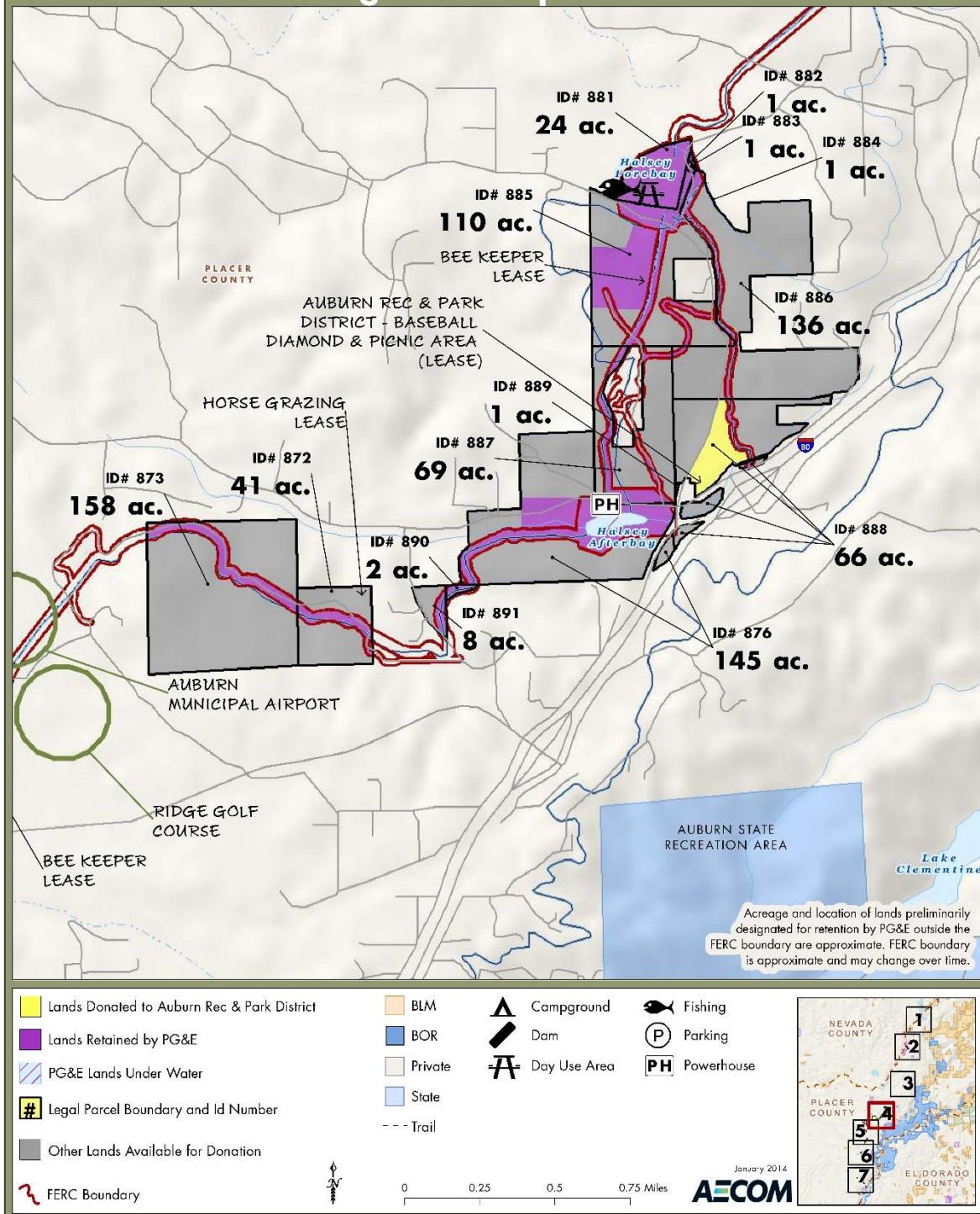
⁶ Annual return based upon historical performance of the S&P 500 index 1980-2010. These figures are provided for illustrative purposes only and do not constitute a prediction of future performance on behalf of the Stewardship Council or the prospective investment manager.

Appendix 6: Map

Yuba-Bear River Watershed



Lower Drum Planning Unit: Map4



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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.