

Revised Final LCCP

May 2, 2018

(Conservation Easement Revised 3-27-18)



**Stewardship
Council**

Land Conservation and Conveyance Plan

Lands for Donation to the Potter Valley Tribe
(Trout Creek Parcels) at
Eel River Planning Unit

Executive Summary

Subject

LCCP Eel River Planning Unit (Trout Creek Parcels)
Land Conservation Plan Identification Numbers (Parcels) 744-746 and a portion of 748
as shown on the map attached as Exhibit 1.

Type of Property Interest Disposition

- The Potter Valley Tribe to hold fee simple title to approximately 673 acres within four parcels (LCP Parcel ID #744-746 and 748) of the Eel River planning unit.
- Mendocino Land Trust (MLT) to hold the conservation easement on the 673 acres within Parcels 744-746 and 748 donated to the Potter Valley Tribe.

Summary

673 acres within four parcels (Parcels 744-746 and 748) will be donated to the Potter Valley Tribe and, consistent with the conditions in the Settlement Agreement, the Property will be subject to a perpetual conservation easement granted by the Potter Valley Tribe to MLT. The remaining 6,726 acres within the planning unit and will be addressed in future Land Conservation and Conveyance Plans (LCCPs).

Pending CPUC approval, and immediately following PG&E's conveyance of the 673 acres within Parcels 744-746 and 748 to the Potter Valley Tribe, the Potter Valley Tribe and MLT will enter into the conservation easement.

The 673 acres in Parcels 744-746 and 748 to be donated to the Potter Valley Tribe are outside the Potter Valley FERC Project boundary (FERC #77) 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 673 acres in Mendocino County along Trout Creek and north of the Eel River, east of the Lower Eel River Bridge.

Economic Uses and Agreements

There are recorded encumbrances for roads on the acreage for donation to the Potter Valley Tribe in the Eel River planning unit. There are no existing agreements for economic uses on the lands that are the subject of this LCCP.

Consistent with the Settlement Agreement, PG&E will reserve its rights to maintain and operate existing and future utility facilities on the parcels 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 the Potter Valley Tribe includes a recital that the Potter Valley Tribe and PG&E acknowledge that the conveyance, together with the conservation easement transaction being entered into by the Potter Valley Tribe and MLT, 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 Eel River property will ensure the permanent protection and preservation of the following BPVs:

- (a) Protection of natural habitat for fish, wildlife, and plants that are native to the area, including species protected under the California Endangered Species Act and/or the federal Endangered Species Act. The Property supports fish, wildlife and plants that are defined as “native” by the California Department of Fish & Wildlife and its successors. The Property contains diverse habitats for plants and animals, in particular its mixed hardwood and conifer forests ecosystem and riparian vegetation habitats. The Property and the waters adjacent to the Property contains threatened, endangered and sensitive species recognized as such under state and/or federal law. Specifically it contains the northern spotted owl, coho salmon, Chinook salmon, and steelhead trout. The Property also features important watershed values. The Property borders 1.4 miles of the Eel River, as well as contains 2.1 miles of creeks (Trout and unnamed creek) that are tributaries to the Eel River and several miles of other non-fish-bearing streams. The Eel River contains coho salmon (*Oncorhynchus kisutch*), a federally threatened species and California species of special concern; Chinook salmon (*Oncorhynchus tshawytscha*), and coastal steelhead (*Oncorhynchus mykiss*), a federally threatened species.
- (b) Forest resources on the Property. Forest resources consist of mixed hardwoods and conifer forests and riparian vegetation providing protection for wildlife and fisheries. Forest resources cover much of the Property.
- (c) Preservation of open space. The Property is undeveloped and contains scenic open space. The Property may be seen from nearby roads and the Eel River and thereby provides a scenic viewshed.
- (d) Historical and cultural values, to the extent they are protected by state and federal laws.

Tax Neutrality

The Potter Valley Tribe is not exempt from paying property taxes on lands it holds in fee. The lands that are the subject of this LCCP will be held in fee by PVT and therefore PVT will pay property taxes on the property.

Hazardous Waste Disclosure

PG&E has provided the Eel River Planning Unit Environmental Site Assessment Report dated June 8, 2011, to the Potter Valley Tribe and MLT, fulfilling the disclosure requirements of the Land Conservation Commitment.

Consideration of Parcel Split

Within Parcels 744-746 and 748, approximately 673 acres are proposed for transfer to the Potter Valley Tribe. At closing, the 673 acre property as well as the remainder of the parcels 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 transactions that are the subject of this LCCP 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

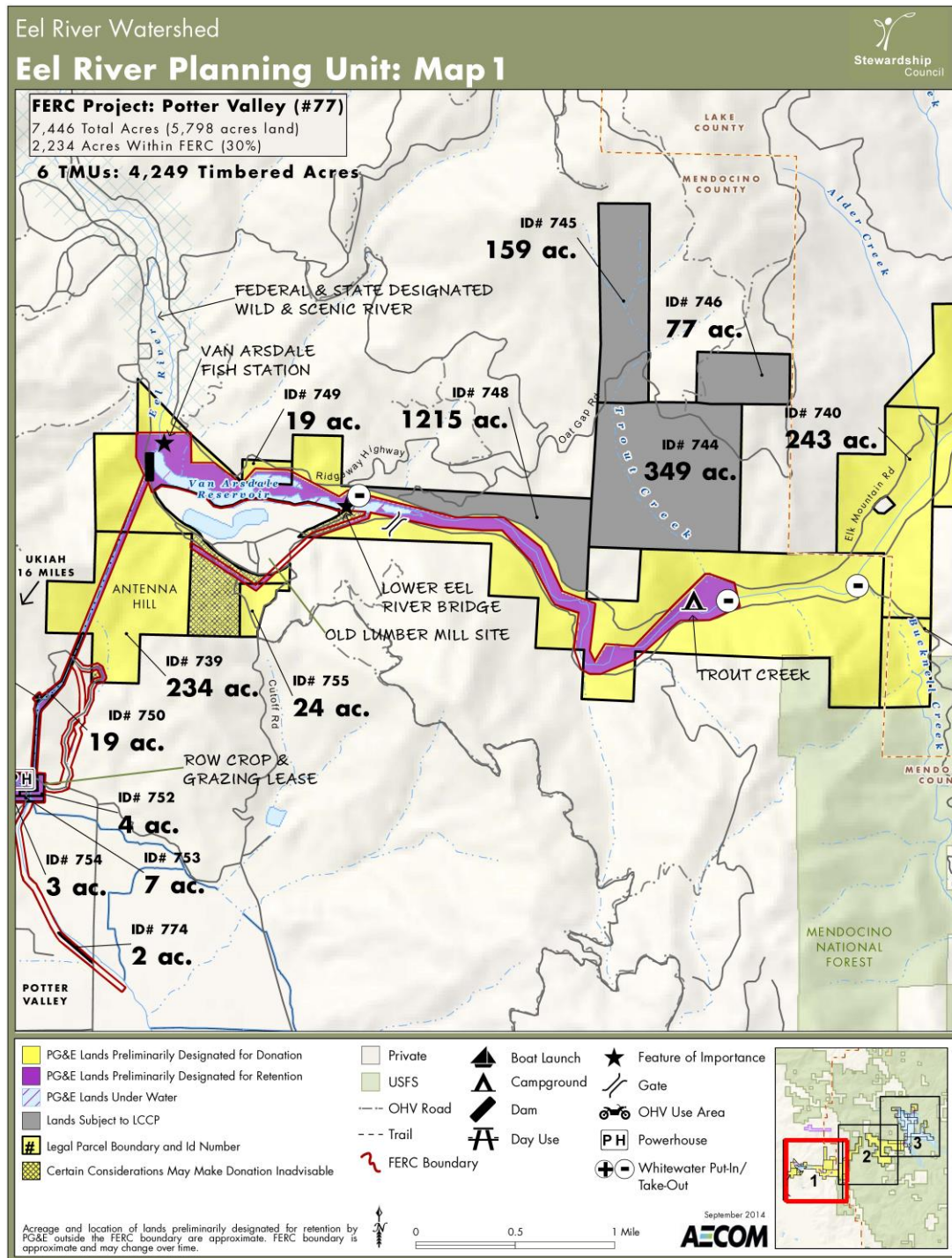


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Introduction

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 California Public Utilities Commission (CPUC) in Decision 03-12-035 (Dec. 18, 2003). The Stewardship Council Board of Directors includes appointees from state and federal agencies, water districts, Native American and rural interests, forest and farm industry groups, conservation organizations, the CPUC, and Pacific Gas and Electric Company (PG&E).

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

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

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

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

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

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

During the development of LCP Volumes I and II and the LCCPs, the Stewardship Council implemented a public outreach program to ensure local communities, elected representatives, neighboring property owners, 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 Eel River 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 Potter Valley Tribe receive approximately 673 acres within four parcels (744-746 and 748) of the Eel River planning unit in fee and that the Mendocino Land Trust (MLT) hold a conservation easement over the lands recommended for donation to the Potter Valley Tribe in these parcels (744-746 and 748) of the Eel River planning unit.

Table 1-1 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 <i>"Reasonably exact estimates of acreage, by parcel, within or outside licensed project boundaries, and existing economic uses (including all related agreements);"</i>
(2) Objectives to Preserve and/or Enhance <i>"Objectives to preserve and/or enhance the BPVs, as defined in the Settlement Agreement, Appendix E, of each individual parcel;"</i>
(3) Recommendations for Conservation Easement and Fee Simple Donation <i>"A recommendation for grant of a conservation easement or fee simple donation for each such parcel;"</i>
(4) Finding of Donee Funding and Other Capacity to Maintain Lands to Preserve and/or Enhance BPVs <i>"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;"</i>
(5) Analysis of Tax and Other Economic and Physical Impacts <i>"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;"</i>
(6) Hazardous Waste Disclosure <i>"A disclosure of all known hazardous waste or substance contamination or other such environmental liabilities associated with each parcel;"</i>
(7) Consideration of Parcel Split <i>"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;"</i>
(8) Strategy for Physical Measures to Enhance BPVs <i>"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;"</i>
(9) Monitoring Plan for the Economic and Physical Impacts of Disposition and Implementation of Enhancement Measures <i>"A plan to monitor the economic and physical impacts of disposition and implementation of enhancement measures on the applicable management objectives;"</i>
(10) Implementation Schedule for Transactions and Measures <i>"A schedule for the implementing transactions and measures."</i>

1. Acreage, Existing Economic Uses and Agreements

Acreage and Property Description

Approximately 673 acres in Parcels 744-746 and 748 will be donated to the Potter Valley Tribe and, consistent with the conditions in the Settlement Agreement, the Property will be subject to a perpetual conservation easement granted by the Potter Valley Tribe to MLT. The remaining 1,077 acres in Parcels 744-746 and 748 in the Eel River planning unit will be retained by PG&E or donated and will be subject to a conservation easement.

The Eel River planning unit is located north and east of the town of Potter Valley and approximately 16 miles from the City of Ukiah. The site contains Lake Pillsbury, Van Arsdale Reservoir, and a 12-mile section of the mainstem Eel River.

There is limited information regarding the wildlife and botanical resources in the planning unit. Many special status species likely inhabit planning unit lands, potentially including northern spotted owl, Humboldt marten, American peregrine falcon, northern goshawk, and northwestern pond turtle.

The land recommended for donation to the Potter Valley Tribe includes one PG&E Timber Management Unit (TMU) totaling 811 timbered acres. The TMU is managed under a Multiple-Use prescription, meaning that protection and uses of other resources and facilities may preclude sustained timber management as the highest and best use of portions of the TMU.

There are no agricultural activities (farming or grazing) on the lands recommended for donation to the Potter Valley Tribe.

Both historic and prehistoric resources are present within the Eel River planning unit. The territory within and around the Eel River planning unit was shared by Pomo, Huchnom, and Yuki Tribes. The lower region of the planning unit, named John Day Flat by European settlers, and now the site of the Van Arsdale Reservoir, was used by the nearby Potter Valley Tribe. As the shared ethnographic territory of the northern Pomo people, the ancestors of the current members of the Potter Valley Tribe have an important past and present connection with the area encompassed by the planning unit.

Adjacent and Nearby Landowners

The parcels subject to donation to the Potter Valley Tribe are surrounded by private property and other PG&E lands. The parcels are accessible via the county road (sometimes referred to as Eel River Road or Elk Mountain Road) and a portion of Oat Gap Road, and Ridgeway Highway.

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

Existing Economic Uses and Agreements

There are recorded encumbrances for roads on the acreage for donation to the Potter Valley Tribe in the Eel River planning unit. There are no existing agreements for economic uses on the lands that are the subject of this LCCP.

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 Eel River planning unit that the Stewardship Council board approved in LCP Volume II, as well as a description of how the transaction, as summarized by this LCCP, supports each objective and preserves and/or enhances the BPVs.

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

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

The conservation easement (Appendix 3) includes as a BPV the protection of natural habitat for fish, wildlife, and plants that are native to the area, including species protected under the California Endangered Species Act and/or the federal Endangered Species Act. The conservation easement will permanently protect habitat by restricting development except as allowed within one 6 acre and one 20 acre building envelope, 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, viewsheds, 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. The conservation easement allows the Potter Valley Tribe to build a caretaker’s residence and recreational improvements within designated building envelopes; provided that the construction or placement of such structures or improvements is consistent with the Conservation Purpose and do not significantly impair the Conservation Values.

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

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

Although no recreational facilities are specifically proposed at this time, the conservation easement permits the Potter Valley Tribe to construct or place structures and improvements on the Property which are reasonably necessary for recreational activities that may occur on the Property within a 20 acre designated Building Envelope and in accordance with certain size limitations. The allowable recreational structures and improvements include seasonal recreational cabins, a community building, a camp store, parking areas, equipment sheds, trails, shaded rest areas, signs, and kiosks. The conservation easement also provides that the Potter Valley Tribe reserves the right to make the Property available for supervised or unsupervised public access for low-intensity recreational activities, such as hiking and nature study.

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 Potter Valley Tribe reserves the right to manage the forest and harvest timber in accordance with all state laws and all applicable federal laws, practices, guidelines, and regulations, provided that the forest management activities are conducted in a manner that is consistent with the Conservation Purposes and other terms and conditions of the conservation easement and do not significantly impair the Conservation Values. The forest management activities must be consistent with the requirements of a Forest Management Plan that has been approved by MLT.

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

One of the BPVs to be protected by the conservation easement is historical and cultural values, to the extent they are protected by state and federal laws. The conservation easement provides that the Forest Management Plan will investigate the potential for a traditional demonstration management area to educate the public about Native American traditional ecological practices used in the area.

3. Recommendations for Conservation Easement and Fee Simple Donation

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

Conservation Easement

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

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

Conservation easements must be donated to nonprofit organizations, Native American tribes, or public agencies that meet the requirements of California Civil Code section 815.3 and possess the experience and capacity to fully and strictly implement the terms of the conservation easement. The Mendocino Land Trust (MLT) will hold the conservation easement over the lands that are the subject of this LCCP and are to be donated to the Potter Valley Tribe. The qualifications of the MLT are described in Chapter 4.

Accordingly, immediately following PG&E's conveyance of the lands to be donated to the Potter Valley Tribe in the Eel River planning unit, the Potter Valley Tribe will convey the conservation easement to MLT.

Retention or Donation of Fee Title

The Settlement Agreement states that PG&E will not be expected to make fee simple donations of Watershed Lands with hydroelectric project features, and conservation easements and enhancements may not interfere with hydroelectric operations. In general, PG&E will retain fee title to those Watershed Lands within the boundaries of hydroelectric projects licensed by the FERC, as well as other properties required for

continuing and future utility operations. However, these Watershed Lands will be conserved via a conservation easement. See Appendix 6 for a description of PG&E's Land Conservation Commitment.

The 673 acres proposed for donation to the Potter Valley Tribe in Parcels 744-746 and 748 were identified as available for donation, subject to PG&E's reserved rights.

Lands to be Donated by PG&E

Approximately 673 acres within four legal parcels (744-746 and 748) will be donated to the Potter Valley Tribe pending CPUC approval of the Section 851 filing for the transaction. The legal description of the parcels is included in the grant deed, which is provided in Appendix 2. The qualifications and capacity of the Potter Valley Tribe to manage the Eel River property recommended for donation are described in Chapter 4.

The map provided in the Executive Summary shows all of the land within Parcels 744-746 and a portion in 748 in the Eel River 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 1,077 acres in Parcels 744-746 and 748 in the Eel River planning unit, 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 May 2, 2012 and March 12, 2014 respectively:

- Potter Valley Tribe to hold fee simple title to approximately 673 acres within Parcels 744-746 and 748.
- Mendocino Land Trust (MLT) to hold a conservation easement over the 673 acres to be donated to the Potter Valley Tribe in Parcels 744-746 and 748.

Capacity of Selected Organizations

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

A. Potter Valley Tribe:

- PVT is a federally recognized tribe with aboriginal ties to the land within the Eel River planning unit. The ancestors of the PVT shared this territory with other Pomo tribes and the Huchnom and Yuki people. The tribe's current membership consists of six individuals, with a service population (children, spouses in other tribes) of 35.
- The preamble to the PVT's constitution includes language to protect the cultural and natural resources of its aboriginal land or any other acquired territory, and to carry on enterprises for the benefit of its community.
- PVT currently owns and manages six properties in Mendocino County totaling approximately 103 acres of land for the purposes of housing, public camping, community gardens, grazing, office space, and community events.
- In 2007, in cooperation with the US Environmental Protection Agency (EPA), PVT closed and cleaned a dumpsite adjacent to a water body on its property, recycling or disposing of 150 cubic yards of waste that had accumulated on a portion of a 10-acre property prior to the PVT's ownership.
- PVT purchased a 69-acre ranch on the coast in Fort Bragg with the intent to restore the 100+ year old barn and the 1940's era clubhouse as community buildings; construct primitive campgrounds and infrastructure; and construct a small wind-energy farm, solar showers, and an RV park. Since acquiring the property in 2009, PVT has delineated wetlands and cultural resource sites, trained Native American crews on deconstruction and materials reuse, rebuilt the 75-year old ranch house, installed a new roof, interior, and upgraded kitchen and

² Stipulation, Section 12(a)(4)

bathroom facilities in the clubhouse. In addition, PVT has renovated two drinking water wells with new pumps, tanks and distribution systems.

- PVT has operated an environmental education program since 2004, hosting several inter-tribal workshops on native resource use, pest and disease management, least-toxic pesticide use, and home canning. Since 2007 up to 75 Native American preschool children from local tribes have participated in annual pumpkin picking/environmental workshops hosted by PVT. In addition, PVT organized and hosted annual Inter-Tribal Environmental Campouts for over 140 children and adults on its coastal property for one week in the summers of 2011-14.
- PVT operates public programs, which the local community is invited to participate in, such as the USDA Summer Lunch Program, and environmental education gardening classes.
- PVT has the equivalent of nine full-time employees. Within the Tribal Environmental Office (TEO), four employees would have primary responsibility for managing donated lands. This includes an environmental director, an environmental technician, and two full-time maintenance and grounds personnel to inspect and maintain tribal lands. PVT also uses workers enrolled in community service programs to assist staff with land maintenance and operations. In partnership with the California Indian Manpower Consortium, PVT also provides summer training for youth.
- PVT staff has experience with grant writing; project planning and management; environmental assessments; construction oversight; and operations and maintenance of community buildings, tribal housing, recreation, and agricultural operations.

B. MLT:

- MLT was incorporated in 1986 and, as of 2014, MLT holds 11 conservation easements on over 3,900 acres in Mendocino County. MLT also owns and stewards four properties totaling over 500 acres.
- MLT currently holds 30 public access trail easements, including maintaining and operating over seven miles of California Coastal Trail (CCT) on the Mendocino Coast, as well as eight coastal access trails on privately owned lands.
- MLT has four staff members including an executive director, a director of conservation and trails, a director of the Big River Program and Watershed Coalition, as well as a development coordinator/office manager. It has an active eight member board with expertise in finance, law, biology, land use planning, engineering, and organizational management.
- MLLT is a qualified conservation easement holder under California Civil Code Section 815.3.

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 Eel River 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.”

Property Tax Analysis

The lands that are recommended for donation to the Potter Valley Tribe will be held in fee by the Tribe. Therefore, the Tribe will pay property taxes on the donated lands.

Other Economic and Physical Impacts

The Settlement and Stipulation require an analysis of the physical and economic impacts of each fee title transfer. The transaction agreements for the donation of 673 acres within the Eel River 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

No land within Parcels 744-746 in the Eel River planning unit will be retained by PG&E. Any land within Parcel 748 in the Eel River planning unit that will be retained by PG&E will be included in a subsequent LCCP.

Lands to be Donated by PG&E

PG&E has provided the Eel River Planning Unit Environmental Site Assessment Report dated June 8, 2011, to the Potter Valley Tribe and MLT, fulfilling the disclosure requirements of the Land Conservation Commitment.

Environmental Agreement

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

7. Consideration of Parcel Split

To effectuate transfer of approximately 673 acres identified for donation to the Potter Valley Tribe within Parcels 744-746 and 748, 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 is developing 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 (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. The 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 (mid-2015)
- Close of escrow (end of 2015)
- Stewardship Council release of funds to MLT per conservation easement funding agreement (end of 2015)

Compliance with Local Land Use Planning Requirements

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

Appendix 1: Summary of Public Outreach

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.

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- 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.

EEL RIVER (Potter Valley Tribe - Trout Creek) 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 subject planning unit and the land conservation and conveyance process.

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

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

During public review of Volumes I and II of the LCP, the Stewardship Council received several comments regarding the Eel River planning unit. Public comments emphasized the following regarding the future management of the property:

- The importance of preserving historical resources and existing recreational uses
- Conduct cultural resource studies
- Establish native plant gathering and demonstration areas using traditional ecological knowledge
- Support for lands available for donation within the Mendocino National Forest to be transferred to the US Forest Service to support the consolidation of in-holding within the forest
- Support for the lands available for donation in Mendocino County to be transferred to a land trust to preserve old growth trees.
- Investigate the future use and management of the currently closed River Road south of the Eel River
- Prevent unauthorized uses on the property, such as unauthorized OHV use, illegal dumping, squatters, and marijuana farming
- Cleanup trash and illegal dump sites and install trash receptacles
- Protect old growth forest areas
- Ensure public access is allowed along the shores of Lake Pillsbury and the Eel River

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- No new roads
- Develop educational facilities in coordination with tribes.
- Review grazing leases to identify impacts to fish, wildlife, plants, water, and land
- Develop a fish hatchery to revitalize local fish populations

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

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 Eel River planning unit to a Public Information Meeting that was held in Ukiah, California on April 27, 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 the Eel River planning unit was hosted by the Stewardship Council on April 27, 2011 in, Ukiah, California. Attendees at the workshop included a total of 15 individuals representing a wide variety of interests including local, federal, and tribal governments; and community organizations, and community members. 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 Eel River planning unit.

The purpose of the workshop was to: (1) provide an overview of the land conservation process; and, (2) solicit additional public input on future stewardship of the two 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 Eel River planning unit that were recorded on the easels, provided on comment cards, or submitted in a letter subsequent to the meeting.

- Whitewater rafting studies are not as important as wildlife viewing and education facilities (there is some rafting on Trout Creek, but not whitewater)
- Support for the development of a cultural resource center or museum
- Protect the two Osprey nesting sites along the Eel River
- The old-growth forest along Trout Creek drainage (Parcels 744, 745 and 746) should be protected from any harvesting, even sustainable harvesting

IV. PUBLIC REVIEW OF LAND CONSERVATION PROGRAM POLICIES & GUIDELINES

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

Appendix 1: Summary of Public Outreach

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

Land Conservation Program Funding Policy

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

Guidelines for Achieving Property Tax Neutrality

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

Proposed methodology for achieving tax neutrality

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

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

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

Appendix 1: Summary of Public Outreach

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

All public comments received by staff concerning the fee and conservation easement recommendation at the Eel River planning unit were provided to the board for consideration at the relevant public board meeting.

VI. 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.

VII. STEWARDSHIP COUNCIL BOARD OF DIRECTORS MEETINGS

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

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

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DRAFT FOR DISCUSSION PURPOSES ONLY
2/4/15

RECORDING REQUESTED BY AND RETURN
TO:

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

Location: Mendocino County
Recording Fee \$-0- (Gov. Code §27383)
Document Transfer Tax \$ -0- (R & T Code §11922)

Signature of declarant or agent determining tax

(SPACE ABOVE FOR RECORDER'S USE ONLY)

LD {PG&E TO FILL IN}

DEED

GRANT DEED AND RESERVATION OF RIGHTS AND EASEMENTS

I. CONVEYANCE OF FEE

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, hereinafter called Grantor, hereby grants, without warranty express or implied, to the **POTTER VALLEY TRIBE**, a federally recognized American Indian Tribe, hereinafter called Grantee, the real property (“**Property**”), situated in the unincorporated area of the County of Mendocino, State of California, described as follows:

(APN #171-250-13, 171-250-02, 171-170-02, 171-180-04, 171-200-03, 171-200-09, 171-200-11, 171-210-03, 171-210-10, 171-230-19, 171-170-02, 171-230-20, 171-240-02, 171-260-02, 171-260-04).

(SBE # 135-23-1-3, 135-12-1-3, 135-23-1D-1, 135-23-1F-2, 135-23-1D-3, 135-23-1E-3, 135-23-1D-5).

{NOTE: THE APN AND SBE NUMBERS TO BE UPDATED AFTER SURVEY IS COMPLETE}

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 in Section III below.

II. RECITALS

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

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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 and Easements 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 Mendocino 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 any existing third party uses.

III. RESERVATION OF RIGHTS AND EASEMENTS

1. Reserved Rights. 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

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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. The Reserved Rights are as follows:

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

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

(2) The right to use, maintain, establish, construct, alter, expand and improve water sources, courses, and bodies within the Property, and to take, divert and appropriate water; provided, however, subject to any and all prior appropriative rights to such waters, Grantee shall be entitled to use reasonable amounts of water on the Property for domestic non-commercial uses, and to preserve the beneficial public values as identified in the LCP; and **[NOTE: THIS SECTION IS SUBJECT TO FURTHER DISCUSSION AND POSSIBLE REVISIONS TO CLARIFY MUTUAL UNDERSTANDING]**

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

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

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

(c) **{NOTE: THIS SECTION IS SUBJECT TO FURTHER DISCUSSION AND POSSIBLE REVISIONS TO CLARIFY MUTUAL UNDERSTANDING}** Grantor further reserves to itself the following permanent rights with respect to the foregoing reservations:

(1) of ingress to and egress from said easement areas over and across the Property by means of the existing road and/or any replacement or relocation thereof, otherwise by such route or routes as shall occasion the least practicable damage and inconvenience to Grantee and to use said roads, lanes, or routes to provide access to any of Grantor's easements and facilities on lands adjacent to the Property;

(2) the right, from time to time, to trim or to cut down any and all trees and brush now or at any time in the future within said easement areas, and shall have the further right, from time to time, to apply pesticides for the control of vegetation and/or insects, and/or to trim and cut down trees and brush along each side of said easement areas which now or hereafter in the opinion of Grantor may interfere with or be a hazard to Grantor's facilities, or as Grantor deems necessary to comply with applicable state or federal regulations;

(3) the right from time to time to enlarge, improve, reconstruct, relocate and replace any existing or future poles with any other number or type of poles either in the original location or at any alternate location or locations within said easement areas;

(4) to install, maintain and use gates in all fences which now or shall hereafter cross the Property and/or said easement areas; and

(5) the right to mark the location of said easement areas by suitable markers set in the ground; provided that said markers shall be placed in fences or other locations which will not interfere with any reasonable use Grantee shall make of said easement areas.

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

IV. TERMS OF GRANT

1. The conveyance by Grantor to Grantee pursuant to this Grant Deed and Reservation 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.

2. The provisions hereof shall inure to the benefit of and bind the successors and assigns of the respective parties hereto, and all covenants shall apply to and run with the Property. All future conveyances of the fee interest in the Property shall be consistent with the terms of the Governing Documents.

V. SPECIAL COVENANTS RELATED TO GRANTEE

1. Limited Waiver of Sovereign Immunity.

a) Grantor and Grantee (the "**Parties**") acknowledge that Grantee is a federally recognized Indian tribe and that Grantee and its officers, agents and assigns possess sovereign immunity from unconsented suit and other legal proceedings. Nothing in this Grant Deed shall be deemed to be a waiver of Grantee's sovereign immunity, except as provided in this Section V.1. The Parties agree that this Grant Deed is fully enforceable between them. Therefore Grantee waives its sovereign immunity, for the limited purpose of enforcing this Grant Deed (including each and all of the terms and conditions of this Grant Deed), and in accordance with, and as limited by, the terms of this Grant Deed.

b) With respect to all actions, suits, claims, proceedings or counterclaims brought by Grantor (each, a "**Claim**"), Grantee, and its officers and agents, each hereby expressly, unequivocally, unconditionally and irrevocably waives its sovereign immunity, and all defenses based thereon, from any suit, action, arbitration, or other legal proceeding or from any legal process, in each case of any nature, whether such action is brought in or arises under law, equity, contract, tort or statute (inclusive of claims and counterclaims, actions for equitable or provisional relief and to compel arbitration, and whether through service of notice, attachment prior to judgment, exercise of contempt powers, or otherwise) (an "**Action**"), for the limited purpose of resolving disputes between the Parties and the judicial enforcement thereof, as provided herein, and to resolve any controversy between the Parties arising from this Grant Deed to enforce or interpret the terms and conditions of this Grant Deed, as provided for in this Grant Deed.

c) Grantee, and its officers and agents each expressly, unequivocally, unconditionally and irrevocably waives any and all governmental immunities, including sovereign immunity, in connection with any Claim brought by Grantor arising from this Grant Deed and all defenses based thereon as provided for herein for the enforcement of any arbitration award, or judgment to enforce such an award, any form of relief, or order related thereto, or enforcement of any easement created as a result of this Grant Deed. Grantee further consents to the jurisdiction of an arbitrator and/or specified court under this Grant Deed including the consent to be sued and bound by a lawful order or judgment, to the extent provided for herein.

d) With respect to any Action arising out of this Grant Deed, Grantee and Grantor expressly consent to the jurisdiction of the United States District Court for the Northern District of

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California and, to the Mendocino County Superior Court and all related appellate courts, and any arbitrator selected pursuant to this Grant Deed, and Grantee specifically expressly, unequivocally, and irrevocably waives sovereign immunity for that limited purpose. Grantee and Grantor specifically agree that the United States District Court for the Northern District of California and, the Mendocino County Superior Court and all related appellate courts shall have jurisdiction to enter judgments enforcing rights and remedies provided for in this Grant Deed that shall include, but not be limited to injunctive relief, declaratory judgment, specific performance, and/or the awarding of monetary damages, which shall be binding and enforceable on Grantee, subject to the limitations set forth in this Grant Deed. No Party shall contest jurisdiction or venue of the United States District Court for the Northern District of California and the Mendocino County Superior Court and all related appellate courts, but only for disputes or claims between the Parties arising out of this Grant Deed. Grantee agrees to prohibit any tribal forum from exercising jurisdiction over the limited waiver of sovereign immunity and this Grant Deed, that it shall not plead or invoke the doctrine of exhaustion of tribal or other administrative or tribal judicial remedies, defenses of immunity or indispensable parties and hereby waives any and all such requirements.

e) Grantee agrees that to the extent any provisions of this Grant Deed are rendered ineffective by any later changes in tribal law, any such change shall constitute a breach of the terms of this Grant Deed and be actionable by Grantor under terms of this Grant Deed. The rights, privileges and interests protected by this Grant Deed are unique and any violation of this Grant Deed by either Party would result in irreparable harm and injury to the other Party. Grantee waives any benefits, rights, immunities, privileges or limitations in applicable tribal law that would otherwise foreclose specific performance, injunctive relief, money damages, or any other remedies or relief pursuant to this Grant Deed. Nothing in this Section precludes either Party from seeking injunctive relief in order to protect its rights during the dispute resolution process set forth herein. Grantee consents to injunctive relief in the forums enumerated in this Section V.1 should Grantee ever attempt to revoke, limit or restrict the limited waiver of sovereign immunity. The Parties consent to injunctive relief in the forums enumerated in this Section V.1 should any Party not comply with its obligations under this Grant Deed.

f) Without limiting any other provision contained herein, to the extent Grantee forms a company, corporation, limited liability company, board, enterprise, authority, division, branch, agency, instrumentality, political subdivision, governmental component, or other organization with intent to hold the Property, any resulting company, corporation, limited liability company, board, enterprise, authority, division, branch, agency, instrumentality, political subdivision, governmental component, or other organization will, by tribal resolution acceptable to Grantor, provide all of the same limited waivers of sovereign immunity as those set forth herein and be subject to all of the requirements and obligations applicable to Grantee as provided in this Grant Deed.

g) In any Action as to which Grantee has waived its sovereign immunity as provided herein, Grantee consents and agrees that process against Grantee shall be effective if served by sending two copies of the process by registered or certified mail to the Tribal Chairperson of Grantee at the following address (or such other address as Grantee shall provide from time to time):

[Add Grantee address]

Appendix 2: Grant Deed

2. Arbitration.

a) Invocation of Arbitration. At the option of Grantor, any Claim between the Parties, whether arising in contract, tort or statute, including controversies and Claims that arise out of or relate to this Grant Deed shall be resolved by binding arbitration in Sacramento, California. The arbitration shall be conducted in accordance with the procedural rules of the Federal Arbitration Act (Title 9, U.S. Code) and the regulations promulgated thereunder, notwithstanding any choice of law provision in this Grant Deed, and under the rules and procedures for the arbitration of financial services disputes of the American Arbitration Association or any successor thereof (“AAA”); provided, however, that the arbitration shall be heard and determined by a panel of three arbitrators. Any Party claiming the neglect or refusal of another Party to proceed with arbitration hereunder may make application to Mendocino Superior Court, or if jurisdiction over the action cannot be obtained in such court, in the United States District Court for the Northern District of California, as set forth in Section V.1 for an order directing the Parties to proceed with the arbitration in compliance with this Section V.2.

b) Confirmation and Enforcement of Arbitration Award. The arbitrator(s) shall give effect to statutes of limitation in determining any claim. At any time within one year after an arbitration award has been rendered and the parties thereto notified thereof, any Party to the arbitration may make application to Mendocino Superior Court, or if jurisdiction over the action cannot be obtained in such court, in the United States District Court for the Northern District of California, as set forth in Section V.1 for an order confirming the award. An arbitration award shall not be subject to review or modification by a court for any reason. The judgment confirming an award shall have the same force and effect in all respects as, and be subject to all the provisions of law relating to, a judgment in a civil action, and it may be enforced as if it has been rendered in a civil action in Mendocino Superior Court, or if jurisdiction over the action cannot be obtained in such court, in the United States District Court for the Northern District of California, as set forth in V.1. When the award requires the performance of any other act than the payment of money, the court shall direct the enforcement thereof in the manner provided by law.

c) Provisional Remedies. No provision of this Section V.2 shall limit the right of any Party to act in Mendocino Superior Court, or if jurisdiction over the action cannot be obtained in such court, in the United States District Court for the Northern District of California, as set forth in Section V.1 to obtain an interim remedy, such as but not limited to, injunctive relief or additional or supplemental remedies, in each case before, after, or during the pendency of any arbitration or other proceeding. The exercise of a remedy does not waive the right of Grantor to resort to arbitration.

3. Negative Covenants of Grantee.

Grantee shall not, and shall not permit any of Grantee’s representatives, agencies, instrumentalities or political subunits, including, without limitation, any company, corporation, limited liability company, board, enterprise, authority, division, branch, agency, instrumentality, political subdivision, governmental component, or other organization, directly or indirectly, to take any action, including without limitation, any action by referendum or initiative, purporting to: (1) repeal, rescind, nullify or abrogate the limited waivers of sovereign immunity of Grantee, as they are provided in this Grant Deed; (2) repeal, rescind, nullify or abrogate the consents to jurisdiction

Appendix 2: Grant Deed

and waiver of the exhaustion of tribal remedies as they are provided in this Grant Deed; (3) take any action under tribal law, including as may be amended, that would otherwise foreclose specific performance, injunctive relief, money damages, or any other remedies or relief from Grantee pursuant to this Grant Deed, (4) take any actions (including adopting laws or ordinances or petitioning any governmental agency to take any action) that conflicts with Grantor's rights; or (5) impair, annul, repudiate or contradict any material obligation of Grantee, under this Grant Deed; and in each case, Grantee agrees to give such further assurances as may be reasonably requested by Grantor to confirm and verify Grantee's compliance with this covenant, and Grantee further agrees not to assert that such provisions are not valid, binding and legally enforceable.

4. No Land into Trust or Conveyance to Certain Parties.

Grantee agrees that it shall not seek to have its interests in the Property taken into trust by the United States nor shall the Property be taken into trust by the United States or otherwise transferred, sold or conveyed to the Federal Government or another American Indian Tribe.

5. Equitable Relief.

Should any Party violate the continuing obligations of this Grant Deed, the Parties agree they may cause irreparable injury and that the other Party shall be entitled to an immediate injunction of the violative conduct, specific performance (as necessary), and reasonable attorney's fees.

VI. MISCELLANEOUS

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

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

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

4. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5. The Recitals in Section II above are hereby incorporated into this Grant Deed.

[SIGNATURES FOLLOW ON NEXT PAGE]

Appendix 2: Grant Deed

IN WITNESS WHEREOF, Grantor has duly executed and delivered this Grant Deed and Reservation of Rights and Easements as of _____.

GRANTOR:

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By: _____

Print Name: _____

Its: _____

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

GRANTEE:

POTTER VALLEY TRIBE,
a federally recognized American Indian Tribe

By: _____

Print Name: _____

Its: _____

{PG&E ADMIN BLOCK TO BE INSERTED}

Appendix 2: Grant Deed

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

State of California)
County of _____)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

Appendix 2: Grant Deed

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

State of California)
County of _____)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

Appendix 3: Conservation Easement

Recorded at the request
of and when recorded return to:

MENDOCINO LAND TRUST
P.O BOX 1094
MENDOCINO, CA 95460

Assessor's Parcel Numbers (APNs):

Space above line for Recorder's use

DEED OF CONSERVATION EASEMENT

THIS DEED OF CONSERVATION EASEMENT (the "Easement") is executed this ____ day of _____, 20____ and shall be effective on the date this Easement is recorded in the Official Records of Mendocino County, California ("Effective Date"), by **POTTER VALLEY TRIBE**, a federally recognized American Indian Tribe ("Tribe" or "the Tribe") in favor of the **MENDOCINO LAND TRUST, INC.**, a California nonprofit public benefit corporation ("Trust"). The Tribe and the Trust may be individually referred to as a "Party" and may be jointly referred to as the "Parties" in this Easement.

RECITALS

WHEREAS, the Tribe is the owner in fee simple of certain real property, in Mendocino County, California, consisting of approximately 723 acres, more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Property");

WHEREAS, the Trust is a publicly-supported, tax exempt nonprofit organization, qualified under Section 501 (c) (3) of the Internal Revenue Code of 1986, as it may be amended from time to time, 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;

WHEREAS, 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;

WHEREAS, Pacific Gas and Electric Company, a public utility corporation ("PG&E"), transferred fee title in the Property to the Tribe in accordance with that certain Grant Deed, recorded in the Official Records of Mendocino County, California concurrently herewith (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 (the "PG&E Reserved Rights"), and

Appendix 3: Conservation Easement

(2) those legally-enforceable third party rights to use the Property in effect as of the Effective Date, as listed on Exhibit C attached hereto and incorporated herein by reference, true and complete copies of which have been provided to, and reviewed and accepted by, Trust (the “Existing Third Party Uses”);

WHEREAS, PG&E transferred fee title to the Property to the Tribe in connection with PG&E’s implementation of the “Land Conservation Commitment” provided for in the following documents and described more fully below:

(1) That certain Settlement Agreement (the “Settlement Agreement”) as modified and approved by the Public Utilities Commission of the State of California (the “Commission”) in its Opinion and Order of December 18, 2003 (Decision 03-12-035); and

(2) That certain Stipulation Resolving Issues Regarding the Land Conservation Commitment dated September 25, 2003 (the “Stipulation”);

WHEREAS, the Settlement Agreement and the Stipulation (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 (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 (collectively, the “Beneficial Public Values” or “BPVs”). The Stipulation provides that conservation easements will preserve or enhance reasonable public access. The Property is included in these Watershed Lands. Appendix E to the Settlement Agreement (the “Land Conservation Commitment”) provides that “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.” The Land Conservation Commitment constitutes the obligations of PG&E to convey fee title and/or donate conservation easements to Watershed Lands, and to protect the Beneficial Public Values of the Watershed Lands, as well as certain other obligations related thereto, as set forth in detail in the Governing Documents;

WHEREAS, the Property includes the specific Beneficial Public Values identified on Exhibit D attached hereto and incorporated herein by reference (collectively, the “Conservation Values”);

WHEREAS, the Conservation Values are of great importance to the Tribe, the people of Mendocino County and the people of the State of California;

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

WHEREAS, the Governing Documents also include a requirement that conservation easements encumbering Watershed Lands will honor existing agreements for economic uses, including consumptive water deliveries;

{00268803.DOCX.}

Appendix 3: Conservation Easement

WHEREAS, pursuant to the Governing Documents, the Pacific Forest and Watershed Lands Stewardship Council, a California nonprofit public benefit corporation (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 (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;

WHEREAS, the grant of this Easement will serve clearly delineated Federal, state and local governmental conservation policies as follows:

1. Resource Management goals and policies in the Mendocino County General Plan, adopted in August 2009:
 - (a) Goal RM-5 (Ecosystems) Prevent fragmentation and loss of the county’s oak woodlands, forests, and wildlands and preserve their economic and ecological values and benefits.
 - (b) Goal RM-7 (Biological Resources) Protection, enhancement and management of the biological resources of Mendocino County and the resources upon which they depend in a sustainable manner.
 - (c) Goal RM-11 (Forestry) To protect and enhance the county’s diverse forest resources for all uses including timber harvest.
 - (d) Goal RM-14 (Visual Character) Protection of the visual quality of the county’s natural and rural landscapes, scenic resources, and areas of significant natural beauty.
 - (e) Policy RM-1: Protect stream corridors and associated riparian habitat.
 - (f) Policy RM-24: Protect the county’s natural landscapes by restricting conversion and fragmentation of timberlands, oak woodlands, stream corridors, farmlands, and other natural environments.
 - (g) Policy RM-25: Prevent fragmentation and loss of our oak woodlands, forests, and wildlands and preserve the economic and ecological values and benefits.
 - (h) Policy RM-26: Protect, use and manage the county’s farmlands, forests, water, air, soils, energy, and other natural resources in an environmentally sound and sustainable manner.
 - (i) Policy RM-27: Conserve, restore and enhance natural resources, sensitive environments, and ecological integrity.
 - (j) Action Item RM-27.1: Identify and maintain wildlife movement corridors to support biodiversity and healthy natural processes.
 - (k) Maintain and improve oak woodland habitat to provide for slope stabilization, soil protection, species diversity and wildlife habitat through the following measures:
 - Preserve, to the maximum extent possible, oak trees and other vegetation that occur near the heads of drainages or depressions to maintain diversity of vegetation type and wildlife habitat as part of agricultural projects.
 - Comply with the Oak Woodlands Preservation Act (PRC Section 21083.4) regarding oak woodland preservation to conserve the integrity and diversity of oak woodlands, and retain, to the maximum extent feasible, existing oak woodland and

Appendix 3: Conservation Easement

chaparral communities and other significant vegetation as part of residential, commercial, and industrial approvals.

- (l) Policy RM-32: Use conservation and open space easements, growth boundaries, tax incentives, and other tools to:
 - Protect, restore, and enhance significant resource values.
 - Reduce premature conversion of resource lands in and around community areas.
 - Provide linkages between natural resource areas.
- (m) Action Item RM-79.3: Promote conservation easements to protect wildlife habitat, wetlands and other sensitive environments.
- (n) Policy RM-89: Conserve and enhance watercourses to protect habitat, fisheries, soils, and water quality.
- (o) Policy RM-127: Support land trusts and similar organizations in identifying and protecting lands and corridors with significant resource, recreational or scenic values.
- (p) Action Item RM-127.1: Continue to protect the scenic qualities of uplands and rural landscapes through measures such as Timberland Production and large lot zoning controls, clustering, the Williamson Act, the Forest Practices Act, and good management of public lands.
- (q) Policy RM-128: Protect the scenic values of the county's natural and rural landscapes, scenic resources, and areas of significant natural beauty;

WHEREAS, the Conservation Values of the Property include a mixed hardwood and conifer forest ecosystem as well as riparian ecosystems and fish-bearing streams. The utilization, protection, and restoration of such ecosystems is recognized by the Mendocino County General Plan, the California Forest Practices Act (Pub. Res. Code Section 4511 et seq.), the Timberland Productivity Act of 1982 (Gov. Code Section 51100 et seq.), and the Open Space Easement Act (Gov. Code Section 51070 et seq.) as providing public benefit, including protection of values relating to fish and wildlife habitat, watershed, aesthetic enjoyment and the long-term sustainable production of forest products;

WHEREAS, the Tribe intends to preserve and maintain the Conservation Values of the Property by restricting those land uses on the Property that may significantly impair the Conservation Values;

WHEREAS, the specific Conservation Values of the Property are further documented in a Baseline Conditions Documentation Report (the "Baseline Report") of relevant features of the Property, which is incorporated herein by this reference. The original Baseline Report is on file at the offices of the Trust and consists of descriptions, maps, and other documentation, which the Parties agree provide, collectively, an accurate representation of the Property as of the Effective Date and which is intended to serve as an objective, though not exclusive, information baseline for monitoring compliance with the terms of this Easement. The parties intend that the Baseline Report shall be used by Trust to monitor the Tribe's compliance with the terms of this Easement. The Parties further agree that, in the event a controversy arises with respect to the condition of the Property or a particular resource thereof, the Parties shall not be foreclosed from utilizing any other relevant document, survey, or report to assist in the resolution of the controversy;

WHEREAS, the Tribe has ancestral and aboriginal ties to the Property that pre-date ownership under state or federal laws. As an aboriginal tribe with significant ties to the Property, it seeks to protect the lands and has therefore agreed to take fee title to the Property subject to this Easement; and

Appendix 3: Conservation Easement

WHEREAS, in furtherance of the Land Conservation Commitment and the above-described public policy purposes, the Tribe desires to grant a conservation easement over the Property to the Trust;

AGREEMENT

NOW, THEREFORE, in consideration of the above and the mutual covenants, terms, conditions, and restrictions contained herein, and pursuant to the common and statutory law of the State of California, including the provisions of Civil Code Section 815 et seq., the Tribe hereby grants and conveys to Trust, and Trust accepts from the Tribe, a conservation easement in gross forever in, on, over and across the Property, restricting forever the uses that may be made of the Property. The Tribe hereby declares that the Property shall be held, transferred, sold, conveyed, given, leased, occupied, and used subject to all the restrictions, covenants, easements, equitable servitudes, and affirmative obligations set forth in this Easement, which will run with the land and burden the Property in perpetuity.

1. PURPOSE AND GENERAL EFFECT OF EASEMENT

1.1 Conservation Purposes. The purposes of this Easement are to protect and preserve in perpetuity the Conservation Values on the Property by restricting any use of the Property that will significantly impair the Conservation Values, all subject to and in accordance with the terms and conditions of this Easement (the “Conservation Purposes”). Subject to the following terms and conditions, the Tribe intends that this Easement will confine the uses of the Property to such activities that are consistent with the Conservation Purposes. As used in this Easement, the terms “impair” and “impairment” mean to diminish in quantity, quality, value, strength or viability. As used in this Easement, the terms “significant” and “significantly,” when used with “impair” and “impairment,” respectively, mean a greater than negligible adverse impact, for more than a transient period.

1.2 Balancing Uses and Values. The Tribe and Trust acknowledge that the Governing Documents reflect the intention of the parties thereto (a) to honor Existing Third Party Uses and (b) to continue to permit beneficial uses of the Property that preserve and/or enhance the Conservation Values. It is intended that this 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 Value may impair, on an individual and stand-alone basis, one or more other Conservation Values, Tribe and Trust understand that achieving the Conservation Purposes requires the preservation and protection, on balance, of all of the Conservation Values actually existing on the Property, 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. All attempts should be made to balance on a collective basis, the Conservation Values on the whole Property, whenever possible. This Easement prohibits use of the Property for any purpose that would significantly impair the Conservation Purposes on a collective, not individual basis, taking into account the relative condition and quality of each of the Conservation Values on the Property as of the effective date of this Easement.

1.3 Tribe’s Retained Rights. The Parties agree that the Tribe's retention of certain rights expressly specified in this Easement, including residential, recreational, and commercial uses, is consistent with the Conservation Purposes, provided those rights are exercised in accordance with the terms of this Easement.

Appendix 3: Conservation Easement

2. PERPETUAL RESTRICTIONS

This Easement shall run with and burden title to the Property in perpetuity and shall bind the Tribe and all future owners, tenants, and holders of interest in the Property and their successors, heirs and assigns in perpetuity.

3. RIGHTS CONVEYED

The rights conveyed to Trust by this Easement are the following:

3.1 Identification and Protection. To identify, together with the Tribe, the Conservation Values of the Property; to monitor and enforce the Conservation Purposes and other terms of this Easement; subject, however, to Tribe's reserved rights as herein provided and further subject to all Existing Third Party Uses.

3.2 Access. To enter upon the Property, at Trust's sole cost and expense and accompanied, in Trust's sole and absolute discretion, by Trust's employees, agents and/or consultants, to inspect the same and to monitor the Tribe's compliance with the terms of this Easement. In addition, Trust shall have the right of access to and entry upon the Property, upon advance notice to the Tribe and upon the Tribe's express permission, which shall not be unreasonably withheld, conditioned or delayed, to study and make scientific observations and surveys of the Property's natural elements and ecosystems. Except in cases where Trust determines that immediate entry is required to prevent, terminate, or mitigate a violation of this Easement, any such entry shall be upon at least five (5) business days' advance notice to the Tribe and shall not in any case unreasonably interfere with the Tribe's use and quiet enjoyment of the Property. The monitoring rights set forth in this Section 3.2 include Trust's right to monitor the Property before and after timber harvesting pursuant to Section 10 of Exhibit E to this Easement.

3.3 Educational Activities. To use the Property for educational and scientific purposes and to conduct day hikes up to three (3) times per year on the Property for up to thirty (30) people per hike, supervised by Trust. Trust shall consult at least one (1) month in advance with the Tribe to arrange dates amenable to both Parties for any such uses of the Property. Trust shall provide evidence to the Tribe that it is adequately covered by liability insurance prior to accessing the Property for these purposes. No other access rights for the general public are conveyed to Trust by this Easement.

3.4 Signage. To erect and maintain signs or other appropriate markers in prominent locations on the Property acceptable to the Tribe, visible from a public road, bearing information indicating that the Property is protected by Trust and acknowledging partners in the successful development of this Easement. The wording of the information shall be determined by Trust and the Tribe, and shall clearly indicate that the Property is privately owned subject to limited public access. Trust shall be responsible for the costs of erecting and maintaining such sign or marker.

3.5 Injunction and Restoration. To enjoin any activity on, or use of, the Property that is not in compliance with the terms of this Easement; to require the reasonable restoration of such

Appendix 3: Conservation Easement

areas or features of the Property as may be damaged by such violation of the terms of this Easement; and to seek any legal or equitable remedy available under applicable law for a violation of the terms of this Easement.

3.6 Solar Rights. All rights to install “solar energy structures,” as that term is defined in Section 3(a)(ii) of Exhibit E of this Easement, or operate solar energy systems, other than those rights expressly permitted in in Exhibit E of this Easement, are conveyed by the Tribe to the Trust, and shall not be applied or utilized by Trust.

4. RESERVED RIGHTS OF PG&E

All rights and obligations of the Tribe and Trust under this Easement are subject to the PG&E Reserved Rights set forth in the Grant Deed attached hereto as Exhibit B. In the event of a conflict between the PG&E Reserved Rights and the Conservation Purposes, this Easement shall be construed to unconditionally permit the exercise of the PG&E Reserved Rights. In the event PG&E notifies the Tribe of its intention to exercise any of the PG&E Reserved Rights, the Tribe shall notify Trust, in writing, of such intention within sixty (60) days of the Tribe’s receipt of such notification.

5. TRIBE’S RESERVED RIGHTS AND PROHIBITED USES

5.1 Reserved Rights. The Tribe reserves to itself and to its personal representatives, heirs, successors, and assigns, 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 are consistent with the terms of this Easement, including but not limited to the Conservation Purposes, and applicable law, and are not otherwise expressly prohibited herein. Without limiting the generality of the foregoing, those uses and practices described in Exhibit E attached hereto and incorporated herein by this reference, are expressly or conditionally permitted, as the case may be, so long as they are carried out in a manner consistent with the terms of Exhibit E and this Easement.

5.2 Prohibited Uses. The uses of the Property set forth in Exhibit F, attached hereto and incorporated herein by this reference, are prohibited on the Property except to the extent (if any) expressly or conditionally permitted elsewhere in this Easement, including Exhibit E.

6. GENERAL REQUIREMENTS FOR ALL USES

6.1 Compliance with Terms, Conditions and Conservation Purposes of this Easement. All activities on the Property shall be conducted in a manner that is consistent with the Conservation Purposes of this Easement, and in accordance with the specific terms set forth in this Easement.

6.2 Protection of Conservation Values. All uses and activities on the Property shall be undertaken in a manner that does not significantly impair the Conservation Values, including minimizing soil degradation and pollution to, or degradation of, any surface or subsurface waters.

Appendix 3: Conservation Easement

6.3 Compliance with Laws. All activities and uses permitted on the Property pursuant to this Easement shall be subject to, and undertaken in accordance with, all federal, state, and local statutes, ordinances, rules, and regulations applicable to a landowner with respect to such uses and activities.

7. THIRD PARTY USE OF THE PROPERTY

7.1 Express Third Party Uses. Exhibit C sets forth the Existing Third Party Uses. The Tribe retains the right to maintain, renew, and replace all agreements memorializing the Express Third Party Uses identified in Exhibit C ("Third Party Use Agreements") and to engage in all activities reasonably required to comply with the Tribe's obligations with respect to the Express Third Party Uses, subject to the following conditions:

7.1.1 Increases in Intensity or Expansion of Location or Size or Change in Use. Any (i) increase in the intensity, or (ii) expansion of the location or size, or (iii) a change in the use, of an Express Third Party Use (whether through a new agreement or an amendment to an existing agreement), that the Tribe determines in the Tribe's reasonable discretion exercised in good faith is likely to significantly impair the Conservation Values shall be subject to Trust's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed by Trust.

7.1.2 Renewal or Replacement of Third Party Use Agreements. All Third Party Use Agreements existing on the date hereof are identified on Exhibit C. As Third Party Use Agreements are renewed or replaced (either with the existing user or a new user), the Tribe, in consultation with Trust, 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.

7.1.3 Enforcement of Third Party Use Agreements. If the Tribe or Trust discovers any default under a Third Party Use Agreement that significantly impairs the Conservation Values (and if Trust makes such discovery, Trust gives Tribe written notice thereof), the Tribe shall use reasonable efforts to enforce such Third Party Use Agreement or otherwise remedy such violation, at Tribe's sole expense.

8. PRIOR NOTICE BY THE TRIBE AND APPROVAL OF TRUST

8.1 The Tribe's Written Notice. No less than sixty (60) days (unless the Parties mutually agree to shorten the time for Notice) prior to the Tribe's intended commencement of any enterprise, use or activity on the Property that expressly requires Trust's approval or notice pursuant to the terms hereof or that may significantly impair the Conservation Values, the Tribe shall send Trust written notice of the intention to commence or undertake such enterprise, use or activity. Said notice shall inform Trust of all aspects of such proposed enterprise, use or activity, including, but not limited to, the nature, siting, size, capacity, and number of structures, improvements, facilities, or uses.

8.2 Trust's Address. Any notice that is desired or required to be sent to Trust shall be sent by registered or certified mail, return receipt requested, or by a private delivery service and shall

Appendix 3: Conservation Easement

be addressed to Trust at P.O. Box 1094, Mendocino, CA 95460, or to such other address as the Tribe from time to time may be informed of in writing by Trust.

8.3 Trust's Response. Trust shall have up to thirty (30) days from Trust's receipt of such notice, as indicated by the registered or certified return receipt, or indication of delivery by a private delivery service, to review the proposed enterprise, use or activity, including timber harvest plans or harvest plan amendments, and to notify the Tribe of its approval thereof or any objection thereto. Trust will respond to the Tribe's notice in a time-sensitive manner and shall not unreasonably withhold or condition its approval. Any objection shall be based upon Trust's determination that the proposed enterprise, use or activity is inconsistent with the Conservation Purposes and other terms of this Easement or is likely to significantly impair the Conservation Values. In the event that Trust opts to retain an expert, at its sole cost, to assist in the review of the proposed enterprise, use or activity, Trust may have an additional thirty (30) days for its review, so long as Trust notifies the Tribe in writing of Trust's need for such extension within the original 30-day period mentioned above. If, in Trust's judgment, compliance with the terms of this Easement is possible, Trust's response shall inform the Tribe of the manner in which the proposed enterprise, use or activity can be modified to be consistent with the terms of this Easement. Except as provided below, for any enterprise, use or activity that expressly requires Trust's approval pursuant to the terms hereof, only upon Trust's express written approval may the proposed enterprise, use or activity be commenced and/or conducted, and only in the manner explicitly represented by the Tribe and approved by Trust.

For any expressly permitted activity in Exhibit E that requires only notification to Trust and not approval of Trust, if Trust has not requested additional time as provided above and/or has not objected in writing that such activity requires Trust's approval within thirty (30) days of Trust's receipt of the Tribe's notice, then the Tribe may proceed with the activity exactly as outlined in the Tribe's notice to Trust.

8.4 Tribe's Address. Any notice that is desired or required to be sent to the Tribe shall be sent by registered or certified mail, return receipt requested, or by a private delivery service, and shall be addressed to the Potter Valley Tribe at 2251 S. State Street, Ukiah, CA 95482 or to such other address as Trust from time to time may be informed of in writing by the Tribe.

8.5 No Activity Pending Resolution. After Trust's response to the Tribe's notice and pending the determination by Trust, which may include invocation of mediation or other dispute resolution, the use or activity may not be conducted until the matter is finally resolved.

8.6 Trust's Failure to Respond. For activities that require advance approval of Trust pursuant to the terms hereof, should Trust fail to post its response to the Tribe's notice within the thirty (30)-day period provided in Section 8.3 above (as such period may be extended as provided therein), the Tribe shall send a second copy of the notice to Trust by registered or certified mail. Should Trust fail to respond to the second notice within ten (10) days of its receipt thereof, such request is deemed approved, Trust having no further right to object to the enterprise, use or activity identified by such notice, provided that the Tribe conducts the action as noticed.

8.7 Notice for Acts Beyond The Tribe's Control. The Tribe shall be under no liability or obligation for the failure to give prior notice with regard to any prudent action taken by the Tribe under emergency conditions to prevent, abate or mitigate significant injury to the Property or to any person resulting from causes beyond the Tribe's control, including, without limitation, fire, flood,

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storm, and earth movement, or from any other cause beyond the control of the Tribe similar to those occurrences specified; provided, however, that the Tribe shall provide notice to Trust of such emergency action as soon as reasonably feasible under the circumstances.

9. MEDIATION, REMEDIES, AND RESTORATION

9.1 Mediation. If a dispute arises between the Parties concerning the compliance of any existing or proposed use, enterprise or activity with the terms of this Easement, they may elect to enter into mediation. Should the Parties agree to enter into mediation, the Parties shall select a single trained and impartial mediator within fifteen (15) days of said agreement to enter into mediation. If the Parties are unable to agree on the selection of a single mediator, then the Parties may jointly apply to the American Arbitration Association for the appointment of a trained and impartial mediator. Mediation shall then proceed in accordance with the following guidelines:

9.1.1 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 issues in the dispute; and (iii) assist the Parties to develop proposals that will enable them to arrive at a mutually acceptable resolution of the controversy. The mediation shall not result in any express or de facto modification or amendment of the terms, conditions, or restrictions of this Easement.

9.1.2 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.

9.1.3 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.

9.1.4 Time Period. Neither Party shall be obligated to continue the mediation process beyond a period of one hundred twenty (120) days from the date of the selection or appointment of a mediator or if the mediator concludes that there is no reasonable likelihood that continuing mediation will result in mutually agreeable resolution of the dispute.

9.1.5 Costs. The cost of the mediator shall be borne equally by the Tribe and Trust; the Parties shall bear their own expenses, including attorneys' fees, individually.

9.2 Trust's Remedies. If Trust determines that the Tribe, or a third party sanctioned by the Tribe, is in violation of the terms of this Easement or that a violation is threatened, Trust shall give written notice to the Tribe of such violation and demand corrective action sufficient to cure the violation and, where the violation involves injury to the Property, to restore the portion of the Property so injured. If the Tribe:

9.2.1 fails to cure the violation within thirty (30) days after receipt of notice thereof from Trust;

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9.2.2 under circumstances where the violation cannot reasonably be cured within a thirty (30) day period, fails to begin curing such violation within thirty (30) days of the date mutually agreed upon by the Tribe and Trust as the date when efforts to cure such violation can reasonably begin; or

9.2.3 fails to continue diligently to cure such violation until finally cured, **THEN** Trust 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 by a temporary or permanent injunction, to recover any damages to which it may be entitled for the violation of the terms of this Easement, and/or to require the restoration of the Property to the condition that existed prior to any such violation. If Trust, in its sole discretion, determines that circumstances require immediate action to prevent or mitigate significant impairment of the Conservation Values, Trust may pursue its remedies under this section without waiting for the period provided for a cure to expire. Trust's rights under this section apply equally in the event of either actual or threatened violations of the terms of this Easement, and the Tribe agrees that Trust's remedies at law for any violation of the terms of this Easement are inadequate and that Trust shall be entitled to the injunctive relief described in this section, both prohibitive and mandatory, in addition to such other relief to which Trust 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. Trust's remedies described in this section shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity.

9.3 **Costs of Enforcement.** If Trust is successful in bringing its judicial claims, any costs incurred by Trust in enforcing the terms of this Easement against the Tribe, including reasonable costs of suit and attorneys' fees, and costs of restoration necessitated by the Tribe's violation of the terms of this Easement shall be borne by the Tribe. If the Tribe prevails in any action to enforce the terms of this Easement, the Parties shall bear their own costs, including attorneys' fees, individually; provided, however, that if Trust initiates litigation against the Tribe to enforce this Easement, and if the court determines that such litigation was initiated without reasonable cause or in bad faith, then Trust shall reimburse the Tribe's reasonable costs and reasonable attorneys' fees in defending the action.

9.4 **Trust's Discretion.** Enforcement of the terms of this Easement shall be at the discretion of Trust, and any forbearance by Trust to exercise its rights under this Easement in the event of any breach of any provision of this Easement by the Tribe shall not be deemed or construed to be a waiver by Trust of such provision or of any subsequent breach of the same or any other provision of this Easement or of any of Trust's rights under this Easement. No delay or omission by Trust in the exercise of any right or remedy upon any breach by the Tribe shall impair such right or remedy or be construed as a waiver. However, the Parties agree that this Easement does not toll any statute of limitations that would otherwise apply to any claim by Trust or waive any other defenses that the Tribe might legally be entitled to (except for as set forth in Section 10 herein) based upon its reliance on actions or a failure to act on the part of the Trust.

9.5 **Liability for Acts Beyond The Tribe's Control.** Nothing contained in this Easement shall be construed to entitle Trust to bring any action against the Tribe for any injury to or change in the Property resulting from any cause beyond the Tribe's control including, without limitation, fire, flood, storm, and earth movement, or from any prudent action taken by the Tribe under emergency conditions to prevent, abate or mitigate significant injury to the Property resulting from such causes.

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9.6 Third-Party Violations. In the event the act of a trespasser significantly impairs the Conservation Values, the Tribe shall provide notice to Trust of such trespass and shall consult with Trust as to whether the Tribe, Trust, or both should take action in response to such trespass; what restoration actions may be necessary and appropriate to cure any significant impairment to the Conservation Values resulting from the trespass; and how any damages recovered from the trespasser should be applied to the cost of undertaking any corrective action on the Property. In the event the act of a trespasser significantly impairs the Conservation Values, and the Tribe has not undertaken, and has decided not to undertake, suit itself, the Tribe agrees, at Trust's request, to assign the Tribe's right of action to Trust, or to appoint Trust as its attorney-in-fact, for the purpose of pursuing an enforcement action against the trespasser. Any damages recovered from the trespasser shall first be applied to any expense reasonably incurred by the Tribe and/or Trust in connection with undertaking any action against the trespasser and next applied to any cost incurred in undertaking corrective action on the Property, with the remainder divided between the Tribe and Trust in proportion to the ratio set forth in Section 15.2; provided, however, that Trust shall be entitled to all remaining damages after payment of costs and expenses of suit and, at Trust's election in its sole and absolute discretion, payment of any cost incurred in undertaking corrective action on the Property, if applicable, in the event that it alone pursues an enforcement action against the trespasser pursuant to the terms of this paragraph. The terms of this Section 9.6 shall not be construed to supersede the provisions of Sections 12 and 13 of this Easement.

10. SOVEREIGN IMMUNITY

10.1 The Parties acknowledge that the Tribe is a federally recognized Indian tribe and that the Tribe possesses sovereign immunity from unconsented suit and other legal proceedings. Nothing in this Easement shall be deemed to be a waiver of the Tribe's sovereign immunity, except as provided in this Section 10. The Parties agree that this Easement is fully enforceable between them. Therefore the Tribe waives its sovereign immunity for purposes of enforcing this Easement, and in accordance with, and as limited by, the terms of this Easement.

10.2 With respect to all actions, suits, claims, proceedings or counterclaims (each, a "Claim"), the Tribe, and its respective officers and agents, each hereby expressly, unequivocally, unconditionally and irrevocably waives its sovereign immunity, and all defenses based thereon, from any suit, action, arbitration, or other legal proceeding or from any legal process, in each case of any nature, brought by the Trust or its successors and assigns or any party that is legally entitled to enforce this Easement, whether such action is brought in or arises under law, equity, contract, tort or statute (inclusive of claims and counterclaims, actions for equitable or provisional relief and to compel arbitration, and whether through service of notice, attachment prior to judgment, exercise of contempt powers, or otherwise) (an "Action"), for the sole purpose of the resolution of disputes and the judicial enforcement thereof, as provided herein, and to resolve any controversy arising from this Easement to enforce or interpret the terms and conditions of this Easement, as provided for in this Easement.

10.3 The Tribe, and its respective officers and agents each expressly, unequivocally, unconditionally and irrevocably waives any and all governmental immunities, including sovereign immunity, in connection with any Claim by Trust or its successors and assigns or any party legally entitled to enforce this Easement arising from this Easement, and all defenses based thereon as provided for herein for the enforcement of any arbitration award, or judgment to enforce such an award, any form

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of relief, or order related thereto. The Tribe further consents to the jurisdiction of an arbitrator and/or specified court under this Easement including the consent to be sued and bound by a lawful order or judgment, to the extent provided for herein.

10.4 With respect to any Action by Trust or its successors and assigns or any party legally entitled to enforce this Easement arising out of this Easement, the Tribe and Trust expressly consent to the jurisdiction of the United States District Court for the Northern District of California and, to the Mendocino County Superior Court and all related appellate courts, and any arbitrator selected pursuant to this Easement, and the Tribe specifically expressly, unequivocally, and irrevocably waives sovereign immunity for that purpose. The Tribe specifically agrees that the United States District Court for the Northern District of California and, the Mendocino County Superior Court and all related appellate courts shall have jurisdiction to enter judgments enforcing rights and remedies provided for in this Easement that shall include, but not be limited to injunctive relief, declaratory judgment, specific performance, and/or the awarding of monetary damages, which shall be binding and enforceable on the Tribe, subject to the limitations set forth in this Easement. No Party shall contest jurisdiction or venue of the United States District Court for the Northern District of California and the Mendocino County Superior Court and all related appellate courts, but only for disputes or claims arising out of this Easement. The Tribe agrees to prohibit any tribal forum from exercising jurisdiction over the waiver of sovereign immunity and this Easement, and that it shall not plead or invoke the doctrine of exhaustion of tribal or other administrative or tribal judicial remedies, defenses of immunity or indispensable parties and hereby waives any and all such requirements.

10.5 The Tribe agrees that to the extent any provisions of this Easement are rendered ineffective by any later changes in tribal law, any such change shall constitute a breach of this Easement and be actionable under terms of this Easement. Nothing in this Section precludes any party from seeking injunctive relief in order to protect its rights during the dispute resolution process set forth herein. The Tribe consents to injunctive relief in the forums enumerated in this Section 10 should the Tribe ever attempt to revoke or limit the waiver of sovereign immunity or otherwise not comply with its obligations under this Easement.

10.6 Without limiting any other provision contained herein (including the restrictions on assignment contained in Section 14), to the extent the Tribe forms a company, corporation, limited liability company, any other government, any corporation, board, enterprise, authority, division, branch, political subdivision, agency, instrumentality or governmental component directly or indirectly owned or controlled by Tribe or such other government with intent to hold the Property, such entity shall, by tribal resolution acceptable to the Trust, provide all of the same limited waivers of sovereign immunity as those set forth herein and be subject to all of the requirements and obligations applicable to the Tribe as provided in this Easement.

10.7 In any Action as to which the Tribe has waived its sovereign immunity as provided herein, the Tribe consents and agrees that process against the Tribe be effective if served by sending two copies of the process by registered or certified mail to the Tribal Chairperson of at the address set forth in Section 8.4 of this Easement.

11. COSTS AND TAXES

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11.1 Costs, Legal Requirements and Liabilities. The Tribe retains all responsibilities and shall bear all costs and liabilities of any kind related to the ownership, operation, upkeep, and maintenance of the Property. The Tribe remains solely responsible for obtaining any applicable governmental permits and approvals for any activity or use permitted by this Easement and for undertaking any such activity or use in accordance with all applicable federal, state and local laws, regulations and requirements.

11.2 Taxes. The Tribe shall pay or cause to be paid before delinquency all taxes, assessments, fees, and charges of whatever description levied on or assessed against the Property by competent authority (collectively, "taxes"), including any such taxes imposed upon, or incurred as a result of, this Easement, and shall furnish Trust with satisfactory evidence of payment upon request. It is intended that this Easement constitute an enforceable restriction within the meaning of Article XIII, Section 8 of the California Constitution, and that this Easement qualify as an enforceable restriction under the provisions of California Revenue and Taxation Code Section 402.1 or successor statute.

12. ENVIRONMENTAL MATTERS

12.1 Trust not Operator. Notwithstanding any other provision herein to the contrary, this Easement shall not be construed such that it imposes on, creates in or gives Trust any obligation, right or ability to exercise physical or managerial control of the day-to-day operations of the Property or of the Tribe's activities on the Property.

12.2 Hazardous Substance. The term "Hazardous Substance" means (1) any chemical, compound, material, mixture or substance that is now or hereafter defined or listed in, or otherwise classified pursuant to any federal, state or local laws regulations and ordinances, as a "hazardous substance," "hazardous material," "hazardous waste," "extremely hazardous waste," "infectious waste," "toxic substance," "toxic pollutant," or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, or "PE toxicity" and (2) any petroleum, natural gas, natural gas liquid, liquefied natural gas, synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas), ash produced by a resource recovery facility utilizing a municipal solid waste stream, and drilling fluids, produced waters, and other wastes associated with the exploration, development or production of crude oil, natural gas, or geothermal sources.

12.3 Non-Responsibility. Trust shall have no responsibility whatsoever for the operation of the Property, the monitoring of hazardous conditions thereon, or the protection of the Tribe, the public, or any third parties from risks relating to conditions on the Property. Notwithstanding any other provision of this Easement to the contrary, the Parties do not intend and this Easement shall not be construed such that (1) it creates in Trust the obligations or liabilities of an "owner" or "operator" as those words are defined and used in the environmental laws, as defined below, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 United States Code Section 9601 et seq.); or (2) it creates in Trust the obligations or liabilities of a person described in 42 United States Code Section 9607(a)(3); or (3) Trust has the right to investigate and remediate any hazardous substances associated with the Property; or (4) Trust has any control over the Tribe's ability to investigate and remediate any hazardous materials associated with the Property. The Tribe represents, warrants and covenants to Trust that the Tribe's use of the Property shall

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comply with all environmental laws. The term "environmental laws" includes, without limitation, any federal, state, local, or administrative agency statute, regulation, rule, ordinance, order or requirement relating to environmental conditions or hazardous substances.

12.4 Indemnification. The Tribe agrees to indemnify, defend (with counsel selected by Trust) and hold Trust and its members, directors, officers, employees, agents, attorneys, and contractors and the heirs, personal representatives, successors and assigns of each of them (collectively, including Trust, "Trust's Indemnified Parties") harmless from any claim, judgment, damage, penalty, fine, cost, liability (including sums paid in settlement of claims) or loss including attorney's fees, consultant fees and expert fees (consultants and experts to be selected by Trust), which arise following transfer of the Property to the Tribe from or in connection with the presence or suspected presence of any Hazardous Substance in the soil, groundwater, or soil vapor on or under the Property, unless the Hazardous Substance is present solely as a result of the negligence or willful misconduct of Trust's Indemnified Parties. Without limiting the generality of the foregoing, the indemnification provided by this section shall specifically cover costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of the presence or suspected presence of any Hazardous Substance in the soil, groundwater or soil vapor on or under the Property, unless the Hazardous Substance is present solely as a result of the negligence or willful misconduct of Trust's Indemnified Parties. Without limiting the generality of the foregoing, the indemnification provided by this section shall also specifically cover costs incurred in connection with: (1) any Hazardous Substance present or suspected to be present in the soil, groundwater or soil vapor on or under the Property prior to the Effective Date of this Easement; or (2) any Hazardous Substance that migrates, flows, percolates, diffuses or in any way moves onto or under the Property after the Effective Date of this Easement; or (3) any Hazardous Substance present on or under the Property as a result of any discharge, dumping, spilling (accidental or otherwise) onto the Property after the Effective Date, by any person, corporation, partnership or entity other than Trust.

13. HOLD HARMLESS

13.1 The Tribe's Indemnity. The Tribe shall hold harmless, indemnify, and defend Trust's Indemnified Parties from and against all liabilities, penalties, losses, expenses, claims, damages, demands, causes of action, judgments or costs, including, without limitation, reasonable attorneys' fees, arising from or in any way connected with or incident to (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, regardless of cause, except to the extent caused solely by the negligence or willful misconduct of Trust's Indemnified Parties; (2) the obligations specified in Section 11 of this Easement; and (3) title defects (to the extent not covered by any title insurance held by Trust).

13.2 Trust's Indemnity. Trust shall hold harmless, indemnify, and defend the Tribe and its directors, officers, employees, agents, attorneys, and contractors and the heirs, personal representatives, successors and assigns of each of them from and against all liabilities, penalties, losses, expenses, claims, damages, demands, causes of action, judgments or costs, including, without limitation, reasonable attorneys' fees, arising from or in any way connected with or incident to injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or

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other matter related to or occurring on or about the Property caused solely by the negligence or willful misconduct of Trust's Indemnified Parties.

14. ASSIGNMENT OF EASEMENT

This Easement shall be assignable, but Trust may not transfer or assign its interest in the Property created by this Easement except to a "qualified organization," within the meaning of Section 815.3 of the California Civil Code. Any such qualified organization must agree to enforce in perpetuity the terms of this Easement. Trust agrees that it will make a reasonable effort in the event of any assignment to suggest an assignee which is a qualified organization other than a governmental unit referred to in Section 170(c)(1) of the Internal Revenue Code of 1986, which has experience/capacity holding and monitoring conservation easements on similar properties and is willing and financially able to assume all of the responsibilities of Trust under this Easement, and Trust agrees to give written notice to the Tribe of an assignment at least sixty (60) days before the date of such assignment and shall consult with the Tribe as to the transferee and shall give reasonable consideration to the Tribe's views concerning potential qualified successors. Trust further represents to the Tribe that its present intention is to assign its interest in this Easement only in connection with a dissolution of Trust.

15. EXTINGUISHMENT; TRUST'S ENTITLEMENT TO PROCEEDS

15.1 Extinguishment. If circumstances arise in the future which render the Conservation Purposes of this Easement impossible or impractical to accomplish, this Easement may only be terminated or extinguished, whether in whole or in part, by judicial proceedings in a court of competent jurisdiction, and the amount of the compensation to which Trust shall be entitled from any sale, exchange or involuntary conversion of all or any portion of the Property, subsequent to such termination or extinguishment, shall be determined, unless otherwise provided by California law at the time, in accordance with Section 15.2. Trust shall use any such proceeds in a manner consistent with the Conservation Purposes of this Easement.

15.2 Compensation. This Easement constitutes a real property interest immediately vested in Trust, which, for purposes of Sections 15.1 and 15.3, the Parties stipulate to have a fair market value determined by multiplying the fair market value of the Property unencumbered by this Easement (minus any increase in value after the Effective Date attributable to improvements) by the ratio of the value of this Easement at the time of the event under this Section 15 or other provisions of this Easement requiring the allocation of proceeds to the value of the Property, without deduction for the value of this Easement, at the same time. On a subsequent sale, exchange, or involuntary conversion of all or any portion of the Property, pursuant to the provisions of Sections 15.1 or 15.3 of this Easement, Trust shall be entitled to a portion of the proceeds equal to the amount of such proceeds (minus any portion attributable to improvements made after the Effective Date) multiplied by the ratio established by this Section 15.

15.3 Eminent Domain. If all or a portion of the Property is taken in exercise of eminent domain by public, corporate or other authority, so as to abrogate the restrictions imposed by this Easement, the Tribe and Trust may join in appropriate actions to recover the full value of the Property (or portion thereof) taken and all incidental or direct damages resulting from such taking. Any expense

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incurred by the Tribe or Trust in any such action shall be first reimbursed out of the recovered proceeds; the remainder of such proceeds shall be divided between the Tribe and Trust in proportion to their interests in the Property, or portion thereof, as established by Section 15.2.

15.4 Economic Hardship. It is the intention of the Parties that the Conservation Purposes of this Easement shall be carried out forever. In making this grant, the Tribe 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 the Tribe and Trust that any such changes shall not be deemed to be circumstances justifying the termination or extinguishment of this Easement pursuant to Section 15.1. In addition, the inability of the Tribe, or its 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.

16. PUBLIC ACCESS.

16.1 Informal Uses and Public Access. Tribe and Trust 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, (the “Informal Uses”). Tribe and Trust 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, Tribe and Trust shall allow public access to the Property that is substantially consistent with the public access existing on the Effective Date of this Easement. The Tribe reserves the right to make reasonable rules and regulations to control, limit, or, as necessary, exclude Informal Uses and public access. The Tribe shall not allow Informal Uses that significantly impair the Conservation Values.

16.2 New or Increased Public Access. If Tribe desires to allow new public access or informal uses or expansion of public access or informal uses on the Property, Trust’s advance written approval is required, which approval shall not be unreasonably withheld, conditioned or delayed.

16.3 Limitations and Conditions. Sections 16.1 and 16.2 above are subject to the following:

(a) **Liability Limitation.** The Tribe and Trust claim all of the rights and immunities against liability for injury to the public to the fullest extent allowable by law.

(b) **Periodic Review of Informal Uses.** As part of Trust’s annual compliance monitoring, (i) Tribe and Trust shall consult on the known Informal Uses and public access on the Property for the purpose of Trust’s assessment of Tribe’s compliance with the requirements set forth in Sections 16.1 and 16.2 above; and (ii) with respect to known Informal Uses and public access on the Property, Tribe and Trust will consult and develop recommendations, if any, regarding the necessity of controlling, limiting, or excluding Informal Uses or public access to ensure the preservation of the Conservation Values.

17. MISCELLANEOUS PROVISIONS

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17.1 Partial Invalidity. If any provision of this Easement or the application thereof to any person or circumstance is found to be invalid, the remainder of the provisions of this Easement and the application of such provisions to persons or circumstances other than those as to which it is found to be invalid shall not be affected thereby.

17.2 "The Tribe" and "Trust." The terms "the Tribe" and "Trust," as used herein, and any pronouns used in place thereof, shall mean and include the above-named Potter Valley Tribe and its successors in interest, and assigns, and the Mendocino Land Trust, Inc. and its successors in interest and assigns.

17.3 Titles. Section and paragraph titles and subtitles are for convenience only and shall not be deemed to have legal effect.

17.4 Subsequent Transfers. The Tribe agrees that reference to this Easement and reference to its dates and places of recording in the Public Records of Mendocino County will be made in any subsequent deed or other legal instrument by which it conveys any interest in the Property, including any leasehold interest. The Tribe further agrees to attach a copy of this Easement to any deed by which the Tribe conveys title to the Property. If the Tribe transfers or otherwise conveys the Property, or any portion thereof, to another tribal entity with any powers of sovereign immunity, the Tribe shall ensure that the transferee complies with the requirements set forth in Sections 10.1 through 10.7 of this Easement.

17.5 Governing Law. In the event any dispute arises over the interpretation or enforcement of the terms and conditions of this Easement, the laws of the State of California shall govern resolution of such dispute.

17.6 Debt Security. The Tribe has the right to use the Property or any portion thereof as collateral to secure the repayment of debt, provided that the right of Trust to enforce the terms, restrictions and covenants created under this Easement shall not be extinguished by foreclosure of any mortgage or any publicly or privately placed lien, regardless of date.

17.7 Entire Agreement. This instrument and all documents attached hereto or incorporated herein by reference, including without limitation the Baseline Report, sets forth the agreement of the Parties with respect to this Easement and supersedes all prior discussions, negotiations, understandings or agreements relating to this Easement, all of which are merged herein.

17.8 Joint and Several Obligations. The obligations imposed by this Easement upon a successor to the Tribe, if such successor shall consist of more than one entity or person, shall be joint and several.

17.9 Successors. The covenants, terms, conditions, and restrictions of this Easement shall be binding upon, and inure to the benefit of, the Parties hereto and their respective representatives, heirs, successors and assigns, and shall continue as a servitude running in perpetuity with the Property.

17.10 Termination of Rights and Obligations. A party's rights and obligations under this Easement shall terminate upon the transfer of the party's entire interest in this Easement or Property, except that rights, obligations, and liability relating to acts or omissions occurring prior to transfer shall survive transfer. In addition, a transferee shall assume the obligations of its predecessor arising prior to the transfer.

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17.11 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.

17.12 Counterparts. The Parties may execute this instrument in two or more counterparts, and each counterpart shall be deemed an original instrument. In the event of any disparity between the counterparts produced, the recorded counterpart shall be controlling.

17.13 Significance of Recitals. The Recitals to this Easement are integral and operative provisions of this Easement.

17.14 Construction. Any general rule of construction to the contrary notwithstanding, this Easement shall be liberally construed in favor of the grant to effect the Conservation Purposes of this Easement and the policy and purpose of California Civil Code Section 815 *et seq.* If any provision in this instrument is found to be ambiguous, an interpretation consistent with the Conservation Purposes of this Easement that would render the provision valid shall be favored over any interpretation that would render it invalid, and any ambiguities in this Easement shall be construed in a manner which best effectuates the Conservation Purposes of this Easement. In all matters of interpretation, whenever necessary to give effect to any clause of this Easement the neuter includes the masculine and feminine, the singular includes the plural, and the plural includes the singular.

17.15 Amendment. If circumstances arise under which an amendment to or modification of this Easement would be appropriate, the Tribe and Trust may jointly amend this Easement; provided that (a) no amendment shall be allowed that will affect the qualification of this Easement or the status of Trust under any applicable laws, including sections 815 *et. seq.* of the California Civil Code; (b) any amendment shall be consistent with the Conservation Purposes of this Easement and shall not affect its perpetual duration; (c) any request for amendment will be considered pursuant to Trust's policy regarding amending conservation easements; (d) all costs related to the Trust's review of the Tribe's request for an amendment, including staff time, consultant's fees, and legal fees shall be borne by the Tribe, and shall be paid pursuant to Trust's policies at the time of the request; and (e) any amendment shall be in writing, shall refer to this Easement by reference to its recordation date, shall be signed by the Tribe and Trust, and shall be recorded in the Official Records of Mendocino County, California.

17.16 Taxes. Trust makes no representation or warranty of the state or federal income tax effect of this transaction. The Tribe is relying solely upon the Tribe's own experts for this purpose.

IN WITNESS WHEREOF, The Tribe and Trust have hereunto set their hands as of the date first written above.

POTTER VALLEY TRIBE:

By: _____
Chairman, Potter Valley Tribe

Appendix 3: Conservation Easement

By: _____
Secretary, Potter Valley Tribal Council

TRUST:

MENDOCINO LAND TRUST,
INC., a California nonprofit public
benefit corporation

By: _____
[Name]

Title _____

ACKNOWLEDGEMENTS

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

STATE OF CALIFORNIA)
) §§
COUNTY OF _____)

On _____, 201____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Seal)

Notary Public

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

STATE OF CALIFORNIA)
) §§
COUNTY OF _____)

On _____, 201____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____(Seal)
Notary Public

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

STATE OF CALIFORNIA)
) §§
COUNTY OF _____)

On _____, 201____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____(Seal)
Notary Public

LIST OF EXHIBITS

Exhibit A	Legal description of Property
Exhibit B	PG&E Grant Deed
Exhibit C	Third Party Uses
Exhibit D	Beneficial Public Values
Exhibit E	The Tribe's Permitted Uses and Practices
Exhibit F	The Tribe's Prohibited Uses

EXHIBIT A: LEGAL DESCRIPTION OF THE PROPERTY

EXHIBIT B: GRANT DEED FROM PG&E TO TRIBE

EXHIBIT C: EXISTING THIRD PARTY USES

Express Third Party Uses and Third Party Use Agreements

1. Express Third Party Uses

The Express Third Party Uses on the Property are all uses permitted by and pursuant to the Third Party Use Agreements.

2. Third Party Use Agreements

The Third Party Use Agreements on the Property are those agreements and rights disclosed by the Preliminary Title Report following this page.

EXHIBIT D

Beneficial Public Values

The Conservation Purposes of the Easement are to protect the Beneficial Public Values of the Property, as summarized below and described in more detail in the Baseline Documentation Report:

- (a) Protection of natural habitat for fish, wildlife, and plants that are native to the area, including species protected under the California Endangered Species Act and/or the federal Endangered Species Act. The Property supports fish, wildlife and plants that are defined as “native” by the California Department of Fish & Wildlife and its successors. The Property contains diverse habitats for plants and animals, in particular its mixed hardwood and conifer forests ecosystem and riparian vegetation habitats. The Property and the waters adjacent to the Property contains threatened, endangered and sensitive species recognized as such under state and/or federal law. Specifically it contains the northern spotted owl, coho salmon, Chinook salmon, and steelhead trout. The Property also features important watershed values. The Property borders 1.4 miles of the Eel River, as well as contains 2.1 miles of creeks (Trout and unnamed creek) that are tributaries to the Eel River and several miles of other non-fish-bearing streams. The Eel River contains coho salmon (*Oncorhynchus kisutch*), a federally threatened species and California species of special concern; Chinook salmon (*Oncorhynchus tshawytscha*), and coastal steelhead (*Oncorhynchus mykiss*), a federally threatened species.
- (b) Forest resources on the Property. Forest resources consist of mixed hardwoods and conifer forests and riparian vegetation providing protection for wildlife and fisheries. Forest resources cover much of the Property.
- (c) Preservation of open space. The Property is undeveloped and contains scenic open space. The Property may be seen from nearby roads and the Eel River and thereby provides a scenic viewshed.
- (d) Historical and cultural values, to the extent they are protected by tribal, state and federal laws.

EXHIBIT E

PERMITTED USES AND PRACTICES

The following uses and practices, though not an exhaustive recital of consistent uses and practices, are hereby deemed to be consistent with the Conservation Purposes of this Easement and are expressly or conditionally permitted, as the case may be:

1. Recreation Uses. To use the Property for low-intensity outdoor recreation and education, including hiking, nature study, camping, gathering of native materials and other such uses similar in nature and intensity, as well as hunting of game animals and fishing, provided that such activities are conducted pursuant to applicable state and federal law.

2. Water Resources. To develop, enhance and maintain water resources on the Property in accordance with applicable state and federal law for permitted habitat restoration purposes, domestic needs, and recreation uses, provided that such activities are consistent with the PG&E Reserved Rights and do not significantly impair the Conservation Values of the Property. Permitted uses include, but are not limited to, the restoration, enhancement and development of water resources, including ponds; construction, repair, and maintenance of irrigation systems; and the development of domestic water capture and delivery facilities, including but not limited to water lines and access roads or trails to water facilities, provided that such facilities and access roads or trails comply with the terms of the Easement including this Exhibit E. Water resources may be exported off the Property for immediate fire control response or wildfire emergency. Except as otherwise expressly provided above, exportation of water outside the boundaries of the Property is prohibited, except with the advance written approval of Trust, which approval may not be unreasonably withheld, conditioned or delayed. Further, extraction of water from creeks is expressly prohibited except for immediate fire control or wildfire emergency.

3. Structures and Improvements, Except Roads and Crossings.

(a) New Structures.

(i) Residential Structures. Subject to the prior notice requirement of Section 3(d) below, to construct or place, maintain and repair one (1) caretaker's residence (including any prefabricated home, mobile home, trailer, or other movable living unit) ("Caretaker's Residence"), and associated garage(s), water tank(s) and other structures pertinent to a single-family residence; provided that the construction or placement of such structures or improvements does not violate the Conservation Purposes or significantly impair the Conservation Values; and provided, further, that all site clearing and excavation for and resulting construction of any such structure and associated improvements shall comply with the requirements described herein.

(ii) Recreational Structures and Improvements. Subject to the prior notice requirement of Section 3(d) below, to construct or place, maintain and repair structures

and improvements as may be reasonably necessary for recreational activities that may occur on the Property pursuant to the terms of this Easement, provided that the construction or placement of any such structure or improvement does not violate the Conservation Purposes or significantly impair the Conservation Values; and provided, further, that all site clearing and excavation for and resulting construction of any such structure or improvement shall comply with the requirements described below. Recreational structures are limited to: parking areas, equipment sheds, trails, shaded rest areas, signs, kiosks, and seasonal recreational cabins described in Section 3(a)(iv) below.

(iii) Energy-Generation Structures or Improvements. Expansion, development or construction of utilities, including but not limited to electric power, septic or sewer, communication lines, water and water storage and delivery systems ("Utility Systems") is restricted. The Tribe may reconstruct and/or replace the existing Utility Systems, as more particularly described in the Baseline Documentation Report. Upon prior approval by Trust, which approval may not be unreasonably withheld, conditioned or delayed, the Tribe may expand the existing Utility Systems, or install new systems, if such expansion or installation is directly related to the permitted uses set forth in this Easement. In the event any utility, or portion thereof, becomes unnecessary to serve the permitted uses described in this Exhibit E, the Tribe shall remove such utility from the Property. Subject to Trust's prior approval, which approval may not be unreasonably withheld, conditioned or delayed, the Tribe may develop, place or construct alternative, renewable energy system(s), including but not limited to wind and solar energy resources for use on the Property. The term "solar energy structures" for the purpose of this Easement shall include, but not be limited to, solar panels and mounting hardware, storage batteries, controllers, inverters, grounding equipment, and wiring. All solar energy structures shall be designed and constructed for the purpose of serving only those improvements and uses permitted on the Property. However, any electricity generated from permitted solar energy structures in excess of the requirements of the permitted improvements and uses on the Property may be sold back to public utilities. Notwithstanding the foregoing, commercial power generation, collection or transmission facilities, solar power-related or through any other power generation method, are prohibited.

(iv) Clearing for Structures. Unless otherwise expressly specified herein, all structures and improvements permitted under Section 3 of this Exhibit E including but not limited to the Caretaker's Residence and associated structures, recreational structures and improvements, and the Utility Systems and the solar energy structures, shall be located in the two areas identified on the map attached to this Exhibit E as "Map 1", totaling approximately 26 acres. Within the approximately 6 acre site identified on Map 1 there may be constructed the Caretaker's Residence, which, including a garage and other permitted associated structures, shall not exceed 2,500 total square feet in size. Within the approximately 20 acre site identified on Map 1 there may be located a maximum of 15 seasonal recreational (not for all-year-round occupancy) cabins, each of which may not exceed 300 total square feet, and a community building (for kitchen, dining, meeting, bathrooms, showers and related uses), not to exceed 1,000 total square feet. The sole allowable uses of the seasonal recreational cabins and the community building are to further the permitted recreational, educational, and cultural uses of the Property. Furthermore, the seasonal recreational cabins and the community building may not be used for purposes that would significantly impair the Conservation Values as determined by the sole judgment of Trust. A "camp store" may be co-located with the seasonal recreational cabins and community building within the approximately 20 acre site identified on Map 1, which camp

store, including parking, shall not exceed 2,000 total square feet in size, and which shall only be allowed to be constructed and operated if its purpose is to support the Conservation Values of the Property or recreational uses on the Property, including use of the seasonal recreational cabins and community building. Clearing of brush and trimming of trees around buildings to reduce fire hazard and clearing of brush as permitted herein shall not be included in the square footage calculations; nor shall clearing for permitted roads, driveways, or quarries, provided that such activities otherwise comply with the terms of this Easement.

Septic and well improvements shall be located entirely within the 26 acre areas identified on Map 1, to the extent feasible. In the event that locating the septic system and/or well improvements within such area is not feasible, the Tribe may develop these improvements outside such area designated for clearing with the prior written approval of Trust, which shall not be unreasonably withheld, conditioned or delayed.

At such time that the Tribe provides notice of proposed construction to Trust pursuant to Section 3(d) below, the Tribe shall designate the location of the proposed building, structure or improvement on a USGS topographic map and an aerial photo of a scale of 2,000 feet to the inch or its equivalent in order to provide Trust the opportunity to confirm the consistency of the proposed location with the terms of this Easement and to ensure that the clearing is consistent with the requirements of this Exhibit E and that the proposed clearing will not violate the Conservation Purposes or significantly impair the Conservation Values. Clearing and excavation is permitted for any permitted building, structure or improvement, provided that such clearing and excavation shall comply with the clearing limitation described above, and that such clearing and excavation and resulting construction shall comply with the following requirements:

- 1) No clearing, site excavation, or construction associated with building or new roads may take place within:
 - a) 100 feet of the Eel River or Trout Creek; or
 - b) 50 feet of any other watercourse as defined in Section 8 of Exhibit E, with the exception of a properly constructed crossing that is part of an access road.
- 2) No clearing, site excavation, or construction may take place on landslides or unstable areas. No more than 25% of the clearing, site excavation, or construction for any given project shall be on slopes greater than 40%, subject to the following exceptions and rules:
 - a) A grading plan shall be provided to the Trust prior to clearing, site excavation, or construction on such slopes and shall include a grading design prepared by a qualified licensed engineer;
 - b) Selective trees or brush may be removed on such slopes and in such areas for the creation and maintenance of reasonable viewsheds, so long as such tree and brush removal is conducted without the use of heavy equipment and in a manner that does not significantly impair the Conservation Values. Any such

resulting clearing shall be counted toward the 26-acre clearing limitation described above; and

- c) The Tribe may establish a septic system in an area where soil has been deposited on slopes greater than 40% as a result of past land-use activities on the Property, e.g., landing areas, provided such placement is otherwise consistent with the terms of this Easement and does not significantly impair the Conservation Values.
- 3) Such clearing, excavation, and construction shall be conducted only after receiving any permits and/or approval, if applicable, from applicable county, state and federal agencies. Copies of such permits shall be provided promptly to Trust and will be required as part of Trust's review of the Tribe's plans. Further, the Tribe agrees to provide to Trust a professional evaluation by a qualified wildlife biologist to ensure that proposed clearing protects endangered species, if applicable.
- 4) In order to provide certainty for both the Tribe and Trust as to the location of the areas proposed for development and to ensure that all development occurs within the confines of the cleared areas, prior to construction, the Tribe shall coordinate with the Trust to permanently mark the boundaries of the areas to be cleared and provide Trust the opportunity to review their locations on the ground.

The location(s) of any such proposed building, structure, or improvement may be changed prior to any alteration of the land and/or construction of any structure or improvement; provided, that the Tribe shall provide notice of the substituted location to Trust pursuant to Section 3(d) below, including designating such substituted location on an aerial photo and a USGS topographic map of a scale of 2,000 feet to the inch or its equivalent in order to provide Trust the opportunity to confirm the consistency of the substituted location with the terms of this Easement, including but not limited to the requirements of this Section and the Conservation Purposes of this Easement.

(b) Maintenance and Enlargement. To maintain, repair, remodel, and enlarge any structure and improvement expressly permitted by this Easement; provided that the enlargement of any structure may not result in extending beyond the permitted building areas and/or exceeding the maximum areas for clearing associated with all structures or exceeding the maximum square footage requirements.

(c) Replacement. In the event of removal or destruction of any residence, structure or improvement expressly permitted by this Easement, to replace it with a residence, structure or improvement of a similar function and use, of the same approximate size and in the same general location within the designated sites identified in Section 3(a)(iv) without any further permission of Trust, or to replace it with a residence, structure or improvement of a different function, use, size and/or in a different location within the designated sites identified in Section 3(a)(iv) with Trust's advance written approval, which approval may not be unreasonably withheld, conditioned or delayed. The requirement for Trust's advance written approval shall

not apply to the replacement of fences or systems for collecting and transporting water resources, as permitted by this Exhibit E.

(d) Notice of Construction Activities. The Tribe shall provide prior written notice to Trust pursuant to the terms of this Exhibit E of any proposed construction in order for Trust to determine that the proposed construction is consistent with the terms of the Easement.

(e) General Construction Provisions. The location, construction and use of any new structure or improvement permitted under this Exhibit E shall not violate the Conservation Purposes or significantly impair the Conservation Values. Access to any new building, structure or improvement permitted shall be constructed (i) to connect to existing roads or to roads permitted pursuant to Section 5 below; and (ii) in a manner that is consistent with the provisions for new roads in Section 5. Tree or brush clearing or trimming for any such access road or trail shall be expressly exempted from the tree- and brush-clearing limitation described in Section 3(a)(iv) of this Exhibit E. In evaluating any activity of which Trust's prior approval is required, Trust shall consider the cumulative impact of all structures and improvements and shall not approve any structure or improvement that violates the Conservation Purposes or significantly impairs the Conservation Values.

4. Utilities. To install utility structures, lines, conduits, cables and/or wires upon, over, under, within or beneath the Property to existing and subsequently constructed structures and improvements permitted by this Easement, provided that such utilities comply with the terms of Section 3 above.

5. Roads, Fences and Gates.

(a) New and Existing Roads. The Tribe may maintain any road existing as of the Effective Date that is documented in the Baseline Report and any new road that is constructed in accordance with this Section 5(a); provided that any such activity does not significantly impair the Conservation Values.

With advance written notification to Trust and advance written approval by Trust, which approval may not be unreasonably withheld, conditioned or delayed, and all required and appropriate county, state and/or federal permits, copies of which shall be submitted promptly to Trust, the Tribe may also construct and maintain additional new roads for access to any structure or improvement permitted in Section 3 above, and minimal road extensions as necessary to carry out the provisions of this Exhibit E, provided, however, that the roads are the minimum necessary for the uses and activities and the construction of such new roads does not significantly impair the Conservation Values.

With Trust's advance written approval, which shall not be unreasonably withheld, conditioned, or delayed, and all required and appropriate county, state and/or federal permits, copies of which shall be submitted promptly to Trust, the Tribe may also construct and maintain additional new roads necessary to support the uses of the Property that are permitted by this Easement; provided, however, that the roads are the minimum necessary for the uses and activities and the construction of such new roads does not significantly impair the Conservation Values.

Roads shall be constructed and maintained so as to minimize erosion and sedimentation and ensure proper drainage, utilizing Best Management Practices as recommended by the U.S. Natural Resource Conservation Service (NRCS) or other similar or successor entity, but this section shall not be construed to require that existing roads be reconstructed to meet these standards. The Tribe may make use of heavy equipment, including but not limited to bulldozers and excavators, on the Property when reasonably necessary for the construction, maintenance and repair of existing or permitted roads, bridges and fords; provided, that such activities are conducted according to a Trust-approved plan.

(b) Replacement Roads. In the event that catastrophic flood or geologic instability makes the use of an existing road impossible or impractical, the Tribe may construct a replacement road and abandon the original road upon advance written approval by Trust, which approval may not be unreasonably withheld, conditioned or delayed, and the receipt of all required and appropriate county, state and/or federal permits, copies of which shall be submitted promptly to Trust provided, however, that the construction of such replacement roads does not significantly impair the Conservation Values. The abandoned road shall be made impassable to vehicle traffic and shall be abandoned in such a manner as to reduce erosion and encourage re-vegetation. Replacement roads will be held to the standards for new roads, as described above.

(c) Fences and Gates. The Tribe may construct, place and erect fencing and gates only as necessary for permitted uses of the Property. Fencing must be the minimum necessary for such use. All fencing and gates must not impede wildlife movement except in cases where necessary to protect the permitted uses described in this Easement. In the event of destruction or deterioration of any fences and gates, whether existing at the date hereof or constructed subsequently in accordance with the provisions of this Easement, the Tribe may maintain and/or replace such fencing and gates.

6. Trails. With advance written notification to Trust and with Trust's advance written approval, which shall not be unreasonably withheld, conditioned, or delayed, the Tribe may construct and maintain recreational trails (defined as any definable route less than four (4) feet in width (not including curbs, cuts or fills), including reasonable brush removal, for pedestrian, horseback riding, bicycle, and non-commercial motorized use; provided, however, that the use of motorized vehicles shall comply with the terms below; and provided, further, that neither the construction of new trails, nor the maintenance of new or existing trails shall significantly impair the Conservation Values, and the following requirements and conditions for the construction and use of such new trails are satisfied: (a) the surface of the trail shall remain pervious (such as dirt, wood chips or gravel) (except within the approximately 26-acre area permitted to be cleared as provided above and except as may be required by federal, state or local laws relating to access for disabled persons); (b) the trail shall be located, to the extent possible, in the path of a trail or forestry road existing on the Effective Date; (c) the trail shall be constructed and maintained so as to minimize erosion and sedimentation and ensure proper drainage; (d) the trail shall be otherwise installed in a manner to avoid unnecessary tree removal, grading and other land disturbance, but allowing for selective brush removal; and (e) prior to construction of trails, the Tribe shall submit to Trust a professional wildlife biologist's opinion that areas within which trails are proposed will not impact the northern spotted owl, coho

salmon, Chinook salmon, steelhead or other endangered species identified at the time of the proposed construction.

Notwithstanding the foregoing, trails within the 26 acres of cleared area identified on Map 1 associated with structures shall not require separate advance written notification of the Trust, but shall be identified in the notification provisions of Section 3(d) herein.

7. Natural Resource Protection, Restoration and Enhancement, Vegetation Management and Fire Control. The Tribe reserves the right to protect, restore and enhance the natural resources on the Property, including, but not limited to, research, bank and soil stabilization practices, vegetation management and other activities to (a) control fire, (b) enhance the natural resources, and (c) promote biodiversity, all, in accordance with sound, generally accepted practices, including prescriptive grazing, prescriptive burning, harvest, thinning, planting and brush removal. The intentional introduction of non-native tree or other plant species is prohibited, except as permitted in connection with agricultural and ranching purposes pursuant to Section 12 of Exhibit E. Activities referenced in this section that are considered Forest Management activities are governed by Section 10 of Exhibit E. Prior to conducting any activities described in this section on the Property, the Tribe shall develop a written plan for such activities (“Plan”) and obtain Trust’s approval of the Plan, which approval may not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, the Tribe may, without Trust’s prior approval, remove or control invasive, non-native plant species or feral, non-native animal species that threaten the Conservation Values of the Property, using techniques that minimize harm to native wildlife and plants.

8. Mineral Exploitation. The Tribe may not explore for or extract minerals, provided that notwithstanding the foregoing, the Tribe may (a) remove existing (not quarried) rocks from the Property to be placed on the Property for the purpose of blocking off roads, delineating camping areas and for other purposes approved by Trust, which approval shall not be unreasonably withheld, conditioned or delayed, and (b) subject to prior, written approval by Trust, which approval shall not be unreasonably withheld, conditioned or delayed, remove gravel and shale for the purposes of building permitted structures and/or maintaining permitted roads on the Property. No removal of rocks may occur within 50’ slope distance of any watercourse, as such term is defined in the California Forest Practice Rules 2013, Title 14 California Code of Regulations, Chapter 4 Article 1, 895.1 (“A watercourse means any well-defined channel with distinguishable bed and bank showing evidence of having contained flowing water indicated by deposit of rock, sand, gravel, or soil, including but not limited to, streams as defined in PRC 4528(f). Watercourses also mean man made watercourses.”). Erosion control and drainage structures are not considered “man made watercourses” under this Easement.

9. Transfer of Land. To grant, sell, exchange, devise, gift or otherwise convey or dispose of all of the Tribe’s right, title, estate, and interest in the Property as a whole. The Tribe shall furnish Trust with a copy of any document or conveyance utilized to effect the transfer of the Property within thirty (30) days of the execution of said document or conveyance.

10. Forest Management. To manage the forest and harvest timber in accordance with: (1) all state forestry laws, practices, guidelines, and regulations, including the California Forest Practice Act and Rules, or any successor or related law, and (2) all applicable federal

laws, practices, guidelines, and regulations, provided that said management and/or harvesting complies with the conditions of this section.

(a) Permitted Forestry Practices. The Tribe reserves the right to harvest, cut or remove trees and vegetation of all species for the express purposes described below in (i) through (viii) and to use or sell the timber products resulting from such activities, and to engage in forest management activities not expressly permitted by (i) through (viii), provided, however, that all forest management activities are conducted in a manner that is consistent with the Conservation Purposes and other terms and conditions of this Easement and do not significantly impair the Conservation Values, and shall be consistent with a Forest Management Plan (as defined in Section 10(b) below).

- (i) for firewood;
- (ii) for the removal of trees and milling of lumber to be used for construction purposes by the Tribe on the Property as permitted by this Easement, in connection with which the Tribe may make use of a portable sawmill on the Property;
- (iii) to prevent, mitigate and/or respond to any natural disaster (such as wildfire, insect and disease outbreak or wind damage), including the salvage and removal of dead, dying, or diseased timber; and the creation of fuel breaks;
- (iv) for the purposes of public or personal safety on the Property;
- (v) to promote the health and sustainability of the Property's natural resources, to maintain an ecologically appropriate mix of overstory and understory vegetation and to control invasive and non-native vegetation, with the goal of old growth stand establishment and management;
- (vi) to reduce or maintain fuel loads, favor or maintain specific native vegetation types, or otherwise promote forest health by prescriptive burns and fire management activities including but not limited to grazing by goats or other herbivores;
- (vii) for wildlife habitat restoration or management; and
- (viii) for the removal of trees in connection with the clearing of areas for structures as described in Sections 3(a) (i – iv).

(b) Forest Management Plan. All of the activities described in this Section 10 shall be consistent with a Forest Management Plan (Plan) for the Property, which shall be prepared by a Registered Professional Forester or by an equivalent professional who is acceptable to Trust. The overall goal of the Plan shall be the conservation of existing late seral habitat and the re-establishment of a late seral forest. The Plan shall primarily rely on uneven-aged silvicultural prescriptions to achieve management goals. The Plan shall include information on the stocking by tree species and growth rates in those areas designated for harvesting. It shall identify the harvest levels of firewood and timber that can be removed on an annual basis consistent with the provisions of this Section 10 and will identify on a map areas within which

harvesting shall be prohibited. In addition to an inventory of timber resources, the Plan shall include without limitation, forest stand descriptions and locations including site classes, stand volumes, growth rates, relevant maps, locations of soils, estimates of slope and erosion potential, a road erosion control plan, location of known wildlife habitats, especially species listed as threatened or endangered at the federal or state level, known rare plants, and wetlands. The Plan will identify objectives to protect and enhance resources, including cultural resources. The Plan will investigate the potential for a traditional demonstration management area to educate the public about Native American traditional ecological practices used in the area.

With the exception of actions to mitigate threat(s) to public or personal safety, said Plan, and related permit applications, will be submitted at least 90 days prior to the commencement of any harvesting activities, for review and approval by Trust and shall be appended to the Baseline Report. Any amendments to the Plan shall require the approval of the Trust. The Trust's approval of the Plan and any amendments to the Plan shall not be unreasonably withheld, conditioned, or delayed. The Plan shall be updated every 10-15 years and shall include a reinventory at that time of those areas that have been harvested during this time period. The Tribe and Trust may agree to extend the time for an updated Plan if it is determined to be unnecessary, or if other reports are adequate to ensure that the Conservation Purposes and Conservation Values of the Property are protected.

A report on annual levels of the harvest of timber and firewood, including a map identifying the location of the harvesting, shall be submitted by the Tribe for Trust's review no later than the end of the year that a harvest has occurred.

A report re-evaluating harvest levels and their impact on the Conservation Purposes and Conservation Values of the Property shall occur every ten (10) years and shall be submitted to Trust, unless the Trust determines that a report is required prior to the ten-year interval. The Trust and Tribe can also agree that the report can be deferred beyond the ten-year interval. The inventory of timber should be periodically updated no less frequently than every 10 years, unless a longer interval is agreed upon in writing by the Tribe and the Trust.

(c) Snags. In general, snags shall be retained for wildlife habitat benefits and shall not be intentionally removed, except for reasons of public safety, in accordance with the requirements of the California Forest Practice Act and Rules.

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

12. Ranching and Agricultural Activities. Ranching and production of agricultural crops is limited to (1) the planting and harvesting of mushrooms and native plants and other plants, as may become viable in the future, for personal and non-commercial use by the Tribe, (2) other ranching and agricultural activities which do not significantly impair the Conservation Values as are approved in advance by Trust, which approval shall not be unreasonably withheld, conditioned or delayed and (3) other ranching and agricultural activities otherwise expressly permitted elsewhere in this Easement.

13. Cultural Activities. The gathering of plants, nuts, seeds or other materials related to the Tribe's traditional culture is permitted on the Property.

14. Commercial Recreation. To use the Property, or to enter into agreements with third parties to enable them to use the Property for commercial hunting, sustainable gathering, camping, fishing, canoeing, passive recreation, and horse-riding, provided, however, that (a) such uses do not significantly impair the Conservation Values; (b) such new passive recreational uses or expanded uses be subject to the prior written approval of the Trust, in its sole discretion; and (c) any agreement between the Tribe and others pertaining to the use of the Property for such commercial recreational activities must be made expressly subject to the terms and conditions of this Easement. Consistent with this section, the Tribe may use all existing or subsequently constructed structures and improvements expressly permitted by this Easement or replacements thereof for such commercial recreational activities; provided, however, that neither the Tribe nor third parties may construct any facility or structure on the Property, except as expressly provided for in Section 3 herein, to accommodate the commercial recreational operation.

15. Vehicle and ORV Use. The use of motorized vehicles, including off-road vehicles ("ORV's"), on the Property is prohibited, except as described below and expressly authorized by the Tribe. The Tribe, and its guests and invitees, may use motorized vehicles and ORV's for property management activities. The Tribe, and its guests and invitees, may use vehicles and ORV's on the Property using roads and trails permitted under this Easement for camping, wildlife viewing, hunting, fishing, or for general recreational use on roads. In no case shall ORV use significantly impair the Conservation Values. Commercial recreational vehicle use, including ORV use shall be prohibited.

16. Lot-Line Adjustments. Upon prior written notification to Trust, the Tribe may execute one or more lot-line adjustments that may involve the boundary of the Property, provided, however, that no part of the Property is removed or divided from the Property as a whole.

17. Cultural Events. The Tribe may use the Property for cultural, recreational, spiritual, and educational gatherings; with any event not to exceed two weeks in duration, provided such activities are otherwise consistent with this Exhibit E and this Easement.

18. Public Access. Subject to Section 16 of the Easement, the Tribe reserves the right to make the Property available for supervised or unsupervised public access for low-intensity passive recreational activities, such as hiking and nature study, at such times and on such terms as the Tribe may establish from time-to-time.

EXHIBIT F PROHIBITED USES AND PRACTICES

The following uses and practices, though not an exhaustive recital of inconsistent uses and practices, are hereby deemed to be inconsistent with the Conservation Purposes of this Easement and are expressly prohibited:

1. Subdivision. The Tribe shall maintain all legal parcels that are part of the Property and all interests therein under common ownership, as though the Property were one single legal parcel owned by one single owner. Following the Effective Date of this Easement, the legal or *de facto* division, subdivision or partitioning of the Property into more than four existing legal parcels /or any sale, transfer or conveyance of any one portion or parcel apart from the sale, transfer or conveyance of the entire Property, and the seeking of a partition of the Property as a remedy in a lawsuit, is prohibited; provided, however, that, with no less than thirty (30) days advance notice to Trust, any such division, subdivision, sale, transfer, conveyance or partition is permissible only if accomplished in connection with an action initiated by an entity exercising the power of eminent domain where public necessity of the proposed project has been clearly demonstrated to the Tribe and Trust to their respective reasonable satisfaction. The Tribe waives all rights to recognition of any historic parcels, whether through certificate of compliance under the Subdivision Map Act or otherwise. The rights to develop or improve the Property which are not expressly reserved by the Tribe in this Easement are hereby extinguished. In the event that such extinguishment is determined to be unlawful or otherwise unenforceable, then those rights allowing for the development or improvement of the Property are hereby granted to Trust. Neither the Tribe nor Trust shall use or receive the benefit from any increase in allowable uses, practices and rights to develop or improve the Property that are inconsistent with this Easement, resulting from any change in applicable governmental land use regulations.

2. Mineral Exploitation. Exploration for, or the removal or extraction of, any mineral or nonmineral substance by any surface or subsurface mining or extraction method, except as provided in Exhibit E, Section 8, is prohibited.

3. Commercial Facilities. The establishment of any commercial or industrial facility (other than those expressly permitted by this Easement) is prohibited, including, but not limited to, (i) commercial feed lot, (ii) any retail sales or service business, except as provided in Exhibit E; (iii) restaurant; (iv) casino or night club; (v) trailer park; (vi) motel or hotel; (vii) retail gas station; (viii) retail outlet; or (ix) facility for the manufacture or distribution of any product (other than products to be grown or produced on the Property in connection with activities permitted in Exhibit E hereto).

4. Dumping. The dumping or other disposal of non-biodegradable refuse on the Property is prohibited, except nonhazardous wastes generated by normal agricultural, ranching, and forestry operations in a manner consistent with best management practices.

5. Construction. The construction of any structure or improvement, except as provided in Exhibit E, is prohibited.

6. Billboards. The construction, maintenance, or erection of any billboard or sign is prohibited; provided, however, that one or more roadside signs are permitted only for the purposes of posting the name of the Property, advertising any business permitted on the Property pursuant to the terms of this Easement, controlling public access, providing public notification of this Easement, or advertising the Property for sale or lease.

7. Watercourse Protection. Any use or activity that causes significant, verifiable erosion, or that contributes to the significant, verifiable pollution of any watercourse, as defined in Section 8 of Exhibit E, is prohibited.

8. Water Rights. Except as otherwise permitted under Exhibit E, the Tribe shall not (i) sever, convey, impair, or encumber water or water rights appurtenant to the Property and not otherwise reserved by PG&E as the PG&E Reserved Rights separately from the underlying title to the Property, or undertake any other action, which diminishes or extinguishes the Property's water rights, without Trust's prior written approval, which approval may not be unreasonably withheld, conditioned or delayed; (ii) develop any waters on the Property for the purposes of commercial fish farming; or (iii) extract water from watercourses. This Easement shall not be construed so as to sever or impair any water rights appurtenant to the Property.

9. Utilities. The granting of major utility corridor right-of-way easements is prohibited; provided, however, that such right-of-way easement or easements may be granted by mutual agreement of the Tribe and Trust in cases where eminent domain statutes apply and public necessity has been clearly demonstrated to the Tribe and Trust.

10. No Use or Transfer of Development Rights. Except as expressly permitted by the terms of this Easement, all development rights that are now or hereafter allocated to, implied, reserved, or inherent in or to the Property are terminated and extinguished, and may not be used on or transferred to any portion of the Property as it now or hereafter may be bounded or described, or to any other property (whether adjacent or otherwise).

11. Surface Alteration. To significantly alter the natural contour of the land in any manner whatsoever including, but not limited to, excavating or removing soil, sand, gravel, rock, peat or sod, except in connection with activities and uses specifically permitted in Exhibit E.

12. Subsequent Easements. Excepting Express Third-Party Uses in accordance with Section 7.1 of this Easement, the Tribe shall not grant any subsequent easement on, or right to, the Property that is inconsistent with the Conservation Purposes of this Easement or would significantly impair the Conservation Values of the Property. If the Tribe wishes to grant a subsequent easement on, or right to, the Property (other than Express Third-Party Uses in accordance with Section 7.1 of this Easement), it shall (i)

notify Trust at least sixty (60) days prior to any such proposed grant; (ii) provide Trust with a copy of any proposed easement together with any additional information relating to the proposed easement that Trust may reasonably request; and (iii) request Trust's approval of such grant. Within forty-five (45) days of the Tribe's notice of proposed easement, Trust shall review the proposal and may, in its reasonable discretion, (a) approve the proposal as being consistent with the Conservation Purposes and not significantly impairing the Conservation Values; (b) approve the proposal on conditions intended to ensure the easement's consistency with the Conservation Purposes and not significantly impairing the Conservation Values; or (c) disapprove the proposal as being actually or potentially inconsistent with the Conservation Purposes or significantly impairing the Conservation Values. The Tribe and Trust hereby expressly agree that any grant of a subsequent easement without Trust's express written approval shall be void and of no effect. Notwithstanding anything contained herein to the contrary, prior to the Tribe's execution of any instrument conveying or restricting any property adjacent to the Property, the result of which would or could eliminate or restrict Trust's access to the Property, the Tribe shall convey to Trust an easement granting the right of vehicular or other access to the Property across such property or across any other property adjacent to the Property owned by the Tribe, provided that the access granted is of a similar nature and quality of that eliminated or restricted. The notice and approval mechanisms described in this section, to the extent inconsistent with the provisions of Section 8 of this Easement, shall control over the provisions of Section 8.

13. Inconsistent Use. Establishment of any agricultural, commercial, industrial, or other activity or use that significantly impairs the Conservation Values or is otherwise inconsistent with the Conservation Purposes of this Easement is prohibited, unless such activity or use is expressly permitted by the terms of this Easement, including the provisions of Exhibits E and F.



**Conservation Easement Funding Agreement
Eel River Planning Unit (Trout Creek Parcels)**

This Conservation Easement Funding Agreement ("Agreement") is entered into as of the Effective Date (defined below) by and between the **Pacific Forest and Watershed Lands Stewardship Council**, a California nonprofit public benefit corporation (the "Stewardship Council") and the **Mendocino 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 the Potter Valley Tribe consisting of approximately 723 acres of real property located in the County of Mendocino 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 Mendocino 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, 2016, 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 ONE HUNDRED TWENTY NINE THOUSAND THREE HUNDRED DOLLARS (\$129,300)** (the "Grant Funds") to Grantee to be used solely for the following purposes:

a. **One Hundred Nineteen Thousand Three Hundred Dollars (\$119,300)** 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)** 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 ensure that the assignee has the resources to fulfill its obligations under the Conservation Easement. 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: _____

Mendocino Land Trust,
a California Nonprofit Public Benefit Corporation

By: _____
Title: _____
Date: _____

Exhibit A

Property Description

(to be attached)

**EXHIBIT B TO CONSERVATION EASEMENT FUNDING AGREEMENT****Evidence of Grant Fund Deposit and Restriction of Use Certification**

Date:	Planning Unit/Property Title:
Grantee Name:	Grantee Address:

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

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

Return to:

Stewardship Council
 155 Bovet Road, Suite 405
 San Mateo, CA 94402
Phone: (650) 372-9047
Fax: (650) 372-9303

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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.

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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.