

Final LCCP

March 13, 2018

Updated June 11, 2019



Stewardship
Council

Land Conservation and Conveyance Plan

Lands to be Donated to the Maidu Summit Consortium
at the Lake Almanor (Maidu Forest) Planning Unit

Executive Summary

Subject

LCCP Lake Almanor Planning Unit (Maidu TEK Forest Demonstration)
Land Conservation Plan Identification Number (Parcel) 377 as shown on the map attached as Exhibit 1.

Type of Property Interest Disposition

- Maidu Summit Consortium (MSC) to hold fee simple title to 164 acres within Parcel 377 of the Lake Almanor planning unit.
- Feather River Land Trust (FRLT) to hold the conservation easement on the 164 acres of Parcel 377 donated to the MSC.

Summary

164 acres within one parcel (Parcel 377) will be donated to the MSC and, consistent with the conditions in the Settlement Agreement, the Property will be subject to a perpetual conservation easement granted by the MSC to FRLT. The remaining 40 acres within Parcel 377 will be retained by PG&E subject to a conservation easement and will be addressed in a separate Land Conservation and Conveyance Plan (LCCP).

Pending California Public Utilities Commission (CPUC) approval, and immediately following PG&E's conveyance of 164 acres within Parcel 377 to the MSC, the MSC and FRLT will enter into the conservation easement.

The 164 acres in Parcel 377 to be donated to the MSC are outside the Upper North Fork Feather River Project boundary (FERC #2105) 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 164 acres in Plumas County south of Lake Almanor.

Economic Uses and Agreements

There is a recorded encumbrance on the property to be donated to the MSC for a road. There are no unrecorded encumbrances or existing agreements for economic uses on the property to be donated to the MSC in Parcel 377 of the Lake Almanor planning unit.

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

Permanent Protection of the Beneficial Public Values

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

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

The conservation easement for Parcel 377 within the Lake Almanor planning unit lists the following Beneficial Public Values (BPVs) that are to be protected:

- Habitat for plants, trees and wildlife that are native to the area, including: a spring fed wet meadow complex, Numerous openings in the canopy resulting from timber harvest and fire provide diverse understory species development: whitethorn (*Ceanothus cordulatus*) and greenleaf manzanita (*Arctostaphylos patula*) are dominant, with gooseberry (*Ribes roezlii*), snowberry (*Symphoricarpos* spp.), Scouler's willow (*Salix scouleriana*), bitter cherry (*Prunus emarginata*), Pacific dogwood (*Cornus nuttallii*), currant (*Ribes* spp.), grasses, and forbs also present.
- Open space characteristics including scenic views of Lake Almanor, Lassen Peak, Mount Harkness, Keddie Ridge, Lassen Volcanic National Park, the Caribou Wilderness Area, and adjoining national forest and PG&E lands are available from the Property. The Property affords scenery and open space for the public, especially as viewed from State Highway 89, the Prattville-Butt Reservoir Road, the Lake Almanor Recreation Trail, and Lassen National Forest lands on the west side of Lake Almanor.
- Recreational use of the Property by the public includes birding, hiking, mountain biking, and related passive uses. The Lake Almanor Recreation Trail passes approximately 1 mile from the northern edge of the Property.
- The Property is dominated by diverse, mid- and late-successional Sierran Mixed Conifer forest habitat, co-dominated by sugar pine (*Pinus lambertiana*) and white fir (*Abies concolor*), and also including Douglas fir (*Pseudotsuga menziesii*), Ponderosa pine (*Pinus ponderosa*), incense cedar (*Calocedrus decurrens*), and Jeffrey pine (*Pinus jeffreyi*). Many trees on the property are >30" diameter at breast height (dbh), with a few sugar and Ponderosa pines >50" dbh.
- Agricultural use of the Property includes wild plant foods, medicinal plants, basketry materials, seeds, grasses and bulbs are cultivated for subsistence, medicinal and ceremonial purposes. The area was an important gathering location for Maidu people before the arrival of Europeans, and the plants gathered there have cultural significance to the Maidu.

- The Property contains historic and cultural resources. The land underlying Lake Almanor, known as Big Meadow, which is nearby, is part of the ancestral territory of the Maidu people. The creation of the Lake inundated entire Maidu villages and sites of cultural significance to the Maidu people. The Property was also homesteaded, has a history of ranching and farming use, and contains many post-European historic resources.

Tax Neutrality

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

Pending CPUC approval of the fee title donation of the Property, Plumas County will receive a lump sum payment of \$7,779, consistent with the methodology described in the Property Tax Neutrality Methodology adopted on June 27, 2012 and amended most recently on November 15, 2017.

Hazardous Waste Disclosure

PG&E has provided the Lake Almanor Planning Unit Environmental Site Assessment Report dated June 21, 2010 and updated March 2017, to the MSC and FRLT, fulfilling the disclosure requirements of the Land Conservation Commitment.

Consideration of Parcel Split

Within Parcel 377, approximately 164 acres are proposed to transfer to the MSC. At closing, the 164 acre property as well as the remainder of the parcel must comply with the California Subdivision Map Act (Government Code Section 66410, et seq.) as separate legal parcels. Certain exemptions to the Map Act apply to public utilities and/or to governmental entities and may apply to this conveyance.

CEQA Review

This Lake Almanor planning unit transaction will not result in a direct physical change or a reasonably foreseeable indirect physical change in the environment; therefore, the Stewardship Council does not believe that the transaction is a project under CEQA. In addition, the transfer of land to preserve open space, habitat, or historical resources is categorically exempt under Section 15325 of the CEQA Guidelines (CFR Title 14, Chapter 3).

While the principal effect of the conservation easement will be to significantly restrict development on the site in perpetuity, the conservation easement reserves to MSC the right to build several structures, subject to the limitations in the conservation easement. However, MSC is not proposing to carry out any permitted development or change in use at this time. Instead, at least for the time being, MSC intends to manage the Property as PG&E does presently. If, in the future, the MSC decides to pursue new development or uses that are allowed by the conservation easement, it must first obtain all necessary permits and conduct any necessary CEQA review at that time.

Exhibit 1. Map of the Property

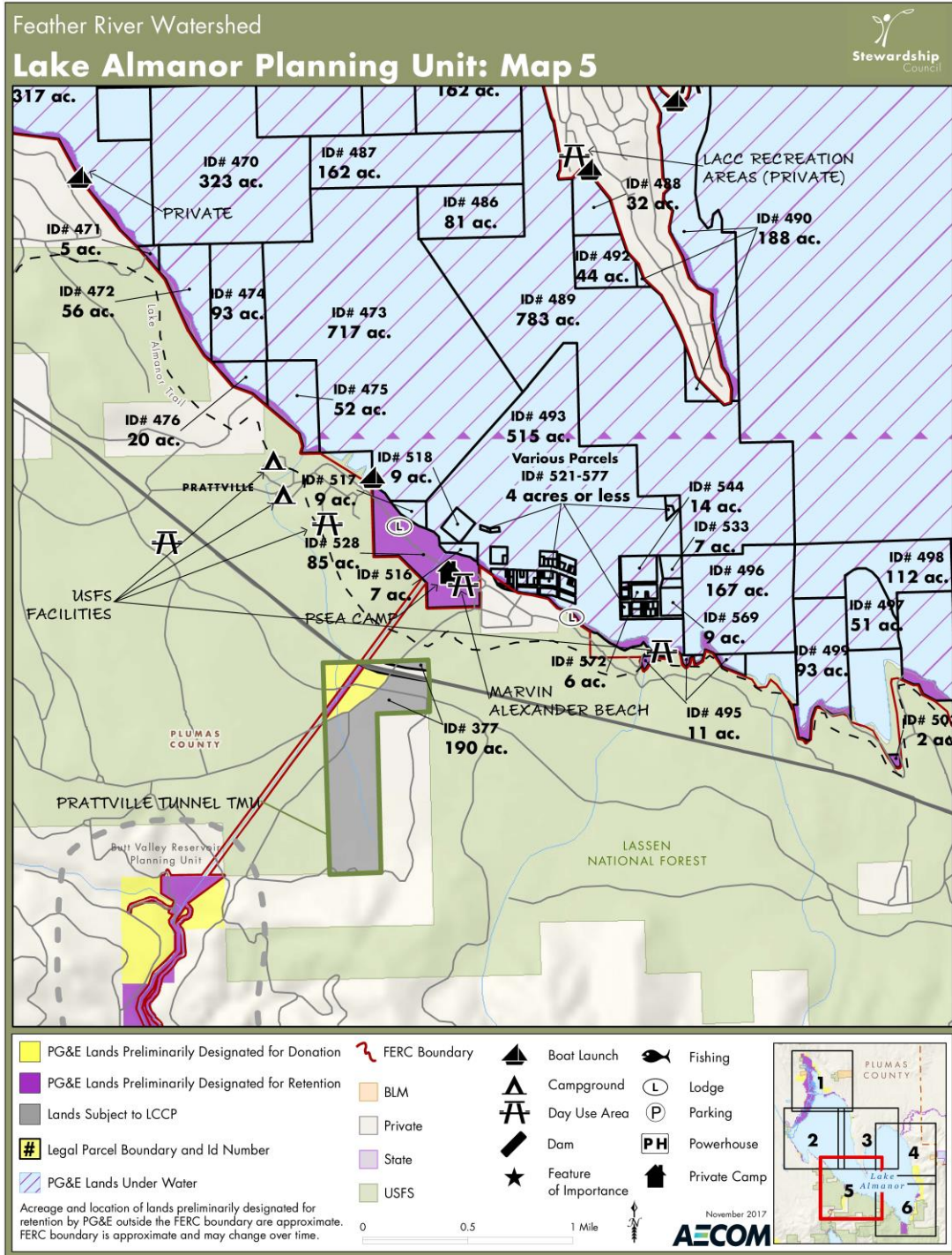


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Introduction

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 any parcel, the Stewardship Council will provide notice to the Board of Supervisors of the affected county, each affected city, town, and water supply entity, each affected Tribe and/or co-licensee, and each landowner located within one mile of the exterior boundary of the parcel, by mail or other effective manner. A summary of the public outreach process for this subject LCCP, the Lake Almanor 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 Maidu Summit Consortium (MSC) receive 164 acres within one parcel (377) of the Lake Almanor planning unit in fee and that the Feather River Land Trust (FRLT) hold a conservation easement over the lands recommended for donation to the MSC in this parcel (377) of the Lake Almanor planning unit.

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

Table 1 Stipulation 12(a) Requirements

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| <p>(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></p> |
| <p>(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></p> |
| <p>(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></p> |
| <p>(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></p> |
| <p>(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></p> |
| <p>(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></p> |
| <p>(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></p> |
| <p>(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></p> |

Table 1 Stipulation 12(a) Requirements

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| <p>(9) Monitoring Plan for the Economic and Physical Impacts of Disposition and Implementation of Enhancement Measures</p> <p><i>“A plan to monitor the economic and physical impacts of disposition and implementation of enhancement measures on the applicable management objectives;“</i></p> |
| <p>(10) Implementation Schedule for Transactions and Measures</p> <p><i>“A schedule for the implementing transactions and measures.”</i></p> |

1. Acreage, Existing Economic Uses and Agreements

Acreage and Property Description

164 acres in Parcel 377 will be donated to the MSC and, consistent with the conditions in the Settlement Agreement, the Property will be subject to a perpetual conservation easement granted by the MSC to FRLT. The remaining 40 acres within Parcel 377 will be retained by PG&E subject to a conservation easement and will be the subject of a separate LCCP.

Lake Almanor, a 27,000-acre reservoir with 52 miles of shoreline, is the central feature of the planning unit. The reservoir is located in the Almanor basin in Plumas County, adjoining the towns of Chester and Prattville, northeast of the city of Chico. The reservoir is surrounded by conifer forests interspersed with small communities and summer resorts (there are over 1,000 homes adjacent to the shoreline), providing a scenic setting. State highways and county roads pass close to most of the shoreline, providing easy public access and helping to make the area a major regional destination for water-based recreation.

The planning unit contains important habitat for waterfowl and other birds, and several rare plants. Lake Almanor also supports a gradually increasing number of nesting bald eagles and osprey. The California Audubon Society has designated the entire reservoir area an Important Bird Area due to its importance to nesting and wintering waterfowl, but also for a number of special status species such as willow flycatcher, sandhill crane, and yellow warbler.

Water-based recreation is a primary use of Lake Almanor by both visitors and the growing number of area residents. Most use occurs during the summer, when area facilities host many boaters, anglers, campers, and other outdoor enthusiasts. Recreation needs are served by the many public and private facilities dispersed around most areas of the shoreline. The lake is a popular boating area and supports a smallmouth bass and trout fishery.

Parcel 377 is located within a PG&E Timber Management Unit (TMU) that contains 177 timbered acres. The TMU is currently managed by PG&E under a sustainable timber management prescription, meaning that sustained timber production is regarded as the highest and best use of the land while also placing an emphasis on protecting water quality, wildlife and fisheries habitat, soils, carbon sequestration, and cultural resources.

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

The area now covered by Lake Almanor was once known as Big Meadow, part of the ancestral homeland of the Mountain Maidu tribe of Native Americans, and the location of several Maidu villages. Many cultural sites associated with the Maidu were inundated by the reservoir, but important sites (including burial sites) still exist on and near the shoreline.

Adjacent and Nearby Landowners

The parcel subject to donation to the MSC is surrounded by privately-owned timber lands and National Forest System lands managed by Lassen National Forest. The parcel is accessed via Highway 89 and Prattville-Butt Reservoir Road.

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

Existing Economic Uses and Agreements

There is a recorded encumbrance on the property to be donated to the MSC for a road. There are no unrecorded encumbrances or existing agreements for economic uses on the property to be donated to the MSC in Parcel 377 of the Lake Almanor planning unit.

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

2. Objectives to Preserve and/or Enhance the BPVs

The Land Conservation Commitment provides that “PG&E shall ensure that the Watershed Lands it owns... are conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants, the preservation of open space, outdoor recreation by the general public, sustainable forestry, agricultural uses, and historic values. PG&E will protect these beneficial public values associated with the Watershed Lands... from uses that would conflict with their conservation. PG&E recognizes that such lands are important to maintaining the quality of life of local communities and all the people of California in many ways, and it is PG&E’s intention to protect and preserve the beneficial public values of these lands under the terms of any agreements concerning their future ownership or management.”¹

The following text lists the objectives for each BPV at the Lake Almanor 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 on the property.

2. Objective: Preserve open space in order to protect natural and cultural resources, viewsheds, and the recreation setting from further development.

The conservation easement will ensure that no further development will occur unless specifically authorized by the conservation easement and consistent with the BPVs. The MSC proposes to maintain the property to be donated without significant modifications to the landscape. The current open space values on the property will remain for the benefit of the public. The conservation easement allows for the building of a cultural center, amphitheater, employee residence, and parking, in a manner designed to minimize adverse impacts to the conservation values. No development is currently proposed.

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

The conservation easement allows for public access of low-intensity outdoor recreational and educational activities, including hiking, nature study, and mountain biking.

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

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

The conservation easement will ensure that fire management activities required for compliance with any laws or guidelines, including vegetation management and fuel load reductions, are allowed to continue. The conservation easement allows for the development of a forest management plan, which will focus on the creation, management, and preservation of a healthy forest.

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

The conservation easement will protect identified historical and cultural values on the Property to the extent they are protected by state and federal law. The conservation easement includes the purpose of re-establishing a permanent place where cultural practices; traditional Maidu land management; and preservation, enhancement and restoration will be carried out.

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 Feather River Land Trust (FRLT) will hold the conservation easement over the lands to be donated to the MSC in the Lake Almanor planning unit that are the subject of this LCCP. The qualifications of FRLT are described in Chapter 4.

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

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 164 acres proposed for donation to the MSC in Parcel 377 were identified as available for donation, subject to PG&E's reserved rights.

Lands to be Donated by PG&E

164 acres within one parcel (377) will be donated to the MSC pending CPUC approval of the Section 851 filing for the transaction. The legal description of the parcel is included in the grant deed, which is provided in Appendix 2. The qualifications and capacity of the MSC to manage the Lake Almanor property recommended for donation are described in Chapter 4.

The map provided in Exhibit 1 shows all of the land within Parcel 377 in the Lake Almanor 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 40 acres in Parcel 377 in the Lake Almanor planning unit will be retained by PG&E and will be the subject of a separate LCCP.

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

Selected Organizations

At the conclusion of the selection process referenced below, the following organizations were endorsed by the Stewardship Council board on November 19, 2014 and February 16, 2011 respectively:

- The Maidu Summit Consortium (MSC) to hold fee simple title to 164 acres within Parcel 377.
- Feather River Land Trust (FRLT) to hold a conservation easement over the 164 acres to be donated to the MSC in Parcel 377.

Capacity of Selected Organizations

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

A. MSC:

- The MSC is comprised of nine Mountain Maidu tribes with aboriginal ties to the land within the Lake Almanor planning unit, including federally recognized and petitioning tribes, non-profit organizations, and grassroots groups. The group formed in 2003, and has been operating since that time, acquiring 501(c)(3) nonprofit status from the IRS in 2010.
- The mission of the MSC is the “preservation and protection of Mountain Maidu prehistoric and historic sites, education, consultation, coordination and cooperation with all interests in our homeland, including Native tribes and organizations, industries, natural resource agencies, conservation groups and residents and the conservation, preservation and protection of land and its natural resources and historic sites.”
- The MSC Board consists of nine representatives of member organizations and six alternates, and is served by two staff and 13 volunteers.

B. FRLT:

- Since 2000, the FRLT has been working to conserve the magnificent lands and waters of the Feather River region.
- The FRLT has successfully protected over 36,000 acres of private lands that support outstanding biodiversity, waterways, fisheries, recreational and

² Stipulation, Section 12(a)(4)

educational opportunities, cultural sites, agricultural lands, and spectacular scenery.

- FRLT has a staff of 10 people and a 7 member board of directors.
- FRLT is a nationally accredited land trust.

Donee Selection Process

The Stewardship Council used a formal multi-step process to solicit and select organizations interested in receiving a donation of Watershed Lands or becoming a conservation easement holder at the Lake Almanor 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.”

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

Stewardship Council Board Policies and Guidelines

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

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

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

On August 14, 2014, the California Public Utilities Commission approved Resolution E-4644. The resolution states that the Commission endorses the Guidelines Regarding

Satisfaction of Tax Neutrality and the Property Tax Neutrality Methodology adopted by the Stewardship Council.

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

Achieving Property Tax Neutrality

The Stewardship Council will provide funding to satisfy property tax payments in perpetuity for the Property. After the CPUC has approved the fee title donation of the Property, Plumas County will receive a lump sum payment of approximately \$7,779.

Based on the tax tables, which are current as of the date of this LCCP, the transfer of lands to the MSC is anticipated to result in the reduction of approximately \$311 in annual taxes paid to Plumas County (as shown in Table 2 below). If assessed values on the lands recommended for donation change prior to the transfer of the property, the Stewardship Council will revise the payment calculation.

Table 2: Property Tax Detail

| Parcel ID | SBE Map Number | Taxes on Acres Transferred |
|------------------|-----------------------|-----------------------------------|
| 377 | 135-32-41E-1, | \$24.51 |
| 377 | 135-32-41E-2 | \$208.74 |
| 377 | 135-32-41E-4, | \$77.93 |

Upon receipt of a lump sum payment, Plumas County would, in-turn, be required to distribute the funds to the general fund and applicable special districts consistent with the Tax Rate Area in effect for the parcel.

Other Economic and Physical Impacts

The Settlement and Stipulation require an analysis of the physical and economic impacts of each fee title transfer. The transaction agreements for the donation of 164 acres within the Lake Almanor planning unit have not mandated any changes to the physical or economic uses of the lands. The MSC intends to manage the lands in a manner consistent with the current physical and economic uses of the lands. No new activities are proposed that will result in physical impacts. If MSC proposes to undertake or permit new activities on the property in the future, consistent with the terms of the conservation

easement, and if such activities could have adverse environmental impacts, MSC will obtain all necessary permits and conduct any required CEQA review at that time.

6. Hazardous Waste Disclosure

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

Lands to be Donated by PG&E

PG&E has provided the Lake Almanor Planning Unit Environmental Site Assessment Report dated June 21, 2010 and updated March 2017, to the MSC and FRLT, 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 MSC and FRLT, satisfying the requirements of Section 12(f) of the Stipulation.

7. Consideration of Parcel Split

To effectuate transfer of the 164 acres identified for donation to the MSC within Parcel 377, a parcel split is required to comply with the California Subdivision Map Act (Government Code Section 66410, et seq.). Certain exemptions to the Map Act apply to public utilities and/or to governmental entities and may apply to this conveyance.

8. Strategy for Physical Measures to Enhance the BPVs

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

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

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

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

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

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

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

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

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

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

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

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

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

10. Implementation Schedule for Transactions and Measures

Schedule for Transaction

- CPUC review and approval (2019)
- Close of escrow (2019)
- Stewardship Council release of funds to MSC per conservation easement funding agreement (2019)

Compliance with Local Land Use Planning Requirements

Future management of the donated property at the Lake Almanor 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.
 - Noticing of landowners: postcards or letters are sent to all landowners located within one mile of lands that are the subject of a proposed LCCP prior to the Watershed Planning Committee forwarding a recommendation to the board that the proposed LCCP be adopted by the board.
- Individual Meetings with Stakeholders: Over the course of the preparation of Volumes I and II of the Land Conservation Plan (LCP) and the LCCP, Stewardship Council staff met, and communicated via the telephone and email, with a number of stakeholders interested in the Watershed Lands.

Appendix 1: Summary of Public Outreach

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

LAKE ALMANOR PLANNING UNIT PUBLIC OUTREACH

Highlighted below are the opportunities that have been, or are being, provided for public input on key documents and decisions concerning the Lake Almanor 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.

A total of thirteen public comments were submitted concerning the Lake Almanor planning unit during public review of Volumes I and II of the LCP. The public comment emphasized the importance of protection of wildlife areas, unauthorized use, sustainable forestry, impacts from development and recreation.

II. NOTICING OF LANDOWNERS WITHIN ONE MILE

In the fall of 2006 a postcard was distributed to the approximately 26,000 landowners located within one mile of the exterior boundary of all the parcels to notify and invite comment on Volume I and II of the LCP. A postcard was also sent to notify and invite all landowners located within one mile of the parcels within the Lake Almanor planning unit to a Public Information Meeting that was held in Chester in 2009. In addition, simultaneous with the release of the proposed subject LCCP for public comment, adjacent landowners located within one mile of the subject parcels are noticed by mail 30 days before the Watershed Planning Committee considers forwarding the proposed subject LCCP to the board for final approval.

III. PUBLIC INFORMATION MEETING

A Public Information Meeting workshop for several planning units in the Feather River Watershed Area was hosted by the Stewardship Council on October 22, 2009, in Chester, California. The meeting concerned four planning units: Butt Valley Reservoir, Humbug Valley, Lake Almanor, and Mountain Meadows Reservoir. Attendees at the workshop included a total of 61 individuals representing a wide

Appendix 1: Summary of Public Outreach

variety of interests including local and federal governments, 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 Lake Almanor planning unit.

The purpose of the workshop was to: (1) provide a review and update on the Stewardship Council's Land Conservation Program; and, (2) solicit additional public input on future stewardship of the four 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 Lake Almanor planning unit that were recorded on the easels and provided on comment cards.

Lake Almanor Planning Unit

- Support for the Lake Almanor Recreation Trail to Chester
- Development of conference center similar to Asilomar (Pacific Grove) at possible locations either near the causeway or near Bailey Creek – emphasis on youth groups focusing on the abundant outdoor activities of the area
- Dock/ramp on east side of lake that would provide public access at no cost
- Extension of the Lake Almanor Recreation Trail is not a priority since it currently does not get use
- Don't want OHV [off highway vehicle] use here
- Limit hunting access along [southwest] shoreline
- Most important - maintain public access for recreation

IV. PUBLIC REVIEW OF LAND STEWARDSHIP PROPOSALS

In November 2010, the Stewardship Council received two Land Stewardship Proposals from organizations interested in being considered for a donation of fee title to certain lands located within the Lake Almanor planning unit. The Maidu Summit Consortium and the County of Plumas prepared and submitted proposals. Each of the organizations prepared and submitted its proposal which was posted on the Stewardship Council's website for public review and comment, and an e-mail was sent to contacts in the Stewardship Council's database to notify them of the postings.

V. PUBLIC REVIEW OF LAND CONSERVATION PROGRAM POLICIES & GUIDELINES

Public comment was sought on policies and guidelines that helped inform the Stewardship Council's land conservation and conveyance process. These documents were provided to the public in advance of being reviewed and endorsed by the Watershed Planning Committee or Fiduciary Committee and forwarded to the board for review and consideration.

Land Conservation Program Funding Policy

The Stewardship Council created a Land Conservation Program Funding Policy to help guide future planning and decision-making regarding funding of the long term management and stewardship of the watershed lands. In June and July, 2009, the draft policy was posted on the Stewardship Council's web site and made available for review and comment to a group of stakeholders consisting of all registered

Appendix 1: Summary of Public Outreach

potential donees and representatives of the counties in which the watershed lands are located. Two comments were received during the 30-day review and comment period. Both comments were reviewed, and it was determined that neither comment necessitated a change in the draft policy. The Stewardship Council's Board of Directors adopted the policy at a public board meeting in Sonora, Calif. on September 17, 2009.

Guidelines for Achieving Property Tax Neutrality

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

Proposed methodology for achieving tax neutrality

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

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

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

Appendix 1: Summary of Public Outreach

All public comments received by staff concerning the fee and conservation easement recommendations at the Lake Almanor planning unit were provided to the board for consideration at the relevant public board meetings.

VII. PUBLIC REVIEW OF THE LAND CONSERVATION AND CONVEYANCE PLANS

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

VIII. STEWARDSHIP COUNCIL BOARD OF DIRECTORS MEETINGS

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

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

Grant Deed (REV. 7/20/2016)

RECORDING REQUESTED BY AND RETURN TO:

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

Location: City/Uninc _____
Recording Fee \$ _____
Document Transfer Tax \$ _____

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

Signature of declarant or agent determining tax

(SPACE ABOVE FOR RECORDER'S USE ONLY)

LD

DEED

APN: 001-190-031-000 & 001-190-032-000

GRANT DEED AND RESERVATION OF RIGHTS AND EASEMENTS

I. CONVEYANCE OF FEE

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation ("Grantor"), hereinafter called Grantor, hereby grants, without warranty express or implied, to MAIDU SUMMIT CONSORTIUM, a California nonprofit corporation ("Grantee"), hereinafter called Grantee, the real property ("Property"), located in the County of Plumas, State of California, described in Exhibit A attached hereto and made a part hereof.

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

II. RECITALS

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

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

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

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

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

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

F. Consistent with the terms of the Governing Documents, Grantor and Grantee acknowledge this conveyance, together with the conservation easement transaction being entered into by Grantee and Feather River 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 and the conservation easement being entered into while allowing the ongoing use of the Property by Grantor for Hydro Project Activities and Electric Activities, and acknowledging and honoring any existing third party uses.

III. RESERVATION OF RIGHTS AND EASEMENTS

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

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

(a) Grantor reserves, for its beneficial uses, all riparian water rights inherent in and part and parcel of the Property; all appropriative surface water rights (including, but not limited to, any appropriative surface water rights having a point of diversion, place of storage, or place of use on the Property); all prescriptive surface water rights; and all other right, title and interest of any nature whatsoever in and to the surface waters and the subterranean streams flowing through known and definite channels which are now or hereafter located or flowing upon or abutting the Property. Nothing in this subsection (a) shall prevent Grantee from using reasonable amounts of water on the Property for activities solely intended to preserve and enhance the beneficial public values, provided such activities are conducted in accordance with applicable law. Such use by Grantee may be conducted without notice to the Grantor.

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

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

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

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

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

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

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

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

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

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

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

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

the Property or adjacent to the Property, or as Grantor deems necessary to comply with applicable state or federal regulations; and

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

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

(6) The right to install, replace, maintain, and use anchors with appurtenant guy wires, which may extend outside of the Electric Line Easement Area, at locations Grantor shall from time to time deem necessary; and

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

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

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 any local, state or federal governmental entity; (d) any third party agreement entered into by Grantor in good faith or by which Grantor is bound; or (e) professional engineering and design standards governing the ownership, maintenance, and/or operation of the Hydroelectric Facilities and associated Water Delivery Facilities and/or Electric Facilities.

IV. TERMS OF GRANT

1. The conveyance by Grantor to Grantee pursuant to this Grant Deed and Reservation of Rights and Easements ("**Grant Deed**") is subject to: (a) a lien securing payment of real estate taxes and assessments; (b) applicable zoning and use laws, ordinances, rules and regulations of any municipality, township, county, state or other governmental agency or

authority; (c) all matters that would be disclosed by a physical inspection or survey of the Property or that are actually known to Grantee; and (d) all contracts, leases, licenses, covenants, conditions, easements, restrictions, liens, encumbrances and other exceptions which are recorded or unrecorded.

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

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

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

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

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

V. MISCELLANEOUS

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

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

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

4. This Grant Deed 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]

IN WITNESS WHEREOF, the parties have 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:

MAIDU SUMMIT CONSORTIUM,
a California nonprofit corporation

By: _____

Print Name: _____

Its: _____

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

[Follows this page]

EXHIBIT B

LEGAL DESCRIPTION OF ELECTRIC LINE EASEMENT AREA

[Follows this page]

EXHIBIT B-1

DEPICTION OF ELECTRIC LINE EASEMENT AREA

[Follows this page]

RECORDING REQUESTED BY AND)
)
WHEN RECORDED MAIL TO:)
)
Feather River Land Trust)
Attn: Shelton Douthit, Executive Director)
P.O. Box 1826)
75 Court Street)
Quincy, CA 95971)
)

Exhibit Draft: 6-3-19

Space Above Line for Recorder’s Use Only

CONSERVATION EASEMENT DEED

(Lake Almanor – Maidu Forest)

THIS CONSERVATION EASEMENT DEED (“Conservation Easement”) is made as of _____, 20____ (“Effective Date”), by MAIDU SUMMIT CONSORTIUM, a California nonprofit public benefit corporation (“MSC” or “Grantor”), in favor of FEATHER RIVER LAND TRUST, a California nonprofit public benefit corporation (“FRLT” or “Grantee”) (MSC and FRLT are sometimes referred to herein individually as “Party” and collectively as “Parties”), with reference to the following facts, circumstances, and terms:

RECITALS

A. **The Property.** Grantor is the fee title owner of certain real property containing approximately 164 acres southwest of Lake Almanor known by the Maidu people as Maidu Forest, located in the County of Plumas, State of California, and is legally described and depicted in **Exhibit A** attached hereto and incorporated herein by this reference (“Property”).

B. **FRLT’s Nonprofit Status.** FRLT is a California nonprofit public benefit corporation, exempt from federal income taxation under sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code of 1986, as amended (“IRC”), and qualified to acquire and hold conservation easements pursuant to California Civil Code section 815.3. FRLT is dedicated to conserving the land and waters of the Feather River region and stewarding its ecological, cultural, and educational values for current and future generations.

Appendix 3: Conservation Easement

C. **Grantor's Status.** The Property is owned in fee by MSC, a California nonprofit public benefit corporation exempt from federal income taxation under IRC section 501(c)(3). MSC is composed of representatives from exclusively Mountain Maidu groups. MSC is dedicated to land and water protection and stewardship throughout the Maidu homeland, in accordance with principles of Traditional Ecological Knowledge ("TEK"). TEK is the accumulation of thousands of years of understanding the interactions of people and the natural environment, gained by native people with intimate knowledge of their local environment, who depend on the sustainable use and management of natural resources for their survival. TEK is handed down through generations by cultural transmission. TEK is adapted to changing conditions in order to maintain historic continuity of resource use and protection.

D. **Transfer of Property to MSC.** Pacific Gas and Electric Company, a California corporation ("PG&E"), transferred to MSC the fee interest in the Property in accordance with that certain Grant Deed, being recorded in the Official Records of the County of Plumas, immediately prior to the recording hereof ("Grant Deed"), attached hereto as **Exhibit B** and incorporated herein by reference, subject to PG&E's reservation of certain rights in and to the Property, as set forth in the Grant Deed (referred to herein as the "PG&E Reserved Rights" in some instances and as "PG&E's Reserved Rights" in other instances).

E. **Grantor's Relationship to the Property.** The mission of the Grantor is to contribute to the understanding and management of the Earth according to Mountain Maidu TEK and practices by supporting and enhancing Maidu cultural and physical connections to land and water. Grantor asserts that protection of the Conservation Values (as defined below), as required by this Conservation Easement, is consistent with traditional Maidu land management practices and principles. Grantor acquired the Property for the purpose of re-establishing a permanent place where Maidu cultural practices; traditional Maidu land management; and preservation, enhancement and restoration of native plant and wildlife habitats will be carried out.

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

G. **Beneficial Public Values.** The Governing Documents require PG&E to ensure that approximately 140,000 acres of watershed lands, all located in California and owned by PG&E as of the date the Governing Documents were entered into (collectively, "Watershed Lands"), are conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants; the

preservation of open space; outdoor recreation by the general public; sustainable forestry; agricultural uses; and historic values (collectively, "Beneficial Public Values"). The Property is included in these Watershed Lands. The Land Conservation Commitment constitutes the obligations of PG&E to convey fee title and conservation easements to Watershed Lands, and to protect the Beneficial Public Values of the Watershed Lands, as well as certain other obligations related thereto, as set forth in detail in the Governing Documents. The Stipulation provides that conservation easements for Watershed Lands will preserve or enhance reasonable public access.

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

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

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

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

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

M. **Preservation and Protection in Perpetuity.** Grantor and Grantee each desire through this Conservation Easement to ensure the permanent protection of the Conservation Values on the Property, subject to PG&E's Reserved Rights. Specifically,

the Parties desire to ensure that the Conservation Values on the Property will be preserved and protected in perpetuity as provided herein, and that uses of the Property that are inconsistent with these Conservation Values will be prevented or corrected.

GRANT OF CONSERVATION EASEMENT AND AGREEMENTS

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

1. **Conservation Purposes.** The purposes of this Conservation Easement are to protect and preserve in perpetuity the Conservation Values of the Property by restricting any use of the Property that will significantly impair the Conservation Values ("Conservation Purposes"). Subject to the following terms and conditions, Grantor intends that it will use the Property in accordance with Maidu land management principles and practices based on TEK, and Grantor will confine uses of the Property to activities that are consistent with the Conservation Purposes and the terms of this Conservation Easement. As used herein, the terms "impair" or "impairment" mean to diminish in quantity, quality, value, strength or viability. As used in this Conservation Easement, the terms "significant" or "significantly", when used with "impair" or "impairment", respectively, mean a greater than negligible adverse impact or an impact for more than a transient period.

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

2. **Land Management Plan.** Grantor's management of the Property shall be subject to a Land Management Plan prepared for the Property, as amended from time to time in accordance with this Conservation Easement ("Management Plan"). The

Appendix 3: Conservation Easement

Management Plan will be designed to provide for Grantor's adaptive management of the Property in a manner consistent with the Conservation Purposes (as defined below) and the terms of this Conservation Easement, and set forth the forest management plan component as defined in Section 16 of Exhibit D. The Management Plan shall be approved by Grantor in writing after written notice to and consultation with Grantee under Section 9(a) below. Grantor may amend the Management Plan at any time after written notice to and consultation with Grantee. The Management Plan shall not replace, modify, or amend any of the terms, covenants or conditions of this Conservation Easement. The Conservation Easement shall govern if there are any inconsistencies between it and the Management Plan. The initial Management Plan shall be completed within one year of close of escrow, or as soon thereafter as practicable.

3. **Rights Conveyed to Grantee.**

(a) **Rights of Grantee.** To accomplish the Conservation Purposes, Grantor hereby grants and conveys the following rights to Grantee:

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

(2) **Right of Access to Inspect, Monitor and Enforce.** Grantee shall have the right to access and enter upon the Property using any easement or right of way appurtenant to the Property in order to exercise the following rights: (a) inspect the Property once annually to determine whether Grantor is in compliance with the terms of this Conservation Easement, provided that such Grantee provides written notice to Grantor at least thirty (30) days prior to the annual inspection, and that Grantor shall have the option to be present during any compliance monitoring; (b) exercise the rights which are granted to Grantee herein; and (c) enforce the terms of this Conservation Easement, in accordance with Section 10 of this Conservation Easement, including without limitation, the right to restore the Conservation Values, provided, that such access and entry will be made in a manner that will not interfere unreasonably with the permitted use(s) or enjoyment of the Property by Grantor and any occupant(s) or user(s) of the Property pursuant to the terms of this Conservation Easement. Grantee shall schedule a date and time for the annual compliance monitoring visit that is reasonably acceptable to Grantor. The right of access to inspect and monitor shall not be assigned by Grantee without the prior express written approval of the Grantor; provided, however, that Grantee may authorize

Appendix 3: Conservation Easement

entry of its consultants to the extent they are assisting the Grantee in its monitoring obligations or other activities authorized by this Conservation Easement. Nothing in this section shall be construed to authorize entry by members of the public for any purpose. Notice under this section shall include the names, titles and affiliations of persons who will conduct the inspections and, for those persons who are not employees of Grantee, their qualifications.

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

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

5. **Grantor's Duties.** To the extent Grantor has or reasonably should have knowledge of actual or anticipated unauthorized third party use of the Property that violates or would violate the terms of this Conservation Easement, Grantor shall undertake all reasonable actions to prevent such unauthorized use.

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

(a) **Rights of Ownership.** Grantor reserves to itself all rights of ownership of the Property. Grantor shall confine its use of the Property to those permitted activities and uses, and to such other activities and uses of the Property as are both: (1) consistent with the Conservation Purposes; and (2) not prohibited under the terms of this Conservation Easement. The permitted uses and activities set forth on

Exhibit D are presumed to be consistent with the Conservation Purposes and are expressly permitted by the Grantee, but **Exhibit D** is not an exclusive list of such uses and activities. Uses and activities that are prohibited in **Exhibit D** are inconsistent with the Conservation Purposes.

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

7. **Public Access.**

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

(b) **New or Increased Public Access.** If Grantor desires to allow new public access or Informal Uses or an expansion of public access or Informal Uses on the Property, Grantee's advance written approval is required in accordance with Section 9(b), which approval shall not be unreasonably withheld, conditioned or delayed.

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

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

8. **Compliance with Applicable Law.** This Conservation Easement describes certain rights held by Grantor, Grantee, PG&E, and third parties, as well as permitted uses that are presumed to be consistent with the Conservation Purposes of the Conservation Easement. Nothing in this Conservation Easement requires Grantor, Grantee, PG&E, or third parties to exercise these rights. Nor does this Conservation Easement provide Grantor, Grantee, PG&E, or third parties with regulatory approval to undertake any action described as a retained right or permitted use. Prior to undertaking any action to exercise these rights, Grantor, Grantee, PG&E, and third parties shall obtain all necessary permits and comply with all applicable laws, including the California Environmental Quality Act (“CEQA”), Public Resources Code sections 21000 et seq.

9. **Consultation and Approval Processes.**

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

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

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

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

(3) **Written Approval.** Grantor shall not, and shall not have the right to, commence or conduct the Proposed Activity until and unless it receives the

Appendix 3: Conservation Easement

written approval of Grantee, and only in the manner approved, unless the Proposed Activity is deemed approved pursuant to Section 9(b)(4) below.

(4) **Agreement Deadline for Proposed Activity.** The Proposed Activity shall be deemed to have been approved if no objection has been given within ninety (90) days after Grantee's receipt of the notice of the Proposed Activity and all supplemental information requested by Grantee pursuant to Section 9(b)(1) above.

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

10. **Enforcement and Remedies.**

(a) **Procedures Upon Violation.** If a party hereto ("Non-Breaching Party") determines there is a breach of the terms of this Conservation Easement or that a breach is threatened, written notice of such breach ("Notice of Breach") and a demand for corrective action sufficient to cure the breach shall be given in accordance with Section 22 by the Non-Breaching Party to the party allegedly breaching this Conservation Easement ("Breaching Party"). Within fourteen (14) days after receipt of the Notice of Breach, the Parties shall meet at a location in Plumas County or as otherwise agreed by the Parties to discuss the circumstances of the alleged or threatened breach and to attempt to agree on appropriate corrective action. If the Parties are unable to agree on corrective action within thirty (30) days after such meeting, then the Non-Breaching Party may, at its election, deliver a further written notice to the Breaching Party to demand reasonable corrective action to cure the breach ("Notice of Violation"). If a violation is not cured within thirty (30) days after receipt of the Notice of Violation, or if the cure reasonably requires more than thirty (30) days to complete and there is failure to begin the cure within the 30-day period or failure to continue diligently to complete the cure, the Non-Breaching Party may commence litigation in accordance with Section 10(b) below. For purposes of this Section 10(a), the Non-Breaching Party can be either the Grantee or Grantor.

(b) **Litigation.** If the Parties are not able to resolve a dispute under Section 10(a) above, the Non-Breaching Party may bring an action at law or equity in a court of competent jurisdiction to enforce compliance with the terms of this Conservation Easement, to recover damages to which the Non-Breaching Party may be entitled for violation of the terms of this Conservation Easement, or for any other legal or equitable relief available under California law, including, but not limited to, temporary or permanent injunctive relief, monetary damages or any other form of relief required to achieve the restoration of the Property to the condition it existed prior to any violation.

Appendix 3: Conservation Easement

To the extent that Grantee recovers any monetary damages for the cost of restoring any injury or damage to a portion of the Property that is caused by Grantor's breach, excluding fees described in Section 11, all such damages recovered by Grantee shall be applied to the cost of undertaking any corrective action to the applicable portion of the Property. Notwithstanding anything to the contrary in this Conservation Easement, in no event shall the Breaching Party be liable to the Non-Breaching Party for, and the Parties each hereby waive their right to, any indirect, special, punitive or consequential damages resulting from the Breaching Party's breach of this Conservation Easement, whether foreseeable or unforeseeable. For purposes of this Section 10(b), a Non-Breaching Party can be either the Grantee or Grantor.

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

(d) **Remedies at Law Inadequate.** The Parties agree that remedies at law for any violation of the terms of this Conservation Easement are inadequate and that the Non-Breaching Party shall be entitled to the injunctive relief described in this section, in addition to such other relief to which it may be entitled, including specific performance of the terms of this Conservation Easement, without the necessity of proving either actual damages or the inadequacy of otherwise available legal remedies, provided the other legal requirements for injunctive relief are met. The Non-Breaching Party's remedies shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity, including but not limited to, the remedies set forth in California Civil Code section 815 *et seq.* For purposes of this Section 10(d), a Non-Breaching Party can be either Grantee or Grantor.

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

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

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13. **Acts Beyond Grantor's Control.** Nothing contained in this Conservation Easement shall be construed to entitle Grantee to bring any action against Grantor for any injury to or change in the Property or impairment of the Conservation Values resulting from (a) any natural cause beyond Grantor's control, including, without limitation, fire not caused by Grantor, flood, storm, climate change, earth movement, diseases affecting biological features of the Property, or any prudent action taken by Grantor under emergency conditions to prevent, abate, or mitigate significant injury to the Property or impairment to the Conservation Values resulting from such causes; (b) acts by Grantee or its employees, consultants, agents, contractors, board of directors, or representatives; or (c) acts by third parties over whom Grantor has no control, provided Grantor has fulfilled its obligations under Section 5. Should impairment to the Conservation Values occur as a result of (a) or (c), Grantor and Grantee shall consult to determine an appropriate, reasonable response to address the conditions.

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

15. **Taxes; No Liens.** Grantor shall pay before delinquency all taxes, assessments (general and special), fees, and charges of whatever description levied on or assessed against the Property by competent authority (collectively "Taxes"), including any Taxes imposed upon, or incurred because of, this Conservation Easement, and shall furnish Grantee with satisfactory evidence of payment upon request. Grantor shall keep the Property free from any liens (other than a security interest that is expressly subordinate to this Conservation Easement as provided in Section 24(m)), including those arising out of any obligations incurred by Grantor for any labor or materials furnished or alleged to have been furnished to or for Grantor at or for use on the Property.

16. **Hold Harmless.** Grantor shall hold harmless and indemnify Grantee and its directors, officers, and employees and the successors and assigns (each an "Indemnified Party" and, collectively, "Indemnified Parties") from and against any and all liabilities, penalties, costs, losses, damages, expenses (including, without limitation, reasonable attorneys' fees and experts' fees), causes of action, claims, demands, orders, liens or judgments (each a "Claim" and, collectively, "Claims"), proximately caused by the occupancy or use of the Property by Grantor or its directors, officers, employees, or agents, unless due solely to the negligence of the Grantee or any of such Grantees' officers, employees or agents. If any action or proceeding is brought against

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any of the Indemnified Parties by reason of any such Claim, Grantor shall, at the election of and upon written notice from an Indemnified Party seeking indemnification under this section, defend such action or proceeding by counsel reasonably acceptable to the Indemnified Party.

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

17. **Insurance.** Grantor shall procure, carry, and maintain in effect throughout the term of this Conservation Easement, the insurance specified in **Exhibit F**, which is incorporated herein by reference; provided, however, that Grantee reserves the right to periodically review and reasonably modify the insurance requirements specified in **Exhibit F** to be generally consistent with the practices of prudent charitable organizations that hold similar property interests. All insurance shall be written on forms and with insurance carriers acceptable to Grantee in its commercially reasonable judgment. Prior to recordation of this Conservation Easement, Grantor shall provide Grantee with evidence of insurance coverage satisfying the requirements of this section and **Exhibit F**. Grantor is responsible for causing its agents and contractors entering the Property to comply with the insurance requirements of this section and **Exhibit F** at all relevant times. Grantor shall indemnify, protect, defend, and hold harmless Grantee against any and all liabilities, penalties, costs, losses, damages, expenses (including, without limitation, reasonable attorneys' fees and reasonable experts' fees), causes of action, claims, demands, orders, liens or judgments proximately caused by the failure of Grantor or its agents or contractors to comply with the insurance requirements of this section and **Exhibit F**.

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

19. **Condemnation.** If all or part of the Property is taken by the exercise of the power of eminent domain by a public, corporate, or other authority, whether permanent or temporary, or if the Property is sold in lieu of condemnation, so as to abrogate the restrictions imposed by the Conservation Easement, Grantor and Grantee shall join in appropriate actions at the time of such taking or sale to recover the full value of the Property taken or sold and all incidental or direct damages resulting there

from. All compensation thereby awarded will belong and be paid to Grantor and Grantee in proportion to their respective interests in the Property as determined below, it being expressly agreed that the Conservation Easement constitutes a compensable property right. All expenses incurred by Grantor and Grantee in such action shall be paid out of the recovered proceeds.

Pursuant to California Civil Code §815.2(a), this Conservation Easement constitutes a real property interest immediately vested in Grantee. It is acknowledged by the Parties that the purposes of establishing the value of this property right and enforcing the rights of Grantee with respect thereto is to prevent a private windfall. That being the case, the Parties stipulate that, for the purpose of determining the ratio for proportionate value of each party's respective interest in the Property at the time of termination or extinguishment of the Conservation Easement, the value of the Conservation Easement shall be the difference between (a) the fair market value of the fee interest in the Property at the time of termination, as if unencumbered by the Conservation Easement, but taking into account all other existing restrictions on the improvement, construction, alteration, expansion, development, use, maintenance or operation of all or any portion of the Property (e.g., zoning laws, land use laws or other governmental laws, codes, regulations or ordinances, and private restrictions such as covenants, restrictions and agreements), and (b) the fair market value of the Property at the time of termination, as encumbered by the Conservation Easement, but taking into account all other existing restrictions on the improvement, construction, alteration, expansion, development, use, maintenance or operation of all or any portion of the Property (e.g., zoning laws, land use laws or other governmental laws, codes, regulations or ordinances, and private restrictions such as covenants, restrictions and agreements). The values shall be determined by an appraisal prepared by a qualified appraiser familiar with appraising conservation easements jointly selected by Grantor and Grantee. The cost of the appraisal shall be paid out of proceeds in proportion to the recoveries of Grantor and Grantee. There shall be no restriction on Grantor's or Grantee's use of proceeds received pursuant to this Section.

20. **Transfer of Conservation Easement.**

(a) **Voluntary Assignment.** In the event that Grantee decides to assign its interest under this Conservation Easement, Grantee shall only assign such interest to an organization that is: (i) qualified to hold a conservation easement under section 815.3 of the California Civil Code; (ii) experienced in holding and monitoring conservation easements on properties similar to the Property; (iii) willing and financially able to assume all of the responsibilities imposed on Grantee under this Conservation Easement; and (iv) approved in advance by Grantor, which approval shall not be unreasonably withheld. Grantee shall give preference to any qualifying organization that has experience in holding and monitoring conservation easements on properties owned by Indian Tribes or tribal organizations. Before assigning its interest under this Conservation Easement, Grantee shall provide Grantor and the Sierra Nevada Conservancy ("SNC") with written notice of such intention to transfer ("Transfer Notice") and shall consult with Grantor, and SNC pursuant to Section 9. The Transfer Notice

Appendix 3: Conservation Easement

shall identify the proposed assignee and include a description of how the proposed assignee meets the assignee designation criteria set forth in this section. In consultation with Grantor, Grantee shall allow SNC a period of not less than sixty (60) days to approve the proposed assignee, which approval shall not be unreasonably withheld and shall be based on whether the proposed assignee meets the designation criteria specified in this section. If SNC does not approve the proposed assignee, SNC shall provide Grantee with the reasons behind such decision.

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

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

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

21. **Transfer of Property.**

(a) **Transfer of Property to Third-Party.** Except for any transfer of the Property pursuant to the Power of Termination (as defined in Section 21(b) below), Grantor shall not transfer the Property without the prior written approval of Grantee, which approval shall not be unreasonably withheld, conditioned or delayed. Grantor shall give written notice to Grantee of the intent to transfer the interest at least ninety (90) days prior to the date of such transfer. Grantor agrees to incorporate the terms of this Conservation Easement by reference in any deed or other legal instrument by which Grantor divests itself of any interest in all or any portion of the Property, including, without limitation, a leasehold interest. Except for a transfer in accordance with the Power of Termination, Grantee shall have the right to prevent subsequent transfers in which prospective transferees are not given actual notice of the terms, covenants, conditions and restrictions of this Conservation Easement. The failure of Grantor or

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Grantee to perform any act provided in this section shall not impair the validity of this Conservation Easement or limit its enforceability in any way.

(b) **Power of Termination.** Grantor has granted to PG&E a power of termination in the Property in accordance with California Civil Code section 885.010, et seq. pursuant to that certain Restriction on Transfer of Property and Power of Termination Agreement dated as of _____, recorded in the Official Records of the County of Plumas, concurrently with the recordation of this Conservation Easement ("Power of Termination"), attached hereto as **Exhibit G** and incorporated herein by reference. In the event the fee title to the Property transfers to PG&E (or its designee) pursuant to the Power of Termination, PG&E (or its designee) shall take fee title subject to this Conservation Easement, in accordance with section 2.5 of the Power of Termination.

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

To Grantor: Maidu Summit Consortium
P.O. Box 682
Chester, CA 96020
Attn: Executive Director

To FRLT: Feather River Land Trust
P.O. Box 1826
75 Court Street
Quincy, CA 95971
Attn: Executive Director

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

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

23. **Amendment.** This Conservation Easement may be amended only upon the written agreement of Grantor and Grantee. Any such amendment shall be consistent with the Conservation Purposes of this Conservation Easement and California law governing conservation easements and shall not affect its perpetual

duration. Any such amendment shall be recorded in the official records of Plumas County.

24. **Additional Provisions.**

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

(b) **Grantor's Advice of Legal Counsel.** Grantor and Grantee acknowledge and stipulate that Grantee has advised Grantor that it cannot provide, nor has provided, Grantor with legal or tax advice at any time respecting the Conservation Easement. Grantor and Grantee further acknowledge that Grantee has advised Grantor to seek legal counsel in the negotiation and execution of this Conservation Easement and that Grantor has done so. Grantor has retained legal counsel, which decision was made in Grantor's sole discretion.

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

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

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

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(f) **Entire Agreement.** This instrument sets forth the entire agreement of the Parties with respect to the Conservation Easement and supersedes all prior written or oral discussions, negotiations, understandings, or agreements of the Parties relating to the Conservation Easement. No alteration or variation of this instrument shall be valid or binding unless contained in an amendment in accordance with Section 23.

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

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

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

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

(k) **Hazardous Materials Liability.**

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

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

(3) Despite any contrary provision of this Conservation Easement, the Parties do not intend this Conservation Easement to be, and this

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Conservation Easement shall not be, construed to create in or give to Grantee any of the following:

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

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

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

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

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

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

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

(l) **Warranty.** Grantor represents and warrants to Grantee that Grantor is the sole owner of fee simple title to the Property; that the Property is not subject to any other conservation easement; and, other than those exceptions expressly listed in **Exhibit I**, attached hereto and incorporated herein by this reference, there are no outstanding mortgages, liens, encumbrances or other interests in the Property

Appendix 3: Conservation Easement

(including, without limitation, water and mineral interests) that may conflict or are otherwise inconsistent with this Conservation Easement and which have not been expressly subordinated to this Conservation Easement by a written, recorded subordination agreement approved by Grantee.

(m) **Additional Easements.** Grantor shall not grant any additional easements, rights of way, or other interests in the Property (other than a security interest that is expressly subordinated to this Conservation Easement), or grant, transfer, abandon, or relinquish (each a "Transfer") any mineral, air, or water right, or any water associated with the Property, without first obtaining the written approval of Grantee, which approval shall not be unreasonably withheld, conditioned or delayed. This section shall not limit the provisions of Section 3 nor prohibit transfer of a fee or leasehold interest in the Property that is subject to this Conservation Easement and complies with Section 21. Grantor shall provide a certified copy of any recorded or unrecorded grant or Transfer document to Grantee.

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

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

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

EXHIBIT B – Form of Grant Deed

EXHIBIT C – Conservation Values

EXHIBIT D – Grantor's Use of the Property

EXHIBIT E –Building Envelope Map

EXHIBIT F – Insurance Requirements

EXHIBIT G – Power of Termination

EXHIBIT H --Encumbrances

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

GRANTOR:

MAIDU SUMMIT CONSORTIUM

By: _____

Name: Kenneth Holbrook

Title: Executive Director

Date: _____

GRANTEE:

FEATHER RIVER LAND TRUST

By: _____

Name: Shelton Douthit

Title: Executive Director

Date: _____

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.

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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 _____

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EXHIBIT A

Legal Description of the Property and Map of the Property
[\[Follows this page\]](#)

EXHIBIT B

Form of Grant Deed

[Follows this page]

EXHIBIT C

Conservation Values

In addition to the general description of the Conservation Values expressly included in the Recitals of the Conservation Easement Deed, the particular Conservation Values of the Property include, without limitation, the following:

Fish, Plant, and Wildlife Habitat

The Property is located within the Lake Almanor Basin, which the California Audubon Society has designated as an Important Bird Area due to its habitat for nesting and wintering waterfowl, and the presence of special status species such as willow flycatcher (*Empidonax traillii*), greater sandhill crane (*Grus canadensis tabida*), olive-sided flycatcher (*Contopus cooperi*), yellow warbler (*Setophaga petechia*), northern goshawk (*Accipiter gentilis*), bald eagle (*Haliaeetus leucocephalus*), and osprey (*Pandion haliaetus*).

The Property contains California Wildlife Habitat Relationship (CWHR) terrestrial habitat types as set out below, as defined in “A Guide to Wildlife Habitats of California,” prepared for the California Department of Fish and Game, by Kenneth E. Mayer and William F. Laudenslayer, Jr., Editors (1988).

The Property is dominated by diverse, mid- and late-successional Sierran Mixed Conifer forest habitat, co-dominated by sugar pine (*Pinus lambertiana*) and white fir (*Abies concolor*), and also including Douglas fir (*Pseudotsuga menziesii*), Ponderosa pine (*Pinus ponderosa*), incense cedar (*Calocedrus decurrens*), and Jeffrey pine (*Pinus jeffreyi*). Many trees on the property are >30” diameter at breast height (dbh), with a few sugar and Ponderosa pines >50” dbh. Canopy cover ranges from 40% to 80%, except within the Chips Fire burn area in the southern portion of the Property, where it averages 5-20%.

Numerous openings in the canopy resulting from timber harvest and fire provide diverse understory species development: whitethorn (*Ceanothus cordulatus*) and greenleaf manzanita (*Arctostaphylos patula*) are dominant, with gooseberry (*Ribes roezlii*), snowberry (*Symphoricarpos* spp.), Scouler’s willow (*Salix scouleriana*), bitter cherry (*Prunus emarginata*), Pacific dogwood (*Cornus nuttallii*), currant (*Ribes* spp.), grasses, and forbs also present.

The Property contains an 18-acre, spring-fed Wet Meadow complex, which supports a small (0.5-acre) Aspen stand and Montane Riparian habitat. The meadow is dominated by native grasses, rushes (*Juncus* spp.), and sedges (*Carex* spp.) and includes a small (0.2-acre), manmade pond.

The Property’s open Sierran Mixed Conifer, Aspen, Montane Riparian, and Wet Meadow habitats provide summer and migratory habitat for a Tehama Mule Deer Herd (*Odocoileus hemionus columbianus*), including good fawning habitat within the Aspen

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and Montane Riparian habitats. Black bears (*Ursus americanus*) are found throughout the Property and are especially common on the Wet Meadow/mixed conifer forest edge.

The property also contains, active American badger (*Taxidea taxus*) burrows on the south side of the Property within the Chips Fire burn. The American badger is a California Species of Special Concern.

The Property supports a mix of resident and migrant native birds species associated with Sierran Mixed Conifer forest, including western tanager (*Piranga ludoviciana*), yellow-rumped warbler (*Setophaga coronata*), mountain chickadee (*Poecile gambeli*), red-breasted nuthatch (*Sitta canadensis*), red crossbill (*Loxia curvirostra*), hermit thrush (*Catharus guttatus*), hermit warbler (*Setophaga occidentalis*), golden-crowned kinglet (*Regulus satrapa*), pileated woodpecker (*Hylatomus pileatus*), dark-eyed junco (*Junco hyemalis*), and Cassin's vireo (*Vireo cassinii*). Special status bird species likely to occur within the Property's Sierran Mixed Conifer habitat include: northern goshawk, olive-sided flycatcher, bald eagle (observed), osprey, and Cooper's hawk.

The Property contains potential nesting, perching, and roosting habitat for bald eagle and osprey due to its proximity (<0.5 mi) from Lake Almanor and the presence of large conifers.

Bird species unique to the Property's Wet Meadow, Aspen, and Montane Riparian habitats include yellow warbler, a California Species of Special Concern, Wilson's warbler (*Cardellina pusilla*), warbling vireo (*Vireo gilvus*), red-breasted sapsucker (*Sphyrapicus ruber*), white-crowned sparrow (*Zonotrichia leucophrys*), Savannah sparrow (*Passerculus sandwichensis*), and song sparrow (*Melospiza melodia*).

Open Space

The Property provides a natural and scenic viewshed for the public adjacent to areas that have been developed along Lake Almanor. Scenic views of Lake Almanor, Lassen Peak, Mount Harkness, Keddie Ridge, Lassen Volcanic National Park, the Caribou Wilderness Area, and adjoining national forest and PG&E lands are available from the Property. The Property affords scenery and open space for the public, especially as viewed from State Highway 89, the Prattville-Butt Reservoir Road, the Lake Almanor Recreation Trail, and Lassen National Forest lands on the west side of Lake Almanor.

Outdoor Recreation

Recreational use of the Property by the public includes birding, hiking, mountain biking, and related passive uses. The Lake Almanor Recreation Trail passes approximately one mile from the northern edge of the Property.

Sustainable Forestry

The Property includes timbered land supporting conifer species in the Sierran Mixed Conifer habitat containing sugar pine, white fir, Douglas fir, Ponderosa Pine, incense

cedar, and Jeffrey pine.

Agricultural Uses

Wild plant foods, medicinal plants, basketry materials, seeds, grasses and bulbs are cultivated for subsistence, medicinal and ceremonial purposes. The area was an important gathering location for Maidu people before the arrival of Europeans, and the plants gathered there have cultural significance to the Maidu.

The Property's wet meadow is especially important to the Maidu for the bulbs and multiple willow species it supports.

Historic Resources

The Property contains historic and cultural resources. The land underlying Lake Almanor, known as Big Meadow, and which is nearby, is part of the ancestral territory of the Maidu people. The creation of the Lake inundated entire Maidu villages and sites of cultural significance to the Maidu people.

The Property was also homesteaded, has a history of ranching and farming use, and contains many post-European historic resources.

EXHIBIT D

Grantor's Use of the Property

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

1. **Subdivision and Partitioning:** The Property is comprised of a single legal parcel. Any legal or de facto division, subdivision, lot creation, or partitioning of the Property, including a request for a certificate of compliance pursuant to the Subdivision Map Act (Gov. Code section 66499.35), is prohibited. The Property shall not be conveyed except as a whole, intact, single piece of real estate; neither Grantor nor Grantor's personal representative, successors, or assigns will transfer or otherwise convey any portion of the Property that constitutes less than the entire fee interest in the entire Property, except for leasehold interests. Upon prior written notification to the Grantee, the Grantor may execute one or more lot-line adjustments that may involve the boundary of the Property, provided, however, that no part of the Property is removed or divided from the Property as a whole, and no boundaries delineating the Zones are altered.
2. **Development Rights:** Except as specifically permitted by this **Exhibit D**, the exercise of any development rights associated with the Property is prohibited, including, without limitation, the right to construct apartment houses; multi-family dwellings; mobile homes; house-trailers; permanent tent facilities or similar structures; golf courses; casinos and gaming facilities; underground tanks; billboards, or street lights. All development rights that are now or hereafter allocated to, implied, reserved or inherent in the Property are assigned, granted, deeded and/or otherwise transferred to and/or vested in and/or otherwise placed under the sole and absolute control and discretion of Grantee in perpetuity and may not be used on or transferred to any portion of the Property as it now or hereafter may be bounded or described or to any other property nor used for the purpose of calculating permissible lot yield of the Property or any other Property.
3. **Commercial Uses:** Except as specifically permitted by this **Exhibit D**, commercial uses on the Property are prohibited, including but not limited to livestock feedlots; gravel mining; commercial hotels; casinos and gaming facilities; retail outlets; retail gas station; commercial wind farms; commercial fish hatcheries; golf courses; billboards; cannabis cultivation; and commercial cultivation of native plants.
4. **Construction and Use of Structures:** Notwithstanding any provision herein to the contrary, Grantor shall have the right, with the prior approval of Grantee pursuant to **Section 9(b)** of this Conservation Easement, to construct structures and improvements made in the course of prudent and customary land management activities, and/or to protect, preserve, or enhance the Conservation Values, including the right to construct,

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operate and maintain a Maidu Cultural Center, amphitheater, caretaker residence and parking lot within a building envelope of approximately 15 acres, as shown on the map attached hereto as **Exhibit E**. The Maidu Cultural Center shall not exceed 10,000 square feet; the amphitheater shall not exceed 6,000 square feet; and the caretaker residence shall not exceed 2,500 square feet. The Maidu Cultural Center and associated structures are defined as buildings used solely to assist Grantor in fulfilling its charitable mission to protect, preserve and promote Maidu culture and traditional land stewardship, and to provide office space for administrative operations and for activities related to Grantor's mission. Use of these structures shall be consistent with the Management Plan (Section 2) and shall not be used for commercial purposes that would significantly impair the Conservation Values.

5. Roads: Grantor may maintain, repair, or replace existing roads on the Property, taking care to ensure that any such activities are consistent with the current footprint and level of improvement of such roads. Grantor shall have the right to limit or prohibit access to existing nonpublic roads, provided such actions are consistent with existing rights of way and/or easements on the Property, and further, that such actions are consistent with Section 3 and Section 7 of this Conservation Easement. Grantor may upgrade existing roads within the same footprint of such roads, subject to consultation with the Grantee pursuant to Section 9(a) of this Conservation Easement. Grantor may construct new roads to provide access to existing structures or structures authorized to be constructed by this Conservation Easement, or for management uses authorized by this Conservation Easement. In accordance with Section 9 of this Conservation Easement, the location, design, and construction of such new roads shall be approved by Grantee, which approval shall not be unreasonably withheld. Any other alteration of the surface or general topography of the Property for the purpose of construction, improvement or replacement of roads for motorized vehicles of any type or for the purpose of paving such roads is prohibited.

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

7. Trails: Grantor may construct and maintain trails (defined as any definable route less than ten (10) feet in width, not including curbs, cuts or fills) for recreational and educational purposes, and for use by pedestrians, horses and mules, and bicycles. Notwithstanding any other provision in this Conservation Easement to the contrary, Grantor may grant an easement to the County of Plumas for use of the Property as a trail corridor to connect to the Almanor Recreation Trail or for other purposes. The dimensions and materials for such a trail shall be consistent with those of the Almanor Recreation Trail. Grantor may use motorized vehicles on trails for management and exercise of Maidu traditional cultural practices, provided such use does not significantly impair the Conservation Values. Otherwise, motorized vehicles are prohibited on trails.

Appendix 3: Conservation Easement

The following requirements for the construction and maintenance of such new trails shall apply: (a) the trail shall be located, to the extent possible, in the path of a trail or road existing on the Effective Date, as defined in the Baseline Documentation Report; (b) the trail shall be constructed and maintained so as to minimize erosion and sedimentation and ensure proper drainage; (c) 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 (d) prior to construction of trails, Grantor shall submit to Grantee a qualified scientist's opinion that the proposed trail construction will not impact any cultural resources, special status, endangered or threatened plant or animal species, or their habitats, listed in the Baseline Documentation Report, or any other such cultural resources or designated plant or animal species or habitats identified at the time of the proposed construction. Grantor shall consult with Grantee regarding construction of trails under Section 9(a) of this Conservation Easement, but Grantee's approval shall not be required, Section 7(b) of this Conservation Easement notwithstanding.

8. Recreational Uses: Subject to and without limiting the requirements of Section 7 of this Conservation Easement, including the prior approval of Grantee as required under Section 7(b) of this Conservation Easement, Grantor may make the Property available for low-intensity outdoor recreational and educational activities, including hiking, nature study, and mountain biking. Hunting shall not be allowed. Grantor may impose a reasonable charge for these activities, provided that any financial gain is dedicated to the not-for-profit mission of the Grantor. Grantor may enter into agreements with third parties for delivery of such commercial recreational and educational activities. Notwithstanding any other provision herein to the contrary, any increase in the intensity of use; expansion of the location or size of use; or change in use by third parties or Grantor's use of the Property requires prior approval of Grantee in accordance with Section 9(b) of this Conservation Easement, which approval shall not be unreasonably withheld, delayed or conditioned.

9. Traditional Activities: Grantor may propagate, restore, maintain, or gather vegetation, plants, nuts, seeds or other natural materials related to the Mountain Maidu's traditional culture on the Property. Private and/or public Mountain Maidu traditional recreational, spiritual, cultural, and educational activities shall be permitted on the Property, including but not limited to, ceremonies, dances, games, and knowledge sharing workshops. Grantor shall conduct its cultural activities in a manner that does not significantly impair the Conservation Values, and Grantor intends to manage the Property in accordance with Maidu land management principles and practices based on TEK as specifically described in the Management Plan.

10. Water Resources: As necessary and appropriate to carry out the uses permitted by this Conservation Easement, Grantor may, after obtaining any necessary state permits, develop, enhance and maintain water resources on the Property for habitat restoration, water consumption in connection with permitted uses, and permitted recreation uses, provided that such activities are consistent with and do not violate PG&E's Reserved Rights and do not significantly impair the Conservation Values. Permitted uses include, without limitation, the construction, repair, and maintenance of ponds and irrigation systems; installation and maintenance of wells, and the

development of water capture and delivery facilities, including but not limited to water lines and access roads or trails to water facilities consistent with Section 5 and Section 7 of this **Exhibit D**. Water may be exported off the Property for immediate fire control response or wildfire emergency. Other than as permitted in this section, the manipulation, impoundment, or alteration of any natural swale, natural water course, non-human constructed channel, wetland, stream-bank, vernal pool, perennial spring, water circulation, or any other body of water are prohibited.

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

12. Air Rights: The transfer, encumbrance, sale, lease, severance or other separation of the air rights attached to the Property by Grantor is prohibited without the prior approval of Grantee in accordance with Section 9(b) of this Conservation Easement, which Grantee may withhold in its absolute discretion. Grantor shall not use or authorize others to use the airspace above the Property for commercial or private aviation, including but not limited to, airplane flights, ultralight flights; hang gliding; glider flights; rotor craft flights; balloon flights; airship flights; and light sport airplane flights. Grantor may use unmanned aerial vehicles for management or monitoring purposes, but shall not authorize others to use such airspace above the Property for that purpose. Grantee may use unmanned aerial vehicles for monitoring purposes, provided Grantee notifies Grantor in writing of such intended use thirty (30) days in advance of each flight.

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

Appendix 3: Conservation Easement

Grantor may remove or control invasive, non-native plant species or feral, non-native animal species, using techniques that minimize harm to native wildlife and plants, provided such activities do not significantly impair the Conservation Values.

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

15. Minerals: Grantor may not explore for or extract minerals on the Property, provided that notwithstanding the foregoing, Grantor may remove existing rocks from the Property to be used for the purpose of blocking off roads on the Property, and for other purposes on the Property approved by the Grantee under Section 9(b) of this Conservation Easement, which approval shall not be unreasonably withheld, conditioned or delayed. Grantor may further remove gravel for the purposes of building permitted structures and/or maintaining permitted roads on the Property. No removal of rocks may occur within 50' slope distance of any perennial or ephemeral watercourse, as such term is defined in the California Forest Practice Rules 2013, Title 14 California Code of Regulations, Chapter 4 Article 1, 895.1, as amended. Erosion control and drainage structures are not considered "man-made watercourses" under this Conservation Easement. Other than as permitted by this section, the filling, dumping, excavating, draining, dredging, mining, hydraulic fracturing, drilling, removing or exploring for or extracting minerals, loam, soil, sands, hydrocarbons, gravel, rocks or other similar material on or below the surface of the Property, or granting or authorizing surface entry for any such purpose are prohibited.

16. Forest Management:

(a) **Permitted Forestry Practices:** The Grantor reserves the right to harvest, cut or remove trees and vegetation for the following purposes and to use or sell the timber products resulting from such activities, all in accordance with the forest management component of the Management Plan ("Forest Management Plan Component"):

- (i) for firewood for use on the Property and for direct, personal use by members of the Maidu community outside the Property, provided such use does not significantly impair the Conservation Values;
- (ii) for the removal of trees and milling of lumber to be used by Grantor for construction purposes on the Property as permitted by this Conservation Easement, in connection with which Grantor 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, drought 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

Appendix 3: Conservation Easement

resources, to restore and maintain an ecologically appropriate mix of overstory and understory vegetation and to control invasive and non-native vegetation, with the goal of old growth and black oak establishment and management;

- (vi) to reduce or manage 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 permitted by this Conservation Easement.

Grantor further may carry out forest management activities not expressly set forth above, provided, however, that all such activities are conducted in a manner that is consistent with the Conservation Purposes and other terms and conditions of this Conservation Easement. Snags shall be retained for wildlife habitat benefits and shall not be intentionally removed, except for reasons of public safety or adherence to the objectives of the Management Plan, and in accordance with the requirements of the California Forest Practice Act and Rules.

(b) **Forest Management Planning:** The Forest Management Component of the Management Plan shall be prepared and approved by a Registered Professional Forester or by an equivalent professional who is reasonably acceptable to Grantee. The goals of the Forest Management Component of the Management Plan shall be to create, manage and preserve a healthy and vigorous forest with sustainable stands of native tree species; to manage the forest to improve resilience to drought and pests; to reduce build-up of fuels that create risks of catastrophic fire; and to create and maintain a full and balanced variety of stand species, ages and characteristics; and to manage the forest to enhance wildlife as determined by Grantor. The Forest Management Component of the Management Plan will identify objectives to protect and enhance resources, including cultural resources. Planning will investigate the potential for a traditional demonstration management area to educate the public about Native American traditional ecological practices used in the area.

(c) **Timber Harvest Plans:** Except for actions to mitigate threat(s) to public or personal safety, any permit applications associated with proposed Timber Harvest Plans shall be submitted to Grantee for review and consultation under Section 9(a) of this Conservation Easement at least 30 days prior to the submission of the application to the California Department of Forestry and Fire Protection ("Cal Fire"). Grantor shall notify Grantee immediately of any proposed actions to be taken on an emergency basis to protect public or personal safety. If review of the proposed Timber Harvest Plan by Cal Fire results in modifications to the proposed Timber Harvest Plan, Grantor shall further consult with Grantee in accordance with Section 9(a) of this Conservation Easement.

(d) **Reports:** Grantor shall submit to Grantee a report on harvest levels and their impact, if any, on the Conservation Purposes and Conservation Values of the

Appendix 3: Conservation Easement

Property every ten (10) years. Grantee and the Grantor may agree that the report can be deferred beyond the ten-year period.

17. Fire Management: Fire protection and suppression activities shall be permitted on the Property, provided such activities do not significantly impair the Conservation Values. Except where Grantor is required to take emergency action to protect public or personal safety, Grantor shall consult with Grantee under Section 9(a) of this Conservation Easement before undertaking any fire management activities under this section. Where Grantor is required to take emergency action to protect public or personal safety, such action shall be carried out in a manner designed to minimize impacts on the Conservation Values.

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

19. Agriculture: Ranching and commercial and non-commercial production of agricultural crops is limited to (1) the planting and harvesting of native plants as may become viable for Grantor in the future; (2) other ranching and agricultural activities which do not significantly impair the Conservation Values; provided any and all such uses are approved in advance by Grantee in accordance with Section 9(b) of this Conservation Easement, which approval shall not be unreasonably withheld, conditioned or delayed; and (3) as otherwise permitted by this Conservation Easement. Other than as permitted by this Section 19, the plowing, disking, cultivation, ripping, planting, sowing, irrigation, or any other conversion of the Property to crops, orchards, vineyards, or any other agricultural use or disturbance of the Property and its native vegetation are prohibited. Intentional seeding, planting, or introduction of exotic or non-native plant species are prohibited.

20. Vehicle Use: Grantor may authorize the use of motorized vehicles on designated roadways for the recreational uses permitted in Section 8 of this **Exhibit D**. Except as permitted in Section 8 of this **Exhibit D**, commercial recreational vehicle use is prohibited. Grantor shall take reasonable and practicable actions to ensure that all vehicles use only designated roads, and that unauthorized third parties are prevented from using motorized vehicles on the Property, provided, however, that Grantor shall not be responsible for injuries or changes to the Property caused by such uses beyond Grantor's control. In no event shall any all-terrain vehicles, off-road vehicles, or off-highway vehicles, including without limitation four-wheelers, three-wheelers, snowmobiles, and/or motorcycles be used off designated roadways, except when used by Grantor for management or to exercise Maidu traditional cultural practices, provided such uses do not significantly impair the Conservation Values. Grantor shall consult

Appendix 3: Conservation Easement

with Grantee about its vehicle use on the Property in accordance with Section 9(a) of this Conservation Easement.

EXHIBIT E
Building Envelope Map

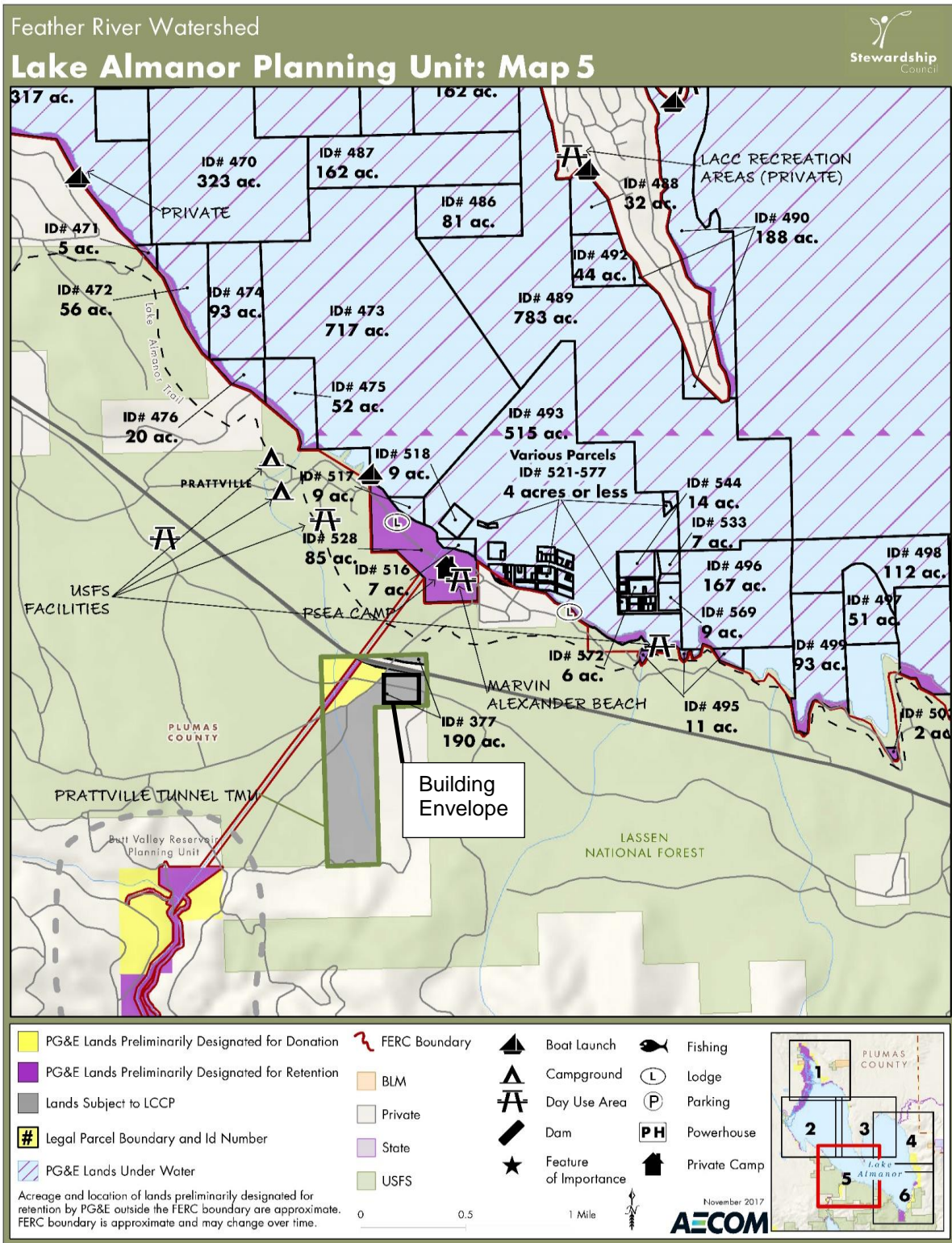


EXHIBIT F

Insurance Requirements

Grantor shall procure, carry, and maintain at all times the following insurance coverage:

1. Workers' Compensation and Employers' Liability:
 - a. Workers' compensation insurance or self-insurance indicating compliance with any applicable labor codes, laws, or statutes.
 - b. Employers' liability insurance shall not be less than **one hundred thousand dollars (\$100,000)** for injury or death each accident.

2. Commercial General Liability:
 - a. Coverage shall be at least as broad as the Insurance Services Office (ISO) Commercial General Liability Coverage "occurrence" form, with no coverage deletions.
 - b. The limit shall not be less than **one million dollars (\$1,000,000)** each occurrence and **two million dollars (\$2,000,000)** aggregate for bodily injury, property damage, and personal injury.
 - c. Coverage shall add as additional insureds Grantee, their directors, officers, employees, and volunteers with respect to liability arising out of work performed by or for Grantor, and Coverage shall be endorsed to specify that Grantor's insurance is primary.

3. Business Auto:
 - a. Coverage shall be at least as broad as the Insurance Services Office (ISO) Business Auto Coverage form covering Automobile Liability, Code 1 "any auto".
 - b. The limit shall not be less than **one million dollars (\$1,000,000)** each accident for bodily injury and property damage.

4. Additional Insurance Provisions:
 - a. Upon change in carrier or coverage, or otherwise upon request of either Grantee, Grantor shall furnish Grantee with certificates of insurance and endorsements of all required insurance for Grantor.
 - b. The documentation shall be signed by a person authorized by that insurer to bind coverage on its behalf and shall state that coverage shall not be canceled except after thirty (30) days prior written notice has been given to Grantee.

Appendix 3: Conservation Easement

- c. Upon request by Grantee, not to exceed once annually, Grantor shall furnish Grantee with complete copies of its policies, the policies of its agents or contractors, or both.

EXHIBIT G

Power of Termination

[Follows this page]

EXHIBIT H

Encumbrances

1. An easement over said land to construct, maintain and use a road and incidental purposes, as granted to County of Plumas, in deed recorded May 20, 1983, in Book 387, Page 526, Official Records.

**Conservation Easement Funding Agreement
Lake Almanor (Maidu Forest) Planning Unit**

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 **Feather River Land Trust** (“FRLT”) 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. Feather River Land Trust has agreed to accept perpetual conservation easements over PG&E Watershed Lands that are subject to PG&E’s Land Conservation Commitment at the Bucks Lake, Butt Valley, Humbug Valley, Lake Almanor, and Mountain Meadows planning units (“the Watershed Properties”).

E. 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 will be transferred by PG&E to the Maidu Summit Consortium consisting of approximately 164 acres of real property located in Plumas County, State of California, commonly referred to as “Lake Almanor (Maidu Forest)” and more particularly described in **Exhibit A** attached hereto and incorporated herein by reference (the “Property”).

F. 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:

Appendix 4: Conservation Easement Funding Agreement



1. Effective Date. This Agreement shall become effective upon the recording of the Conservation Easement in favor of Grantee in the Official Records of Plumas 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 June 30, 2019, 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 Amount and Payment Terms. Effective upon the Effective Date, the Stewardship Council grants **One Hundred Twenty-Six Thousand Seven Hundred Dollars (\$126,700)** (the "Grant Funds") to Grantee. 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.

3. Grant Restrictions. The use of the Grant Funds shall be restricted as follows:

a. No less than Fifty-Eight Thousand Three Hundred and Fifty Dollars (\$58,350) of the Grant Funds shall be deposited into a non-wasting endowment restricted solely for the purpose of funding Grantee's costs for the stewardship and monitoring of conservation easements on the Watershed Properties (the "Monitoring and Stewardship Endowment"). The types of allowable expenditures of these funds is described in Section 5 below.

b. Ten Thousand Dollars \$10,000 of the Grant Funds shall be restricted to the legal defense and enforcement of conservation easements held by Grantee, including, but not limited to, the conservation easements established on the Watershed Properties (the "Defense and Enforcement Funds"). The types of allowable expenditures of these funds is described in Section 6 below.

c. The remainder of the Grant Funds shall be restricted for the purpose of funding Grantee's costs for the stewardship and monitoring of any conservation easements held by Grantee, including but not limited to the conservation easements on the Watershed Properties (the "General Monitoring and Stewardship Funds"). Grantee may use the General Monitoring and Stewardship Funds to monitor any of its conservation easements as long as Grantee meets its obligations as described in Section 5 below.

4. Grant Deposit Requirements.

a. Within thirty (30) days of receipt of funds, Grantee will provide the Stewardship Council with evidence of deposit of the Monitoring and Stewardship Endowment into an account which shall be restricted solely for the purpose of funding Grantee's costs for the stewardship and monitoring of conservation easements on the Watershed Properties and shall be treated as a non-wasting endowment.

b. Within thirty (30) days of receipt of funds, Grantee will provide the Stewardship Council with evidence of deposit of (1) the General Monitoring and Stewardship 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.

c. The requirement to provide evidence of deposit will be satisfied when Grantee submits to the Stewardship Council the form attached as Exhibit B.

5. 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 General Monitoring and Stewardship Funds and the Monitoring and Stewardship Endowment 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. Payments for staff, consultants, and attorney time necessary to carry out Grantee's stewardship responsibilities with regard to its conservation easements;

d. 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;

e. 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; and

f. Payment of premiums charged for General Liability insurance coverage on the Property.

6. 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.

7. 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 2019 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.

8. 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.

9. 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.

10. 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 (“Assignee”), Grantee shall transfer all Grant Funds in its possession to Assignee and require that Assignee assume all of Grantee’s obligations under this agreement.

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

12. 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.

13. 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.

14. 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.

15. Assignment. This Agreement may not be assigned by the Grantee in whole or in part except as provided in Section 10 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.

16. 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

Appendix 4: Conservation Easement Funding Agreement



and all previous negotiations, agreements, or understandings, if any, regarding the matters contained herein.

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

18. 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: _____

Feather River Land Trust,
a California Nonprofit Public Benefit Corporation

By: _____

Title: _____

Date: _____

Exhibit A

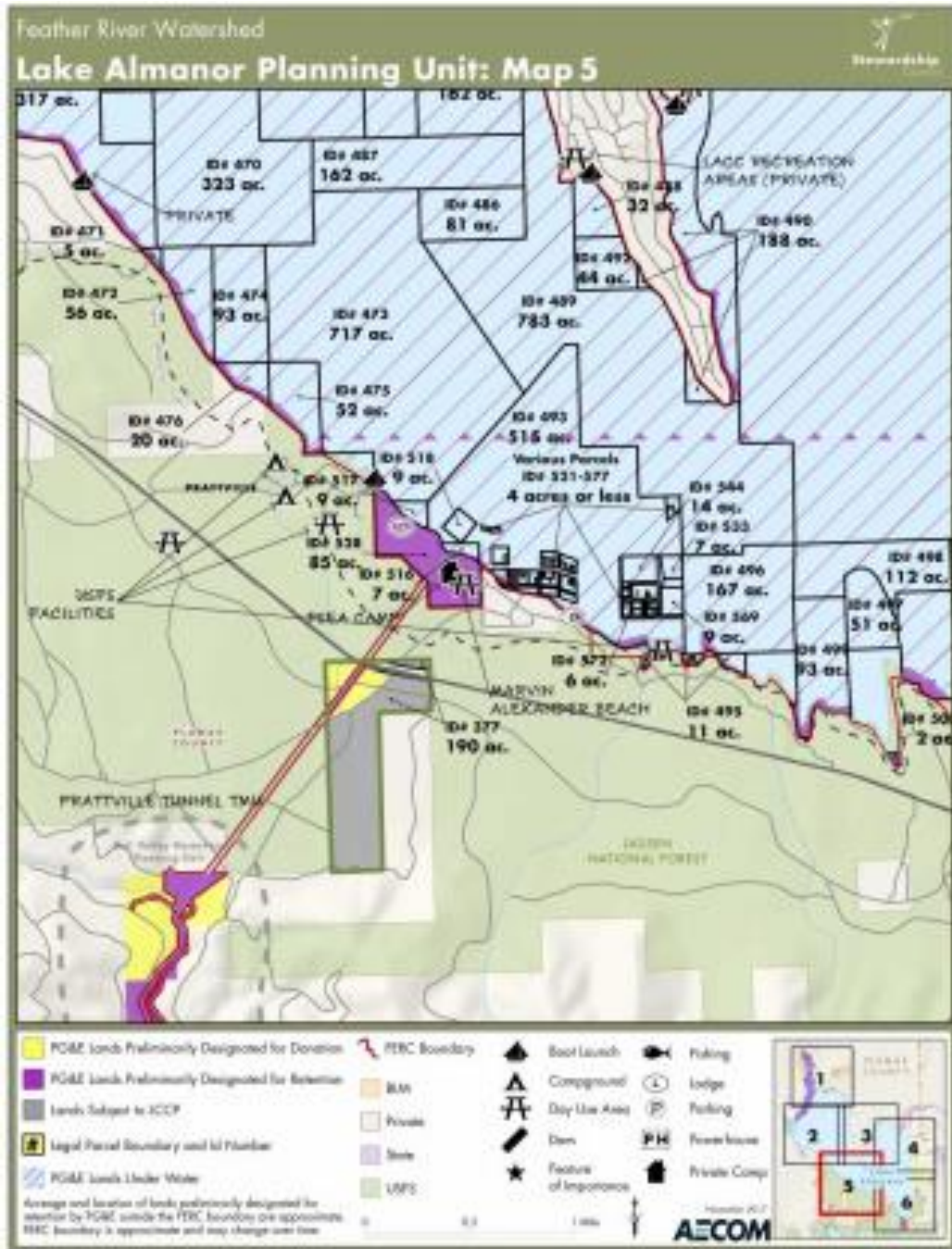




EXHIBIT B TO CONSERVATION EASEMENT FUNDING AGREEMENT

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 General Monitoring and Stewardship Funds as set forth in Section 3c and 5 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 Monitoring and Stewardship Endowment Funds in Non-Wasting Endowment | | | |
| 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 solely for the purpose of funding Grantee's costs for the stewardship and monitoring of conservation easements on the Watershed Properties and shall be treated as a non-wasting endowment as set forth in Section 3a of the Grant Agreement. | | | |
| Name: | | Title: | |
| Signature: | | Date: | |

For third section, see page 2



EXHIBIT B TO CONSERVATION EASEMENT FUNDING AGREEMENT – Page 2

| | | |
|--|----------------------|--------------------------|
| *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 6 of the Grant Agreement. | | |
| Name: | Title: | |
| Signature: | Date: | |

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

PROPERTY TAX NEUTRALITY METHODOLOGY

INTRODUCTION

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

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

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

PURPOSE OF PROPOSED METHODOLOGY

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

DETERMINING TAX NEUTRALITY PAYMENT AMOUNT

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

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

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

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

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

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

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

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

Lump-sum payment

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

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

Appendix 5: Tax Neutrality Methodology

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

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

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

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

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

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

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

Appendix A

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

Table 1

Table 1 – Estimated Property Taxes From Land Available for Donation³

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

Appendix 5: Tax Neutrality Methodology

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

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

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

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.