



Final LCCP

May 2nd, 2018



**Stewardship
Council**

Land Conservation and Conveyance Plan

Madera County Donated Lands at Manzanita Lake
Planning Unit

Executive Summary

Subject

LCCP Manzanita Lake Planning Unit (Lands for Donation to Madera County)
Land Conservation Plan Identification Number (Parcel) 1045 (portion) as shown on the map attached as Exhibit 1.

Type of Property Interest Disposition

- Madera County to hold fee simple title to 146 acres within Parcel 1045 of the Manzanita Lake planning unit.
- Sierra Foothill Conservancy (SFC) to hold the conservation easement on the 146 acres within Parcel 1045 donated to Madera County.

Summary

146 acres within one parcel (Parcel 1045) will be donated to Madera County and, consistent with the conditions in the Settlement Agreement, the Property will be subject to a perpetual conservation easement granted by Madera County to SFC. The remaining 255 acres within the planning unit will be addressed in a future Land Conservation and Conveyance Plan (LCCP).

Pending California Public Utilities Commission (CPUC) approval, and immediately following PG&E's conveyance of 146 acres within Parcel 1045 to Madera County, Madera County and SFC will enter into the conservation easement.

The 146 acres in Parcel 1045 to be donated to Madera County are outside the Crane Valley Project boundary (FERC #1354) 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 146 acres in Madera County just north of Manzanita Lake.

Economic Uses and Agreements

There are recorded encumbrances on the acreage for donation to Madera County in the Manzanita Lake planning unit for road purposes. There are no unrecorded encumbrances or existing agreements for economic uses on the lands to be donated to Madera County.

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 Madera County includes a recital that Madera County and PG&E acknowledge that the conveyance, together with the conservation easement transaction being entered into by Madera County and SFC, 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 1045 within the Manzanita Lake planning unit lists the following Beneficial Public Values (BPVs) that are to be protected:

- **Protection of the Ecosystem and Natural Habitat of Fish, Wildlife, and Plants:**
Habitat for fish, wildlife and plants that are native to the area is provided by the chaparral, oak trees, and a mixed conifer forest, as well as the riparian vegetation along the North Fork Willow Creek which traverses the Property. The riparian character of the Property enhances water quality, provides vegetated buffer to Willow Creek (and ultimately the San Joaquin River) and helps prevent bank erosion and sediment in the waterways and downstream reservoirs. The term “habitat” includes, but is not limited to, vegetation along banks and shorelines that contribute to maintaining watershed health. The term “native” refers to plants and animals that occur naturally on the Property, and are defined as “native” by the California Department of Fish and Wildlife and its successors.
- **Preservation of Open Space and Scenic Viewshed:**
The undeveloped and natural character of the Property provides scenic views enjoyed by the general public from Road 222 overlooking the North Fork of Willow Creek and surrounding mountain vistas.
- **Preservation of Historic and Cultural Values:**
The Property provides for the preservation of historical and cultural values, to the extent they are protected by state and federal law.
- **Sustainable Forestry:**
The Property is forested with a mix of shrubs, oak woodlands, mixed conifers and riparian corridors along the North Fork of Willow Creek and its tributaries. The forest resources provide opportunities for forest management for ecological, economic, social, and cultural benefits.
- **Outdoor Recreation by the General Public:**
The Property provides opportunities for outdoor recreation and education by the general public.

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, Madera County will receive a lump sum payment of \$256,770, 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 Manzanita Lake Planning Unit Environmental Site Assessment Report dated December 20, 2011 and an Environmental Site Assessment Refresh dated January 2017, to Madera County and SFC, fulfilling the disclosure requirements of the Land Conservation Commitment.

Consideration of Parcel Split

Within Parcel 1045, approximately 244 acres will be retained by PG&E. PG&E determined that operational needs would be met sufficiently through the reservation of rights for ongoing hydroelectric operations on the remaining 146 acres within this parcel. To effectuate transfer of a portion of the property, a parcel split will be 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 future conveyances of parcels within this planning unit.

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

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

The Manzanita Lake 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 Madera County the right to build several structures, subject to the limitations in the conservation easement. However, at least for the time being, Madera County intends to manage the Property as PG&E does presently. If, in the future, Madera County 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

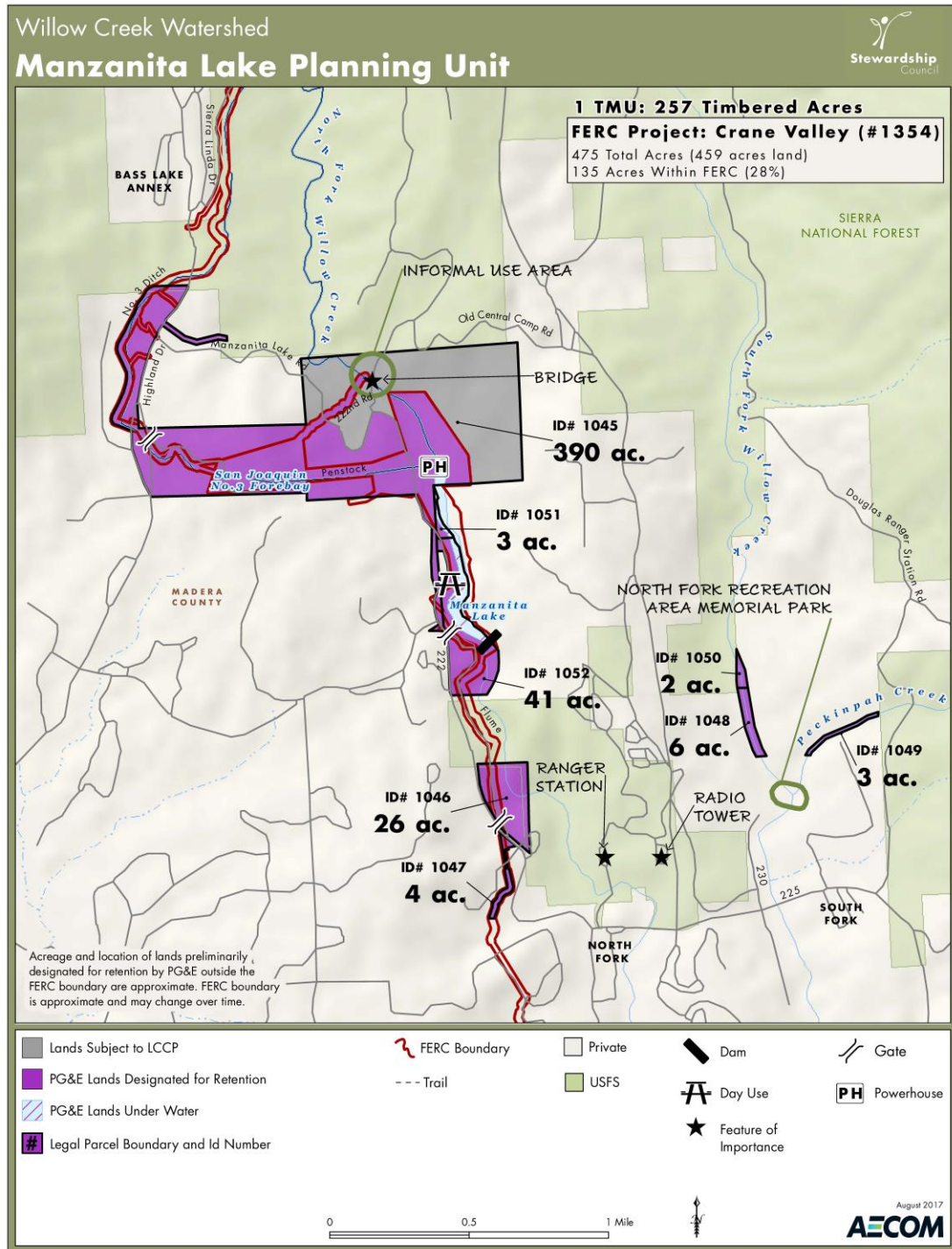


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Introduction

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 Manzanita Lake 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 Madera County receive 146 acres within one parcel (1045) of the Manzanita Lake planning unit in

fee and that the Sierra Foothill Conservancy (SFC) hold a conservation easement over the lands recommended for donation to Madera County in this parcel (1045) of the Manzanita Lake 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

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

1. Acreage, Existing Economic Uses and Agreements

Acreage and Property Description

146 acres in Parcel 1045 will be donated to Madera County and, consistent with the conditions in the Settlement Agreement, the Property will be subject to a perpetual conservation easement granted by Madera County to SFC.

The Manzanita Lake planning unit is located in Madera County, approximately three miles south of Bass Lake and one mile north of the town of North Fork. The Property within Parcel 1045 to be donated to Madera County is north and east of Road 222 and excludes the spillway, penstock, access roads, and power lines related to the San Joaquin No. 3 hydropower developments. The Property is comprised of steep hillsides in the North Fork Willow Creek drainage covered in dense chaparral, oak woodlands, and a variety of mixed conifer forests.

Riparian vegetation on the Property occurs in small patches and a relatively narrow band along North Fork Willow Creek. Despite their small size, these areas support unique plant communities and provide important habitat for wildlife, including migratory and resident bird species. Several special status plant species have been recorded in the Crane Valley Project area, along with two noxious plant species. Special status wildlife species have been documented within the planning unit. Several species of bats frequent the area, including at least one special status species. Historically, this planning unit had documented occurrences of foothill yellow-legged frog; however, this species has not been identified in recent surveys. North Fork Willow Creek above and below Manzanita Lake also supports rainbow trout and hitch, but the dominant species is Sacramento sucker.

There are no formal recreation facilities on the Property; however, dispersed recreation takes place along Willow Creek. Unauthorized OHV use and camping have been reported at more remote access points along Willow Creek.

The lands recommended for donation to Madera County in Parcel 1045 are located within one PG&E Timber Management Unit (TMU) that contains 257 acres of timberlands, which are being managed under a Recreation and Sustainable Timber Management prescription. This means that forest management in designated recreational areas is limited to fuel reduction, hazard tree removal, and improving aesthetics while sustainable timber management is emphasized outside of designated recreational areas. There are also several Fire Safe Councils operating in the area who focus on fuel load reduction and fire prevention.

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

Many cultural sites have been found within the Crane Valley Project cultural resource study area (primarily within the FERC boundary), and artifacts of the area are featured at the Sierra Mono Museum in the nearby town of North Fork. The local Native American community, mostly consisting of members of the Mono Tribe, use the Manzanita Lake area for plant gathering, community gatherings and related cultural activities, as well as for recreation.

Adjacent and Nearby Landowners

The parcel subject to donation to Madera County is surrounded by private property and National Forest System land managed by Sierra National Forest. The parcel is accessed via Madera County Road 222.

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

Existing Economic Uses and Agreements

There are recorded encumbrances on the acreage for donation to Madera County in the Manzanita Lake planning unit for roads purposes. There are no unrecorded encumbrances or existing agreements for economic uses on the lands to be donated to Madera County.

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

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

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

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

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

The conservation easement will ensure that no further development will occur unless specifically authorized by the conservation easement and consistent with the BPVs. The conservation easement will also protect historical and cultural resources, including artifacts and plants related to historic Native American uses, and conserve the scenic character of the lands, including viewsheds from adjoining public and private lands.

3. Objective: Enhance recreational facilities in order to provide appropriate recreation opportunities and recreation management.

The conservation easement allows for public access to the property that is substantially consistent with the public access currently existing on the property subject to reasonable rules and regulations. The conservation easement allows for the future construction of a Developed Recreation Envelope that includes trails, staging areas, campsites, and related recreation enhancements. No recreational facilities currently exist on the property recommended for donation to Madera County.

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 and preserve and enhance habitat.

SFC will develop a long term Management Plan to guide forest management on the property. The conservation easement allows Madera County to undertake commercial and/or non-commercial forest management activities for any of the following purposes: (1) to promote the health and sustainability of the Property's natural resources; (2) to protect and enhance the Property's riparian resources; (3) to maintain an ecologically appropriate species mix of overstory and understory vegetation allowing for a full and balanced range of stand ages and characteristics that is allowed to move across the landscape over time, including early-seral, mid-seral and late-seral forest conditions that provide adequate amounts of snags and cavity trees; (4) to protect and enhance wildlife habitat for native species historically present on the Property; (5) to protect cultural resources on the Property; (6) to control invasive and non-native vegetation; and (7) to prevent, mitigate, and/or respond to any natural disaster (such as wildfire, significant insect and disease outbreak, or significant wind damage).

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

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

3. Recommendations for Conservation Easement and Fee Simple Donation

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

Conservation Easement

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

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

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

Accordingly, immediately following PG&E's conveyance of the lands to be donated to Madera County in the Manzanita Lake planning unit, Madera County will convey the conservation easement to SFC.

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 146 acres proposed for donation to Madera County in Parcel 1045 were identified as available for donation, subject to PG&E's reserved rights.

Lands to be Donated by PG&E

146 acres within one parcel (1045) will be donated to Madera County 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 Madera County to manage the Manzanita Lake property recommended for donation are described in Chapter 4.

The map provided in Exhibit 1 shows all of the land within Parcel 1045 in the Manzanita Lake 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.

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 June 25, 2014 and June 15, 2016, respectively:

- Madera County to hold fee simple title to 146 acres within Parcel 1045.
- Sierra Foothill Conservancy (SFC) to hold a conservation easement over the 146 acres to be donated to Madera County in Parcel 1045.

Capacity of Selected Organizations

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

A. Madera County:

- Madera County currently owns and maintains the 400 acre Ahwahnee Hills Regional Park in partnership with Friends of Ahwahnee Hills Park (FAHP). Ahwahnee Park has undergone a multi-year rehabilitation to preserve historic structures and to develop 5 miles of pedestrian and 2 miles of equestrian trails and restoration of the oak woodlands and native landscape. The County contracts with FAHP to maintain park facilities. FAHP maintains an on-site manager and is responsible for maintenance of the park facilities.
- The County has identified tribal and nonprofit partners that will assist in long term maintenance and completion of the development site. The County plans to partner with the North Fork Rancheria of Mono Indians of California to protect and steward areas of the Property with cultural sites. The County plans to work with the California Conservation Corps, Yosemite-Sequoia Resource Conservation and Development Council, and Chawanakee Unified School District on habitat restoration and improvement projects.
- The County continues to work with Coarsegold RCD to assist in fuels reduction activities within the Manzanita Planning Unit. Coarsegold RCD has been successful in securing funding for and implementing a variety of fuel management projects with different landowners in the region.

B. SFC:

- SFC was established in 1996 and operates in the western Sierra Nevada from the

² Stipulation, Section 12(a)(4)

crest to the grasslands in Fresno, Madera, eastern Merced and Mariposa counties.

- SFC honors our natural and cultural heritage by protecting the resources of the Sierra Nevada region and ensuring that present and future generations will continue to experience and enjoy the land in this region. SFC supports a thriving land-based economy while promoting a conservation ethic that spans generations.
- SFC holds 34 conservation easements on 21,277 acres. SFC also owns and manages 8 nature preserves for a total of 6,441 acres in fee title ownership.
- SFC is governed by a 12 member board of directors
- SFC is an accredited land trust with the Land Trust Alliance

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 Manzanita Lake 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. The Stewardship Council received LSPs from the North Fork Mono Tribe and Madera County. Staff evaluated LSPs received, and conducted follow-up discussions with Madera County and the North Fork Mono Tribe. Based on staff's evaluation of the LSPs and follow up discussions, staff developed, and the Board of Directors recommended Madera County to receive fee title interest in the 146 acres available for donation within Parcel 1045. Madera County is partnering with the North Fork Rancheria in stewarding the property and protecting cultural sites.
- 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 Madera County, the county in which the Property is located. The final LCCP submitted for all PG&E Watershed Lands located in Madera 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, Madera County will receive a lump sum payment of approximately \$256,770

Based on the tax tables, which are current as of the date of this LCCP, the transfer of lands to the Madera County is anticipated to result in the reduction of approximately \$10,270 in annual taxes paid to Madera 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
1045	061-022-002-000, 061-062-025-000, 061-021-015-000, 061-064-001-000, 060-040-077-000, 060-030-024-000, 060-040-053-000, 060-100, 061-090	\$10,270

Upon receipt of a lump sum payment, Madera 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 146 acres within the Manzanita Lake planning unit have not mandated any changes to the physical or economic uses of the lands. While the conservation easement significantly restricts development on the site in perpetuity, the conservation easement reserves to Madera County the right to build several structures, subject to the limitations in the conservation easement. However, at least for the time being, Madera County intends to manage the Property as PG&E does presently. If, in the future, Madera County 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.

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 Manzanita Lake Planning Unit Environmental Site Assessment Report dated December 20, 2011 and the Environmental Site Assessment Refresh dated January 2017, to Madera County and SFC, fulfilling the disclosure requirements of the Land Conservation Commitment.

Environmental Agreement

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

7. Consideration of Parcel Split

Within Parcel 1045, approximately 244 acres will be retained by PG&E. PG&E determined that operational needs would be met sufficiently through the reservation of rights for ongoing hydroelectric operations on the remaining 146 acres within this parcel. To effectuate transfer of a portion of the property, a parcel split will be 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 future conveyances of parcels within this planning unit.

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 (2018)
- Close of escrow (2019)
- Stewardship Council release of funds to SFC per conservation easement funding agreement (2019)

Compliance with Local Land Use Planning Requirements

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

Appendix 1: Summary of Public Outreach

SUMMARY OF PUBLIC OUTREACH PROGRAM

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

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

Appendix 1: Summary of Public Outreach

communicated via the telephone and email, with a number of stakeholders interested in the Watershed Lands.

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

MANZANITA LAKE 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 Manzanita Lake 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.

Three comments were received concerning the Manzanita Lake planning unit during public review of Volumes I and II of the LCP. These comments encouraged fuels treatment as well as coordination with the North Fork Community Development Council and other landowners and community groups in the vicinity of lands identified as available for donation to promote opportunities for future recreational enhancements.

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 Manzanita Lake planning unit to a Public Information Meeting that was held in Clovis, California on April 21, 2011. In addition, simultaneous with the release of the proposed subject LCCP for public comment, adjacent landowners located within one mile of the subject parcels are noticed by mail 30 days before the Watershed Planning Committee considers forwarding the proposed subject LCCP to the board for final approval.

Appendix 1: Summary of Public Outreach

III. PUBLIC INFORMATION MEETING

A Public Information Meeting workshop for the Manzanita Lake planning unit was hosted by the Stewardship Council on April 21, 2011 in Clovis, California. Attendees at the workshop included a total of 18 individuals representing a wide variety of interests including local, state, federal, and tribal governments; and community organizations. The meeting was advertised via an e-mail sent to contacts in the Stewardship Council's database, an announcement posted on the Stewardship Council's web site, a press release issued to the local newspaper, and a postcard sent to all landowners on record located within one mile of any PG&E parcel associated with the Manzanita Lake planning unit.

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

IV. PUBLIC REVIEW OF LAND CONSERVATION PROGRAM POLICIES & GUIDELINES

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

Land Conservation Program Funding Policy

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

Guidelines for Achieving Property Tax Neutrality

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

Appendix 1: Summary of Public Outreach

consideration of public comments, the Stewardship Council Board adopted a set of guidelines at its public board meeting on March 30, 2011.

Proposed methodology for achieving tax neutrality

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

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

Staff recommendations for prospective fee title donees and conservation easement holders that are endorsed by the Watershed Planning Committee are posted on the Stewardship Council's website for public review and comment. The proposed board action is noticed via an e-mail sent to contacts in the Stewardship Council's database. In addition, public board meetings are advertised via an e-mail sent to contacts in the Stewardship Council's database, an announcement posted on the Stewardship Council's web site, a press release issued to local papers, and an advertisement placed in local newspapers in the area where a board or public meeting is taking place or in communities that may have an interest in a particular topic on an upcoming meeting agenda. The board action taken is also noted in the meeting minutes that are posted on the Stewardship Council's website following each meeting.

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

VI. PUBLIC REVIEW OF THE LAND CONSERVATION AND CONVEYANCE PLANS

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

Appendix 1: Summary of Public Outreach

supply entity; and each affected tribe and/or co-licensee. After receiving public comment, the Watershed Planning Committee may make revisions to a proposed LCCP prior to forwarding a recommendation to the board.

VII. STEWARDSHIP COUNCIL BOARD OF DIRECTORS MEETINGS

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

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

Grant Deed (REV. 7/20/2016)

RECORDING REQUESTED BY AND RETURN
TO:**PACIFIC GAS AND ELECTRIC COMPANY**_____

_____**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 # 061-022-002 and 061-065-001) The property requires a subdivision of legal parcels.]

GRANT DEED, RESERVATION OF RIGHTS AND EASEMENTS**I. CONVEYANCE OF FEE**

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, hereinafter called Grantor, hereby grants, without warranty express or implied, to COUNTY OF MADERA, a public body of the State of California, hereinafter called Grantee, the real property ("**Property**"), situate in the County of Madera, State of California, described as follows:

The parcel of land described in Exhibit "A"

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**” refer 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 appropriate, 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 Sierra Foothill Conservancy, Grantor 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 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 a right of way, within the easement area as hereinafter set forth below (“**Easement Area**”) as reasonably necessary or convenient for the exercise of the Reserved Rights for the continued operation and maintenance of Electric Facilities (collectively, the “**Reserved Easements**”). The Easement Area is described as follows:

30' wide strip for electric distribution line (we will survey the line and insert a description) described in Exhibit A-1 attached hereto and made a part hereof.

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

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

(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; 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 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, fixtures and appurtenances, as Grantee 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 from the Easement Area, Hydroelectric Facilities and associated Water Delivery Facilities 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 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) to use such portion of the Property contiguous to the Easement Area as may be reasonably necessary in connection with the construction, reconstruction, installation, inspection, maintenance, repair, replacement and removal of the Electric Facilities; and

(7) to mark the location of the 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 Easement Area; and

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

IV. TERMS OF GRANT

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

2. The provisions hereof shall inure to the benefit of and bind the successors and assigns of the respective parties hereto, and all covenants shall apply to and run with the

Property. All future conveyances of the fee interest in the Property shall be consistent with the terms of the Governing Documents. In accordance with Section 12 b (4) of the Stipulation, Grantee and its successors and assigns shall not convey all or any portion of the fee interest in the Property to any governmental entity, public agency or any Native American tribe that may currently have, or come to possess, authority to expand Grantor's obligations under Part 1 of the Federal Power Act (Title 16 United States Code, Chapter 12) and any successor statute, without the prior written consent of the Grantor, which consent shall be in Grantor's sole discretion exercised in good faith.

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

4. Grantee shall have the right to use the 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 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 Easement Area, or so near thereto as to constitute, in the opinion of Grantor, a hazard to any of the Electric Facilities; and

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.

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

Grantor:

PACIFIC GAS AND ELECTRIC
COMPANY, a California corporation

By _____
Name _____
Title _____

[Certificate of acceptance, notary acknowledgements and exhibits to be added]

Appendix 3: Conservation Easement

Recording requested, and when
Recorded, return to:

Grantee:
Sierra Foothill Conservancy
P. O. Box 691
Mariposa, CA 95338

With a conformed copy to:

Grantor:
County of Madera
200 West Fourth Street
Madera, CA 93637

(Space above this line reserved for recorder's use)

DEED OF CONSERVATION EASEMENT

THIS DEED OF CONSERVATION EASEMENT (this "Conservation Easement") is made this ____ day of _____, 2018 (the "Effective Date") by the COUNTY OF MADERA, a political subdivision of the State of California, 200 West Fourth Street, Madera, CA 93637 ("Grantor"), in favor of SIERRA FOOTHILL CONSERVANCY, a California nonprofit corporation having an address at P.O. Box 691, Mariposa, CA 95338 ("Grantee").

RECITALS

A. GRANTOR is the sole owner in fee simple of approximately 146 acres of real property in Madera County, California, more particularly described in the legal description attached as Exhibit A (the "Property") and identified as Assessor Parcel Numbers 061-022-002 and 061-065-001 according to the official records of the Madera County Assessor in effect on the date of this Agreement, and depicted in Exhibit B (the "Property Map") both attached hereto and incorporated by this reference.

B. GRANTEE is a nonprofit corporation organized and operated exclusively for charitable purposes including preservation of land for scientific, historic, educational, ecological, agricultural, scenic or open space opportunities. Grantee is a public charity as defined in section 501(c)(3) of the Internal Revenue Code and an organization qualified to hold conservation easements under California law, possessing the commitment and primary purpose to protect the

Appendix 3: Conservation Easement

Conservation Purposes (defined below in Section 1) of this Easement and the resources to enforce the restrictions.

C. Immediately prior to recordation of this Easement, Pacific Gas and Electric Company, a California corporation (hereinafter “PG&E”), transferred to Grantor fee title in the Property in accordance with that certain Grant Deed, recorded in the Official Records of the County of Madera, immediately prior to recordation of this Easement (the “Grant Deed”). The form of that Grant Deed is attached hereto as Exhibit C and incorporated herein by reference. Conveyance of the Property to Grantor in accordance with the Grant Deed was made subject to (1) PG&E’s reservation of certain rights in and to the Property, as set forth in the Grant Deed (hereinafter “PG&E Reserved Rights”), and (2) those legally-enforceable third-party rights to use the Property in effect as of the Effective Date, as listed on Exhibit D attached hereto and incorporated herein by reference (hereinafter “Existing Third-Party Uses”).

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

1. That certain Settlement Agreement (“Settlement Agreement”) as modified and approved by the Public Utilities Commission of the State of California (“Commission”) in its Opinion and Order of December 18, 2003 (Decision 03-12-035); and
2. That certain Stipulation Resolving Issues Regarding the Land Conservation Commitment dated September 25, 2003 (“Stipulation”).

E. The Settlement Agreement and the Stipulation (collectively, “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 protection of natural habitat of fish, wildlife and plants; 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 Stipulation provides that conservation easements will preserve or enhance reasonable public access. 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.

F. 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

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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.

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

H. 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” or “LCP”). The LCP includes, among other things, objectives to preserve and/or enhance the Beneficial Public Values identified on each parcel of Watershed Lands, including the Property.

I. The Legislature of the State of California, as set forth in California Civil Code §815 et seq., has found and declared it to be the public policy and in the public interest of this State to encourage preservation of land predominantly in its natural, scenic, agricultural, historical, forested, or open-space condition. Grantee is a tax-exempt nonprofit organization qualified under §501(c)(3) of the Internal Revenue Code and is eligible to acquire and hold a perpetual conservation easement pursuant to §815.3(a) of the California Civil Code. 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.

J. Grantor and Grantee each desires through this Conservation Easement to ensure permanent protection of the Conservation Values (defined below) on the Property, subject to PG&E’s Reserved Rights and the Express Third Party Uses. Specifically, parties desire to assure that the Conservation Values on the Property will be protected in perpetuity as provided herein, and that uses of the Property that are inconsistent with these Conservation Values will be prevented or corrected.

K. The entire Property is subject to the terms of this Conservation Easement. The “Developed Recreation Envelope” allows for additional activities as described more fully in Section 4.b. below and identified on the Map in Exhibit E.

L. The Property consists primarily of a mixed conifer/oak woodland and riparian corridors which together provide an important resource and habitat for native plants and animals. The general primary purposes of this Conservation Easement are to prevent the conversion of this land to non-open space uses; to protect the long-term sustainability of both the forest ecosystem and public recreation uses; and to ensure the wildlife, water quality, watershed, and open-space benefits of the Property are protected in perpetuity; all as more particularly described in Section 1

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below. This includes the following specific Beneficial Public Values (collectively, the “Conservation Values”):

1. **Protection of the Ecosystem and Natural Habitat of Fish, Wildlife, and Plants:**
Habitat for fish, wildlife and plants that are native to the area is provided by the chaparral, oak trees, and a mixed conifer forest, as well as the riparian vegetation along the North Fork Willow Creek which traverses the Property. The riparian character of the Property enhances water quality, provides vegetated buffer to Willow Creek (and ultimately the San Joaquin River) and helps prevent bank erosion and sediment in the waterways and downstream reservoirs. The term “habitat” includes, but is not limited to, vegetation along banks and shorelines that contribute to maintaining watershed health. The term “native” refers to plants and animals that occur naturally on the Property, and are defined as “native” by the California Department of Fish and Wildlife and its successors.
2. **Preservation of Open Space and Scenic Viewshed:**
The undeveloped and natural character of the Property provides scenic views enjoyed by the general public from Road 222 overlooking the North Fork of Willow Creek and surrounding mountain vistas.
3. **Preservation of Historic and Cultural Values:**
The Property provides for the preservation of historical and cultural values, to the extent they are protected by state and federal law.
4. **Sustainable Forestry:**
The Property is forested with a mix of shrubs, oak woodlands, mixed conifers and riparian corridors along the North Fork of Willow Creek and its tributaries. The forest resources provide opportunities for forest management for ecological, economic, social, and cultural benefits.
5. **Outdoor Recreation by the General Public:**
The Property provides opportunities for outdoor recreation and education by the general public.

Preservation and protection of these Conservation Values is of great importance to Grantor, the people of Madera County, and the people of the State of California and will provide significant benefit to the public.

M. The grant of this Conservation Easement will also serve certain delineated governmental policies including the following:

1. Section 815 of the California Civil Code, which declares that the preservation of land in its natural, scenic, agricultural, historical, forested, or open-space condition is among the most important environmental assets of California, and further

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declares it to be the public policy and in the public interest of this State to encourage the voluntary conveyance of conservation easements to qualified nonprofit organizations.

2. Section 51102 of the California Government Code, which declares that it is the State's policy to maintain the optimum amount of the State's limited supply of timberland to ensure its current and continued availability for the growing and harvesting of timber and compatible uses, and to discourage premature or unnecessary conversion of timberland to urban and other uses.
3. The Madera County General Plan, which includes the following natural resource goals:
 - To conserve Madera County's forest resources, enhance the quality and diversity of forest ecosystems, reduce conflicts between forestry and other uses, and encourage a sustained yield of forest products.
 - To protect and enhance the natural qualities of Madera County's streams, creeks and groundwater.
 - To protect wetland communities and related riparian areas throughout Madera County as valuable resources.
 - To protect, restore, and enhance habitats that support fish and wildlife species so as to maintain populations at viable levels.
 - To preserve and protect the valuable vegetation resources of Madera County.
 - To preserve and enhance unique geologic sites within Madera County.
 - To preserve and enhance open space lands to maintain the natural resources of Madera County.

N. While this Conservation Easement may be supplemented and its conservation value enhanced by the establishment of other conservation easements in the area, the parties to this agreement recognize that this Conservation Easement stands on its own, and does not require the creation of any other easements to provide the benefits for which the Property is being restricted.

O. The specific characteristics of the Property are further documented in an inventory of relevant features of the Property entitled "Baseline Documentation Report", dated [REDACTED], 2018, ("Baseline Documentation Report") that is on file at the offices of Grantee and incorporated by this reference, which consists of reports, maps, photographs, and other documentation that the parties agree provide, collectively, an accurate representation of the Property at the time of this grant and which is intended to serve as an objective, though nonexclusive, information baseline for monitoring compliance with the terms of this grant.

P. Grantee will prepare a long-term management plan with component recreational use plan (collectively "Long-term Management Plan") as a separate document subject to the mutual approval of Grantor and Grantee which will be maintained on file with Grantor and Grantee. The Long-term Management Plan will promote the long-term viability of the land by setting forth the roles and responsibilities of the Grantor in the management of the Property and the protection of the Conservation Values, the roles and responsibilities of the Grantee in support

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of this management and may be reviewed and updated, as necessary, through mutual agreement by Grantee and Grantor. The Long-term Management Plan shall not replace, modify, or amend any of the terms, covenants or conditions of this Conservation Easement. Except as specifically set forth in this Conservation Easement, the terms of the Conservation Easement shall govern if there are any inconsistencies between the Conservation Easement and the Long-term Management Plan.

Q. Grantor intends that the Conservation Values of the Property be preserved and maintained by permitting only those land uses on the Property that do not significantly impair or interfere with such values, including, without limitation, those relating to forest management, and the limited developed recreational use all as specified herein.

R. Grantee intends by accepting this grant to honor the intentions of Grantor stated herein and to preserve and protect in perpetuity the Conservation Values of the Property for the benefit of this generation and the generations to come all as specified herein.

S. Grantor desires to grant to Grantee and Grantee desires to accept from Grantor a Conservation Easement over the Property on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the above recitals and the mutual covenants, terms, conditions, and restrictions contained herein, and pursuant to the law of State of California and in particular *inter alia*, Sections 815-816 of the California Civil Code, Grantor hereby voluntarily grants and conveys to Grantee a conservation easement in perpetuity over the Property consisting of the following terms, rights, and restrictions.

1. **Conservation Purposes.** The purposes of this Conservation Easement are as follows (“Conservation Purposes”): (a) to ensure that the Property will be retained in perpetuity in its natural, scenic, forested, recreational, agricultural, or open space condition; and (b) to prevent any use of the Property that will significantly impair the Conservation Values. Subject to the following terms and conditions, Grantor intends that this Conservation Easement will confine the uses of the Property to such activities that are consistent with the Conservation Purposes. As used in this Conservation Easement, the terms “impair” and “impairment” mean to diminish in quantity, quality, value, strength or viability. As used in this Conservation Easement, the terms “significant” and “significantly”, when used with “impair” and “impairment”, respectively, mean a greater than negligible adverse impact, for more than a transient period.

Grantor and Grantee acknowledge that the Governing Documents reflect the intention of the parties thereto (a) to honor Express Third Party Uses and (b) to continue to permit beneficial uses of the Property that preserve and/or enhance the Conservation Values. It is intended by the parties 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 of the other Conservation Values,

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Grantor and Grantee understand that achieving the Conservation Purposes requires the preservation and protection, on balance, of all of the Conservation Values existing on the Property, to the extent possible. It is recognized that in protecting and/or enhancing one or more of the Conservation Values, another Conservation Value may be impaired, but this is not meant to be a permanent occurrence, nor a reason to re-prioritize one Conservation Value over another. All attempts should be made to balance on a collective basis, the Conservation Values on the whole Property whenever possible. This Conservation Easement prohibits use of the Property for any purpose that would significantly impair the Conservation Purposes on a collective, not individual basis, taking into account the relative condition and quality of each of the Conservation Values on the Property as of the Effective Date.

2. **Rights of Grantee.** To accomplish the Conservation Purpose of this Conservation Easement, the following rights are conveyed to Grantee by this Conservation Easement:
 - a. To identify, preserve and protect in perpetuity the Conservation Values of the Property; and
 - b. To enter upon the Property at least once each year, at reasonable times, in order to monitor compliance with and otherwise enforce the terms of this Conservation Easement, provided that, except in cases where Grantee determines that immediate entry is required to prevent, terminate, or mitigate a violation of this Conservation Easement, such entry shall be upon prior reasonable notice as described in Section 19 to Grantor, and Grantee shall not in any case unreasonably interfere with Grantor's use and quiet enjoyment of the Property; and
 - c. To prevent and enjoin any activity on, or use of, the Property that is inconsistent with the Conservation Purpose of this Conservation Easement and to require the restoration of such areas or features of the Property that may be damaged by an inconsistent activity or use, pursuant to the remedies set forth in Section 9; and
 - d. To erect and maintain a sign or other appropriate marker on the Property bearing information indicating that the Property is protected by a Conservation Easement held by Grantee. The sign shall also name the Stewardship Council as a funding source. The location, design and wording of the sign shall be determined by mutual consent of Grantor and Grantee, which consent shall not be unreasonably withheld. Grantee shall be responsible for the costs of erecting and maintaining such sign or marker.
3. **Prohibited Actions.** Grantor agrees that it will not perform, or knowingly allow others to perform, any act or use on or affecting the Property which is inconsistent with the Conservation Purposes of this Conservation Easement. However, unless otherwise specified herein, nothing in this Conservation Easement shall require Grantor to take

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any action to restore the condition of the Property after any Act of God or other event over which Grantor has no control. Grantor understands that nothing in this Conservation Easement relieves it of any obligation or restriction on the use of the Property imposed by law. Except as otherwise specifically provided herein, any activity on, or use of, the Property inconsistent with the Conservation Purpose of this Conservation Easement is prohibited. Without limiting the generality of the foregoing, and except as specifically reserved by Grantor or otherwise specifically provided herein, the following activities and uses are expressly prohibited:

- a. **Subdivision.** The legal or *de facto* division, subdivision, or partitioning of the Property, including the transfer of development rights, whether by physical, legal, or any other process. Notwithstanding that the Property may be comprised of more than one legal parcel, the parcels that comprise the Property shall not be sold separately, and the Grantor shall maintain the parcels, and all interests therein, under common ownership, as though a single legal parcel.
- b. **Development Rights.** The use, exercise, or transfer of any development rights that are now or hereafter allocated to, implied, reserved or inherent in the Property or any portion thereof, as more particularly described in Section 7 below.
- c. **Buildings and Structures.** The placement of buildings, structures, utilities, roads, parking lots, or other improvements on the Property, except as described herein.
- d. **Roads and Improvements.** The placement of roads, trails, utility lines, pipelines or other improvements on the Property that would significantly impair the Conservation Values of the Property. Notwithstanding the foregoing, roads, trails, utility lines, pipelines, septic systems and other improvements that are customary and proper for the provision of access and utilities to the Developed Recreation Envelope (defined below in Section 4(b)), will not be deemed to significantly impair the Conservation Values of the Property, so long as all such roads, trails, utility lines, pipelines, septic systems and other improvements are constructed in accordance with the requirements of Section 4(b). Existing roads and utilities may be improved and maintained but may not be oiled, paved, widened, or relocated without the prior approval of the Grantee in accordance with Section 8.
- e. **Signs.** The placement of signs or billboards on the Property, except for signage for customary management of the Property (safety, hours, camping fees, directions, etc.), to temporarily advertise it for sale or rent, to post the Property to control unauthorized entry or use, to identify the Property, or to identify that the Property is encumbered by this Conservation Easement.
- f. **Removal of Timber and/or Shrubs.** The felling, or other destruction or removal of live trees and/or live shrubs located outside the Developed Recreation Envelope, except as necessary and in accordance with generally

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accepted vegetation management or forestry practices to control or prevent hazard, disease, or fire, or to maintain open space areas essential to the Conservation Values of this Conservation Easement, as permitted in Section 4a.

- g. **Underground Fuel Storage Tanks and Disposal of Debris.** The placement of underground fuel storage tanks on the Property; and the processing, storage, dumping, or other disposal of wastes, refuse, and debris, except for non-hazardous and nontoxic materials generated by activities permitted hereby.
- h. **Farming.** Farming, plowing, discing, chiseling, inter-seeding, or any type of cultivation is prohibited.
- i. **Commercial Activity.** Commercial use of the Property is prohibited except for those de minimis uses that (1) are consistent with Grantor's exercise of rights expressly permitted in Section 4, and (2) do not significantly impair the Conservation Values.
- j. **Industrial Use.** No industrial use of the Property is allowed.
- k. **Mining.** Filling, dumping, excavating, draining, dredging, mining, drilling, removing, or exploring for or extracting minerals, loam, soil, sands, gravel, rocks, hydrocarbons, petroleum, oil, gas, steam, or other material on or below the surface of the Property.
- l. **Surface Alteration.** Grading, blasting, filling, sod farming, earth removal or any other activity that will disturb the soil surface or materially alter the topography, surface or subsurface water systems, or wetlands of the Property is prohibited, except as follows:
 - i. activities conducted in accordance with the Long-term Management Plan and component Recreation Management Plan.
 - ii. dam construction to create ponds for fire protection, or wildlife enhancement, or wetland restoration, enhancement or creation, in accordance with a Long-term Management Plan and prior written Grantee approval;
 - iii. placement of water storage tanks for fire protection, as detailed in Section 4.
 - iv. erosion and sediment control pursuant to an erosion and sediment control plan approved by the Grantee; or
 - v. as required in the construction, operations, and maintenance of permitted buildings, structures, trails, roads, and utilities as allowed in Developed Recreation Envelope as described in Section 4.b, provided that the required alteration has been approved in writing by Grantee in advance.
- m. **Water.** Subject to the PG&E Reserved Rights, the Property includes all water and water rights, ditches and ditch rights, springs and spring rights, reservoir and storage rights, wells and groundwater rights, creeks and riparian rights and other rights in and to the use of water historically used on or otherwise

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appurtenant to the Property. Activities or uses detrimental to water quality, including but not limited to degradation or pollution of any surface or sub-surface waters, are prohibited. Alteration or manipulation of any existing water courses, creeks, wetlands and drainages located on the Property, and the creation or development of any new water source or water impoundment on the Property, including, but not limited to, wells, springs, creeks, dikes, dams, ponds, tanks, and cisterns, by any means is prohibited, except as expressly permitted in Section 4. Grantor shall not separately transfer, encumber, sell, lease or otherwise separate any water rights associated with the Property held by Grantor, nor any permits, licenses or contracts related to water rights on the Property held by Grantor, or change authorized or historic use of water rights without approval of Grantee in accordance with Section 8. Grantor shall not abandon or allow the abandonment of, by action or inaction, any water rights on the Property held by Grantor or such permits, licenses or contracts without approval of Grantee in accordance with Section 8.

- n. **Dumping.** No trash, non-compostable garbage, debris, unserviceable vehicles or equipment, junk, other unsightly materials or hazardous or toxic substances may be dumped or accumulated on the Property. Temporary placement of building materials, debris or refuse containers is permitted if incidental to activities and construction permitted by this Easement.
 - o. **Additional Prohibited Uses:**
 - i. Use of chemical fertilizers, pesticides, biocides, herbicides, rodenticides, fungicides, or other agents except to protect the Conservation Values and to achieve the Conservation Purposes of this Conservation Easement;
 - ii. [INTENTIONALLY OMITTED];
 - iii. Use of off-road vehicles and use of any other motorized vehicles except on existing roadways, except motorized vehicles may be used for Property operations, maintenance and management of recreational facilities or forest management, monitoring, and law enforcement activities;
 - iv. Planting, introduction, or dispersion of non-native or exotic plant or animal species onto the Property which may adversely affect the Conservation Values of the Property or otherwise interfere with the Conservation Purposes of this Conservation Easement;
 - v. Transferring, encumbering, selling, leasing, or otherwise separating the mineral, air, or water rights for the Property; and
 - vi. Any and all other activities and uses which may significantly impair the Conservation Values of the Property or otherwise interfere with the Conservation Purposes of this Conservation Easement;
4. **Grantor Permitted Use.** Grantor reserves to itself, and to its personal representatives, heirs, successors, and assigns, all rights accruing from its ownership of the Property, including the right to engage in, or permit or invite others to engage in, all uses of the Property that are not expressly prohibited herein and are not inconsistent with the

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Conservation Purpose of this Conservation Easement. Grantor agrees that all permitted uses shall be carried out in conformance with all applicable laws, including the California Environmental Quality Act (“CEQA”), and the terms of this Conservation Easement. Without limiting the generality of the foregoing, and subject to the terms of Section 3 and the notice and approval requirements of Section 8 if such notice is required by the express terms of this Conservation Easement, the following rights are expressly reserved by Grantor:

- a. **Habitat/Vegetation Management.** The Property may be used to create, maintain, restore, or enhance habitat for wildlife and native biological communities in accordance with the Long-term Management Plan, or other a management plan approved by Grantee in accordance with Section 8.
 - i. Prescribed Burning. Prescribed burning for habitat improvement and fuel reduction purposes may occur if it does not significantly impair the Conservation Values. Any prescribed burning must be carried out in accordance with a prescribed burning plan administered by the responsible state or local agencies, and cannot occur without prior written notice of Grantee in accordance with Section 8. Any post-fire restoration of the Property must be done in accordance with a management plan approved in advance by Grantee in accordance with Section 8.
 - ii. Down and Dead Wood. Down and dead wood may be cut and removed consistent with good habitat management practices, fire reduction, and for safety purposes. It is the intention of Grantor and Grantee that some down and dead wood remains on the Property to encourage habitat for nesting and foraging, as well as soil nutrient cycling.
 - iii. Fire. In the event of a fire, salvageable trees may be harvested and sold in accordance with any existing or new timber harvest plan consistent with generally accepted “Best Management Practices,” as those practices may be identified from time to time by appropriate governmental or educational institutions, and in a manner not wasteful of soil resources or detrimental to water quality or conservation. Proceeds from such sales will be retained by Grantor. Grantee approval is not required for tree removal for emergency fire control.
 - iv. Harvesting. Harvesting naturally occurring plant products (e.g., mushrooms, berries, nuts, herbs, seed, bark, etc.) in a manner that maintains a sustainable growth and reproduction cycle for harvested plant populations and surrounding vegetation is permitted.
 - v. Vegetation Restoration. Vegetation restoration is permitted as reasonably required to construct and maintain buildings, structures, roads, trails and other improvements specifically permitted under this Easement and provided that, following any construction by Grantor, vegetation shall be restored in a timely manner to a condition consistent with the condition

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immediately preceding undertaking of such activity unless restoration would cause more significant harm to Conservation Values than allowing the site to continue as is in the reasonable determination of Grantor, in consultation with the Grantee.

- vi. Landscaping. Landscaping is allowed within the Developed Recreation Envelope, but must be composed of only species native to the region except at Future Caretaker Residence (detailed below), so long as the species are not noxious or invasive.
 - vii. Invasive Species Management. Management of invasive species is allowed as reasonably required to prevent or control troublesome insects, noxious weeds, invasive vegetation, disease, fire, personal injury, or property damage, with prior approval of Grantee in accordance with Section 8. Such methods may include, but are not limited to brush removal, tree pruning, prescribed burning or mowing of the Property. Mowing may be accomplished with use of a tractor or similar vehicle. Nothing in this section allows intentional introduction of vegetation on the Property that is recognized as invasive locally or regionally.
 - viii. Nuisance Animals. In accordance with applicable laws, Grantor reserves the right to control animals on the Property that (a) pose or threaten to pose a hazard to persons or property or (b) threaten to significantly impair one or more of the Conservation Values, or an Express Third Party Use (as defined below).
 - ix. Forest Management. Grantor retains the right to undertake commercial and/or non-commercial forest management activities (such as timber harvest/thinning, salvage logging, fuels management, tree planting, grazing, habitat maintenance and enhancement) on the Property for any of the following purposes: (1) to promote the health and sustainability of the Property's natural resources; (2) to protect and enhance the Property's riparian resources; (3) to maintain an ecologically appropriate species mix of overstory and understory vegetation allowing for a full and balanced range of stand ages and characteristics that is allowed to move across the landscape over time, including early-seral, mid-seral and late-seral forest conditions that provide adequate amounts of snags and cavity trees; (4) to protect and enhance wildlife habitat for native species historically present on the Property; (5) to protect cultural resources on the Property; (6) to control invasive and non-native vegetation; and (7) to prevent, mitigate, and/or respond to any natural disaster (such as wildfire, significant insect and disease outbreak, or significant wind damage). Grantor shall carry out all such forest management activities in compliance with Applicable Law.
- b. **Developed Recreation Envelope**. This Easement anticipates and allows certain recreational facilities development on the Property only within Developed Recreation Envelope. The construction of the following buildings

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and improvements for recreational use are permitted within the Developed Recreation Envelope identified on the Map (Exhibit E). Except as otherwise expressly provided, all activities within the Developed Recreation Envelope are subject to notice and Grantee's prior written approval as detailed in Section 8.

- i. Existing Structures and Improvements. Existing improvements on the Property include a concrete bridge, public roads (Old Central Camp Road, Road 222), various dirt pullouts, trails, and an access road along the PG&E transmission line. There are remnants of paved road areas in limited areas. These existing improvements are more specifically described in the Baseline Documentation Report. With prior notice to Grantee, existing improvements may be maintained, repaired, remodeled, improved, and replaced in substantially their same locations. Subject to prior notice and Grantee's written approval, existing improvements, including the additional structures and improvements permitted herein, may be expanded and relocated.
- ii. Additional Structures and Improvements. Subject to notice and Grantee's written approval, additional recreational improvements and related accessory buildings and other structures may be constructed, relocated, and expanded within the Developed Recreation Envelope, including, but not limited to, the Caretaker Residence (described below), parking lots, trail heads, pedestrian and equestrian trails, including paved trails for Americans with Disabilities Act compliance where applicable, shaded rest areas, picnic areas, campsites, horse stalls, restrooms and showers, storage buildings, signage, kiosks, interpretive displays, fencing, gates, water wells and related facilities; septic system; access roads; pump houses, fire rings, food storage boxes and other amenities and improvements typically associated with overnight camping activities, provided that the purpose of the amenities and improvements is to support the Conservation Values of the Property or recreational uses on the Property. Exhibit E identifies the areas in which additional structures and improvements are allowed. The area disturbed for construction of multiple-use trails (pedestrian/equestrian) within the Developed Recreation Envelope shall not exceed 20 feet in width. The area disturbed for construction of single use trails (pedestrian or equestrian) shall not exceed 10 feet in width. All trails shall be designed using latest United States Forest Service specifications. Number of developed campsites within the Developed Recreation Envelope shall not exceed 50.
- iii. Caretaker Residence. Subject to notice and Grantee's written approval, Grantor may construct no more than one (1) single-family caretaker

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residence within the Developed Recreation Envelope on the Property as more particularly detailed in Exhibit E and in the Baseline Documentation Report, for non-commercial use, together with all outbuildings, utility lines, pipelines, sewer lines, septic systems, wells, driveways, connecting roads, and parking areas commonly and appropriately incidental thereto (collectively the “Caretaker Residence”). No more than 1200 contiguous square feet for the Caretaker Residence may be used for non-Conservation Easement related purposes, such as the construction and maintenance of the residence, outbuildings, driveways, landscaping, and other residential uses. The Caretaker Residence may be used for home-based businesses provided such uses are restricted to those business activities that are compatible with the Conservation Values of the Property and as governed by applicable zoning ordinances or other regulations are permitted.

- a. All construction and associated utilities, access roads, pipelines, and sewer lines serving the Caretaker Residence shall be constructed in a reasonably efficient manner, so as to result in the reasonably shortest length for the purpose to be served and so as to minimize the impact upon the Conservation Values of the Property.
- b. All construction related to the Caretaker Residence shall be completed in a reasonably efficient manner and in a manner that will minimize the impact upon the Conservation Values of the Property.
- c. **Permitted Utilities.** Permitted utility systems and facilities include, without limitation, all systems and facilities necessary to provide on-site power, water, waste disposal, and communication. Permitted utility systems and facilities do not include communication towers, wind turbines, or similar structures without prior written approval of Grantee in accordance with Section 8. If permitted by, and in accordance with, all then-applicable laws, regulations, and requirements, Grantor may place or construct facilities for development and utilization of wind, solar, and hydropower energy resources designed and sized to serve the improvements and uses permitted on the Property. Installation of wind, hydropower, and solar energy structures shall require prior approval of Grantee in accordance with Section 8, which shall take into consideration the impact upon scenic and ecological Conservation Values. Grantor and Grantee hereby agree this section is a reasonable restriction under California Civil Code section 714.
- d. **Recreational and Educational Uses.** This Easement anticipates and allows limited passive recreational and educational use on the Property, including hiking, horseback riding, fishing, nature observation or study, and other non-intensive recreational and educational programs or activities that do not significantly impair Conservation Values. Minor temporary rustic structures

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such as trail barriers, benches, and informational kiosks that do not significantly impair Conservation Values may be placed on the Property in conjunction with these activities. Such structures may not be used for continuous residential use, and no utilities may be installed to service such structures without prior approval of Grantee in accordance with Section 8.

- e. **Survey; Notice; Approval.** Before beginning any construction permitted under this section, Grantor must obtain any required survey and any required notice and approval of Grantee.
- f. **Water and Irrigation.** Subject to the PG&E Reserved Rights and with prior written approval of Grantee in accordance with Section 8, Grantor may conduct the following activities:
 - i. Develop groundwater wells within the Developed Recreation Envelope for use in connection with the activities permitted in the Easement, provided that such wells do not significantly impair the Conservation Values.
 - ii. Grantor reserves and shall retain all right, title, and interest in and to all tributary and non-tributary water, all appropriative, prescriptive, contractual or other water rights, and related interests in, on, under, or appurtenant to the Property for use on or for the benefit of the Property in a manner consistent with this Easement and in accordance with all applicable laws, regulations and requirements.
 - iii. Grantor reserves and shall retain the right to provide water storage tanks for fire protection purposes.
- g. **Resource Stewardship.** In order to protect the Conservation Values, Grantor shall conduct all recreational or habitat management operations in accordance with good management practices that address soil and water conservation, erosion control, pest management, nutrient management, timber management, and habitat protection.
- h. **Recreation.** Grantor may engage in, and permit others to engage in, all passive recreational uses of the Property that do not significantly impair the Conservation Values of the Property.
- i. **Fences.** Existing fences (if any) may be repaired, replaced, and maintained without prior notice. Upon prior notice to Grantee new perimeter fences and cross-fences at new locations may be constructed, maintained, improved, replaced, or removed to mark boundaries, secure the Property, or as needed in carrying out activities permitted by this Easement. Fences may not be located or constructed in a manner that significantly impairs Conservation Values.
- j. **Paving and Road Construction.** Grantor may maintain existing roads on the Property that may be reasonably necessary and incidental to carrying out the uses permitted on the Property, or to preserve or enhance the Conservation Values. Other than existing roads or roads approved by Grantee pursuant to Section 4 used for access to the Developed Recreation Envelope, no portion of the Property shall be paved or otherwise covered with concrete, asphalt, or

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- other impervious paving material, unless such measures are required by air quality laws or regulations applicable to the Property.
- k. **Trespassing.** Grantor may exclude any member of the public from trespassing on the Property other than representatives of Grantee.
 - l. **Merger.** This Conservation Easement does not prohibit the merging of parcels to reduce the number of parcels that currently comprise the Property.
 - m. **Sell or Transfer.** Grantor may sell or otherwise transfer the Property or interests therein to anyone Grantor chooses subject to Section 15 below.
 - n. **Easements.** Grantor may grant any subsequent easements on the Property provided that such easements do not interfere with or reduce the Conservation Value of this Conservation Easement. Grantee shall be notified at least sixty-(60) days in advance, in writing, of any proposed easement for the Property, which notice shall include the proposed easement.
 - o. **Designated Representative.** If the Property is owned by a trust, business entity or any common or jointly held ownership, Grantor shall designate a representative authorized to receive notice on behalf of Grantor and provide Grantee with the name and address of the designated representative. Grantor shall notify Grantee of any change in the designated representative and provide Grantee with the new name, address and other contact information within fifteen (15) days after the change.
 - p. **Potential Tertiary Water Spray Field.** Provided that it does not significantly impair the Conservation Values of the Property, Grantor may develop and maintain a tertiary water spray field subject to the prior concept and design approval of Grantee and all regulatory agencies having jurisdiction over the proposed project.
5. **Reserved Rights of PG&E.** All rights and obligations of the Parties under this Conservation Easement are subject to the PG&E Reserved Rights set forth in the Grant Deed attached hereto as Exhibit C. 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 the Grantor of its intention to exercise any of the PG&E Reserved Rights, Grantor shall notify Grantee, in writing, of such intention within sixty (30) days of the Grantor's receipt of such notification.
6. **Express Third Party Uses.** Exhibit D hereto describes existing third party uses of the Property that have been permitted with express agreement of Grantor ("Express Third Party Uses"). Grantor retains the right to maintain, renew, and replace all agreements memorializing the Express Third Party Uses ("Third Party Use Agreements") and to engage in all activities reasonably required to comply with Grantor's obligations with respect to the Express Third Party Uses, subject to the following conditions:
- a. **Increases in Intensity or Expansion of Location or Size or Change in Use.** Any (i) increase in the intensity, or (ii) expansion of the location or size, or

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- (iii) a change in the use, of an Express Third Party Use (whether through a new agreement or an amendment to an existing agreement), that Grantor and Grantee determine in Grantor's and Grantee's reasonable discretion exercised in good faith are likely to significantly impair Conservation Values shall be subject to prior approval of Grantee under Section 8.
- b. **Renewal or Replacement of Third Party Use Agreements.** All Third Party Use Agreements existing on the date hereof are identified on Exhibit D. As Third Party Use Agreements are renewed or replaced (either with the existing user or a new user), Grantor, in consultation with Grantee, shall include contractual provisions to bring the continuation of the Express Third Party Use and the preservation of the Conservation Values into alignment to the fullest extent reasonably practicable.
- c. **Enforcement of Third Party Use Agreements.** If Grantor or Grantee discovers any default under a Third Party Use Agreement that significantly impairs the Conservation Values (and whoever makes such discovery shall give the other written notice thereof), Grantor shall use reasonable efforts to enforce or otherwise remedy such violation, at Grantor's sole expense.
7. **Extinguishment of Development Rights.** Except as specifically reserved to Grantor in this Conservation Easement including without limitation reserved development rights described in Section 4, Grantor hereby grants to Grantee all development rights that are now or hereafter allocated to, implied, reserved or inherent in the Property or any portion thereof, and the parties agree that such rights are terminated and extinguished, and may not be used on or transferred to any portion of the Property as it now or hereafter may be bounded or described, or to any other property adjacent or otherwise, nor used for the purpose of transferring development credits or calculating permissible lot yield of the Property or any other property.
8. **Notice and Approval.**
- a. **Notice of Intention to Undertake Certain Actions; Request for Grantee Approval.** The purpose of requiring Grantor to notify Grantee prior to undertaking certain activities and/or to request Grantee approval, is to afford Grantee an adequate opportunity to monitor and review the activities in question to ensure they are designed and carried out in a manner that is not inconsistent with the Conservation Purpose of this Conservation Easement. Whenever such notice and/or request for approval is required, Grantor shall notify Grantee in writing not less than sixty (60) days prior to the date Grantor intends to undertake the activity in question. The notice and/or request for approval shall describe the nature, scope, design, location, timetable, and any other material aspect of the proposed activity in sufficient detail to permit Grantee to make an informed judgment as to its consistency with the Conservation Purpose of this Conservation Easement. The parties will meet to

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consult and discuss the request and details thereof if reasonably requested by either party.

- b. **Grantee's Approval.** Where Grantee's approval is required, Grantee shall grant, or withhold, its approval in writing within thirty (30) days of receipt of Grantor's written request therefore under Section 8. a. Grantee's approval may be withheld only upon a reasonable determination by Grantee that the action, as proposed, would be inconsistent with the Conservation Purpose of this Conservation Easement.

9. Remedies.

- a. **Notice of Violation; Corrective Action.** If Grantee determines that a violation of the terms of this Conservation Easement has occurred, or is threatened, Grantee shall give written notice to Grantor of such violation, and not later than fourteen (14) days after the delivery of such written notice or on a date mutually agreeable to both Grantor and Grantee, the parties shall meet to discuss the circumstances of the violation and to attempt to agree on appropriate corrective action. If the parties are unable to agree on corrective action, Grantee shall deliver a further written notice to Grantor to demand corrective action sufficient to cure the violation resulting from any use or activity inconsistent with the Conservation Value or any of them, or the Conservation Purpose of this Conservation Easement, to restore the portion of the Property so injured to its prior condition, in accordance with a plan approved by Grantee.
- b. **Injunctive Relief.** If Grantor fails to cure the violation within thirty (30) days after receipt of notice from Grantee, or under circumstances where the violation cannot reasonably be cured within a thirty (30) day period, fails to begin curing such violation within said period, or fails to continue diligently to cure such violation until finally cured, Grantee may seek injunctive relief to enjoin the violation, ex parte as necessary, or may pursue any other remedy as hereafter available under the laws or judicial decisions of the state where the Property is located to specifically enforce the terms of herein, to restrain present or future violations of said terms, and/or to compel restoration of the portion of the Property so injured to its prior condition, in accordance with a plan approved by Grantee. The prevailing party shall be entitled to recover its costs incurred in any such enforcement effort, including reasonable attorneys', consultants' and experts' fees and costs.
- c. **Mediation.** If a dispute arises between the parties concerning the consistency of any proposed use or activity with the purpose of this Conservation Easement, and Grantor agrees not to proceed with the use or activity pending resolution of the dispute, either party may refer the dispute to mediation by request made in writing upon the other. Within thirty (30) days of the receipt of such a request, the parties shall select a single trained and impartial

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mediator. If the parties are unable to agree on the selection of a single mediator, then the parties shall, within fifteen (15) days of receipt of the initial request, jointly apply to the American Arbitration Association for the appointment of a trained and impartial mediator with relevant experience in real estate and conservation easements. Mediation shall then proceed in accordance with the following guidelines:

- i. **Purpose.** The purpose of the mediation is to: (i) promote discussion between the parties; (ii) assist the parties to develop and exchange pertinent information concerning issues in the dispute; and (iii) assist the parties to develop proposals that will enable them to arrive at a mutually acceptable resolution of the dispute. The mediation is not intended to result in any express or de facto modification or amendment of the terms, conditions, or restrictions of this Conservation Easement.
 - ii. **Participation.** The mediator may meet with the parties and their counsel jointly or ex parte. The parties agree that they will participate in the mediation process in good faith and expeditiously, attending (either in person or via conference call) all sessions reasonably scheduled by the mediator. Representatives of the parties with settlement authority will attend mediation sessions as requested by the mediator.
 - iii. **Confidentiality.** All information presented to the mediator shall be deemed confidential and shall be disclosed by the mediator only with the consent of the parties or their respective counsel. The mediator shall not be subject to subpoena by any party. No statements made or documents prepared for mediation sessions shall be disclosed in any subsequent proceeding or construed as an admission of a party.
 - iv. **Time Period.** Neither party shall be obligated to continue the mediation process beyond a period of ninety (90) days from the date of the selection or appointment of a mediator or if the mediator concludes that there is no reasonable likelihood that continuing mediation will result in mutually agreeable resolution of the dispute.
 - v. **Costs.** The cost of the mediator shall be borne equally by Grantor and Grantee; the parties shall bear their own expenses, including attorney's fees, individually.
- d. **Damages.** If Grantee is awarded damages for violation of the terms of this Conservation Easement or injury to any Conservation Value protected by this Conservation Easement, including, without limitation, damages for the loss of scenic, aesthetic, or environmental values, Grantee shall first apply any damages recovered to the costs incurred, if any, to settle the dispute, and secondly, to undertaking any corrective action on the Property.
- e. **Emergency Enforcement.** If Grantee, in its sole discretion, determines that circumstances require immediate action to prevent or mitigate significant damage to the Conservation Values of the Property, Grantee may pursue its

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remedies under this Section 9, without prior notice to Grantor, and Grantee shall not be required to wait for the period provided for cure to expire.

- f. **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 resulting from causes beyond Grantor's control, including, without limitation, fire, flood, storm, and earth movement, or from any prudent action taken by Grantor under emergency conditions to prevent, negate, or mitigate significant injury to the Property resulting from such causes. Further, nothing contained in this Conservation Easement shall require Grantor or Grantee to take any action to restore the condition of the Conservation Easement after any Act of God or other event in which Grantor has no control.
- g. **Grantee's 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 hereunder in the event of any breach of any term herein by Grantor shall not be deemed or construed to be a waiver by Grantee of such term or of any subsequent breach of the same or any other term of this Conservation Easement or of any of Grantee's rights hereunder. No delay or omission by Grantee in the exercise of any right or remedy upon any breach by Grantor shall impair such right or remedy or be construed as a waiver.
- h. **Waiver of Certain Defenses.** Grantor hereby waives any defense of laches, estoppel, or prescription.
- i. Nothing herein is intended to limit the legal or equitable remedies otherwise available to Grantor.

10. **Public Access.** The Property is open to public use consistent with preservation and protection of the Conservation Values and this easement.

- a. **Informal Uses and Public Access.** Grantor and Grantee recognize that the Property has been used by third parties for recreational, cultural, and other non-commercial or informal purposes without formal written agreements to conduct such activities, ("Informal Uses"). Grantor and Grantee further recognize that access to the Property is inherent or may be inherent in enjoyment of the Conservation Values and 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 public access existing on the Effective Date of the Easement. Grantor reserves the right to make reasonable rules and regulations to control, limit, or, as necessary, exclude Informal Uses and public access. Grantor shall not allow Informal Uses that significantly impair the Conservation Values.
- b. New or Increased Public Access. If Grantor desires to allow new public access or Informal Uses or expansion of public access or Informal Uses on the

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

- c. Limitations and Conditions. Sections 10(a) and 10(b) are subject to the following:
 - i. Liability Limitation. Grantor and Grantee claim all of the rights and immunities against liability for injury to the public to the fullest extent allowable by law.
 - ii. Periodic Review of Informal Uses. As part of Grantee's annual compliance monitoring, Grantor and Grantee shall (i) consult on known Informal Uses and public access on the Property for the purpose of Grantee's assessment of Grantor's compliance with Sections 10(a) and 10(b) above; and (ii) with respect to known Informal Uses and public access on the Property, Grantor and Grantee will develop recommendations, if any, regarding the necessity of controlling, limiting, or excluding Informal Uses or public access to ensure preservation of the Conservation Values.

11. Costs, Liabilities, Taxes, and Environmental Compliance.

- a. **Costs, Legal Requirements, 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, including the maintenance of liability insurance coverage. Grantor remains solely responsible for obtaining any applicable governmental permits and approvals for any construction or other activity or use permitted by this Conservation Easement, and all such construction or other activity or use shall be undertaken in accordance with all applicable laws, regulations, and requirements. Nothing contained herein shall limit Grantor's ability to place mortgage, or other financing liens on the property, subject to express subordination as required under Section 17.
- b. **Taxes.** Grantor retains all responsibilities and shall bear all costs and liabilities for payment of all taxes, assessments, fees, and charges of whatever description levied on or assessed against the Property by competent authority (collectively "taxes")-
- c. **Representations and Warranties.** The parties acknowledge that Grantor acquired the Property, on an "as is" basis from PG&E, simultaneously with the recording of this Conservation Easement, and that prior to the acquisition Grantor and Grantee received the same customary due diligence information (collectively "Property Information") concerning the Property from PG&E. The parties have included a list of the Property Information which was received by both parties in the Baseline Documentation Report. Additionally, the Grantor has physically inspected some portions of the Property. In the light of the foregoing the Grantor's representation and warranties herein are accordingly limited. The Grantor represents and warrants as follows:

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- i. To the best of Grantor's actual knowledge, in the course of Grantor's limited physical inspections of the Property, Grantor has not caused or discovered or received notice of any use or release of hazardous waste or toxic substances on the Property that are in violation of an environmental law, nor any underground storage tanks, whether presently in service, closed, abandoned, or decommissioned, or any underground storage tanks having been removed from the Property.
- ii. The parties acknowledge entering into a separate Environment Agreement recorded on the same date of this Conservation Easement which governs certain responsibilities for environmental conditions on the Property.
- d. **Control.** Nothing in this Conservation Easement shall be construed as giving rise, in the absence of a judicial decree, to any right or ability in Grantee to exercise physical or managerial control over the day-to-day operations of the Property, or any of Grantor's activities on the Property, or otherwise to become an operator with respect to the Property within the meaning of The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"), and the California Environmental Quality Act, as amended ("CEQA").
- e. **Hold Harmless.** Grantor hereby releases and agrees to hold harmless, indemnify, and defend Grantee and its members, directors, officers, employees, agents, and contractors and the heirs, personal representatives, successors, and assigns of each of them (collectively "Grantee Indemnified Parties") from and against any and all liabilities, penalties, fines, charges, costs, losses, damages, expenses, causes of action, claims, demands, orders, judgments, or administrative actions, including, without limitation, reasonable attorney's fees, arising from or in any way connected with: (a) injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, regardless of the cause, unless due solely to the negligence of any of the Grantee Indemnified Parties; (2) the violation or alleged violation of, or other failure to comply with any law, regulation, or requirement, including, without limitation, CERCLA and CEQA by any person other than any of the Grantee Indemnified Parties, in any way affecting, involving, or relating to the Property; (3) the presence of release in, on, from, or about the Property, at any time, or any substance now or hereafter defined, listed, or otherwise classified pursuant to any law, regulation, or requirement as hazardous, toxic, polluting, or otherwise contaminating to the air, water, or soil, or in any way harmful or threatening to human health or the environment, unless caused solely by any of the Grantee Indemnified Parties; and (4) the obligations, covenants, representations, and warranties of Sections 11(a-c) above. Grantee shall release and hold harmless, indemnify, and defend Grantor and Grantor's members, directors, officers, employees, agents, and

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contractors and the heirs, personal representatives, successors, and assigns of each of them (collectively, “Grantor Indemnified Parties”) and hereby agrees to release, indemnify, protect, defend and hold Grantor Indemnified Parties harmless from and against all liabilities, penalties, costs, losses, orders, liens, penalties, damages, expenses, or causes of action, claims, demands, or judgments, including without limitation reasonable attorney's fees, caused solely by Grantee’s exercise of rights on the Property hereunder, unless due to the negligence or willful misconduct of the Grantor Indemnified Parties.

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

12. Extinguishment and Condemnation.

- a. **Condemnation.** If all or any part of the Property is taken by exercise of the power of eminent domain, or acquired by purchase in lieu of condemnation, so as to terminate this Conservation Easement in whole or in part, Grantor and Grantee, shall act jointly to recover the full value of the Property so taken or purchased, and all direct or incidental damages resulting therefrom and to have their interests valued separately to the extent reasonably possible. All expenses reasonably incurred by Grantor and Grantee in connection with the taking or in lieu purchase shall first be paid out of the amount recovered. Then, the Grantee’s share of the amount recovered after expenses shall be equal to the proportion that the value of the Easement that is so taken (based upon the total value for the Easement set forth in Section 12(c) below) bears to the fair market value of the fee interest in the Property that is so taken. Any remaining amount shall be paid to the Grantor. If only a portion of the Property is subject to such exercise of eminent domain, this Conservation Easement shall remain in effect as to all other portions of the Property.
- b. **Extinguishment.** This Conservation Easement can only be terminated or extinguished, whether in whole or in part, by judicial proceedings in a court of competent jurisdiction, and only in the case that circumstances arise in the future that render the purposes of this Conservation Easement impossible to accomplish. The amount of the compensation to which Grantee shall be entitled from any sale, exchange, or involuntary conversion of all or any portion of the Property subsequent to such termination or extinguishments,

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shall be the stipulated fair market value of the Easement, or proportionate part thereof, as determined in accordance with Section 12(c) below.

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

13. **Amendment.** This Conservation Easement may be amended only if, in the sole and exclusive judgment of the Grantee, such amendment is consistent with the purposes of this Conservation Easement, and provided that no amendment shall be allowed that would (a) significantly impair the Conservation Values; (b) affect the perpetual duration of the Conservation Easement; (c) affect the validity of this Conservation Easement under California law or the status of Grantee under section 501(c)(3) of the Internal Revenue Code or successor or related law; (d) create or result in impermissible private benefit or private inurement as prohibited by section 501(c)(3) of the Internal Revenue Code; or (e) be inconsistent with the Grantee's Amendment Policy or Accreditation Standards and Practices. Any amendment or modification must be upon mutual agreement of Grantee and Grantor, in writing, signed by Grantee and Grantor, and recorded in the same manner as this Conservation Easement.

14. **Grantee Assignment or 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: (1) qualified to hold a conservation easement under §815.3 of the California Civil Code; (2) experienced in holding and monitoring conservation easements on properties similar to the Property; and (3) willing and financially able to assume all of the responsibilities imposed on Grantee under this Conservation Easement. 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"). The Transfer Notice shall identify the proposed assignee and include a description of how the proposed assignee meets the assignee designation criteria set forth in this section. Grantee shall allow SNC a period of not less than sixty (60) days to

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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 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 hereunder during any period that a successor assignee for such 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: (1) require the assignee to expressly agree in writing to assume Grantee's obligations hereunder; and (2) 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 14 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.

15. Grantor Transfer of the Property. Any transfer by Grantor of the Property or any interest in the Property shall be subject to this Conservation Easement. Any time the Property itself or any interest in it is transferred by Grantor to any third party, Grantor shall notify Grantee in writing no less than sixty (60) days prior to the transfer of the Property or said interest, and the deed of conveyance shall expressly refer to this Conservation Easement. Failure to so notify Grantee or include the required reference to this Conservation Easement in the deed shall not affect the continuing validity and enforceability of this Conservation Easement.

16. Compliance Monitoring.

- a. **Monitoring of Property by Grantee.** Grantee is required to monitor the Property at least annually to assess the condition of the property, including the Conservation Values and compliance with the Conservation Easement.

17. Subordinate Liens on the Property. Grantor shall ensure that the Conservation Easement is maintained primary to all liens on the Property. Any existing or future liens placed on the Property shall be made expressly subordinate to this Conservation Easement in a form acceptable to Grantee.

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18. **Estoppel Certificates.** Upon reasonable request by Grantor, Grantee shall within thirty (30) days execute and deliver to Grantor, or to any party designated by Grantor, an estoppel certificate, which certifies, to the best of Grantee's knowledge, the status of Grantor's compliance with the obligations of Grantor contained in this Conservation Easement or otherwise evidences the status of this Conservation Easement. Such certification shall be limited to the condition of the Property as of Grantee's most recent inspection. If Grantor requests more current documentation, Grantee shall conduct an inspection, at Grantor's expense, within thirty (30) days of receipt of Grantor's written request therefore or as soon thereafter as Property conditions permit.
19. **Notices.** Any notice, demand, request, consent, approval or communication that either party desires or is required to give to the other shall be in writing and either delivered personally or sent by United States registered or certified mail, return receipt requested, postage prepaid, or by a nationally recognized overnight courier, such as FedEx, UPS, or Airborne Express, addressed as follows (or such other address as either party from time to time shall designate by written notice to the other):

TO GRANTOR: County of Madera
Attn: County Administration/General Services
Madera, CA 93637
(559) 675-7703

TO GRANTEE: Sierra Foothill Conservancy
P.O. Box 691
Mariposa, CA 95338
(209) 742-5556

To Sierra Nevada Conservancy (as relates to Section 14):

TO SNC:

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

The date of any notice or communication shall be deemed to be the date of receipt if delivered personally, or the date of the receipt or refusal of delivery if transmitted by mail or overnight courier. Any party may change the address for notice by giving notice to the other party in accordance with this Section 19.

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

21. **Grantee Not An Owner, Operator, Or Responsible Party.**

- a. Notwithstanding any other provision herein to the contrary, the Parties do not intend this Conservation Easement to be construed such that it creates or gives the Grantee:
 - i. the obligations or liability of an “owner” or “operator” as those words 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 USC Section 9601 et seq. and hereinafter “CERCLA”);
 - ii. the obligations or liability of a person described in 42 USC Section 9607(a)(3) or (4);
 - iii. the obligations of a responsible person under any applicable Environmental Laws, as defined below;
 - iv. the right to investigate and remediate any Hazardous Materials, as defined below, associated with the Property or;
 - v. any control over Grantor’s ability to investigate, remove, remediate, or otherwise clean up any Hazardous Materials associated with the Property.

22. **Environmental Provisions.**

- a. **Grantor Environmental Warranty.** To the best of Grantor’s actual knowledge Grantor warrants that Grantor has no knowledge of a release or threatened release of hazardous substances or wastes on or that could affect the Property and agrees to indemnify, defend, protect and hold Grantee, its directors, officers, employees, agents, and contractors, and their heirs successors, and assigns, harmless from and against all litigation costs, demands, penalties, damages, liability, claims or expenses (including reasonable attorney’s fees) arising from or connected with any release of hazardous waste or violation of applicable environmental laws as a result of or arising out of the activities of Grantor on the Property or any break of this Conservation Easement, unless said release was the result of an action by Grantee or its directors, officers, employees, agents, contractors, and their heirs successors, and assigns.
- b. **Assumption of Environmental Liabilities and Indemnification.** From and after acquisition of the Conservation Easement by Grantee or any of Grantee’s successors or assigns (whether by operation of law or otherwise), as between Grantor and Grantee, and subject to that Environmental Agreement among Grantor, Grantee and Pacific Gas and Electric recorded simultaneously with this Conservation Easement, Grantor and Grantor’s successors in interest shall

Appendix 3: Conservation Easement

be solely responsible for and agree, jointly and severally: (a) to assume all past, present and future liabilities, whether known and unknown and whether now existing or hereafter discovered, arising out of and related to environmental conditions of whatsoever kind or nature on, under or affecting the Property, including, without limitation, with respect to the presence or release of Hazardous Substances; and (b) to indemnify, protect and defend with counsel mutually acceptable to Grantor and Grantee the Grantee's directors, officers, employees and agents (the "Indemnified Parties") harmless from and against any claims (including, without limitation, third party claims for personal injury or death, damage to property or diminution in value of property), actions administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines costs, liabilities (including sums paid in settlements of claims), remedial action, compliance requirements, enforcement and clean-up actions of any kind, interest or losses, reasonable attorneys' fees (including any fees and expenses incurred in enforcing this indemnity), consultant fees, and expert fees that arise directly or indirectly from or in connection with: (i) the presence, suspected presence or Release of any Hazardous Substance whether into the air, soil, surface water or groundwater of or at the Property; (ii) any violation or alleged violation of Environmental Law affecting the Property, whether occurring prior to or during Grantee's ownership of the Property and whether caused or permitted by Grantor or any person other than Grantor; (iii) any claim or defense by Grantor or any third party that any Indemnified Party is liable as an "owner" or "operator" of the Property under any Environmental Law; or (iv) any breach of the representations and warranted set forth herein.

c. **Definitions.**

- i. The term "Environmental Law" shall include, but shall not be limited to, each statute named or referred to below, and all rules and regulations thereunder, and any other laws, ordinances, rules, regulations, orders and decrees, whether currently in existence or hereafter enacted, which govern (i) the existence, cleanup and/or remedy of contamination or pollution on property; (ii) the protection of the environment from soil, air or water contamination or pollution, or from spilled, deposited or otherwise emplaced contamination or pollution; (iii) the emission or discharge of Hazardous Substances into the environment; (iv) the control of Hazardous Substances; or (v) the use, generation, transport, treatment, removal or recovery of Hazardous Substances.
- ii. The term "Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing of any Hazardous Substance into the environment (including, without limitation, the continuing migration of Hazardous Substances into, onto or through the soil, surface water, or groundwater, and the abandonment or discarding of barrels, containers, and other receptacles

Appendix 3: Conservation Easement

containing any Hazardous Substance), whether caused by, contributed to, permitted by, acquiesced to or known to Grantor or Grantor's predecessors or successors in interest.

- iii. The term "Hazardous Substance" shall mean (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Property or to persons on or about the Property or (ii) cause the Property to be in violation of any Environmental Law; (b) asbestos in any form which is, or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous material", "extremely hazardous waste", "restricted hazardous waste", or "toxic substances" or words of similar import under any applicable law or under the regulations adopted or publications promulgated pursuant thereto including the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 USC section 9601, et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 USC section 6901, et seq.; the Hazardous Materials Transportation Act, 49 USC section 1801, et seq.; the Federal Water Pollution Control Act, 33 USC section 1251, et seq.; the California Hazardous Waste Control Law ("HWCL"), Cal. Health & Safety section 25100, et seq., Hazardous Substance Account Act ("HSAA"), Cal. Health & Safety Code section 25300, et seq., the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), Cal. Water Code section 13000, et seq., the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or may or could pose a hazard to the health and safety of the occupants of the Property or the owners and/or occupants of property adjacent to or surrounding the Property, or any other person coming upon the Property or adjacent property; and (e) any other chemical, materials or substance which may or could pose a hazard to the environment.
- iv. The term "Reportable Use" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that required a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Property of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be

Appendix 3: Conservation Easement

given to persons entering or occupying the Property or neighboring Properties.

- d. Notwithstanding the above, Grantor may use any ordinary and customary herbicide and fuel for maintenance equipment reasonably required to be used in the normal course of Permitted Uses, so long as such use is in compliance with all applicable requirements, is not a Reportable Use, and does not expose the Property or neighboring property to any meaningful risk of contamination or damage or expose Grantor to any liability therefore. In addition, Grantee may condition its consent to any Reportable Use upon receiving such additional assurances as Grantee reasonably deems necessary to protect itself, the public, the Property and/or the environment against damage, contamination, injury and/or liability.

23. Perpetual Duration. The easement created by this instrument shall be a servitude running with the land in perpetuity. Every provision of this Conservation Easement that applies to Grantor and Grantee shall also apply to and be binding upon their respective agents, heirs, executors, administrators, successors and assigns.

24. General Provisions.

- a. **Controlling Law.** The interpretation and performance of this Conservation Easement shall be governed by the laws of the State of California.
- b. **Liberal Construction.** Any general rule of construction to the contrary notwithstanding, this Conservation Easement shall be liberally construed in favor of the Grantee to affect the Conservation Purpose of this Conservation Easement and the policy and purpose of California Civil Code Sections 815-816. If any provision in this instrument is found to be ambiguous, an interpretation consistent with the Conservation Purpose of this Conservation Easement that would render the provision valid shall be favored over any interpretation that would render it invalid.
- c. **Severability.** If any provision of this Conservation Easement, or the application thereof to any person or circumstance, is found to be invalid, the remainder of the provisions of this Conservation Easement, or the application of such provision to persons or circumstances other than those as to which it is found to be invalid, as the case may be, shall not be affected hereby.
- d. **Entire Agreement.** This instrument sets forth the entire agreement of the parties with respect to the Conservation Easement and supersedes all prior discussions, negotiations, understandings or agreements relating to the Conservation Easement, all of which are merged herein. No alteration or variation of this instrument shall be valid or binding unless contained in an amendment that complies with Section 13.
- e. **No Forfeiture.** Nothing contained herein will result in the forfeiture or reversion of Grantor's title in any respect.

Appendix 3: Conservation Easement

- f. **Joint Obligations.** The obligations imposed by this Conservation Easement upon Grantor shall be joint and several.
 - g. **Successors.** The covenants, terms, conditions, and restrictions of this Conservation Easement shall be binding upon, and inure to the benefit of, the parties hereto and their respective personal representatives, heirs, successors, and assigns and shall continue as a servitude running in perpetuity with the Property. The terms “Grantor” and “Grantee”, wherever used herein, and any pronouns used in place thereof, shall include, respectively, the above-named Grantor and their personal representatives, heirs, successors, and assigns, and the above-named Grantee and its successors and assigns.
 - h. **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 or omissions occurring prior to transfer shall survive transfer.
 - i. **Captions.** The captions in this instrument have been inserted solely for convenience of reference and are not a part of this instrument and shall have no effect upon construction or interpretation.
 - j. **Counterparts.** The parties may execute this instrument in two or more counterparts, which shall, in the aggregate, be signed by both parties; each counterpart shall be deemed an original instrument as against any party who has signed it. In the event of any disparity between the counterparts produced, the recorded counterpart shall be controlling.
 - k. **Permission.** Whenever permission, consent or approval is required pursuant to this Conservation Easement, such permission shall be obtained in advance and in writing signed by the party from whom permission is to be obtained. Whether permission should be granted or denied shall be determined based upon the purposes of this Conservation Easement, and shall not be unreasonably withheld.
25. **Effective Date.** The Conservation Easement is effective as of the date of recordation in the Official Records of the county identified above.

Appendix 3: Conservation Easement

Agreed to and Executed by:

GRANTOR:

COUNTY OF MADERA,
a political subdivision of the
State of California

GRANTEE:

SIERRA FOOTHILL CONSERVANCY,
a California nonprofit corporation

By: _____

Print Name: _____

Its: _____

Dated: _____

By: _____

Print Name: _____

Its: _____

Dated: _____

(Add notary acknowledgments)

EXHIBIT A

THE PROPERTY – LEGAL DESCRIPTION

EXHIBIT B
PROPERTY MAP

EXHIBIT C

GRANT DEED AND PG&E RESERVED RIGHTS

EXHIBIT D

EXISTING THIRD PARTY USES

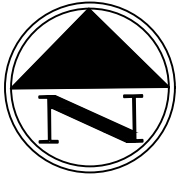
Add title exceptions here when PTR is updated

EXHIBIT E

DEVELOPED RECREATION ENVELOPE DESCRIPTION

The Developed Recreation Envelope is dispersed throughout the Property in sixteen (16) areas to cumulatively equal 34.62 acres in size, and further described below, where future recreational development is anticipated and allowed in order to enhance the recreational use and public benefit of the Property all in accordance with the terms of this Conservation Easement and in particular Section 4b. Additional details regarding Grantor proposed developed recreation facilities are located in the Baseline Documentation Report and Long-term Management Plan for the Property.

The location of the Developed Recreation Envelope has been surveyed by licensed engineers to produce a legal description which precisely defines the area limits of proposed future recreational facility development. Locations are labeled as Future Use Areas shown in a map (E-1) and list of coordinates, bearings and distances (E-2). This description was documented with Topcon Hiper-GA, GNSS RTK base and rover receivers, which at the time of the recordation of this Easement is capable of centimeter level accuracy; the Parties agree that the legal description of the Developed Recreation Envelope may vary by only a centimeter amount. The coordinates, bearings, and distances shown hereon are based upon the California Coordinate System of 1983, Zone 3, according to the North American Datum of 1983 (2011) Epoch Date: 2010.0000, US Survey Feet, as determined by GPS observation and OPUS Processing to continuously operating reference stations (CORS) mins, P245 and MUSB.



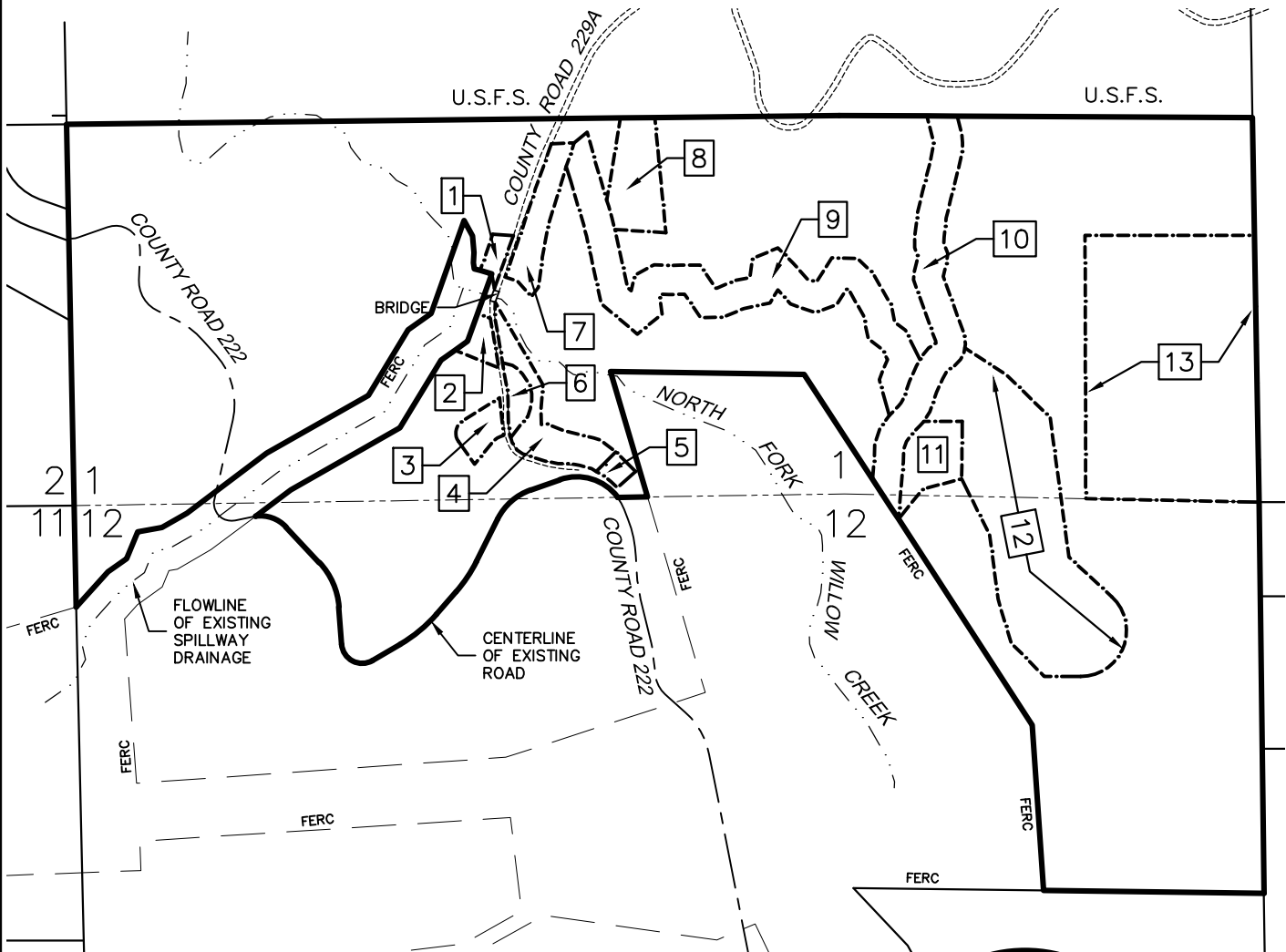
0 600 1200 Feet

EXHIBIT "E-1"

FUTURE USE AREAS

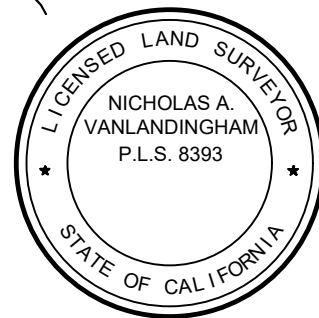
A PORTION OF SECTIONS 1 & 12
TOWNSHIP 8 SOUTH, RANGE 22 EAST, M.D.B.&M.

PORTION OF APN 061-022-002 & 061-065-001



LEGEND

- PROPERTY LINE
- ADJOINING PROPERTY LINE
- RIGHT-OF-WAY
- FEDERAL ENERGY REGULATORY COMMISSION BOUNDARY (FERC)
- AREAS DESIGNATED FOR FUTURE USE
- AREA NUMBER



NICHOLAS A. VANLANDINGHAM P.L.S. 8393

JONES SNYDER & ASSOCIATES
P.O. BOX 2292, OAKHURST, CA 93644
(559)683-7661 WWW.JSSURVEYING.COM

DATE: 03/21/18 BY: NAV

FILE:J:\CADI\2017\17-278\Drawings\EXCEPTION AREAS4.dwg

EXHIBIT "E-2"

Area 1

Point of Beginning :

North: 1918086.39390' East: 6845961.75645'

Segment #1 : Line

Course: N19°13'25"E Length: 131.39'

North: 1918210.45548' East: 6846005.01646'

Segment #2 : Line

Course: S86°06'15"E Length: 71.05'

North: 1918205.62829' East: 6846075.90192'

Segment #3 : Line

Course: S19°55'11"W Length: 192.41'

North: 1918024.73454' East: 6846010.34877'

Segment #4 : Line

Course: N10°21'38"W Length: 51.19'

North: 1918075.09141' East: 6846001.14227'

Segment #5 : Line

Course: N73°59'17"W Length: 40.98'

North: 1918086.39390' East: 6845961.75645'

Area: 0.23acres

Area 2

Point of Beginning :

North: 1917937.87150' East: 6845952.38300'

Segment #1 : Line

Course: S70°59'05"E Length: 47.08'

North: 1917922.53257' East: 6845996.89196'

Segment #2 : Line

Course: S09°55'16"E Length: 70.14'

North: 1917853.44080' East: 6846008.97679'

Segment #3 : Line

Course: S09°32'03"E Length: 103.04'

North: 1917751.82449' East: 6846026.04401'

Segment #4 : Line

Course: N67°57'23"W Length: 162.37'

North: 1917812.76563' East: 6845875.53956'

Segment #5 : Line

Course: N54°30'30"E Length: 53.28'

North: 1917843.69910' East: 6845918.92010'

Segment #6 : Line

Course: N19°33'43"E Length: 99.94'

North: 1917937.87150' East: 6845952.38300'

Area: 0.32acres

Area 3

Point of Beginning :

North: 1917499.90544' East: 6845887.45214'

Segment #1 : Curve

Length: 81.30' Radius: 50.00'

Delta: 093°09'56" Tangent: 52.84'

Chord: 72.64' Course: N11°27'30"E

Course In: N54°52'31"E Course Out:
N31°57'32"W

RP North: 1917528.67326' East:

6845928.34729'

End North: 1917571.09461' East:

6845901.88167'

Segment #2 : Line

Course: N58°02'28"E Length: 148.78'

North: 1917649.84551' East: 6846028.11031'

Segment #3 : Line

Course: S06°14'33"E Length: 130.12'

North: 1917520.49825' East: 6846042.25913'

Segment #4 : Curve

Length: 46.24' Radius: 69.50'

Delta: 038°07'33" Tangent: 24.01'

Chord: 45.40' Course: S58°18'56"W

Course In: S12°37'17"E Course Out:

N50°44'51"W

RP North: 1917452.68217' East:

6846057.44450'

End North: 1917496.65473' East:

6846003.62973'

Segment #5 : Line

Course: S39°15'09"W Length: 96.73'

North: 1917421.75426' East: 6845942.42785'

Segment #6 : Line

Course: N35°07'29"W Length: 95.55'

North: 1917499.90544' East: 6845887.45214'

Area: 0.47acres

Area 4

Point of Beginning :

North: 1917491.88597' East: 6846390.60109'

Segment #1 : Line

Course: S52°15'23"E Length: 45.84'

North: 1917463.82703' East: 6846426.84818'

Segment #2 : Line

Course: S44°58'41"W Length: 94.70'

North: 1917396.83785' East: 6846359.91046'

Segment #3 : Line

Course: N58°07'25"W Length: 19.43'

North: 1917407.09658' East: 6846343.41394'

Segment #4 : Line

Course: N75°10'43"W Length: 41.01'

North: 1917417.58690' East: 6846303.76929'

Segment #5 : Line

Course: N78°28'39"W Length: 16.44'
 North: 1917420.87149' East: 6846287.65731'
 Segment #6 : Line
 Course: N82°53'28"W Length: 22.06'
 North: 1917423.60104' East: 6846265.77065'
 Segment #7 : Line
 Course: N87°57'01"W Length: 22.07'
 North: 1917424.39044' East: 6846243.71326'
 Segment #8 : Line
 Course: S88°00'21"W Length: 15.07'
 North: 1917423.86592' East: 6846228.64862'
 Segment #9 : Line
 Course: N78°29'18"W Length: 46.16'
 North: 1917433.07727' East: 6846183.42049'
 Segment #10 : Line
 Course: N73°00'17"W Length: 47.79'
 North: 1917447.04560' East: 6846137.71861'
 Segment #11 : Line
 Course: N70°30'02"W Length: 30.70'
 North: 1917457.29369' East: 6846108.77803'
 Segment #12 : Line
 Course: N56°26'04"W Length: 24.86'
 North: 1917471.03946' East: 6846088.06205'
 Segment #13 : Line
 Course: N33°01'31"W Length: 29.33'
 North: 1917495.62769' East: 6846072.07882'
 Segment #14 : Line
 Course: N18°58'41"W Length: 18.21'
 North: 1917512.84790' East: 6846066.15681'
 Segment #15 : Line
 Course: N37°39'52"E Length: 56.35'
 North: 1917557.45500' East: 6846100.58889'
 Segment #16 : Line
 Course: N41°44'28"E Length: 35.38'
 North: 1917583.85059' East: 6846124.14049'
 Segment #17 : Line
 Course: N18°07'18"E Length: 29.61'
 North: 1917611.98857' East: 6846133.34921'
 Segment #18 : Line
 Course: N10°45'29"E Length: 27.54'
 North: 1917639.04112' East: 6846138.48923'
 Segment #19 : Line
 Course: N00°36'47"W Length: 25.16'
 North: 1917664.20327' East: 6846138.21994'
 Segment #20 : Line
 Course: N07°17'45"W Length: 21.48'
 North: 1917685.51190' East: 6846135.49186'
 Segment #21 : Line

Course: N30°01'24"W Length: 22.03'
 North: 1917704.58735' East: 6846124.46833'
 Segment #22 : Line
 Course: N33°50'40"W Length: 32.34'
 North: 1917731.45035' East: 6846106.45484'
 Segment #23 : Line
 Course: N42°22'20"W Length: 24.73'
 North: 1917749.72082' East: 6846089.78782'
 Segment #24 : Line
 Course: N57°09'06"W Length: 20.80'
 North: 1917761.00354' East: 6846072.31292'
 Segment #25 : Line
 Course: N75°54'07"W Length: 34.60'
 North: 1917769.43155' East: 6846038.75481'
 Segment #26 : Line
 Course: N09°19'15"W Length: 37.07'
 North: 1917806.01073' East: 6846032.75109'
 Segment #27 : Line
 Course: N09°47'11"W Length: 124.66'
 North: 1917928.85381' East: 6846011.56224'
 Segment #28 : Line
 Course: N02°22'42"E Length: 47.93'
 North: 1917976.74204' East: 6846013.55132'
 Segment #29 : Line
 Course: S30°05'07"E Length: 326.03'
 North: 1917694.63108' East: 6846176.98786'
 Segment #30 : Line
 Course: S04°20'46"W Length: 92.73'
 North: 1917602.16813' East: 6846169.96061'
 Segment #31 : Line
 Course: S02°33'13"E Length: 44.31'
 North: 1917557.90173' East: 6846171.93473'
 Segment #32 : Line
 Course: N84°22'46"E Length: 20.18'
 North: 1917559.87773' East: 6846192.01337'
 Segment #33 : Line
 Course: S68°16'48"E Length: 58.38'
 North: 1917538.27299' East: 6846246.24884'
 Segment #34 : Line
 Course: S75°07'37"E Length: 72.11'
 North: 1917519.76423' East: 6846315.94159'
 Segment #35 : Line
 Course: S77°24'36"E Length: 36.14'
 North: 1917511.88756' East: 6846351.20892'
 Segment #36 : Line
 Course: S72°26'34"E Length: 23.05'
 North: 1917504.93582' East: 6846373.18063'
 Segment #37 : Line

Course: S53°09'46"E Length: 21.77'
North: 1917491.88597' East: 6846390.60109'
Area: 1.27acres

Area 5

Point of Beginning :
North: 1917463.82703' East: 6846426.84818'
Segment #1 : Line
Course: S45°17'26"E Length: 95.50'
North: 1917396.64150' East: 6846494.71840'
Segment #2 : Line
Course: S48°14'41"W Length: 83.70'
North: 1917340.90106' East: 6846432.27815'
Segment #3 : Line
Course: N45°15'30"W Length: 30.55'
North: 1917362.40247' East: 6846410.58196'
Segment #4 : Line
Course: N51°36'06"W Length: 24.77'
North: 1917377.78885' East: 6846391.16802'
Segment #5 : Line
Course: N58°38'28"W Length: 36.60'
North: 1917396.83785' East: 6846359.91046'
Segment #6 : Line
Course: N44°58'41"E Length: 94.70'
North: 1917463.82703' East: 6846426.84818'
Area: 0.18acres

Area 6

Point of Beginning :
North: 1917666.20778' East: 6846055.69687'
Segment #1 : Line
Course: N09°19'15"W Length: 104.60'
North: 1917769.43155' East: 6846038.75481'
Segment #2 : Line
Course: S75°54'07"E Length: 34.60'
North: 1917761.00354' East: 6846072.31292'
Segment #3 : Line
Course: S57°09'06"E Length: 20.80'
North: 1917749.72082' East: 6846089.78782'
Segment #4 : Line
Course: S42°22'20"E Length: 24.73'
North: 1917731.45035' East: 6846106.45484'
Segment #5 : Line
Course: S33°50'40"E Length: 32.34'
North: 1917704.58735' East: 6846124.46833'
Segment #6 : Line
Course: S30°01'24"E Length: 22.03'
North: 1917685.51190' East: 6846135.49186'

Segment #7 : Line
Course: S07°17'45"E Length: 21.48'
North: 1917664.20327' East: 6846138.21994'
Segment #8 : Line
Course: S00°36'47"E Length: 25.16'
North: 1917639.04112' East: 6846138.48923'
Segment #9 : Line
Course: S10°45'29"W Length: 27.54'
North: 1917611.98857' East: 6846133.34921'
Segment #10 : Line
Course: S18°07'18"W Length: 29.61'
North: 1917583.85059' East: 6846124.14049'
Segment #11 : Line
Course: S41°44'28"W Length: 35.38'
North: 1917557.45500' East: 6846100.58889'
Segment #12 : Line
Course: S37°39'52"W Length: 56.35'
North: 1917512.84790' East: 6846066.15681'
Segment #13 : Line
Course: N18°58'41"W Length: 6.57'
North: 1917519.05619' East: 6846064.02179'
Segment #14 : Line
Course: N08°27'31"W Length: 36.70'
North: 1917555.35379' East: 6846058.62394'
Segment #15 : Line
Course: N01°07'48"W Length: 50.00'
North: 1917605.34388' East: 6846057.63788'
Segment #16 : Line
Course: N00°05'23"W Length: 32.29'
North: 1917637.63582' East: 6846057.58736'
Segment #17 : Line
Course: N03°47'08"W Length: 28.63'
North: 1917666.20778' East: 6846055.69687'
Area: 0.35acres

Area 7

Point of Beginning :
North: 1918365.23482' East: 6846151.03678'
Segment #1 : Line
Course: N19°29'05"E Length: 165.00'
North: 1918520.78251' East: 6846206.07259'
Segment #2 : Line
Course: N87°50'56"E Length: 78.00'
North: 1918523.71022' East: 6846284.02033'
Segment #3 : Line
Course: S18°26'35"W Length: 82.07'
North: 1918445.85543' East: 6846258.05647'
Segment #4 : Line

Course: S17°01'45"W Length: 3.55'
 North: 1918442.46422' East: 6846257.01779'
 Segment #5 : Line
 Course: S17°01'45"W Length: 212.48'
 North: 1918239.30034' East: 6846194.79138'
 Segment #6 : Line
 Course: S10°19'20"W Length: 110.00'
 North: 1918131.08337' East: 6846175.08152'
 Segment #7 : Line
 Course: S07°31'07"W Length: 102.80'
 North: 1918029.16921' East: 6846161.63041'
 Segment #8 : Line
 Course: S36°19'56"W Length: 41.14'
 North: 1917996.03005' East: 6846137.25852'
 Segment #9 : Line
 Course: N41°33'45"W Length: 72.18'
 North: 1918050.03546' East: 6846089.37366'
 Segment #10 : Line
 Course: N71°20'00"W Length: 44.02'
 North: 1918064.12486' East: 6846047.66836'
 Segment #11 : Line
 Course: N19°34'24"E Length: 182.22'
 North: 1918235.81773' East: 6846108.71508'
 Segment #12 : Line
 Course: N18°06'31"E Length: 136.16'
 North: 1918365.23482' East: 6846151.03678'
 Area: 1.01acres

Area 8

Point of Beginning :
 North: 1918226.76669' East: 6846423.38502'
 Segment #1 : Line
 Course: N13°26'05"W Length: 40.59'
 North: 1918266.24309' East: 6846413.95512'
 Segment #2 : Line
 Course: N16°04'49"W Length: 41.69'
 North: 1918306.30100' East: 6846402.40797'
 Segment #3 : Line
 Course: N17°57'18"W Length: 20.97'
 North: 1918326.25337' East: 6846395.94236'
 Segment #4 : Line
 Course: N09°21'21"E Length: 286.91'
 North: 1918609.34266' East: 6846442.58399'
 Segment #5 : Line
 Course: N89°20'25"E Length: 117.79'
 North: 1918610.69902' East: 6846560.36410'

Segment #6 : Line
 Course: S05°30'10"E Length: 396.83'
 North: 1918215.69596' East: 6846598.41696'
 Segment #7 : Line
 Course: N86°22'51"W Length: 175.38'
 North: 1918226.76669' East: 6846423.38502'
Area: 1.45acres

Area 9

Point of Beginning :
 North: 1917781.26950' East: 6847469.36197'
 Segment #1 : Line
 Course: S28°40'25"W Length: 25.19'
 North: 1917759.17018' East: 6847457.27612'
 Segment #2 : Line
 Course: S23°58'35"W Length: 58.10'
 North: 1917706.08295' East: 6847433.66650'
 Segment #3 : Line
 Course: S19°20'18"W Length: 39.74'
 North: 1917668.58335' East: 6847420.50616'
 Segment #4 : Line
 Course: S19°40'18"W Length: 25.93'
 North: 1917644.16784' East: 6847411.77781'
 Segment #5 : Line
 Course: S29°59'04"W Length: 13.82'
 North: 1917632.19379' East: 6847404.86888'
 Segment #6 : Line
 Course: S40°12'59"W Length: 14.25'
 North: 1917621.31147' East: 6847395.66725'
 Segment #7 : Line
 Course: S44°07'43"W Length: 43.26'
 North: 1917590.25703' East: 6847365.54346'
 Segment #8 : Line
 Course: S36°31'27"W Length: 1.75'
 North: 1917588.85142' East: 6847364.50245'
 Segment #9 : Line
 Course: N15°38'07"W Length: 127.93'
 North: 1917712.04727' East: 6847330.02370'
 Segment #10 : Line
 Course: N22°16'21"E Length: 74.03'
 North: 1917780.55670' East: 6847358.08304'
 Segment #11 : Line
 Course: N26°23'21"W Length: 39.70'
 North: 1917816.12329' East: 6847340.43600'
 Segment #12 : Line
 Course: N52°51'30"W Length: 61.26'
 North: 1917853.11004' East: 6847291.60478'
 Segment #13 : Line

Course: N11°04'53"W Length: 79.34'
 North: 1917930.97100' East: 6847276.35530'
 Segment #14 : Line
 Course: N29°45'38"W Length: 96.29'
 North: 1918014.56352' East: 6847228.55786'
 Segment #15 : Line
 Course: N46°13'01"W Length: 13.23'
 North: 1918023.71889' East: 6847219.00512'
 Segment #16 : Line
 Course: S32°29'20"W Length: 64.80'
 North: 1917969.06465' East: 6847184.20126'
 Segment #17 : Line
 Course: S70°10'46"W Length: 79.88'
 North: 1917941.97801' East: 6847109.04931'
 Segment #18 : Line
 Course: N70°29'40"W Length: 88.80'
 North: 1917971.62967' East: 6847025.34114'
 Segment #19 : Line
 Course: N41°43'29"W Length: 65.10'
 North: 1918020.21458' East: 6846982.01583'
 Segment #20 : Line
 Course: S29°58'59"W Length: 52.17'
 North: 1917975.02575' East: 6846955.94392'
 Segment #21 : Line
 Course: S78°03'31"W Length: 91.30'
 North: 1917956.13469' East: 6846866.61898'
 Segment #22 : Line
 Course: S67°19'02"W Length: 78.53'
 North: 1917925.84994' East: 6846794.15965'
 Segment #23 : Line
 Course: S89°00'30"W Length: 76.79'
 North: 1917924.52073' East: 6846717.37713'
 Segment #24 : Line
 Course: N34°15'08"W Length: 96.71'
 North: 1918004.45952' East: 6846662.94425'
 Segment #25 : Line
 Course: S89°47'09"W Length: 12.82'
 North: 1918004.41159' East: 6846650.12721'
 Segment #26 : Line
 Course: S88°37'29"W Length: 41.23'
 North: 1918003.42202' East: 6846608.91209'
 Segment #27 : Line
 Course: N87°16'59"W Length: 27.54'
 North: 1918004.72734' East: 6846581.40516'
 Segment #28 : Line
 Course: S61°31'28"W Length: 2.60'
 North: 1918003.48994' East: 6846579.12384'
 Segment #29 : Line

Course: S12°05'32"W Length: 7.91'
 North: 1917995.75072' East: 6846577.46577'
 Segment #30 : Line
 Course: S07°54'43"E Length: 59.07'
 North: 1917937.24746' East: 6846585.59625'
 Segment #31 : Line
 Course: S50°45'34"W Length: 109.42'
 North: 1917868.03260' East: 6846500.85301'
 Segment #32 : Line
 Course: N49°56'35"W Length: 161.50'
 North: 1917971.96788' East: 6846377.23759'
 Segment #33 : Line
 Course: N12°20'04"W Length: 169.26'
 North: 1918137.32106' East: 6846341.08088'
 Segment #34 : Line
 Course: N12°43'44"W Length: 67.65'
 North: 1918203.30619' East: 6846326.17566'
 Segment #35 : Line
 Course: N13°26'05"W Length: 38.51'
 North: 1918240.76348' East: 6846317.22807'
 Segment #36 : Line
 Course: N16°04'49"W Length: 37.74'
 North: 1918277.03048' East: 6846306.77370'
 Segment #37 : Line
 Course: N17°57'18"W Length: 40.20'
 North: 1918315.27267' East: 6846294.38122'
 Segment #38 : Line
 Course: N15°36'52"W Length: 40.64'
 North: 1918354.40928' East: 6846283.44342'
 Segment #39 : Line
 Course: N16°43'08"W Length: 39.51'
 North: 1918392.24466' East: 6846272.07865'
 Segment #40 : Line
 Course: N16°41'38"W Length: 52.43'
 North: 1918442.46422' East: 6846257.01779'
 Segment #41 : Line
 Course: N17°01'45"E Length: 3.55'
 North: 1918445.85543' East: 6846258.05647'
 Segment #42 : Line
 Course: N18°26'35"E Length: 82.07'
 North: 1918523.71022' East: 6846284.02033'
 Segment #43 : Line
 Course: N50°44'48"E Length: 57.75'
 North: 1918560.24927' East: 6846328.73655'
 Segment #44 : Line
 Course: S15°19'01"E Length: 105.31'
 North: 1918458.67829' East: 6846356.55538'
 Segment #45 : Line

Course: S16°41'38"E Length: 39.37'
 North: 1918420.97068' East: 6846367.86390'
 Segment #46 : Line
 Course: S16°43'08"E Length: 40.43'
 North: 1918382.25387' East: 6846379.49344'
 Segment #47 : Line
 Course: S15°36'52"E Length: 39.56'
 North: 1918344.15643' East: 6846390.14082'
 Segment #48 : Line
 Course: S17°57'18"E Length: 18.82'
 North: 1918326.25337' East: 6846395.94236'
 Segment #49 : Line
 Course: S17°57'18"E Length: 20.97'
 North: 1918306.30100' East: 6846402.40797'
 Segment #50 : Line
 Course: S16°04'49"E Length: 41.69'
 North: 1918266.24309' East: 6846413.95512'
 Segment #51 : Line
 Course: S13°26'05"E Length: 40.59'
 North: 1918226.76669' East: 6846423.38502'
 Segment #52 : Line
 Course: S13°26'05"E Length: 0.85'
 North: 1918225.94074' East: 6846423.58232'
 Segment #53 : Line
 Course: S12°43'44"E Length: 68.61'
 North: 1918159.01894' East: 6846438.69912'
 Segment #54 : Line
 Course: S12°20'04"E Length: 135.55'
 North: 1918026.59475' East: 6846467.65546'
 Segment #55 : Line
 Course: S49°56'35"E Length: 15.66'
 North: 1918016.51407' East: 6846479.64492'
 Segment #56 : Line
 Course: N12°05'32"E Length: 54.13'
 North: 1918069.44625' East: 6846490.98519'
 Segment #57 : Line
 Course: N61°31'28"E Length: 76.54'
 North: 1918105.93804' East: 6846558.26325'
 Segment #58 : Line
 Course: S87°16'59"E Length: 51.88'
 North: 1918103.47896' East: 6846610.08347'
 Segment #59 : Line
 Course: N88°37'29"E Length: 38.67'
 North: 1918104.40710' East: 6846648.73995'
 Segment #60 : Line
 Course: N89°47'09"E Length: 66.96'
 North: 1918104.65749' East: 6846715.69842'
 Segment #61 : Line

Course: S34°15'08"E Length: 95.84'
 North: 1918025.44045' East: 6846769.63983'
 Segment #62 : Line
 Course: N89°00'30"E Length: 3.63'
 North: 1918025.50335' East: 6846773.27333'
 Segment #63 : Line
 Course: N67°19'02"E Length: 68.78'
 North: 1918052.02548' East: 6846836.73021'
 Segment #64 : Line
 Course: N78°03'31"E Length: 51.36'
 North: 1918062.65238' East: 6846886.97870'
 Segment #65 : Line
 Course: N07°13'08"E Length: 64.91'
 North: 1918127.05021' East: 6846895.13551'
 Segment #66 : Line
 Course: N67°18'00"E Length: 94.75'
 North: 1918163.61505' East: 6846982.54634'
 Segment #67 : Line
 Course: S45°01'48"E Length: 72.21'
 North: 1918112.57879' East: 6847033.63594'
 Segment #68 : Line
 Course: S41°43'29"E Length: 74.03'
 North: 1918057.32700' East: 6847082.90641'
 Segment #69 : Line
 Course: S70°29'40"E Length: 27.42'
 North: 1918048.16987' East: 6847108.75747'
 Segment #70 : Line
 Course: N70°10'46"E Length: 10.02'
 North: 1918051.56774' East: 6847118.18486'
 Segment #71 : Line
 Course: N32°29'20"E Length: 92.27'
 North: 1918129.39402' East: 6847167.74470'
 Segment #72 : Line
 Course: S89°00'04"E Length: 87.12'
 North: 1918127.87547' East: 6847254.85079'
 Segment #73 : Line
 Course: S46°13'01"E Length: 73.88'
 North: 1918076.75429' East: 6847308.19084'
 Segment #74 : Line
 Course: S29°45'38"E Length: 127.20'
 North: 1917966.33125' East: 6847371.32973'
 Segment #75 : Line
 Course: S11°04'53"E Length: 57.62'
 North: 1917909.78196' East: 6847382.40520'
 Segment #76 : Line
 Course: S52°51'30"E Length: 46.61'
 North: 1917881.63755' East: 6847419.56245'
 Segment #77 : Line

Course: S26°23'21"E Length: 112.04'
North: 1917781.26950' East: 6847469.36197'
Area: 4.93acres

Area 10

Point of Beginning : North: 1918539.20748'
East: 6847513.44890'
Segment #1 : Line
Course: N14°29'50"W Length: 79.66'
North: 1918616.33049' East: 6847493.50751'
Segment #2 : Line
Course: S89°41'06"E Length: 103.44'
North: 1918615.76193' East: 6847596.94326'
Segment #3 : Line
Course: S14°29'50"E Length: 60.12'
North: 1918557.55922' East: 6847611.99250'
Segment #4 : Line
Course: S06°36'05"E Length: 33.18'
North: 1918524.59737' East: 6847615.80715'
Segment #5 : Line
Course: S03°43'48"W Length: 30.13'
North: 1918494.53112' East: 6847613.84708'
Segment #6 : Line
Course: S11°04'40"W Length: 52.31'
North: 1918443.19312' East: 6847603.79570'
Segment #7 : Line
Course: S14°33'02"W Length: 112.83'
North: 1918333.97741' East: 6847575.44784'
Segment #8 : Line
Course: S13°01'26"W Length: 69.51'
North: 1918266.25457' East: 6847559.78289'

Segment #9 : Line
Course: S06°47'09"W Length: 65.73'
North: 1918200.98652' East: 6847552.01655'
Segment #10 : Line
Course: S00°55'32"W Length: 20.60'
North: 1918180.38835' East: 6847551.68380'
Segment #11 : Line
Course: S18°30'50"E Length: 6.58'
North: 1918174.15170' East: 6847553.77225'
Segment #12 : Line
Course: S20°06'08"E Length: 32.56'
North: 1918143.57647' East: 6847564.96255'
Segment #13 : Line
Course: S08°06'44"W Length: 32.86'
North: 1918111.04360' East: 6847560.32531'

Segment #14 : Line
Course: S13°31'58"W Length: 46.71'
North: 1918065.63251' East: 6847549.39551'
Segment #15 : Line
Course: S19°51'21"E Length: 209.05'
North: 1917869.01106' East: 6847620.40062'
Segment #16 : Line
Course: S08°37'42"E Length: 36.09'
North: 1917833.32489' East: 6847625.81578'
Segment #17 : Line
Course: S11°15'36"W Length: 12.86'
North: 1917820.70756' East: 6847623.30377'
Segment #18 : Line
Course: S11°15'36"W Length: 20.82'
North: 1917800.29032' East: 6847619.23886'
Segment #19 : Line
Course: S28°45'32"W Length: 22.49'
North: 1917780.57617' East: 6847608.41938'
Segment #20 : Line
Course: S44°11'05"W Length: 29.27'
North: 1917759.58516' East: 6847588.01743'
Segment #21 : Line
Course: S56°09'53"W Length: 25.65'
North: 1917745.30217' East: 6847566.71011'
Segment #22 : Line
Course: S40°12'31"W Length: 13.34'
North: 1917735.11327' East: 6847558.09716'
Segment #23 : Line
Course: S28°40'25"W Length: 23.17'
North: 1917714.78667' East: 6847546.98079'

Segment #24 : Line
Course: S23°58'35"W Length: 49.95'
North: 1917669.14728' East: 6847526.68346'
Segment #25 : Line
Course: S19°20'18"W Length: 35.98'
North: 1917635.19439' East: 6847514.76783'
Segment #26 : Line
Course: S19°40'18"W Length: 35.24'
North: 1917602.00753' East: 6847502.90379'
Segment #27 : Line
Course: S29°59'04"W Length: 31.80'
North: 1917574.46253' East: 6847487.01056'
Segment #28 : Line
Course: S40°12'59"W Length: 7.20'
North: 1917568.96561' East: 6847482.36260'
Segment #29 : Line

Course: S40°12'59"W Length: 19.42'
 North: 1917554.13587' East: 6847469.82318'
 Segment #30 : Line
 Course: S44°07'43"W Length: 40.03'
 North: 1917525.40033' East: 6847441.94880'
 Segment #31 : Line
 Course: S36°31'27"W Length: 31.80'
 North: 1917499.84510' East: 6847423.02231'
 Segment #32 : Line
 Course: S19°14'07"W Length: 27.54'
 North: 1917473.84413' East: 6847413.94988'
 Segment #33 : Line
 Course: S02°18'45"W Length: 48.42'
 North: 1917425.45939' East: 6847411.99599'
 Segment #34 : Line
 Course: S04°47'36"W Length: 191.81'
 North: 1917234.31526' East: 6847395.96751'
 Segment #35 : Line
 Course: N33°08'36"W Length: 44.31'
 North: 1917271.41715' East: 6847371.74110'
 Segment #36 : Line
 Course: N33°08'36"W Length: 119.00'
 North: 1917371.05944' East: 6847306.67769'
 Segment #37 : Line
 Course: N05°09'30"E Length: 61.18'
 North: 1917431.99377' East: 6847312.17836'
 Segment #38 : Line
 Course: N02°18'45"E Length: 60.80'
 North: 1917492.74315' East: 6847314.63156'
 Segment #39 : Line
 Course: N19°14'07"E Length: 57.62'
 North: 1917547.14400' East: 6847333.61346'

Segment #40 : Line
 Course: N36°31'27"E Length: 51.90'
 North: 1917588.85142' East: 6847364.50245'
 Segment #41 : Line
 Course: N36°31'27"E Length: 1.75'
 North: 1917590.25703' East: 6847365.54346'
 Segment #42 : Line
 Course: N44°07'43"E Length: 43.26'
 North: 1917621.31147' East: 6847395.66725'
 Segment #43 : Line
 Course: N40°12'59"E Length: 14.25'
 North: 1917632.19379' East: 6847404.86888'
 Segment #44 : Line
 Course: N29°59'04"E Length: 13.82'

North: 1917644.16784' East: 6847411.77781'
 Segment #45 : Line
 Course: N19°40'18"E Length: 25.93'
 North: 1917668.58335' East: 6847420.50616'
 Segment #46 : Line
 Course: N19°20'18"E Length: 39.74'
 North: 1917706.08295' East: 6847433.66650'
 Segment #47 : Line
 Course: N23°58'35"E Length: 58.10'
 North: 1917759.17018' East: 6847457.27612'
 Segment #48 : Line
 Course: N28°40'25"E Length: 25.19'
 North: 1917781.26950' East: 6847469.36197'
 Segment #49 : Line
 Course: N28°40'25"E Length: 12.18'
 North: 1917791.95707' East: 6847475.20688'
 Segment #50 : Line
 Course: N40°12'31"E Length: 37.46'
 North: 1917820.56277' East: 6847499.38804'
 Segment #51 : Line
 Course: N56°09'53"E Length: 29.17'
 North: 1917836.80689' East: 6847523.62097'
 Segment #52 : Line
 Course: N44°11'05"E Length: 0.65'
 North: 1917837.27115' East: 6847524.07220'
 Segment #53 : Line
 Course: N08°37'42"W Length: 7.10'
 North: 1917844.29035' East: 6847523.00708'
 Segment #54 : Line
 Course: N19°51'21"W Length: 223.60'
 North: 1918054.60154' East: 6847447.05825'

Segment #55 : Line
 Course: N07°24'52"E Length: 28.95'
 North: 1918083.30649' East: 6847450.79368'
 Segment #56 : Line
 Course: N13°31'58"E Length: 47.86'
 North: 1918129.84148' East: 6847461.99398'
 Segment #57 : Line
 Course: N08°06'44"E Length: 3.00'
 North: 1918132.80757' East: 6847462.41677'
 Segment #58 : Line
 Course: N20°06'08"W Length: 8.81'
 North: 1918141.08375' East: 6847459.38775'
 Segment #59 : Line
 Course: N18°30'50"W Length: 25.09'
 North: 1918164.87704' East: 6847451.42019'

Segment #60 : Line
 Course: N00°55'32"E Length: 42.85'
 North: 1918207.71960' East: 6847452.11226'
 Segment #61 : Line
 Course: N06°47'09"E Length: 76.30'
 North: 1918283.48144' East: 6847461.12728'
 Segment #62 : Line
 Course: N13°01'26"E Length: 76.29'
 North: 1918357.81129' East: 6847478.32049'
 Segment #63 : Line
 Course: N14°33'02"E Length: 111.14'
 North: 1918465.38218' East: 6847506.24143'
 Segment #64 : Line
 Course: N11°04'40"E Length: 42.86'
 North: 1918507.44382' East: 6847514.47661'
 Segment #65 : Line
 Course: N03°43'48"E Length: 14.67'
 North: 1918522.08155' East: 6847515.43086'
 Segment #66 : Line
 Course: N06°36'05"W Length: 17.24'
 North: 1918539.20748' East: 6847513.44890'

3.23acres

Area 11

Point of Beginning : North: 1917568.96561'
 East: 6847614.48991'
 Segment #1 : Line
 Course: S00°37'09"W Length: 197.05'
 North: 1917371.92434' East: 6847612.36022'
 Segment #2 : Line
 Course: S75°06'12"W Length: 137.98'
 North: 1917336.45378' East: 6847479.02206'

Segment #3 : Line
 Course: S39°06'59"W Length: 131.64'
 North: 1917234.31526' East: 6847395.96751'
 Segment #4 : Line
 Course: N04°47'36"E Length: 191.81'
 North: 1917425.45939' East: 6847411.99599'
 Segment #5 : Line
 Course: N02°18'45"E Length: 48.42'
 North: 1917473.84413' East: 6847413.94988'
 Segment #6 : Line
 Course: N19°14'07"E Length: 27.54'
 North: 1917499.84510' East: 6847423.02231'
 Segment #7 : Line
 Course: N36°31'27"E Length: 31.80'

North: 1917525.40033' East: 6847441.94880'
 Segment #8 : Line
 Course: N44°07'43"E Length: 40.03'
 North: 1917554.13587' East: 6847469.82318'
 Segment #9 : Line
 Course: N40°12'59"E Length: 19.42'
 North: 1917568.96561' East: 6847482.36260'
 Segment #10 : Line
 Course: N90°00'00"E Length: 132.13'
 North: 1917568.96561' East: 6847614.48991'
Area: 1.05acres

Area 12

Point of Beginning :
 North: 1917371.92434' East: 6847612.36022'
 Segment #1 : Line
 Course: N00°37'09"E Length: 197.05'
 North: 1917568.96561' East: 6847614.48991'
 Segment #2 : Line
 Course: N90°00'00"W Length: 132.13'
 North: 1917568.96561' East: 6847482.36260'
 Segment #3 : Line
 Course: N40°12'59"E Length: 7.20'
 North: 1917574.46253' East: 6847487.01056'
 Segment #4 : Line
 Course: N29°59'04"E Length: 31.80'
 North: 1917602.00753' East: 6847502.90379'
 Segment #5 : Line
 Course: N19°40'18"E Length: 35.24'
 North: 1917635.19439' East: 6847514.76783'
 Segment #6 : Line
 Course: N19°20'18"E Length: 35.98'
 North: 1917669.14728' East: 6847526.68346'
 Segment #7 : Line
 Course: N23°58'35"E Length: 49.95'
 North: 1917714.78667' East: 6847546.98079'
 Segment #8 : Line
 Course: N28°40'25"E Length: 23.17'
 North: 1917735.11327' East: 6847558.09716'
 Segment #9 : Line
 Course: N40°12'31"E Length: 13.34'
 North: 1917745.30217' East: 6847566.71011'
 Segment #10 : Line
 Course: N56°09'53"E Length: 25.65'
 North: 1917759.58516' East: 6847588.01743'
 Segment #11 : Line
 Course: N44°11'05"E Length: 29.27'
 North: 1917780.57617' East: 6847608.41938'

Segment #12 : Line
 Course: N28°45'32"E Length: 22.49'
 North: 1917800.29032' East: 6847619.23886'
 Segment #13 : Line
 Course: N11°15'36"E Length: 20.82'
 North: 1917820.70756' East: 6847623.30377'
 Segment #14 : Line
 Course: S56°58'36"E Length: 172.78'
 North: 1917726.54776' East: 6847768.16867'
 Segment #15 : Line
 Course: S45°26'43"E Length: 207.05'
 North: 1917581.28503' East: 6847915.70718'
 Segment #16 : Line
 Course: S07°41'22"E Length: 482.20'
 North: 1917103.41973' East: 6847980.22674'
 Segment #17 : Line
 Course: S47°09'36"E Length: 200.55'
 North: 1916967.05194' East: 6848127.28404'
 Segment #18 : Curve
 Length: 376.12' Radius: 157.32'
 Delta: 136°59'08" Tangent: 399.22'
 Chord: 292.72' Course: S21°19'58"W
 Course In: S42°50'24"W Course Out:
 S00°10'27"E
 RP North: 1916851.69956' East:
 6848020.31656'
 End North: 1916694.38465' East:
 6848020.79502'
 Segment #19 : Line
 Course: S89°49'33"W Length: 125.23'
 North: 1916694.00378' East: 6847895.56860'
 Segment #20 : Line
 Course: N44°33'39"W Length: 161.76'
 North: 1916809.25889' East: 6847782.06663'
 Segment #21 : Line
 Course: N16°43'37"W Length: 156.93'
 North: 1916959.54625' East: 6847736.90118'
 Segment #22 : Line
 Course: N07°17'33"W Length: 221.05'
 North: 1917178.80750' East: 6847708.84182'
 Segment #23 : Line
 Course: N26°32'49"W Length: 215.88'
 North: 1917371.92434' East: 6847612.36022'
Area: 7.88acres

Area 13

Point of Beginning : North: 1917292.00280'
 East: 6848632.04050'

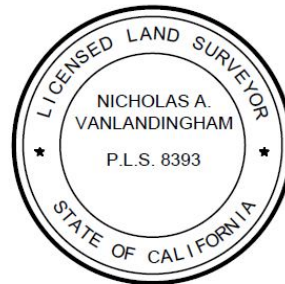
Segment #1 : Line
 Course: N88°51'41"W Length: 594.28'
 North: 1917303.81218' East: 6848037.87342'
 Segment #2 : Line
 Course: N00°08'54"W Length: 902.46'
 North: 1918206.26655' East: 6848035.53877'
 Segment #3 : Line
 Course: N89°58'00"E Length: 580.68'
 North: 1918206.60426' East: 6848616.22357'
 Segment #4 : Line
 Course: S00°59'27"E Length: 914.74'
 North: 1917292.00280' East: 6848632.04050'
Area: 12.25acres

**The coordinates, bearings, and
 distances shown hereon are
 based upon the California
 Coordinate System of 1983,
 CCS83, Zone 3, NAD83(2011)
 Epoch Date (2010.00).**



Nicholas A. Vanlandingham

Date: March 21, 2018



Appendix 4: Conservation Easement Funding Agreement

Conservation Easement Funding Agreement Manzanita Lake Planning Unit – Lands Donated to Madera County

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 **Sierra Foothill Conservancy**, a California nonprofit public benefit corporation (“Grantee”) with reference to the following facts:

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

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

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

D. In connection with the Land Conservation Commitment, Grantee has agreed to accept a perpetual conservation easement created pursuant to California Civil Code Section 815 *et seq.* (the “Conservation Easement”) over a portion of the PG&E Watershed Lands that is to be transferred to Madera County by PG&E consisting of approximately 146 acres of real property located in Madera County, State of California, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the “Property”).

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

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

1. Effective Date. This Agreement shall become effective upon the recording of the Conservation Easement in favor of Grantee in the Official Records of Madera County

Appendix 4: Conservation Easement Funding Agreement

(the “Effective Date”). It is understood and agreed that if for any reason whatsoever the recording of the Conservation Easement does not occur on or before December 31, 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.** Effective upon the Effective Date, the Stewardship Council grants **One Hundred Twenty-eight Thousand Seven Hundred and Sixty-six Dollars (\$128,766)** (the “Grant Funds”) to Grantee to be used for the following purposes:
 - a. One Hundred and Eighteen Thousand Seven Hundred and Sixty-six Dollars (\$118,766) of the Grant Funds shall be used to implement conservation easement monitoring as described in Sections 3 and 4 below (the “Monitoring Funds”).
 - b. Ten Thousand Dollars (\$10,000) of the Grant Funds shall be used for conservation easement defense and enforcement costs as described in Section 5 below (the “Defense and Enforcement Funds”).
3. **Use of Grant Funds.** The Grant Funds shall be payable to Grantee within thirty (30) days of the Effective Date. Grantee will use the Grant Funds for the purposes described in this Agreement and for no other purpose without the prior written consent of the Stewardship Council. The Stewardship Council reserves the right to require the total or partial return of Grant Funds in the event Grantee fails to comply with the terms and conditions of this Agreement.
 - a. Grantee may “pool” the Monitoring Funds with other funds Grantee uses for monitoring of other conservation easements held by Grantee and Grantee may use the Monitoring Funds to monitor any of its conservation easements as long as Grantee meets its obligations as described in Section 4 below.
 - b. Within thirty (30) days of receipt of funds, Grantee will provide the Stewardship Council with evidence of deposit of (1) the Monitoring Funds into an account which shall be restricted to the stewardship and monitoring of conservation easements held by the Grantee, including but not limited to the Conservation Easement on the Property; and (2) the Defense and Enforcement Funds into an account which shall be restricted to the legal defense or enforcement of conservation easements held by the Grantee, including but not limited to the Conservation Easement on the Property. The requirement to provide evidence of deposit will be satisfied when Grantee submits to the Stewardship Council the form attached as Exhibit B.
4. **Conservation Easement Monitoring.** From and after the Effective Date, Grantee agrees to conduct regular monitoring of the Property to ensure compliance with the terms of the Conservation Easement. Grantee shall conduct on-site monitoring of the Property not less than annually to assess compliance with the terms and conditions of the Conservation Easement and note any material changes to the Property compared to the baseline documentation report and prior monitoring reports. Grantee will complete Current Conditions Reports every five years or consistent with grantee’s current procedure. Upon written request, the Stewardship

Appendix 4: Conservation Easement Funding Agreement

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

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

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

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

6. Grant Report. Grantee agrees to submit to the Stewardship Council and/or its designee the following grant Status Reports pursuant to this Agreement. The initial Status Report shall be submitted to the Stewardship Council by the fourth quarter of the 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

Appendix 4: Conservation Easement Funding Agreement

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

- a. Copies of annual monitoring reports pertaining to the Conservation Easement for years selected by the Stewardship Council or its designee;
 - b. A statement as to whether any violations of the Conservation Easement were observed during the reporting period, and the outcome of any action taken to correct such violation;
 - c. A statement as to whether any amendments to the Conservation Easement were approved during the reporting period, with copies of any such amendments included in the Status Reports;
 - d. A statement as to whether fee title of the property was conveyed, the date of such conveyance, and the identity of the transferee; and
 - e. A report providing an accounting of how the Grant Funds have been invested or expended in furtherance of the purposes of this Agreement.
7. Records. Grantee will indicate the Grant Funds separately on its books of account, and maintain such records in accordance with generally accepted accounting principles. Grantee shall additionally maintain written records including the baseline documentation report, the Deed of Conservation Easement, any amendments to the Conservation Easement, other transaction documents, and copies of monitoring reports, notices to the landowner, and other communications pursuant to the Conservation Easement in accordance with the practices generally accepted in the land trust community.
8. Inspection. The Stewardship Council or its designee shall have the right to inspect the books and records of Grantee and evaluate Grantee's use of Grant Funds, so long as (i) such inspection or evaluation occurs during regular business hours; (ii) such inspection or evaluation does not unreasonably interfere with Grantee's regular operations; and (iii) the Stewardship Council or its designee provides at least three (3) days prior notice of any such inspection or evaluation.
9. Assignment and Transfer of Funds. Grantee shall not assign its interest under the Conservation Easement except in accordance with the provisions of the Conservation Easement relating to permitted assignments. In the event that Grantee assigns its interest under the Conservation Easement to a successor conservation easement holder ("Assignee"), Grantee shall transfer all Grant Funds in its possession to Assignee and require that Assignee and assume all of Grantee's obligations under this agreement.
10. Publicity. The Stewardship Council may include information regarding this Agreement and Grantee in its periodic public reports, press releases, or other public communications.

Appendix 4: Conservation Easement Funding Agreement

11. Representations and Warranties. Grantee warrants and represents that it is a tax exempt organization under Section 501(c)(3) of the IRC, and is not a private foundation as defined in section 509(a) of the IRC or is an exempt operating foundation described in Section 4940(d)(2) of the IRC. Grantee further represents and warrants that it shall not use the Grant Funds to attempt to influence legislation or otherwise carry out lobbying activities within the meaning of Sections 501(h), 4911, 4945(d)(1) or 4945(e) of the IRC. No part of the Grant Funds may be used to attempt to influence the outcome of any specific public election, or to carry on, directly or indirectly, any voter registration drive. No part of the Grant Funds may be used for purposes other than charitable, scientific, literary, or educational purposes within the meaning of IRC Section 170(c)(2)(B).

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

12. Indemnification. Grantee hereby agrees to indemnify, defend, and hold harmless the Stewardship Council, and the Stewardship Council's past, present and future officers, directors, and employees, from and against any and all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries, and deficiencies, including interest, penalties, and reasonable attorney fees and costs, that they may incur or suffer and that result from, or are related to, the receipt and use of the Grant Funds by Grantee.
13. Limit of Stewardship Council Obligations. The Stewardship Council's obligations under this Agreement shall under no circumstances exceed the Grant Funds amount set forth in Section 2 above.
14. Assignment. This Agreement may not be assigned by the Grantee in whole or in part except as provided in Section 9 above. The Stewardship Council may assign its rights and delegate its obligations under this Agreement to a third party at the Stewardship Council's sole discretion. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit and burden of the parties and their respective heirs, successors and assigns.
15. Amendment; Entire Agreement. This Agreement may not be amended or modified except by written instrument signed by both parties. This Agreement constitutes the entire understanding of the parties concerning the subject matter hereof, and supersedes any and all previous negotiations, agreements, or understandings, if any, regarding the matters contained herein.

Appendix 4: Conservation Easement Funding Agreement

16. Governing Law. This Agreement shall be governed by the laws of the State of California.
17. Counterparts. This Agreement may be executed in counterparts which together shall constitute a single agreement.

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

By: _____

Title: Heidi Krolick, Executive Director

Date: _____

Sierra Foothill Conservancy
a California Nonprofit Public Benefit Corporation

By: _____

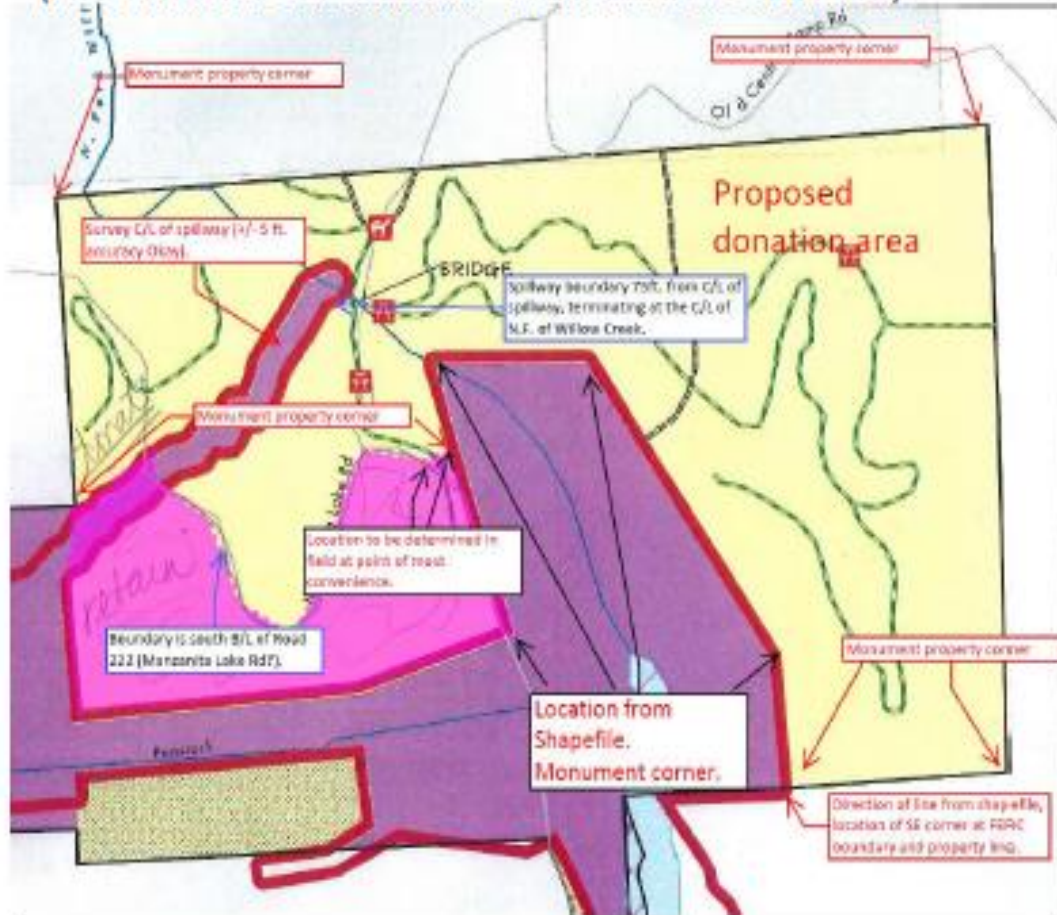
Title: _____

Date: _____

Exhibit A

Mapping Provided By Stewardship Counsel

(PG&E Retained Area Shown in Pink – Donation Area Shown in Yellow)



Appendix 4: Conservation Easement Funding Agreement

EXHIBIT B TO CONSERVATION EASEMENT FUNDING AGREEMENT

Evidence of Grant Fund Deposit and Restriction of Use Certification

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

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

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

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

PROPERTY TAX NEUTRALITY METHODOLOGY

INTRODUCTION

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

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

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

PURPOSE OF PROPOSED METHODOLOGY

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

DETERMINING TAX NEUTRALITY PAYMENT AMOUNT

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

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

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

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

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

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

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

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

Lump-sum payment

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

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

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.

-

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

I.02-04-026

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.