

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 5, 2012

Advice Letter 3918-E

Brian K. Cherry
Vice President, Regulation and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

**Subject: Road Access Easement in Santa Clara County – Request for
Approval Under Section 851**

Dear Mr. Cherry:

Advice Letter 3918-E is effective December 30, 2011.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director
Energy Division

Brian K. Cherry
Vice President
Regulation and Rates

Mailing Address
Mail Code B10C
Pacific Gas and Electric Company
P.O. Box 770000
San Francisco, CA 94177

Fax: 415.973.6520

October 3, 2011

Advice 3918-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Road Access Easement in Santa Clara County – Request for Approval Under Section 851

Purpose

Pacific Gas and Electric Company (“PG&E”) respectfully submits this advice letter requesting approval from the California Public Utilities Commission (“CPUC” or “Commission”) under Public Utilities Code § 851 to grant Silver Creek Valley (“Grantee”) a permanent, non-exclusive easement on a portion of PG&E property located in Santa Clara County. The easement will allow the Grantee to construct a paved private driveway and supporting appurtenances on PG&E property in order to access adjoining property owned by the Grantee as part of the construction of a memorial park and cemetery. A copy of the Easement Agreement (“Agreement”) is attached hereto as Attachment 1.

Background

PG&E owns land, buildings and other facilities in connection with the provision of energy service throughout its service territory. In the provision of these services, PG&E relies on a portfolio of fee properties, rights-of-way, and facilities to support its electric transmission activities. One such fee property is owned by PG&E and is located in the County of Santa Clara, State of California (“Property”).

The Grantee is the owner of certain real property within the County of Santa Clara, State of California, legally described on Exhibit D, attached hereto and made a part hereof (“Benefitted Property”) on which the Grantee proposes to construct a driveway (“Improvements”) onto the Property adjacent to the Benefitted Property, that will provide vehicular ingress and egress over a paved private driveway as part of the construction of a memorial park. The Grantee has requested that PG&E grant an easement for this purpose. The portion of the Property encumbered by the proposed Easement is hereinafter referred to as the “Easement Area.”

PG&E has determined that the Improvements, as initially constructed, will not interfere with PG&E's present full use of the Easement Area.

In accordance with Resolution ALJ-244¹, Appendix A, Section IV, PG&E provides the following information related to the proposed transaction:

(1) Identity and Addresses of All Parties to the Proposed Transaction:

Pacific Gas and Electric Company	Silver Creek Valley
Ann H. Kim	Attention: Eric Brandenburg
Law Department	1122 Willow Street, #200
P.O. Box 7442	San Jose, CA 95125
San Francisco, CA 94120	Telephone: (408) 279-5200
Telephone: (415) 973-7467	Facsimile: (408) 279-3678
Facsimile: (415) 973-5520	E-mail: ebrandeburg@bsm-
Email: AHK4@pge.com	group.com

(2) Complete Description of the Property Including Present Location, Condition and Use:

PG&E is the owner of 6.907 acres of fee property which provides a right-of-way for electric transmission facilities commonly known as the Moss Landing – Metcalf 500 kV transmission line corridor, Assessor's Parcel Number (APN) 712-03-038 (State Board of Equalization No. 135-43-063-2). The current condition of the Property is currently vacant grazing land with no trees, creeks, wetlands, or waterways.

The Property is located in south San Jose, Coyote Valley, County of Santa Clara, near the intersection of McKean Road and Bailey Avenue. The Property was conveyed to PG&E by Warren G. Epstein, dated May 28, 1965 and recorded in Book 7035 of Official Records, at page 497, Santa Clara County Records. The proposed Easement Area will only occupy 21,076 square feet or 7% of the Property. The Property is more particularly described in Exhibit A, Attachment 1. A copy of the land conveyance is attached hereto as Attachment 2.

(3) Intended Use of the Property:

PG&E proposes to grant to the Grantee, upon the terms in the Agreement, the following easements:

¹ ALJ-272 (August 18, 2011) extended the Pub. Util. Code § 851 Pilot Program established in Resolution ALJ-186, as modified by Resolutions ALJ-202 and ALJ-244, until August 23, 2012, pending the Commission's consideration of comments filed by interested parties and possible future amendments to the pilot program.

Private Road Easement. A non-exclusive easement to excavate, install, construct, reconstruct, repair, resurface, maintain and use a private road, having a paved surface not exceeding forty (40) feet in width, on a non-exclusive basis, for ingress to and egress to and from McKean Road and the Benefitted Property, on and over a portion of the Property (the "Easement Area") described in Exhibit B attached hereto and made a part hereof.

Underground Electrical Facilities. A non-exclusive easement to excavate for, construct, install, inspect, replace, remove, maintain and use facilities consisting of underground conduits, pipes, manholes, service boxes, wires, cables and other electrical conductors; above-ground marker posts, risers and service pedestals; underground and above-ground switches, fuses, terminals and transformers with associated concrete pads; and fixtures and appurtenances necessary to any and all thereof, for the purpose of providing electric service to the "Benefitted Property"; all within the Easement Area.

Water Line Easement. A non-exclusive easement to excavate for, construct, install, repair, replace (with the initial or any smaller size), remove, maintain and use a single water pipe line not exceeding twelve inches (12") in diameter, with necessary valves and other appliances and fittings, and devices for controlling electrolysis for use in connection with said pipe line, within the Easement Area.

The Easement Area, and any facilities permitted to be constructed thereon, are to be used by Grantee only for those uses permitted in the Agreement, and for no other purpose. Grantee shall not erect or construct any building or other structure, or drill or operate any well, within the Easement Area.

PG&E reserves the right to restrict access to the Easement Area or any portion or portions thereof when PG&E deems it advisable to do so, including in connection with events and emergencies occurring or affecting PG&E's business operations.

(4) Complete Description of Financial Terms of the Proposed Transaction:

In consideration of granting the easement, the Grantee will pay to PG&E a one-time payment in the amount of Five Thousand Dollars (\$5,000). The consideration amount was determined by appraisal as indicated in Section (9).

(5) Description of How Financial Proceeds of the Transaction Will Be Distributed:

The property at issue in this Advice Letter is non-depreciable land used for electric transmission service and is currently included in PG&E's rate base. The PG&E electric transmission system is within the control of the California Independent System Operator Corporation and is subject to Federal Energy Regulatory Commission ("FERC") jurisdiction for ratemaking. All costs for PG&E's electric transmission system are now part of FERC ratemaking for

transmission service in PG&E's transmission owner cases. In consideration for the easement exchange, the Grantee has agreed to pay PG&E a total fee of \$5,000 for the easement. The \$5,000 will be recorded as Electric Other Operating Revenue.

(6) Statement on the Impact of the Transaction on Ratebase and Any Effect on the Ability of the Utility to Serve Customers and the Public:

No PG&E property is being sold or disposed of, and as such, there are no changes to PG&E's rate base as a result of the easements.

(7) The Original Cost, Present Book Value, and Present Fair Market Value for Sales of Real Property and Depreciable Assets, and a Detailed Description of How the Fair Market Value Was Determined (e.g., Appraisal):

Not applicable.

(8) The Fair Market Rental Value for Leases of Real Property, and a Detailed Description of How the Fair Market Rental Value Was Determined:

Not applicable.

(9) For Fair Market Rental Value of the Easement or Right-of-Way and a Detailed Description of How the Fair Market Rental Value Was Determined:

The fair market value for the proposed easement was determined by an appraisal, details of which are provided in Attachment 3.

(10) A Complete Description of any Recent Past (Within the Prior Two Years) or Anticipated Future Transactions that May Appear To Be Related to the Present Transaction²:

Not applicable.

(11) Sufficient Information and Documentation (Including Environmental Review Information) to Indicate that All Criteria Set Forth in Section II of Resolution ALJ-244 Are Satisfied:

² During adoption of the Advice Letter pilot program in ALJ-186 (later followed by ALJ-202, ALJ-244, and ALJ-272), this category of information was included to enable the CPUC to ensure that utilities were not seeking to circumvent the \$5 million Advice Letter threshold by dividing what is a single asset with a value of more than \$5 million into component parts each valued at less than \$5 million, which is clearly not the case here. (See CPUC Resolution ALJ-186, issued August 25, 2005, mimeo, p.5.)

PG&E has provided information in this Advice Letter to meet the eligibility criteria under Resolution ALJ-244:

- Under the CEQA Checklist, the activity proposed in the transaction will not require environmental review by the CPUC as a lead agency.
- The proposed transaction will not have an adverse effect on the public interest because it will not interfere in any way with the operation of PG&E's facilities, or with the provision of service to PG&E's customers.
- The proposed transaction meets the financial threshold of \$5 million since PG&E is collecting a one-time payment of \$5,000 for granting this easement.
- Finally, the transaction does not involve the transfer or change in ownership of facilities currently used in utility operations.

(12) Additional Information to Assist in the Review of the Advice Letter:

Not applicable.

(13) Environmental Information

Pursuant to ALJ-244, the Advice Letter program applies to proposed transactions that: (a) will not require environmental review by the CPUC as a lead agency under CEQA either because a statutory or categorical exemption applies or the CPUC is acting as a responsible agency only, and the Lead Agency has completed its CEQA review and has certified its environmental documents, or (b) because the transaction is not a project under CEQA.

a. Exemption

- i. Has the proposed transaction been found exempt from CEQA by a government agency?

1. If yes, please attach notice of exemption. Please provide name of agency, date of Notice of Exemption, and State Clearinghouse number.

Not applicable.

2. If no, does the applicant contend that the project is exempt from CEQA? If yes, please identify the specific CEQA exemption or exemptions that apply to the transaction, citing to the applicable State CEQA Guideline(s) and/or Statute(s).

The CEQA Guidelines, adopted by the Commission in Rule 17.1(a) of the Commission's Rules of Practice and Procedure, include a list of categories of projects that have been determined not to have a significant effect on the environment and that are therefore exempt from the provisions of CEQA. (Cal. Code Regs., tit. 14, §§15300, et seq.) Among the classes of exempt projects are "construction and location of limited numbers of new, small facilities or structures; installation of small new equipment and facilities in small structures; and the conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure." (Id., § 15303.) In particular, subpart (e) specifically exempts the construction of accessory (appurtenant) structures including garages, carports, patios, swimming pools and fences. Section 15304 of the Guidelines exempts minor alternations to land, such as the creation of bicycle lanes. The activities listed under the CEQA exemptions are specifically identified as examples of activities that are exempt from CEQA. (See, e.g., § 15304, line 2 ("Examples include, but are not limited to").) Because a private driveway is similar in nature and impact to the examples listed, the proposed transaction is exempt from CEQA.

b. Not a "Project" Under CEQA

- i. If the transaction is not a "project" under CEQA, please explain why.

Not applicable.

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail by facsimile or electronically, any of which must be received no later than **October 24, 2011**, which is 21 days after the date of this filing. Protests should be mailed to:

CPUC Energy Division
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue
San Francisco, CA 94102

Facsimile: (415) 703-2200
E-mail: mas@cpuc.ca.gov and jnj@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

Brian Cherry
Vice President, Regulation and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

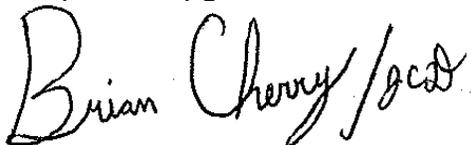
Facsimile: (415) 973-6520
E-mail: PGETariffs@pge.com

Effective Date

Pursuant to the review process outlined in Resolution ALJ-244, PG&E requests that this advice filing become effective as soon as possible. Pursuant to Provision VII.A.5 of the Section 851 Pilot Program Regulations (Resolution ALJ-244, Appendix A), PG&E submits this filing as a Tier 2 (meaning that it may be approved by the Executive Director or Energy Division Director) if unprotested, or as Tier 3 (if protested).

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and Appendix A. Address change requests and electronic approvals should be directed to e-mail PGETariffs@pge.com. Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs>.

A handwritten signature in black ink that reads "Brian Cherry /gcd". The signature is written in a cursive style.

Vice President - Regulation and Rates

Attachments

- Attachment 1 – PG&E Easement
- Attachment 2 – Land Conveyance
- Attachment 3 – Summary Appraisal Report

***** SERVICE LIST Advice 3918-E *****
APPENDIX A

Karen Clopton
Administrative Law Judge Division
505 Van Ness Avenue
San Francisco, CA 94102
(415) 703-2008
kvc@cpuc.ca.gov

Myra J. Prestidge
Administrative Law Judge Division
505 Van Ness Avenue
San Francisco, CA 94102
(415) 703-2629
tom@cpuc.ca.gov

Jonathan Reiger
Legal Division
505 Van Ness Avenue
San Francisco, CA 94102
(415) 355-5596
jzr@cpuc.ca.gov

Kenneth Lewis
Energy Division
505 Van Ness Avenue
San Francisco, CA 94102
(415) 703-1090
kl1@cpuc.ca.gov

Julie Fitch
Energy Division
505 Van Ness Avenue
San Francisco, CA 94102
(415) 355-5552
Jf2@cpuc.ca.gov

Brewster Fong
Division of Ratepayer Advocates
505 Van Ness Avenue
San Francisco, CA 94102
(415) 703- 2187
bfs@cpuc.ca.gov

Andrew Barnsdale
Energy Division
505 Van Ness Avenue
San Francisco, CA 94102
(415) 703-3221
bca@cpuc.ca.gov

***** AGENCIES *****

Santa Clara County Planning Office
Attention: Jody Hall Esser, Director
70 West Hedding Street
East Wing, 7th Floor
San Jose, CA 95110
Telephone: (408) 299-5770
Facsimile: (408) 288-9198
E-mail: jody.hallessen@pln.sccgov.org

***** 3rd Party *****

Silver Creek Valley
Attention: Eric Brandenburg
1122 Willow Street, #200
San Jose, CA 95125
Telephone: (408) 279-5200
Facsimile: (408) 279-3678
E-mail: ebrandeburg@bsm-group.com

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Conor Doyle

Phone #: (415) 973-7817

E-mail: jcdt@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **3918-E**

Tier: 2

Subject of AL: **Road Access Easement in Santa Clara County – Request for Approval Under Section 851**

Keywords (choose from CPUC listing): Section 851

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: _____

Resolution Required? Yes No

Requested effective date: **ASAP**

No. of tariff sheets: NA

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: NA

Service affected and changes proposed:

Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Tariff Files, Room 4005

DMS Branch

505 Van Ness Ave., San Francisco, CA 94102

jnj@cpuc.ca.gov and mas@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian Cherry, Vice President, Regulation and Rates

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

Attachment 1
PG&E Easement

LD _____
Road Easement, Moss Landing-Metcalf 500kV
RECORDING REQUESTED BY, AND
WHEN RECORDED RETURN TO:

PACIFIC GAS AND ELECTRIC COMPANY
356 E. Alisal Street
Salinas, CA 93901
Attention: Land Agent

Location: City/Uninc _____
Recording Fee \$ _____
Document Transfer Tax \$ _____
o Computed on Full Value of Property Conveyed, or
o Computed on Full Value Less Liens &
Encumbrances Remaining at Time of Sale]

Signature of declarant or agent determining tax

(A portion of APN 712-03-038)

EASEMENT AGREEMENT (ROAD)

This Easement Agreement (“**Agreement**”) is made and entered into this _____ day of _____, 20____ (the “**Effective Date**”) by PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, hereinafter called “**PG&E**”, and Silver Creek Valley, a California limited partnership, hereinafter called “**Grantee**.”

RECITALS

A. PG&E owns certain real property within the County of Santa Clara, State of California, commonly known as Assessor’s Parcel Number 712-03-038 (State Board of Equalization No. 135-43-063-2) and more particularly described in **Exhibit A**, attached hereto and made a part hereof (hereinafter, the “**Property**”).

B. Grantee is the owner of certain real property (the “**Benefitted Property**”) within the County of Santa Clara, State of California, commonly known as Assessor’s Parcel Numbers 712-03-100, 712-03-101, 712-03-102 and 712-03-103 and more particularly described in **Exhibit D**, attached hereto and made a part hereof. Grantee proposes to construct a memorial park, and in connection therewith, Grantee has requested that PG&E grant an easement for road purposes.

C. PG&E is willing to grant such easement(s) on the terms and subject to the conditions set forth herein.

Now, therefore, [in consideration of Grantee's agreement to pay the sum of Five Thousand Dollars (\$5,000),and] for [other] good and valuable consideration, PG&E and Grantee agree as follows:

1. Grant of Easement(s): PG&E hereby grants to Grantee, upon the terms and conditions set forth in this Agreement, the following easements:

(a) Private Road Easement. A non-exclusive easement to excavate, install, construct, reconstruct, repair, resurface, maintain and use a private road, having a paved surface not exceeding Forty (40) feet in width, on a non-exclusive basis, for ingress to and egress to and from McKean Road and the Benefitted Property, on and over a portion of the Property (the "**Easement Area**") described in **Exhibit B** attached hereto and made a part hereof.

(b) Underground Electrical Facilities. A non-exclusive easement to excavate for, construct, install, inspect, replace, remove, maintain and use facilities consisting of underground conduits, pipes, manholes, service boxes, wires, cables and other electrical conductors; aboveground marker posts, risers and service pedestals; underground and aboveground switches, fuses, terminals and transformers with associated concrete pads; and fixtures and appurtenances necessary to any and all thereof, for the purpose of providing electric service to the "**Benefitted Property**"; all within the portion of the Property (the "**Easement Area**") described in **Exhibit B** attached hereto and made a part hereof

(c) Water Line Easement. A non-exclusive easement to excavate for, construct, install, repair, replace (with the initial or any smaller size), remove, maintain and use a single water pipe line not exceeding twelve inches (12") in diameter, with necessary valves and other appliances and fittings, and devices for controlling electrolysis for use in connection with said pipe line, within the portion (the "**Easement Area**") of the Property described in **Exhibit B** attached hereto and made a part hereof.

2. Limitations on Use.

(a) The Easement Area, and any facilities permitted to be constructed thereon, are to be used by Grantee only for those uses permitted in Section 1 above, and for no other purpose.

(b) PG&E reserves the right to restrict access to the Easement Area or any portion or portions thereof in the event of fire, earthquake, storm, riot, civil disturbance, or other casualty or emergency, or in connection with PG&E's response thereto, or if emergency repairs or maintenance are required to PG&E facilities within or in the vicinity of the Easement Area, or otherwise when PG&E deems it advisable to do so, including in connection with events and emergencies occurring or affecting PG&E's business operations located elsewhere than in the immediate vicinity of the Property.

(c) Grantee shall not erect or construct any building or other structure, or drill or operate any well, within the Easement Area.

3. Condition of Easement Area. Grantee accepts the Easement Area in its existing physical condition, without warranty by PG&E or any duty or obligation on the part of PG&E to

maintain the Easement Area. Grantee acknowledges that one or more of the following (collectively, "**Potential Environmental Hazards**") may be located in, on or underlying the Property and/or the Easement Area:

(a) electric fields, magnetic fields, electromagnetic fields, electromagnetic radiation, power frequency fields, and extremely low frequency fields, however designated, and whether emitted by electric transmission lines, other distribution equipment or otherwise ("**EMFs**");

(b) Hazardous Substances (as hereinafter defined). For purposes hereof, the term "**Hazardous Substances**" means any hazardous or toxic material or waste which is or becomes regulated by Legal Requirements (as hereinafter defined) relating to the protection of human health or safety, or regulating or relating to industrial hygiene or environmental conditions, or the protection of the environment, or pollution or contamination of the air, soil, surface water or groundwater, including, but not limited to, laws, requirements and regulations pertaining to reporting, licensing, permitting, investigating and remediating emissions, discharges, releases or threatened releases of such substances into the air, surface water, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of such substances. Without limiting the generality of the foregoing, the term Hazardous Substances includes any material or substance:

(1) now or hereafter defined as a "hazardous substance," "hazardous waste," "hazardous material," "extremely hazardous waste," "restricted hazardous waste" or "toxic substance" or words of similar import under any applicable local, state or federal law or under the regulations adopted or promulgated pursuant thereto, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§9601 et seq. ("CERCLA"); the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§6901 et seq.; the Clean Air Act, 42 U.S.C. §§7401 et seq.; the Clean Water Act, 33 U.S.C. §§1251 et seq.; the Toxic Substance Control Act, 15 U.S.C. §§2601 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. §§136 et seq.; the Atomic Energy Act of 1954, 42 U.S.C. §§2014 et seq.; the Nuclear Waste Policy Act of 1982, 42 U.S.C. §§10101 et seq.; the California Hazardous Waste Control Law, Cal. Health and Safety Code §§25100 et seq.; the Porter-Cologne Water Quality Control Act, Cal. Water Code §§13000 et seq.; the Carpenter-Presley-Tanner Hazardous Substance Account Act (Health and Safety Code §§25300 et seq.); and the Medical Waste Management Act (Health and Safety Code §§25015 et seq.); or

(2) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, and is now or hereafter regulated as a Hazardous Substance by the United States, the State of California, any local governmental authority or any political subdivision thereof, or which cause, or are listed by the State of California as being known to the State of California to cause, cancer or reproductive toxicity; or

(3) the presence of which on the Property poses or threatens to pose a hazard to the health or safety of persons on or about the Property or to the environment; or

(4) which contains gasoline, diesel fuel or other petroleum hydrocarbons; or

(5) which contains lead-based paint or other lead contamination, polychlorinated biphenyls ("PCBs") or asbestos or asbestos-containing materials or urea formaldehyde foam insulation; or

(6) which contains radon gas;

(c) fuel or chemical storage tanks, energized electrical conductors or equipment, or natural gas transmission or distribution pipelines; and

(d) other potentially hazardous substances, materials, products or conditions.

Grantee shall be solely responsible for the health and safety of, and shall take all necessary precautions to protect, its employees, contractors, consultants, agents and invitees ("**Grantee's Representatives**") from risks of harm from Potential Environmental Hazards. Grantee acknowledges that it has previously evaluated the condition of the Easement Area and all matters affecting the suitability of the Easement Area for the uses permitted by this Agreement, including, but not limited to, the Potential Environmental Hazards listed herein.

4. Grantee's Covenants. Grantee hereby covenants and agrees:

(a) Construction of Improvements. Grantee agrees to construct and install, at no cost to PG&E, such facilities and improvements ("**Improvements**") as may be necessary and appropriate for Grantee's permitted use, as specified in Section **Error! Reference source not found.** All such construction shall be performed in accordance with detailed plans and specifications ("**Plans**") previously approved by PG&E, and shall comply with all Legal Requirements. Before commencing construction of any Improvements, Grantee shall obtain all permits, authorizations or other approvals, at Grantee's sole cost and expense as may be necessary for such construction. Without limiting the generality of the foregoing, Grantee shall be responsible for complying with any and all applicable requirements of the National Environmental Policy Act ("**NEPA**") and the California Environmental Quality Act ("**CEQA**") and satisfying, at Grantee's sole expense, any and all mitigation measures under CEQA that may apply to Grantee's proposed occupancy and use of the Easement Area, and to the construction, maintenance and use of Grantee's proposed Improvements and facilities. Grantee shall promptly notify PG&E of any and all proposed mitigation measures that may affect PG&E or the Property. If PG&E determines in good faith that any such mitigation measures may adversely affect PG&E or the Property, or impose limitations on PG&E's ability to use the Property as specified in Section 8, then PG&E shall have the right, without liability to Grantee, to give notice of termination of this Agreement to Grantee, whereupon this Agreement and the rights granted to Grantee shall terminate and revert in PG&E, unless within ten (10) days following delivery of such notice, Grantee gives notice to PG&E by which Grantee agrees to modify its proposed Project (as that term is defined under CEQA) so as to eliminate the necessity for such mitigation measures. In the event of such termination, PG&E and Grantee shall each be released from all obligations under this Agreement, except those which expressly survive termination. Grantee acknowledges and agrees that PG&E's review of Grantee's Plans is solely for the purpose of protecting PG&E's interests, and shall not be deemed to create any liability of any kind on the part of PG&E, or to constitute a representation on the part of PG&E or any person consulted by PG&E in connection with such review that the Plans or the Improvements contemplated by such

Plans are adequate or appropriate for any purpose, or comply with applicable Legal Requirements. Grantee shall not commence construction or installation of any Improvements without the prior written consent of PG&E, which consent shall not be unreasonably withheld, conditioned or delayed, and the prior consent, to the extent required by applicable law or regulation, of the California Public Utilities Commission (hereinafter, "CPUC");

(b) Compliance with Laws. Grantee shall, at its sole cost and expense, promptly comply with (a) all laws, statutes, ordinances, rules, regulations, requirements or orders of municipal, state, and federal authorities now in force or that may later be in force, including, but not limited to, those relating to the generation, use, storage, handling, treatment, transportation or disposal of Hazardous Substances, as defined herein, or to health, safety, noise, environmental protection, air quality or water quality; (b) the conditions of any permit, occupancy certificate, license or other approval issued by public officers relating to Grantee's use or occupancy of the Easement Area; and (c) with any liens, encumbrances, easements, covenants, conditions, restrictions and servitudes (if any) of record, or of which Grantee has notice, which may be applicable to the Easement Area (collectively, "**Legal Requirements**"), regardless of when they become effective, insofar as they relate to the use or occupancy of the Easement Area by Grantee. Grantee shall furnish satisfactory evidence of such compliance upon request by PG&E. The judgment of any court of competent jurisdiction, or the admission of Grantee in any action or proceeding against Grantee, whether or not PG&E is a party in such action or proceeding, that Grantee has violated any Legal Requirement relating to the use or occupancy of the Easement Area, shall be conclusive of that fact as between PG&E and Grantee.

(c) Notice of Enforcement Proceedings. Grantee agrees to notify PG&E in writing within three (3) business days of obtaining knowledge of any investigation, order or enforcement proceeding which in any way relates to the Property, or to any contamination or suspected contamination on, within or underlying the Property. Such notice shall include a complete copy of any order, complaint, agreement, or other document which may have been issued, executed or proposed, whether draft or final;

(d) Non-Interference. Grantee agrees not to interfere in any way or permit any interference with the use of the Property by PG&E and other entitled persons. Interference shall include, but not be limited to, any activity by Grantee that places any of PG&E's gas or electric facilities in violation of any of the provisions of General Order Nos. 95 (Overhead Electric), 112 (Gas), and 128 (Underground Electric) of the CPUC or to any other Legal Requirements under which the operations of utility facilities are controlled or regulated. Grantee shall not erect, handle, or operate any tools, machinery, apparatus, equipment, or materials closer to any of PG&E's high-voltage electric conductors than the minimum clearances set forth in the High-Voltage Electrical Safety Orders of the California Division of Industrial Safety; which minimum clearances are incorporated herein by reference; but in no event closer than ten (10) feet to any energized electric conductors or appliances. Grantee shall not drill, bore, or excavate within thirty (30) feet of any of PG&E's underground facilities, including, but not limited to, gas pipelines, valves, regulators or electric conduits. Grantee shall provide notice to Underground Service Alert at 1-800-227-2600 at least two (2) business days prior to commencing any drilling, boring or excavating permitted hereunder to assist Grantee with locating any and all underground facilities, including, but not limited to, gas pipelines, valves, regulators or electric conduits;

(e) Avoiding Dangerous Activities. Grantee agrees to conduct its activities and operations within and on the Property in such a manner so as not to endanger the Property, PG&E's utility facilities, the environment and human health and safety. Grantee shall not cause or permit any Hazardous Substances, as defined herein, to be brought upon, produced, stored, used, discharged or disposed of on, or in the vicinity of the Property, except in compliance with all applicable Legal Requirements. Grantee shall be responsible for the cost of remediating any discharge or release of Hazardous Substances resulting from or arising in connection with Grantee's use of the Property, and shall immediately notify PG&E and the appropriate regulatory authorities where required by law, of any such release. If PG&E determines that Grantee's activities in any way endanger the Property, PG&E's utility facilities, the environment, or human health and safety, PG&E may, in PG&E's sole and absolute discretion, require that Grantee halt such activities until appropriate protective measures are taken to PG&E's satisfaction. Grantee shall hold PG&E harmless from any claims resulting from any delay under this paragraph. PG&E's right to halt activities under this paragraph shall not in any way affect or alter Grantee's insurance or indemnity obligations under this Agreement, nor shall it relieve Grantee from any of its obligations hereunder that pertain to health, safety, or the protection of the environment;

(f) Maintenance. Grantee agrees to maintain its facilities and Improvements in good condition and repair, and be responsible for the security of, the facilities installed hereunder;

(g) Repairing Damage. Grantee agrees to repair any damage it may cause to PG&E's facilities and improvements in or around said Easement Area;

(h) Coordination. Grantee agrees to coordinate all activities regarding the easements granted herein to reasonably minimize any interference and inconvenience with the use by PG&E of the Easement Area and PG&E's adjoining lands.

(i) PG&E Right to Cure. Grantee agrees that if Grantee fails to perform any act or other obligation on its part to be performed hereunder, and such failure is not remedied within fifteen (15) days following notice from PG&E (or in the case of an emergency, following such notice, if any, as may be reasonably practicable under the existing circumstances), PG&E may (but without obligation to do so, and without waiving or releasing Grantee from any of its obligations) perform any such act or satisfy such obligation, or otherwise remedy such emergency or such failure on the part of Grantee. All costs incurred by PG&E in responding to or remedying such failure by Grantee shall be payable by Grantee to PG&E on demand.

(j) not to fence or enclose the Easement Area (except that Grantee may, with PG&E's permission, and Grantee will, upon PG&E's request, whenever construction work is being performed on, over or about the Easement Area, erect and maintain a temporary fence to surround and secure the area in which such work is being performed)

5. Indemnification; Release.

(a) Grantee shall, to the maximum extent permitted by law, indemnify, protect, defend and hold harmless PG&E, its parent corporation, subsidiaries and affiliates, and their respective officers, managers, directors, representatives, agents, employees, transferees,

successors and assigns (each, an “**Indemnitee**” and collectively, “**Indemnitees**”) from and against all claims, losses (including, but not limited to, diminution in value), actions, demands, damages, costs, expenses (including, but not limited to, experts fees and reasonable attorneys’ fees and costs) and liabilities of whatever kind or nature (collectively, “**Claims**”), including Claims arising from the passive or active negligence of the Indemnitees, which arise from or are in any way connected with the occupancy or use of the Property by Grantee or Grantee’s Representatives, or the exercise by Grantee of its rights hereunder, or the performance of, or failure to perform, Grantee’s duties under this Agreement, including, but not limited to, Claims arising out of: (1) injury to or death of persons, including but not limited to employees of PG&E or Grantee (and including, but not limited to, injury due to exposure to EMFs and other Potential Environmental Hazards in, on or about the Property); (2) injury to property or other interest of PG&E, Grantee or any third party; (3) violation of any applicable federal, state, or local laws, statutes, regulations, or ordinances, including all Legal Requirements relating to human health or the environment, and including any liability which may be imposed by law or regulation without regard to fault; excepting only with respect to any Indemnitee, to the extent of any Claim arising from the sole negligence or willful misconduct of such Indemnitee. Without limiting the generality of the foregoing, Grantee shall, to the maximum extent permitted by law, indemnify, protect, defend and hold Indemnitees harmless from and against Claims arising out of or in connection with any work of improvement constructed or installed at or on, labor performed on, or materials delivered to, or incorporated in any improvements constructed on, the Easement Area by, or at the request or for the benefit of, Grantee. In the event any action or proceeding is brought against any Indemnitee for any Claim against which Grantee is obligated to indemnify or provide a defense hereunder, Grantee upon written notice from PG&E shall defend such action or proceeding at Grantee’s sole expense by counsel approved by PG&E, which approval shall not be unreasonably withheld, conditioned or delayed.

(b) Grantee acknowledges that all Claims arising out of or in any way connected with releases or discharges of any Hazardous Substance, or the exacerbation of a Potential Environmental Hazard, occurring as a result of or in connection with Grantee’s use or occupancy of the Easement Area or the surrounding Property, or any of the activities of Grantee and Grantee’s Representatives thereon, and all costs, expenses and liabilities for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remediation and other response costs, including reasonable attorneys’ fees and disbursements and any fines and penalties imposed for the violation of Legal Requirements relating to the environment or human health, are expressly within the scope of the indemnity set forth above.

(c) Grantee’s use of the Property shall be at its sole risk and expense. Grantee accepts all risk relating to its occupancy and use of the Property. PG&E shall not be liable to Grantee for, and Grantee hereby waives and releases PG&E and the other Indemnitees from, any and all liability, whether in contract, tort or on any other basis, for any injury, damage, or loss resulting from or attributable to any occurrence on or about the Property, the condition of Property, or the use or occupancy of the Property.

(d) Grantee shall, to the maximum extent permitted by law, indemnify, protect, defend and hold Indemnitees harmless against claims, losses, costs (including, but not limited to, attorneys’ fees and costs), liabilities and damages resulting from the failure of Grantee, or any of its contractors or subcontractors, to comply with the insurance requirements set forth in **Exhibit**

C, attached hereto and made a part hereof. If Grantee fails to so indemnify, protect, defend or hold harmless any Indemnitee, then at PG&E's option, this Agreement shall terminate, and the estate and interest herein granted to Grantee shall revert to and revest in PG&E, if such failure continues for five (5) days following the giving of written notice of termination to Grantee, unless within such time such failure is cured to the reasonable satisfaction of PG&E.

(e) The provisions of this Section 5 shall survive the termination of this Agreement.

6. Additional Facilities. Grantee shall not install any additional facilities or improvements in, on, under or over the Easement Area without the prior written consent of PG&E, which consent may be granted or withheld in PG&E's sole and absolute discretion, and the prior consent, to the extent required by applicable law or regulation, of the CPUC. Grantee shall submit plans for installation of any proposed additional facilities within the Easement Area to PG&E for its written approval at the address specified in Section 13.

7. Abandonment, Termination. In the event Grantee abandons the facilities installed hereunder, this Agreement shall terminate and all of the easements and other rights of Grantee hereunder shall revert to PG&E. The non-use of such facilities for a continuous period of two (2) years, unless such nonuse is due to factors outside Grantee's reasonable control, in which case such period is extended to four (4) years, shall be conclusive evidence of such abandonment. Upon any termination of this Agreement, Grantee shall remove, at no cost to PG&E, such of Grantee's facilities and equipment installed pursuant to this Agreement as PG&E may specify. Upon any termination of this Agreement, Grantee shall execute, acknowledge and deliver to PG&E a quitclaim deed or such other documents or instruments, in a form reasonably acceptable to PG&E, as may be reasonably necessary to eliminate this Agreement as an encumbrance on the title to the Easement Area or any larger parcel of property containing the Easement Area.

8. Reserved Rights. Subject to the provisions of Section 10 below, PG&E reserves the right to use the Easement Area for any and all purposes which will not unreasonably interfere with Grantee's facilities. Without limiting the generality of the foregoing:

(a) Grantee acknowledges that PG&E may have previously granted, and may in the future grant, certain rights in and across the Easement Area to others, and the use of the word "grant" in this Agreement shall not be construed as a warranty or covenant by PG&E that there are no such other rights.

(b) Grantee shall not make use of the Easement Area in any way which will endanger human health or the environment, create a nuisance or otherwise be incompatible with the use of the Easement Area, the Property, or PG&E's adjacent property, by PG&E or others entitled to use such property.

(c) This grant is made subject to all applicable provisions of General Order No. 95 (Overhead Electric), General Order 112 (Gas) and General Order No. 128 (Underground Electric) of the CPUC, in like manner as though said provisions were set forth herein.

9. Governmental Approvals. This Agreement shall not become effective, notwithstanding that it may have been executed and delivered by the parties, and Grantee shall not

commence construction or other activities hereunder, unless and until the CPUC approves this Agreement and the easements granted and other transactions contemplated hereby (including the adequacy of the compensation to be paid by Grantee), by an order which is final, unconditional and unappealable (including exhaustion of all administrative appeals or remedies before the CPUC). Grantee further acknowledges and agrees that PG&E makes no representation or warranty regarding the prospects for CPUC approval, and Grantee hereby waives all Claims against PG&E which may arise out of the need for such CPUC approval or the failure of the CPUC to grant such approval. This Agreement is made subject to all the provisions of such approval, as more particularly set forth in CPUC Decision D-_____ (Application No. _____), in like manner as though said provisions were set forth in full herein.

10. Relocation. Subject to the provisions of this Section 10, the rights granted to Grantee herein shall forever be subordinate to PG&E's right to replace, reconstruct, relocate, operate and maintain PG&E's existing and/or future facilities including, but not limited to, PG&E's existing electrical transmission lines which traverse the Easement Area and PG&E's adjacent lands.. If PG&E's use of its reserved rights described above necessitates the relocation of any of Grantee's facilities, Grantee shall, at its own cost and expense, relocate such facilities to an alternate location mutually agreed upon between PG&E and Grantee, provided Grantee is given at least twenty (20) days prior written notice of such required relocation. Any such relocation of Grantee's facilities shall be coordinated and scheduled between PG&E and Grantee so as to minimize, to the extent practicable, any interference with Grantee's use and operation of its facilities resulting from such relocation

11. Compliance; Insurance. PG&E shall have a right to access and inspect the Easement Area at any time to confirm Grantee's compliance with Legal Requirements and the provisions of this Agreement. Prior to the Effective Date of this Agreement, Grantee shall procure, and thereafter Grantee shall carry and maintain in effect at all times during the term of the Agreement, with respect to the Easement Area and the use, occupancy and activities of Grantee, its employees and agents on or about the Easement Area, the insurance specified in **Exhibit C**, attached hereto and made a part hereof by this reference, provided that PG&E reserves the right to review and modify from time to time the coverages and limits of coverage required hereunder, as well as the deductibles and/or self-insurance retentions in effect from time to time (but PG&E agrees that it will not increase required coverage limits more often than once in any five-year period). Prior to Grantee's entry on the Property, and thereafter thirty (30) days prior to the expiration date of any policy, Grantee shall provide PG&E with evidence of the insurance coverage, or continuing coverage, as required by this Agreement. All insurance required under this Agreement shall be effected under valid, enforceable policies issued by insurers of recognized responsibility, as reasonably determined by PG&E, and shall be written on forms and with insurance carriers acceptable to PG&E. Grantee is also responsible for causing its agents, contractors and subcontractors to comply with the insurance requirements of this Agreement at all relevant times (provided, however, that Grantee, in the exercise of its reasonable judgment, may permit contractors and subcontractors to maintain coverages and limits lower than those required of Grantee, provided the coverages and limits required by Grantee are commercially reasonable in light of applicable circumstances). Any policy of liability insurance required to be maintained hereunder by Grantee may be maintained under a so-called "blanket policy" insuring other locations and/or other persons, so long as PG&E is specifically named as an additional insured under such policy and the coverages and amounts of insurance required to be provided hereunder

are not thereby impaired or diminished. In addition, liability insurance coverages may be provided under single policies for the full limits, or by a combination of underlying policies with the balance provided by excess or umbrella liability insurance policies.

12. Mechanics' Liens. Grantee shall keep the Property free and clear of all mechanics', material suppliers' or similar liens, or claims thereof, arising or alleged to arise in connection with any work performed, labor or materials supplied or delivered, or similar activities performed by Grantee or at its request or for its benefit. If any mechanics' liens are placed on the Property in connection with the activities or facilities set forth in this Agreement, Grantee shall promptly cause such liens to be released and removed from title, either by payment or by recording a lien release bond in the manner specified in California Civil Code Section 3143 or any successor statute.

13. Notice. Any notices or communications hereunder shall be in writing and shall be personally delivered or sent by first class mail, certified or registered, postage prepaid, or sent by national overnight courier, with charges prepaid for next business day delivery, addressed to the addressee party at its address or addresses listed below, or to such other address or addresses for a party as such party may from time to time designate by notice given to the other party. Notices shall be deemed received upon actual receipt by the party being sent the notice, or on the following business day if sent by overnight courier, or on the expiration of three (3) business days after the date of mailing.

If to PG&E:

Pacific Gas and Electric Company
Attention: Joyce Nichols
356 E. Alisal Street
Salinas, CA 93901

With a copy to:

If by registered or certified mail, return receipt requested:

Pacific Gas and Electric Company
P.O. Box 7442
San Francisco, CA 94120
Attention: Wendy T. Coleman, Esq.
Phone No. (415) 973-6067

If by personal delivery or overnight courier:

Law Department
Pacific Gas and Electric Company
77 Beale Street, Mail Code B30A
San Francisco, CA 94105
Attn: Director & Counsel, Contracts Section (Real Estate)
Telephone: (415) 973-4377
Facsimile: (415) 973-5520

If to Grantee:

Silver Creek Valley
1122 Willow Street, Suite 200
San Jose, CA 95125-3157
Attention: Eric Brandenburg

With a copy to:

Silver Creek Valley
1122 Willow Street, Suite 200
San Jose, CA 95125-3157
Attention: Ron Zraick

14. Governing Law. This Agreement shall in all respects be interpreted, enforced, and governed by and under the laws of the State of California.

15. Entire Agreement. This Agreement supersedes all previous oral and written agreements between and representations by or on behalf of the parties and constitutes the entire agreement of the parties with respect to the subject matter hereof. This Agreement may not be amended except by a written agreement executed by both parties.

16. Binding Effect. This Agreement and the covenants and agreements contained herein shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, successors and assigns (subject to the provisions of Section 17). The covenants of PG&E and Grantee hereunder shall conclusively be deemed covenants running with the land and that the provisions of California Civil Code Section 1460 et seq. pertaining to covenants running with the land shall be fully applicable to each of the covenants herein contained and the benefits and burdens thereof.

17. Assignment. This Agreement and the rights of Grantee hereunder are appurtenant to the Benefitted Property, and may not be separately assigned, transferred, conveyed or encumbered. Any purported assignment, transfer, conveyance or encumbrance violating the foregoing condition shall be void and of no effect.

18. Attorneys' Fees. Should either party bring an action against the other party, by reason of or alleging the failure of the other party with respect to any or all of its obligations hereunder, whether for declaratory or other relief, then the party which prevails in such action shall be entitled to its reasonable attorneys' fees (of both in-house and outside counsel) and expenses related to such action, in addition to all other recovery or relief. A party shall be deemed to have prevailed in any such action (without limiting the generality of the foregoing) if such action is dismissed upon the payment by the other party of the sums allegedly due or the performance of obligations allegedly not complied with, or if such party obtains substantially the relief sought by it in the action, irrespective of whether such action is prosecuted to judgment. Attorneys' fees shall include, without limitation, fees incurred in discovery, contempt proceedings and bankruptcy

litigation, and in any appellate proceeding. The non-prevailing party shall also pay the attorney's fees and costs incurred by the prevailing party in any post-judgment proceedings to collect and enforce the judgment. The covenant in the preceding sentence is separate and several and shall survive the merger of this provision into any judgment on this Agreement. For purposes hereof, the reasonable fees of PG&E's in-house attorneys who perform services in connection with any such action shall be recoverable, and shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the relevant subject matter area of the law, in law firms in the City of San Francisco with approximately the same number of attorneys as are employed by PG&E's Law Department.

19. No Waiver. No waiver with respect to any provision of this Agreement shall be effective unless in writing and signed by the party against whom it is asserted. No waiver of any provision of this Agreement by a party shall be construed as a waiver of any subsequent breach or failure of the same term or condition, or as a waiver of any other provision of this Agreement.

20. No Offsets. Grantee acknowledges that PG&E is executing this Agreement in its capacity as the owner of the Easement Area, and not in its capacity as a public utility company or provider of electricity and natural gas. Notwithstanding anything to the contrary contained herein, no act or omission of Pacific Gas and Electric Company or its employees, agents or contractors as a provider of electricity and natural gas shall abrogate, diminish, or otherwise affect the respective rights, obligations and liabilities of PG&E and Grantee under this Agreement. Further, Grantee covenants not to raise as a defense to its obligations under this Agreement, or assert as a counterclaim or cross-claim in any litigation or arbitration between PG&E and Grantee relating to this Agreement, any claim, loss, damage, cause of action, liability, cost or expense (including, but not limited to, attorneys' fees) arising from or in connection with Pacific Gas and Electric Company's provision of (or failure to provide) electricity and natural gas.

21. No Dedication. Nothing contained in this Agreement shall be deemed to be a gift or dedication of land or rights to the general public. The right of the public or any person, including Grantee, to make any use whatsoever of the Easement Area(s) or any portion thereof, other than as expressly permitted herein or as expressly allowed by a recorded map, agreement, deed or dedication, is by permission and is subject to the control of PG&E in its sole discretion.

22. No Third Party Beneficiary. This Agreement is solely for the benefit of the parties hereto and their respective successors and permitted assigns, and, except as expressly provided herein, does not confer any rights or remedies on any other person or entity.

23. Captions. The captions in this Agreement are for reference only and shall in no way define or interpret any provision hereof.

24. Time. Except as otherwise expressly provided herein, the parties agree that as to any obligation or action to be performed hereunder, time is of the essence.

25. Severability. If any provision of this Agreement shall be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each provision of this Agreement shall be valid and enforced to the full extent permitted by law, provided the material provisions of this Agreement can be determined and effectuated.

26. Counterparts. This Agreement may be executed in identical counterpart copies, each of which shall be an original, but all of which taken together shall constitute one and the same agreement.

27. Other Documents. Each party agrees to sign any additional documents or permit applications which may be reasonably required to effectuate the purpose of this Agreement. Provided, however, that PG&E will not be required to take any action or execute any document that would result in any cost, expense or liability to PG&E.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first set forth above.

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

SILVER CREEK VALLEY,
a California limited partnership

By: _____
Marvin Penner
Its: Manager, Land Management

By: _____
Its: _____

Exhibits A, B, C and D attached

Area 3, Central Coast Division
Land Service Office: Salinas
Operating Department: Electric Transmission
USGS location: T9S, R2E, MDBM, Sec 4, SE ¼ (projected)
FERC License Number(s): NA
PG&E Drawing Number(s): 213947 sh7
PLAT NO.: K-20
LD of any affected documents: 2208-02-0336
LD of any Cross-referenced documents:
TYPE OF INTEREST: 01, 42
SBE Parcel Number: 135-43-063-2
(For Quitclaims, % being quitclaimed)
Order # or PM #: 40862421
JCN: NA
County: Santa Clara
Utility Notice Numbers: NA
851 Approval Application No. _____ Decision _____
Prepared By: JESS
Checked By: TWM2

Revision Number (if applicable): NA

EXHIBIT A

PG&E PROPERTY

LD 2208-02-0336

The parcel of land, situate in the County of Santa Clara, State of California, conveyed by Warren G. Epstein to Pacific Gas and Electric Company, a California corporation, dated May 28, 1965 and recorded in Book 7035 of Official Records at page 497, Santa Clara County Records.

June 28, 2010

EXHIBIT "B"
Roadway Easement
Across
Lands of the Pacific Gas and Electric Company

All that certain property situated in the City of San Jose, County of Santa Clara, State of California, being a portion of the land described in that certain Grant Deed from Warren G. Epstein to Pacific Gas and Electric Company, recorded July 19, 1965 in Book 7035 of Official Records at Page 497, Santa Clara County Records, being more particularly described as follows:

An easement for roadway purposes, 100-feet in width, lying 50-feet either side of the centerline, described as follows:

Beginning at the most easterly corner of the area labeled "Joint Use S.C.V.W.D. & County 0.666 Ac. ±" on that certain Record of Survey, entitled "Cross Valley Pipeline Right Of Way", filed November 15, 1990 in Book 621 of Maps at Pages 23 through 26, Santa Clara County Records, said corner lying on the generally southwesterly line of said Lands of Pacific Gas and Electric Company, said southwesterly line being coincident with the common line between Rancho La Laguna Seca and the Pueblo Lands of San Jose; thence along said common line North 42°19'14" West 96.32 feet to the TRUE POINT OF BEGINNING;

Thence leaving said Pueblo line along said centerline of said Easement North 57° 10' 05" East 0.95 feet; thence along a tangent curve to the right, with a radius of 130.00 feet, through a central angle of 54° 24' 13", an arc length of 123.44 feet; thence South 68° 25' 42" East 90.98 feet, to a point on the easterly line of the said Lands of Pacific Gas and Electric Company, said easterly line being coincident with the westerly line of Parcel B, the Lands of Silver Creek Valley as said Lands are described in the Grant Deed recorded as Document Number 19443113 in the office of the Recorder, County of Santa Clara. Said end point of centerline bears North 20° 53' 53" West 373.13 feet, more or less, from the southerly corner of said Lands of Pacific Gas and Electric Company.

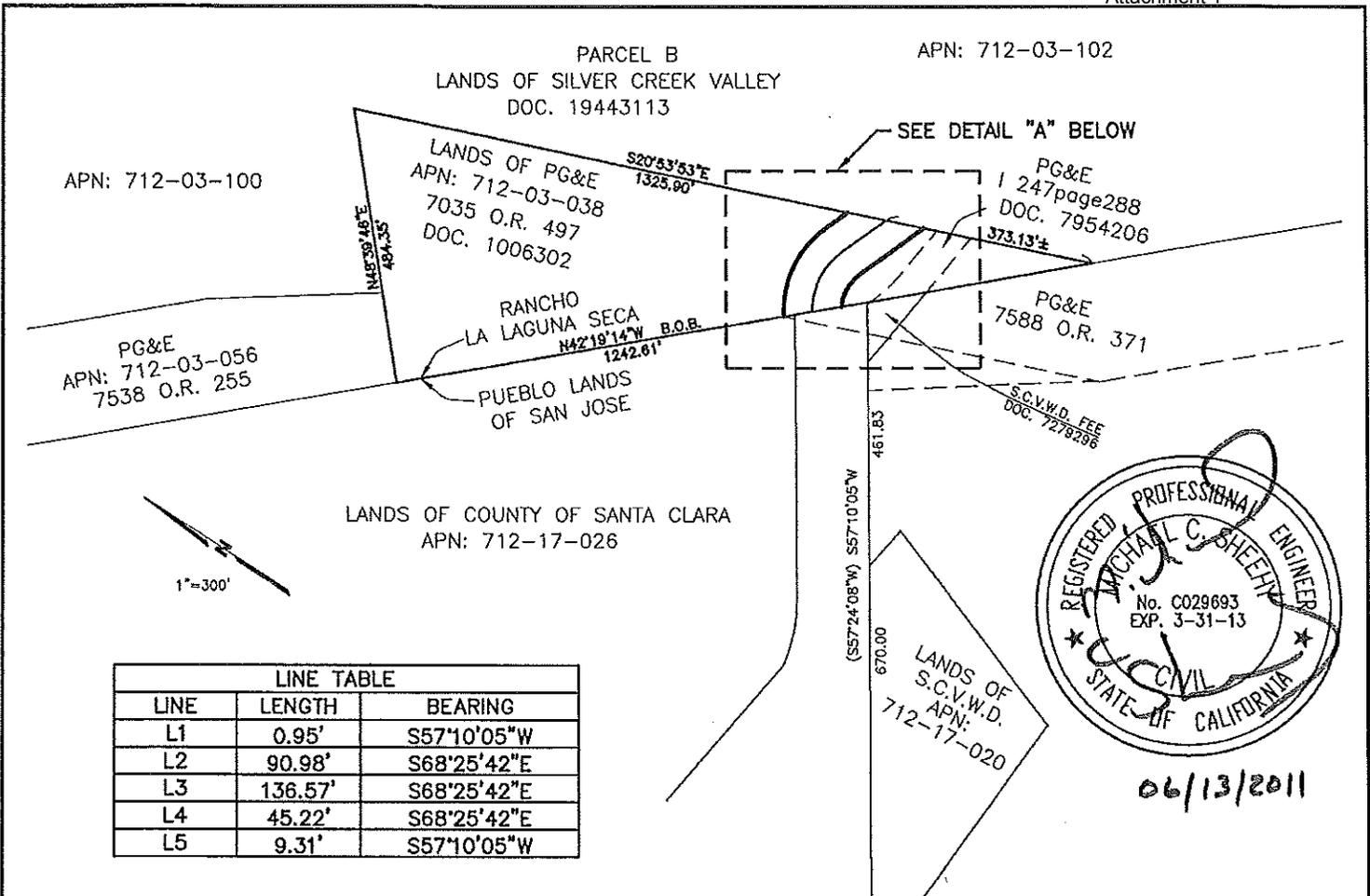
The exterior lines of said easement shall terminate on the west end at said generally southwesterly line of the Lands of Pacific Gas and Electric Company and on the east end at said easterly line of said lands of Pacific Gas and Electric Company.

The area of said Roadway Easement being 0.49 acres (21,536 square feet), more or less.

Prepared by:
Ruth and Going, Inc.
PO Box 26460
San Jose, CA 95159
Job # 04-076A



06/13/2011



LINE TABLE		
LINE	LENGTH	BEARING
L1	0.95'	S57°10'05"W
L2	90.98'	S68°25'42"E
L3	136.57'	S68°25'42"E
L4	45.22'	S68°25'42"E
L5	9.31'	S57°10'05"W

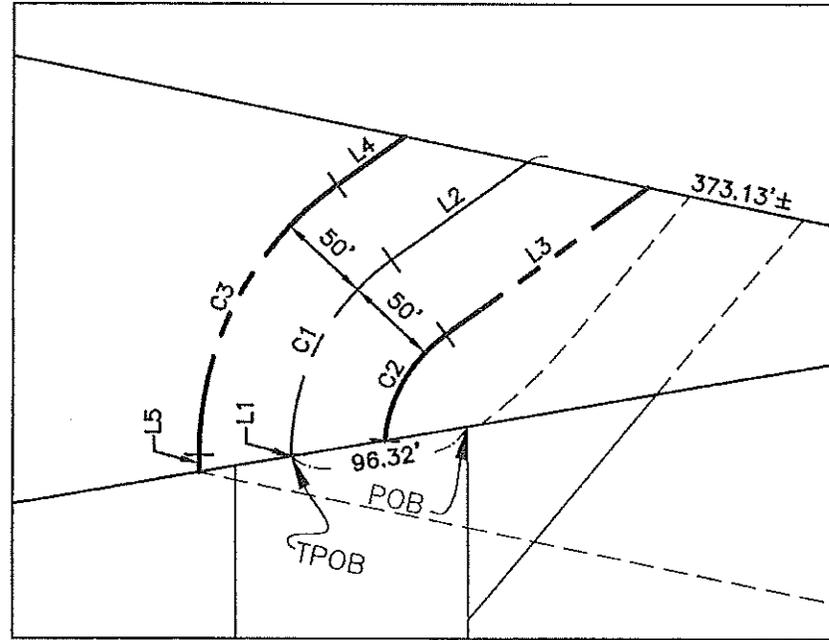


06/13/2011

CURVE TABLE			
CURVE	RADIUS	DELTA	LENGTH
C1	130.00'	54°24'13"	123.44'
C2	80.00'	49°03'00"	68.49'
C3	180.00'	54°24'13"	170.91'

LEGEND
 POB: POINT OF BEGINNING
 TPOB: TRUE POINT OF BEGINNING
 (): RECORD BEARING
 B.O.B.: BASIS OF BEARING

Basis of Bearing:
 The bearing of N 42° 19' 14" W along the southwesterly line of that area labeled as 'Lands of PG&E 7035 O.R. 497' was taken as the Basis of Bearing for this exhibit. All other bearings have been rotated to match this Basis of Bearing.



DETAIL "A"
1"=100'

Q:\CIVIL\04076A\EXHIBIT\PG&E plat_June 2010

R+G RUTH AND GOING, INC.
 Civil Engineering Land Surveying
 2216 THE ALAMEDA SANTA CLARA, CA. 95050
 (408) 236-2400

EXHIBIT "B"
ROADWAY EASEMENT

LANDS OF PG&E APN 712-03-038
 City of San Jose California

08-20-10	04076A	Drwn.: JM
Dept.: ENGINEERING	Scale: 1"=AS SHOWN	Chkd.: MCS

EXHIBIT C

INSURANCE REQUIREMENTS

Grantee shall procure, carry and maintain in effect throughout the term of this Agreement the following insurance coverage. Grantee is also responsible for its subcontractors maintaining sufficient limits of the appropriate insurance coverages.

A. Workers' Compensation and Employers' Liability

1. Workers' Compensation insurance indicating compliance with any and all applicable labor codes, acts, laws or statutes, state or federal.
2. Employer's Liability insurance shall not be less than \$1,000,000 for injury or death, each accident.

B. Commercial General Liability

1. Coverage shall be at least as broad as the Insurance Services Office (ISO) Commercial General Liability insurance "occurrence" form with no additional coverage alterations.
2. The limits shall not be less than \$5,000,000 per occurrence for bodily injury, property damage and products and completed operations. Defense costs are to be provided outside the policy limits.
3. Coverage shall include: a) an "Additional Insured" endorsement (ISO Additional Insured form CG 2010 or equivalent coverage) adding as additional insureds PG&E, its affiliates, subsidiaries, and parent company, and PG&E's directors, officers, agents and employees with respect to liability arising out of work performed by or for Grantee. If the policy includes "blanket endorsement by contract," the following language added to the certificate of insurance will satisfy PG&E's requirement: "by blanket endorsement, PG&E, its affiliates, subsidiaries, and parent company, and PG&E's directors, officers, agents and employees with respect to liability arising out of the work performed by or for the Grantee are included as additional insured"; and b) an endorsement or policy provision specifying that the Grantee's insurance is primary and that any insurance or self-insurance maintained by PG&E shall be excess and non-contributing.

C. Business Auto

1. Coverage shall be at least as broad as the Insurance Services Office (ISO) Business Auto Coverage form covering Automobile Liability, code 1 "any auto."
2. The limit shall not be less than \$1,000,000 each accident for bodily injury and property damage.

D. Additional Insurance Provisions

1. Upon the Effective Date of the Easement Agreement Grantee shall furnish PG&E with two (2) sets of certificates of insurance including required endorsements.
2. Documentation shall state that coverage shall not be canceled except after thirty (30) days prior written notice has been given to PG&E.
3. The documents must be signed by a person authorized by that insurer to bind coverage on its behalf and submitted to:

Pacific Gas and Electric Company	Pacific Gas and Electric Company
Insurance Department	Technical & Land Services
One Market, Spear Tower, Suite 2400	356 E. Alisal Street
San Francisco, California 94105	Salinas, CA 93901
	Attention: Land Agent
4. Upon request, Grantee shall furnish PG&E evidence of insurance for its agents or contractors.
5. PG&E may inspect the original policies or require complete certified copies at any time.

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EXHIBIT D

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN JOSE, COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE:

All of Parcel A as described in that certain Lot Line Adjustment Permit. File No. AT06-073, recorded March 24, 2007 as Instrument No. 19443111, Santa Clara County Records, more particularly described as follows:

All of "Parcel A" as described in the Lot Line Adjustment Permit File No. AT 97-12-147, approved by the City of San Jose on February 13, 1998 and recorded April 6, 1998 as Document Number 14126984, Santa Clara County Records, said "Parcel A" also being "Parcel 4A" as said Parcel is described in the Grant Deed to Silver Creek Valley, a California general partnership, recorded June 18, 1998 as Document Number 14242273, Santa Clara County Records;

Excepting from said "Parcel A" the following area:

Beginning at the most easterly corner of said "Parcel A", thence along the southeasterly line of said "Parcel A" S 48° 32' 29" W 1291.87 feet to the True Point of Beginning; thence continuing along said southeasterly line S 48° 32' 29" W 1569.52 feet to the most southerly corner of said "Parcel A", said most southerly corner also being the southeasterly corner of the Lands of PG&E as said Lands are described in the deed recorded February 14, 1967 in Book 7638 at Page 263, Santa Clara County Records; thence continuing along the prolongation of said southeasterly line S 48° 32' 29" W 158.80 feet to the southwesterly corner of said Lands of PG&E; thence along the southwesterly line of said Lands of PG&E and the prolongation of the southwesterly line of said "Parcel A" N 42° 25' 04" W 1375.99 feet to an angle point in the southwesterly line of said Lands of PG&E; said angle point being the intersection of the southwesterly line of said Lands of PG&E and the southwesterly line of said "Parcel A"; thence leaving the southwesterly line of said Lands of PG&E and continuing along the southwesterly line of said "Parcel A" N 42° 25' 04" W 1216.43 feet;

Thence leaving said southwesterly line along the southerly and easterly line of the easement for Bailey Road (40 feet wide) as said Road is shown on that Record of Survey titled "Being a Portion Of The Rancho Del Refugio De La Laguna Seca For Apple Computer, Inc, A California Corporation", recorded October 23, 1990 in Book 620 of Maps at Pages 14 through 17 the following courses and curves: along a nontangent curve to the right, with a bearing from the radius of N 20° 58' 18" W, with a radius of 202.23 feet through a central angle of 13° 52' 29" for an arc length of 48.97 feet; N 82° 54' 11" E, 124.77 feet; along a tangent curve to the right with a radius of 480.00 feet through a central angle of 30° 18' 00" for an arc length of 253.84 feet; S 66° 47' 49" E 454.70 feet to a point on the westerly line of the aforementioned Lands of PG&E; S. 66° 47' 49" E 215.45 feet to a point on the easterly line of the aforementioned Lands of PG&E; S 66° 47' 49" E 5.60 feet; along a tangent curve to the left with a radius of 148.00 feet through a central angle of 208° 46' 00" for an arc length of 539.26 feet; and S 84° 26' 11" W 42.68 feet to a point on said easterly line of the aforementioned Lands of PG&E;

Thence leaving said easement for Bailey Road along the easterly line of the aforementioned Lands of PG&E N 01° 22' 19" E 108.66'; thence leaving said easterly line of the Lands of PG&E the following courses and curves:

N 36° 45' 53" E 98.34 feet; N 52° 59' 20" E 134.27 feet; N 79° 13' 01" E 75.04 feet; N 42° 44' 30" E 32.72 feet; along a tangent curve to the right with a radius of 100.00 feet through a central angle of 121° 34' 27" for an arc length of 212.19 feet; S 15° 41' 03" E 54.48 feet; along a tangent curve to the left with a radius of 20.00 feet through a central angle of 67° 29' 31" for an arc length of 23.56 feet; along a tangent reverse curve to the right with a radius of 130.00 feet through a central angle of 63° 58' 34" for an arc length of 145.16 feet; S 19° 12' 00" E 96.26 feet; S 37° 26' 15" E 39.00 feet; S 64° 42' 07" E 94.83 feet; N 69° 00' 05" E 63.62 feet; along a tangent curve to the right with a radius of 300.00 feet through a central angle of 18° 21' 54" for an arc length of 96.16 feet; along a tangent reverse curve to the left with a radius of 300.00 feet through a central

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angle of 38° 02' 40" for an arc length of 199.20 feet; N 49° 19' 19" E 89.77 feet; along a tangent curve to the right with a radius of 60.00 feet through a central angle of 98° 12' 11" for an arc length of 102.84 feet; S 32° 28' 30" E 101.00 feet; S 09° 23' 52" E 123.00 feet; S 04° 48' 51" E 181.39 feet; S 33° 47' 26" E 96.66 feet; S 88° 16' 50" E 107.46 feet; S 78° 03' 01" E 101.52 feet; S 43° 14' 52" E 70.21 feet; along a tangent curve to the right with a radius of 150.00 feet through a central angle of 41° 14' 00" for an arc length of 107.95 feet; along a tangent reverse curve to the left with a radius of 60.00 feet through a central angle of 41° 14' 00" for an arc length of 43.18 feet; S 43° 14' 52" E 52.04 feet; along a tangent curve to the right with a radius of 60.00 feet through a central angle of 89° 14' 54" for an arc length of 93.46 feet; S 46° 00' 02" W 82.95 feet; S 43° 59' 58" E 44.44 feet; S 82° 38' 05" E 156.52 feet; and N 81° 25' 12" E 181.64 feet to the True Point Of Beginning.

Excepting from said exception to said "Parcel A" that portion of the Lands of PG&E as said Lands are described in the deed recorded February 14, 1967 in Book 7638 at Page 263, Santa Clara County Records;

And, in addition thereto, the following area:

A portion of "Parcel B" as described in the Lot Line Adjustment Permit File No. AT 00-08-103, approved by the City of San Jose on September 1, 2000, and recorded September 22, 2000 as Document Number 15399079, Santa Clara County Records, said "Parcel B" also being described in the grant deed to Silver Creek Valley, a California limited partnership, recorded September 22, 2000 as Document Number 15399081, Santa Clara County Records, being more particularly described as follows:

Beginning at the most westerly corner of said "Parcel B", said corner also being common with the northeasterly corner of the Lands of PG&E as said Lands of PG&E are described in Book 7035 at Page 497, Santa Clara County Records, thence along the northwesterly line of said "Parcel B" N 48° 32' 29" E 1245.82 feet to the True Point of Beginning;

Thence leaving said northwesterly line the following courses and curves: N 81° 25' 12" E 20.97 feet; along a tangent curve to the right with a radius of 53.75 feet through a central angle of 42° 09' 11" for an arc length of 39.54 feet; S 56° 25' 37" E 183.12 feet; along a tangent curve to the right with a radius of 100.00 feet through a central angle of 29° 12' 08" for an arc length of 50.97 feet; along a tangent reverse curve to the left with a radius of 100.00 feet through a central angle of 36° 04' 28" for an arc length of 62.96 feet; along a tangent reverse curve to the right with a radius of 100.00 feet through a central angle of 77° 31' 35" for an arc length of 135.31 feet; S 14° 13' 38" W 471.98 feet; S 39° 54' 45" E 87.90 feet; S 64° 30' 03" E 70.94 feet; S 85° 32' 32" E 90.06 feet; S 60° 43' 56" E 100.35 feet; N 80° 45' 14" E 62.65 feet; N 31° 12' 32" E 82.03 feet; N 87° 46' 11" E 39.29 feet; S 65° 09' 25" E 84.57 feet; S 45° 06' 27" E 95.55 feet; S 30° 18' 54" W 103.27 feet; S 22° 04' 14" E 124.07 feet; S 40° 47' 29" E 145.76 feet; S 41° 21' 17" E 90.47 feet; N 79° 10' 43" E 196.39 feet; along a tangent curve to the right with a radius of 100.00 feet through a central angle of 137° 37' 02" for an arc length of 240.19 feet; S 36° 47' 45" W 118.28 feet; S 23° 25' 51" W 107.26 feet; S 33° 40' 02" E 111.45 feet; N 81° 25' 12" E 49.50 feet; along a tangent curve to the left with a radius of 1000.00 feet through a central angle of 36° 08' 27" for an arc length of 630.78 feet; along a tangent reverse curve to the right with a radius of 100.00 feet through a central angle of 64° 08' 50" for an arc length of 111.96 feet; S 70° 34' 25" E 85.07 feet; N 89° 12' 56" E 171.21 feet; along a tangent curve to the left with a radius of 200.00 feet through a central angle of 56° 04' 04" for an arc length of 195.71 feet; along a tangent reverse curve to the right with a radius of 260.00 feet through a central angle of 48° 19' 29" for an arc length of 219.29 feet; along a tangent compound curve to the right with a radius of 80.00 feet through a central angle of 132° 27' 51" an arc length of 184.95 feet; S 33° 56' 12" W 164.92 feet; along a tangent curve to the left with a radius of 30.00 feet through a central angle of 84° 37' 15" an arc length of 44.31 feet; S 50° 41' 03" E 45.32 feet; along a tangent curve to the left with a radius of 20.00 feet through a central angle of 109° 50' 18" an arc length of 38.34 feet; along a tangent reverse curve to the right with a radius of 183.22 feet through a central angle of 75° 19' 23" an arc length of 240.87 feet; along a tangent compound curve to the right with a radius of 70.00 feet through a central angle of 112° 47' 18" an arc length of 137.80 feet; S 27° 35' 19" W 166.53 feet; along a tangent curve to the left with a radius of 50.00 feet through a central angle of 97° 47' 40" an arc length of 85.34 feet; along a tangent reverse curve to the right with a radius of 50.00 feet through a central angle of 22° 55' 53" an arc length of 20.01 feet; S 47° 16' 27" E 95.79 feet; S 81° 03' 05" E 177.59 feet; S 65° 44' 26" E 97.82 feet; S 21' 32" W 540.60 feet; N 88° 28' 49" W 207.70 feet; along a tangent curve to the left with a radius of 200.00 feet through a central angle of 57° 49' 55" an arc length of 201.87 feet; S 33° 41' 16" W 108.18 feet; along a tangent curve to the left with a radius of 500.00 feet through a central angle of 35° 38' 17" an arc length of 311.00 feet; S 01° 57' 01" E 6.62 feet; S 82° 45' 11" W 246.86 feet; along a tangent

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curve to the right with a radius of 200.00 feet through a central angle of 73° 12' 01" for an arc length of 255.52 feet; N 24° 02' 48" W 192.52 feet; along a tangent curve to the right with a radius of 200.00 feet through a central angle of 25° 46' 01" for an arc length of 89.94 feet; along a tangent reverse curve to the left with a radius of 200.00 feet through a central angle of 22° 04' 15" an arc length of 77.04 feet; N 20° 21' 02" W 86.37 feet; along a tangent curve to the left with a radius of 50.00 feet through a central angle of 49° 30' 15" for an arc length of 43.20 feet; N 69° 51' 18" W 46.63 feet; along a tangent curve to the left with a radius of 50.00 feet through a central angle of 32° 42' 51" for an arc length of 28.55 feet; S 77° 25' 52" W 71.80 feet; N 79° 24' 56" W 89.79 feet; along a tangent curve to the left with a radius of 200.00 feet through a central angle of 87° 39' 51" an arc length of 306.01 feet; along a tangent reverse curve to the right with a radius of 100.00 feet through a central angle of 52° 43' 58" an arc length of 92.04 feet; S 65° 39' 10" W 128.50 feet; N 89° 56' 36" W 342.26 feet; N 73° 21' 34" W 264.35 feet; along a tangent curve to the right with a radius of 50.00 feet through a central angle of 114° 47' 35" for an arc length of 100.18 feet; N 41° 26' 01" E 84.92 feet; along a tangent curve to the right with a radius of 50.00 feet through a central angle of 43° 48' 32" for an arc length of 38.23 feet; N 85° 14' 33" E 139.58 feet; N 32° 46' 01" E 121.04 feet; N 16° 16' 39" W 123.58 feet; N 18° 22' 07" W 127.25 feet; N 40° 49' 32" W 204.63 feet; S 49° 57' 38" W 129.93 feet; S 12° 42' 43" W 37.97 feet; along a tangent curve to the right with a radius of 300.00 feet through a central angle of 54° 50' 22" for an arc length of 287.14 feet; S 67° 33' 05" W 42.54 feet; along a tangent curve to the right with a radius of 50.00 feet through a central angle of 83° 50' 47" for an arc length of 73.17 feet; along a tangent reverse curve to the left with a radius of 300.00 feet through a central angle of 26° 18' 02" for an arc length of 137.71 feet; N 54° 54' 10" W 277.60 feet; along a tangent curve to the left with a radius of 50.00 feet through a central angle of 56° 35' 18" for an arc length of 49.38 feet; S 68° 30' 32" W 7.73 feet to a point on the northeasterly line of said aforementioned Lands of the Santa Clara Valley Water District; S 65° 23' 05" W 93.55 feet to the southwesterly line of said Lands of the Santa Clara Valley Water District; S 42° 36' 37" E 71.17 feet; S 20° 22' 34" E 93.42 feet; S 49° 02' 34" W 47.04 feet; S 74° 36' 54" W 61.44 feet; and S 59° 39' 44" W 155.64 feet to the southwesterly line of said "Parcel B";

Thence along said southwesterly line S 42° 24' 04" E 3194.01 feet to the most southerly corner of said "Parcel B"; thence along the southeasterly line of said "Parcel B" N 48° 44' 51" E 3733.51 feet to the most easterly corner of said "Parcel B"; Thence along the northeasterly line of said Parcel "B" the following courses and curves:

N 06° 41' 05" E 56.18 feet; along a tangent curve to the left with a radius of 250.00 feet through a central angle of 120° 25' 24" for an arc length of 525.45 feet; S 66° 15' 42" W 69.27 feet; along a tangent curve to the right with a radius of 50.00 feet through a central angle of 130° 15' 22" for an arc length of 113.67 feet to a point of reverse curvature; along a curve to the left with a radius of 150.00 feet through a central angle of 25° 03' 22" for an arc length of 65.60 feet; N 08° 32' 18" W 157.18 feet; along a tangent curve to the left with a radius of 150.00 feet through a central angle of 67° 13' 21" for an arc length of 175.99 feet to a point of reverse curvature; along a curve to the right with a radius of 300.00 feet through a central angle of 80° 36' 13" for an arc length of 422.04 feet to a point of reverse curvature; along a curve to the left with a radius of 500.00 feet through a central angle of 46° 33' 11" for an arc length of 406.25 feet; N 41° 42' 38" W 498.16 feet; along a tangent curve to the left with a radius of 180.00 feet through a central angle of 137° 14' 31" for an arc length of 431.16 feet to a point of reverse curvature; along a tangent curve to the right with a radius of 100.00 feet through a central angle of 48° 12' 26" for an arc length of 84.14 feet; S 49° 15' 17" W 46.01 feet; along a tangent curve to the left with a radius of 50.00 feet through a central angle of 71° 07' 10" for an arc length of 62.06 feet; S 21° 51' 53" E 71.08 feet; along a tangent curve to the right with a radius of 90.00 feet through a central angle of 172° 10' 15" for an arc length of 270.45 feet to a point of reverse curvature; along a curve to the left with a radius of 100.00 feet through a central angle of 50° 41' 25" for an arc length of 88.47 feet; N 80° 23' 03" W 90.98 feet; S 89° 37' 26" W 115.20 feet; along a tangent curve to the left with a radius of 75.00 feet through a central angle of 79° 31' 44" for an arc length of 104.10 feet; S 10° 05' 42" W 47.57 feet; along a tangent curve to the right with a radius of 75.00 feet through a central angle of 132° 43' 28" for an arc length of 173.74 feet to a point of reverse curvature; along a tangent curve to the left with a radius of 100.00 feet through a central angle of 31° 28' 22" for an arc length of 54.93 feet to a point of reverse curvature; along a tangent curve to the right with a radius of 200.00 feet through a central angle of 53° 23' 37" for an arc length of 186.38 feet to a point of reverse curvature; along a tangent curve to the left with a radius of 300.00 feet through a central angle of 36° 54' 14" for an arc length of 193.23 feet; N 52° 09' 49" W 104.87 feet; along a tangent curve to the left with a radius of 120.00 feet through a central angle of 110° 40' 29" for an arc length of 231.80 feet; S. 17° 09' 42" W 71.03 feet; along a tangent curve to the right with a radius of 160.00 feet through a central angle of 93° 08' 22" for an arc length of 260.09 feet; N 69° 41' 56" W 73.77 feet; along a tangent curve to the left with a radius of 100.00 feet through a central angle of 52° 21' 41" for an arc length of 91.39 feet; S 57° 56' 23" W 76.82 feet; along a tangent curve to the right with a radius of 30.00 feet through a central angle of 112° 04' 46" for an arc length of 58.68 feet to a point of

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compound curvature; along a tangent curve to the right with a radius of 300.00 feet through a central angle of 63° 18' 50" for an arc length of 331.51 feet; N53° 19' 58" E 181.12 feet; along a tangent curve to the left with a radius of 100.00 feet through a central angle of 81° 07' 14" for an arc length of 141.58 feet to a point of reverse curvature; along a tangent curve to the right with a radius of 100.00 feet through a central angle of 60° 27' 30" for an arc length of 105.52 feet; N 32° 40' 15" E 49.95 feet; N 19° 27' 08" E 57.71 feet; along a tangent curve to the right with a radius of 30.00 feet through a central angle of 54° 36' 47" for an arc length of 28.60 feet to a point of reverse curvature; along a tangent curve to the left with a radius of 30.00 feet through a central angle of 134° 27' 07" for an arc length of 70.40 feet; N 60°23' 12" W 122.89 feet; along a tangent curve to the left with a radius of 150.00 feet through a central angle of 56° 20' 33" for an arc length of 147.50 feet; S 63° 16' 16" W 166.30 feet; along a tangent curve to the right with a radius of 200.00 feet through a central angle of 36° 13' 59" for an arc length of 126.48 feet to a point of compound curvature; along a tangent curve to the right with a radius of 100.00 feet through a central angle of 70° 32' 20" for an arc length of 123.11 feet to a point of reverse curvature; along a tangent curve to the left with a radius of 300.00 feet through a central angle of 41° 41' 47" for an arc length of 218.32 feet to a point of reverse curvature; along a tangent curve to the right with a radius of 50.00 feet through a central angle of 124° 26' 19" for an arc length of 108.59 feet to a point of reverse curvature; along a tangent curve to the left with a radius of 100.00 feet through a central angle of 88° 44' 29" for an arc length of 154.88 feet to a point of reverse curvature; along a tangent curve to the right with a radius of 300.00 feet through a central angle of 15° 49' 42" for an arc length of 82.88 feet; N 00° 07' 40" W 107.53 feet; along a tangent curve to the left with a radius of 300.00 feet through a central angle of 21° 20' 49" for an arc length of 111.77 feet; and N 21° 28' 28" W 39.15 feet to a point in the northwesterly line of said "Parcel B";

Thence along said northwesterly line of said "Parcel B" S 48° 32' 29" W 1322.59 feet to the True Point of Beginning.

Excepting from said "Parcel B" that portion of the Lands of the Santa Clara Valley Water District as said Lands are shown on that Record of Survey for the Cross Valley Pipeline Right Of Way recorded November 15, 1990 in Book 621 of Maps at Pages 23 through 26.

PARCEL TWO:

All of Parcel B as described in that certain Lot Line Adjustment Permit, File No. AT06-073, recorded March 24, 2007 as Instrument No. 19443111, Santa Clara County Records, more particularly described as follows:

All of "Parcel B" as described in the Lot Line Adjustment Permit File No. AT00-08-103, approved by the City of San Jose on September 1, 2000, and recorded September 22, 2000, as Document Number 15399079, Santa Clara County Records, said "Parcel B" also being described in the grant deed to Silver Creek Valley, a California Limited Partnership, recorded September 22, 2000, as Document Number 15399081, Santa Clara County Records;

Excepting from said "Parcel B" that portion of the Lands of the Santa Clara Valley Water District as said lands are shown on that Record of Survey for the Cross Valley Pipeline Right of Way recorded November 15, 1990 in Book 621 of Maps at Pages 23 through 26.

Also excepting from said "Parcel B", the following Area:

Beginning at the most Westerly corner of said "Parcel B", said corner also being common with the Northeastly corner of the Lands of PG&E as said Lands of PG&E are described in Book 7035, at Page 497, Santa Clara County Records, thence along the Northwestly line of said "Parcel B" N48°32'29"E 1245.82 feet to the True Point of Beginning;

Thence leaving said Northwestly line the following courses and curves: N81°25'12"E 20.97 feet; along a tangent curve to the right with a radius of 53.75 feet through a central angle of 42°09'11" for an arc length of 39.54 feet; S56°25'37"E 183.12 feet; along a tangent curve to the right with a radius of 100.00 feet through a central angle of 29°12'08" for an arc length of 50.97 feet; along a tangent reverse curve to the left with a radius of 100.00 feet through a central angle of 36°04'28" for an arc length of 62.96 feet; along a tangent reverse curve to the right with a radius of 100.00 feet through a central angle of 77°31'35" for an arc length of 135.31 feet; S14°13'38"W 471.98 feet; S39°54'45"E 87.90 feet; S64°30'03"E 70.94 feet; S85°32'32"E 90.06 feet; S60°43'56"E 100.35 feet; N80°45'14"E 62.65 feet; N31°12'32"E 82.03 feet; N87°46'11"E 39.29 feet; S65°09'25"E 84.57 feet; S45°06'27"E 95.55 feet; S30°18'54"W 103.27 feet; S22°04'14"E 124.07 feet;

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S40°47'29"E 145.76 feet; S41°21'17"E 90.47 feet; N79°10'43"E 196.39 feet; along a tangent curve to the right with a radius of 100.00 feet through a central angle of 137°37'02" for an arc length of 24.19 feet; S36°47'45"W 118.28 feet; S23°25'51"W 107.26 feet; S33°40'02"E 111.45 feet; N81°25'12"E 49.50 feet; along a tangent curve to the left with a radius of 1000.00 feet through a central angle of 36°08'27" for an arc length of 630.78 feet; along a tangent reverse curve to the right with a radius of 100.00 feet through a central angle of 64°08'50" for an arc length of 111.96 feet; S70°34'25"E 85.07 feet; N89°12'56"E 171.21 feet along a tangent curve to the left with a radius of 200.00 feet through a central angle of 56°04'04" for an arc length of 195.71 feet; along a tangent reverse curve to the right with a radius of 260.0 feet through a central angle of 48°19'29" for an arc length of 219.29 feet; along a tangent compound curve to the right with a radius of 80.00 feet through a central angle of 132°27'51" an arc length of 184.95 feet: S33°56'12"W 164.92 feet; along a tangent curve to the left with a radius of 30.00 feet through a central angle of 84°37'15" an arc length of 44.31 feet; S50°41'03"E 45.32 feet; along a tangent curve to the left with a radius of 20.00 feet through a central angle of 109°50'18" an arc length of 38.34 feet; along a tangent reverse curve to the right with a radius of 183.22 feet through a central angle of 75°19'23" an arc length of 240.87 feet; along a tangent compound curve to the right with a radius of 70.00 feet through a central angle of 112°47'18" an arc length of 137.80 feet; S27°35'19"W 166.53 feet; along a tangent curve to the left with a radius of 50.00 feet through a central angle of 97°47'40" an arc length of 85.34 feet; along a tangent reverse curve to the right with a radius of 50.00 feet through a central angle of 22°55'53" an arc length of 20.01 feet; S47°16'27"E 95.79 feet; S81°03'05"E 177.59 feet; S65°44'26"E 97.82 feet; S21°32'11"W 540.60 feet; N88°28'49"W 207.70 feet; along a tangent curve to the left with a radius of 200.00 feet through a central angle of 57°49'55" an arc length of 201.87 feet; S33°41'16"W 108.18 feet; along a tangent curve to the left with a radius of 500.00 feet through a central angle of 35°38'17" an arc length of 311.00 feet: S01°57'01"E 6.62 feet; S82°45'11"W 246.86 feet; along a tangent curve to the right with a radius of 200.00 feet through a central angle of 73°12'01" for an arc length of 255.52 feet; N24°02'48"W 192.52 feet; along a tangent curve to the right with a radius of 200.00 feet through a central angle of 25°46'01" for an arc length of 89.94 feet; along a tangent reverse curve to the left with a radius of 200.00 feet through a central angle of 22°04'15" an arc length of 77.04 feet: N20°21'02"W 86.37 feet; along a tangent curve to the left with a radius of 50.00 feet through a central angle of 49°30'15" for an arc length of 43.20 feet; N69°51'18"W 46.63 feet; along a tangent curve to the left with a radius of 50.00 feet through a central angle of 32°42'51" for an arc length of 28.55 feet; S77°25'52"W 71.80 feet; N79°24'56"W 89.79 feet; along a tangent curve to the left with a radius of 200.00 feet through a central angle of 87°39'51" an arc length of 306.01 feet; along a tangent reverse curve to the right with a radius of 100.00 feet through a central angle of 52°43'58" an arc length of 92.04 feet: S65°39'10"W 128.50 feet; N89°56'36"W 342.26 feet; N73°21'34"W 264.35 feet; along a tangent curve to the right with a radius of 50.00 feet through a central angle of 114°47'35" for an arc length of 100.18 feet; N41°26'01"E 84.92 feet; along a tangent curve to the right with a radius of 50.00 feet through a central angle of 43°48'32" for an arc length of 38.23 feet; N85°14'33"E 139.58 feet; N32°46'01"E 121.04 feet; N16°16'39"W 123.58 feet; N18°22'07"E 127.25 feet; N40°49'32"W 204.63 feet; S49°57'38"W 129.93 feet; S12°42'43"W 37.97 feet; along a tangent curve to the right with a radius of 300.00 feet through a central angle of 54°50'22" for an arc length of 287.14 feet; S67°33'05"W 42.54 feet; along a tangent curve to the right with a radius of 50.00 feet through a central angle of 83°50'47" for an arc length of 73.17 feet; along a tangent reverse curve to the left with a radius of 300.00 feet through a central angle of 26°18'02" for an arc length of 137.71 feet; N54°54'10"W 277.60 feet; along a tangent curve to the left with a radius of 50.00 feet through a central angle of 56°35'18" for an arc length of 49.38 feet; S68°30'32"W 7.73 feet to a point on the Northeasterly line of said aforementioned Lands of the Santa Clara Valley Water District; S65°23'05"W 93.55 feet to the Southwesterly line of said Lands of the Santa Clara Valley Water District; S42°36'37"E 71.17 feet; S20°22'34"E 93.42 feet; S49°02'34"W 47.04 feet; S74°36'54"W 61.44 feet; and S59°39'44"W 155.64 feet to the Southwesterly line of said "Parcel B";

Thence along said Southwesterly line S42°24'04"E 3194.01 feet to the most Southerly corner of said "Parcel B"; thence along the Southeasterly line of said "Parcel B" N48°44'51"E 3733.51 feet to the most Easterly corner of said "Parcel B"; thence along the Northeasterly line of said "Parcel B" the following course and curves;

N06°41'05"E 56.18 feet; along a tangent curve to the left with a radius of 250.00 feet through a central angle of 120°25'24" for an arc length of 525.45 feet; S66°15'42"W 69.27 feet; along a tangent curve to the right with a radius of 50.00 feet through a central angle of 130°15'22" for an arc length of 113.67 feet to point of reverse curvature; along a curve to the left with a radius of 150.00 feet through a central angle of 25°03'22" for an arc length of 65.60 feet; N08°32'18"W 157.18 feet; along a tangent curve to the left with a radius of 150.00 feet through a central angle of 67°13'21" for an arc length of 175.99 feet to a point of reverse curvature; along a curve to the right with a radius of 300.00 feet through a central angle of 80°36'13" for an arc length of 422.04 feet to a point of reverse curvature; along a curve to the left with a radius of 500.00 feet through a central angle of 46°33'11" for an arc length of 406.25 feet; N41°42'38"W 498.16 feet; along a tangent curve to the left with a radius of 180.00 feet through a central angle of 137°14'31" for an arc length of 431.16 feet to a point of reverse curvature; along a tangent curve to the right with a radius of 100.00 feet through a central angle of 48°12'26" for an arc length of 84.14 feet; S49°15'17"W 46.01 feet; along a tangent curve to the left

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with a radius of 50.00 through a central angle of 71°07'10" for an arc length of 62.06 feet; S21°51'53"E 71.08 feet; along a tangent curve to the right with a radius of 90.00 feet through a central angle of 172°10'15" for an arc length of 270.45 feet to a point of reverse curvature; along a curve to the left with a radius of 100.00 feet through a central angle of 50°41'25" for an arc length of 88.47 feet; N80°23'03"W 90.98 feet; S89°37'26"W 115.20 feet; along a tangent curve to the left with a radius of 75.00 feet through a central angle of 79°31'44" for an arc length of 104.10 feet; S10°05'42"W 47.57 feet; along a tangent curve to the right with a radius of 75.00 feet through a central angle of 132°43'28" for an arc length of 173.74 feet to a point of reverse curvature; along a tangent curve to the left with a radius of 100.00 feet through a central angle of 31°28'22" for an arc length of 54.93 feet to a point of reverse curvature; along a tangent curve to the right with a radius of 200.00 feet through a central angle of 53°23'37" for an arc length of 186.38 feet to a point of reverse curvature; along a tangent curve to the left with a radius of 300.00 feet through a central angle of 36°54'14" for an arc length of 193.23 feet; N52°09'49"W 104.87 feet; along a tangent curve to the left with a radius of 120.00 feet through a central angle of 110°40'29" for an arc length of 231.80 feet; S17°09'42"W 71.03 feet; along a tangent curve to the right with a radius of 160.00 feet through a central angle of 93°08'22" for an arc length of 260.09 feet; N69°41'56"W 73.77 feet; along a tangent curve to the left with a radius of 100.00 feet through a central angle of 52°21'41" for an arc length of 91.39 feet; S57°56'23"W 76.82 feet; along a tangent curve to the right with a radius of 30.00 feet through a central angle of 112°04'46" for an arc length of 58.68 feet to a point of compound curvature; along a tangent curve to the right with a radius of 300.00 feet through a central angle of 63°18'50" for an arc length of 331.51 feet; N53°19'58"E 181.12 feet; along a tangent curve to the left with a radius of 100.00 feet through a central angle of 81°07'14" for an arc length of 141.58 feet to a point of reverse curvature; along a tangent curve to the right with a radius of 100.00 feet through a central angle of 60°27'30" for an arc length of 105.52 feet; N32°40'15"E 49.95 feet; N19°27'08"E 57.71 feet; along a tangent curve to the right with a radius of 30.00 feet through a central angle of 54°36'47" for an arc length of 28.60 feet to a point of reverse curvature; along a tangent curve to the left with a radius of 30.00 feet through a central angle of 134°27'07" for an arc length of 70.40 feet; N60°23'12"W 122.89 feet; along a tangent curve to the left with a radius of 150.00 feet through a central angle of 56°20'33" for an arc length of 147.50 feet; S63°16'16"W 166.30 feet; along a tangent curve to the right with a radius of 200.00 feet through a central angle of 36°13'59" for an arc length of 126.48 feet to a point of compound curvature; along a tangent curve to the right with a radius of 100.00 feet through a central angle of 70°32'20" for an arc length of 123.11 feet to a point of reverse curvature; along a tangent curve to the left with a radius of 300.00 feet through a central angle of 41°41'47" for an arc length of 218.32 feet to a point of reverse curvature; along a tangent curve to the right with a radius of 50.00 feet through a central angle of 124°26'19" for an arc length of 108.59 feet to a point of reverse curvature; along a tangent curve to the left with a radius of 100.00 feet through a central angle of 88°44'29" for an arc length of 154.88 feet to a point of reverse curvature; along a tangent curve to the right with a radius of 300.00 feet through a central angle of 15°49'42" for an arc length of 82.88 feet; N00°07'40"W 107.53 feet; along a tangent curve to the left with a radius of 300.00 feet through a central angle of 21°20'49" for an arc length of 111.77 feet; and N21°28'28"W 39.15 feet to a point in the Northwesterly line of said "Parcel B":

Thence along said Northwesterly line of said "Parcel B" S48°32'29"W 1322.59 feet to the True Point of Beginning.

And, in addition thereto the following area:

Being a portion of "Parcel A", as said "Parcel A" is described in the Lot Line Adjustment Permit File No. AT 97-12-147, approved by the City of San Jose on February 13, 1998 and recorded April 6, 1998 as Document Number 14126984, Santa Clara County Records, said "Parcel A" also being "Parcel 4a" as said Parcel is described in the Grant Deed to Silver Creek Valley, A California General Partnership, recorded June 18, 1998 as Document Number 14242273, Santa Clara County Records, being more particularly described as follows:

Beginning at the most Easterly corner of said "Parcel A", thence along the Southeasterly line of said "Parcel A" S48°32'29"W 1291.87 feet to the True Point of Beginning; thence continuing along said Southeasterly line S48°32'29"W 1569.52 feet to the most Southerly corner of said "Parcel A" said most Southerly corner also being the Southeasterly corner of the Lands of PG&E, as said lands are described in the deed recorded February 14, 1967 in Book 7638 at page 263, Santa Clara County Records; thence continuing along the prolongation of said Southeasterly line S48°32'29"W 158.80 feet to the Southwesterly corner of said Lands of PG&E; thence along the Southwesterly line of said Lands of PG&E and the prolongation of the Southwesterly line of said "Parcel A" N42°25'04"W 1375.99 feet to an angle point in the Southwesterly line of said Lands of PG&E; said angle point being the intersection of the Southwesterly line of said Lands of PG&E and the Southwesterly line of said "Parcel A"; thence leaving the Southwesterly line of said Lands of PG&E and continuing along the Southwesterly line of said "Parcel A" N42°25'04"W 1216.43 feet; thence leaving said Southwesterly line the following curves and courses:

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Along the Southerly and Easterly line of the easement for Bailey Road (40 feet wide) as said Road is shown on that Record of Survey Being a Portion of The Rancho Del Refugio De La Laguna Seca for Apple Computer, Inc., a California Corporation, recorded October 23, 1990 in Book 620 of Maps at Pages 14 through 17 the following courses and curves: along a nontangent curve to the right, with a bearing from the radius of N20°58'18"W, with a radius of 202.23 feet through a central angle of 13°52'29" for an arc length of 48.97 feet; N82°54'11"E 124.77 feet; along a tangent curve to the right with a radius of 480.00 feet through a central angle of 30°18'00" for an arc length of 253.84 feet; N66°47'49"W 454.70 feet to a point on the Westerly line of the aforementioned Lands of PG&E; N66°47'49"W 215.45 feet to a point on the Easterly line of the aforementioned Lands of PG&E; N66°47'49"W 5.60 feet; along a tangent curve to the left with a radius of 148.00 feet through a central angle of 208°46'00" for an arc length of 539.26 feet; and S84°26'11"W 42.68 feet to a point on said Easterly line of the aforementioned Lands of PG&E.

Thence leaving said easement for Bailey Road along the Easterly line of the aforementioned Lands of PG&E N01°22'19"E 108.66 feet; thence leaving said Easterly line of the Lands of PG&E the following courses and curves:

N36°45'53"E 98.34 feet; N52°59'20"E 134.27 feet; N79°13'01"E 75.04 feet; N42°44'30"E 32.72 feet; along a tangent curve to the right with a radius of 100.00 feet through a central angle of 121°34'27" for an arc length of 212.19 feet; S15°41'03"E 54.48 feet; along a tangent curve to the left with a radius of 20.00 feet through a central angle of 67°29'31" for an arc length of 23.56 feet; along a tangent reverse curve to the right with a radius of 130.00 feet through a central angle of 63°58'34" for an arc length of 145.16 feet; S19°12'00"E 96.26 feet; S37°26'15"E 39.00 feet; S64°42'07"E 94.83 feet; N69°00'05"E 63.62 feet; along a tangent curve to the right with a radius of 300.00 feet through a central angle of 18°21'54" for an arc length of 96.16 feet; along a tangent reverse curve to the left with a radius of 300.00 feet through a central angle of 38°02'40" for an arc length of 199.20 feet; N49°19'19"E 89.77 feet; along a tangent curve to the right with a radius of 60.00 feet through a central angle of 98°12'11" for an arc length of 102.84 feet; S32°28'30"E 101.00 feet; S09°23'52"E 123.00 feet; S04°48'51"E 181.39 feet; S33°47'26"E 96.66 feet; S88°16'50"E 107.46 feet; S78°03'01"E 101.52 feet; S43°14'52"E 70.21 feet; along a tangent curve to the right with a radius of 150.00 feet through a central angle of 41°14'00" for an arc length of 107.95 feet; along a tangent reverse curve to the left with a radius of 60.00 feet through a central angle of 41°14'00" for an arc length of 43.18 feet; S43°14'52"E 52.04 feet; along a tangent curve to the right with a radius of 60.00 feet through a central angle of 89°14'54" for an arc length of 93.46 feet; S46°00'02"W 82.95 feet; S43°59'58"E 44.44 feet; S82°38'05"E 156.52 feet; and N81°25'12"E 181.64 feet to the True Point of Beginning.

Excepting from said exception to said "Parcel A" that portion of the Lands of PG&E as said Lands are described in the deed recorded February 14, 1967 in Book 7638 at page 263, Santa Clara County Records.

PARCEL THREE:

Together with a right of way as conveyed to Herbert S. Bradford, recorded February 20, 1932 as Instrument No. K-3170, Book 601, page 341 of Official Records, over the two following described strips or land, which strips are appurtenant to the land described in Parcels One and Two referred to herein, except those portions of Parcels One and Two lying northwesterly of the northwesterly boundary of said land conveyed to Herbert S. Bradford as Instrument No. K-3170, Book 601, page 341 of Official Records:

A) A strip of land 35 feet wide lying 20.00 feet on the right of or northwest and 15.00 feet on the left or southeast or the following described line:

Beginning at an old iron pipe set flush in the Westerly line or lands or Right-of-Way of Southern Pacific Company and at northernmost corner of that certain 30 Acre Tract conveyed by Thomas Fisher, Et Al, to Townsend Wood, by Deed dated November 26, 1892 and recorded in Book 153 of Deeds, Page 366, in said Recorder's Office; and running thence Southwesterly along the Northwesterly line of said 30 Acre Tract South 49 deg 00' West 1286.60 feet to the westernmost corner of said 30 Acre Tract.

B) A strip of land 40 feet wide, the center line of which is described as follows:

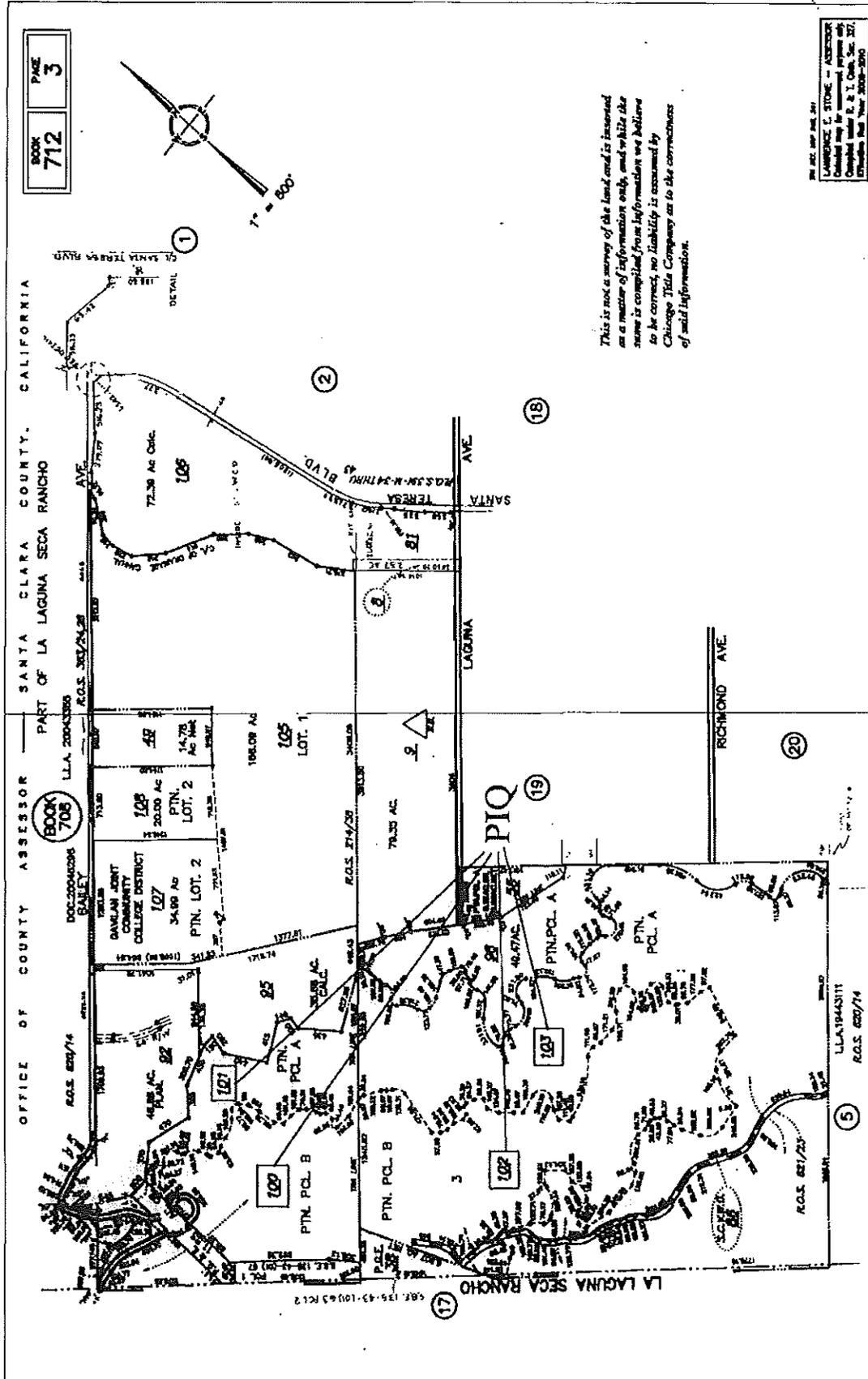
Beginning at said westernmost corner of the above mentioned 30 Acre Tract conveyed to said Townsend Wood, and running thence Southwesterly along the prolongation Southwesterly of said Northwesterly line of

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said 30 Acre Tract, South 49 deg 00' West 6840.90 feet to a harrow tooth driven flush in the floor of the Westerly and or a bridge crossing a drainage canal and in the Northeasterly line of the above described 401.73 Acres Tract at a point distant thereon North 47 deg 58' West 46.40 feet from the above mentioned iron pipe "C4" and iron which harrow tooth an iron witness pipe standing in the Northwesterly line of said 40 foot strip bears North 47 deg 58' West 20.15 feet and an iron witness pipe standing in the Southeasterly line of said 40 foot strip bears South 47 deg 58' East 20.15 feet, courses true var. 18 deg East. Surveyed January, 1932 for Jas. A. Clayton & Co. by F.A. Herrmann of Herrmann Bros., Surveyors and C.E.'S, San Jose, California.

APN: 712-03-101, 712-03-103, 712-03-100, 712-03-102

EXHIBIT D



LAURENCE E. STONE - ASSISTANT
Checked and approved by
Charles W. R. & T. Co., Inc. Sec. 127,
Chicago Title Co., New York, 3000-3000

Attachment 2
Land Conveyance

MOSS LANDING-TESLA 500 KVTL

228-1219

OPTION 1,000
ESCROW 17,995

BOOK 7035 PAGE 497

TI 250756

TOTAL 418995 2208-00-0336

AFTER RECORDING, RETURN TO: IRS \$20.90 FOR RECORDER'S USE ONLY

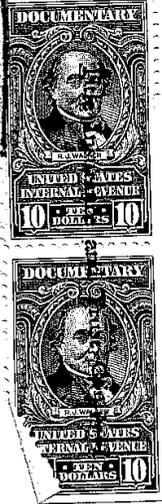
PACIFIC GAS AND ELECTRIC COMPANY
245 Market Street
San Francisco, California 2888536

2888536



BOOK 7035 PAGE 497
Recorded at the request of
Title Insurance and Trust Company
JUL 19 1965 10:44 AM
PAUL R. TEILH, Recorder,
Santa Clara County, Official Records

RECORDED AND ENTERED
G. F. HILL, Asst. Compt.
Date of Contract 7-28-65
Number 42215



WARREN G. EPSTEIN, hereby grants to PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, that certain real property, situate in the City of San Jose, County of Santa Clara, State of California, described as follows:

Beginning at the 1/2 inch iron pipe marking the most westerly corner of the 401.73 acre parcel of land described and designated PARCEL NO. 1 in the deed from Earle Bradford to Warren G. Epstein dated October 8, 1964 and recorded in the office of the County Recorder of said County of Santa Clara in Book 6738 of Official Records at page 711 and running thence north 48° 39' 46" east, along the northwesterly boundary line of said 401.73 acre parcel of land 484.35 feet; thence south 20° 53' 53" east 1325.90 feet to a point in the southwesterly boundary line of said 401.73 acre parcel of land; thence north 42° 19' 14" west, along the southwesterly boundary line of said 401.73 acre parcel of land, 1242.61 feet, more or less, to the point of beginning; containing 6.907 acres, more or less.

IN WITNESS WHEREOF the grantor herein has executed these presents this

28th day of May, 1965

Warren G. Epstein

Read by Tax Dept.
8-12-65 AH

San Jose
GM 154550
Dwg. 213947,
City of San Jose
105 pc

Prepared *MMA*
Checked *ll*

APR 20 1965

STATE OF CALIFORNIA,

County of Santa Clara

On this 28th day of May

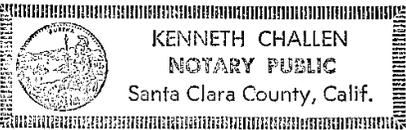
} ss.

BOOK ^{BOOK} 7035 PAGE 498

in the year one thousand nine hundred and sixty-five
before me, KENNETH CHALLEN, a Notary Public,
State of California, duly commissioned and sworn, personally appeared
WARREN G. EPSTEIN

known to me to be the person whose name is subscribed to the within instrument
and acknowledged to me that he executed the same.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal
in the Santa Clara County of Santa Clara the day and year in this
certificate first above written.



Kenneth Challen

Notary Public, State of California.



TO 1012-1 F. C.
California Land Title Association
Standard Coverage Policy Form
Copyright 1963

FOUNDED

IN 1893

RIGHT OF WAY SECTION			
Land Dept.			
JEB			CMS
JWF			RFS
GEG			CLT
RWL			N
RWO'N			C
			S
Follow Up		AUG - 5 1965	
Circulate		ACTION	
FILE		REPLY	
ED DESK			

MOSS LANDING- TESLA 500 KV T/L
GM 154550
Warren G. Epstein lands

POLICY OF TITLE INSURANCE

ISSUED BY

Title Insurance and Trust Company

Title Insurance and Trust Company, a California corporation, herein called the Company, for a valuable consideration paid for this policy, the number, the effective date, and amount of which are shown in Schedule A, hereby insures the parties named as Insured in Schedule A, the heirs, devisees, personal representatives of such Insured, or if a corporation, its successors by dissolution, merger or consolidation, against loss or damage not exceeding the amount stated in Schedule A, together with costs, attorneys' fees and expenses which the Company may become obligated to pay as provided in the Conditions and Stipulations hereof, which the Insured shall sustain by reason of:

1. Any defect in or lien or encumbrance on the title to the estate or interest covered hereby in the land described or referred to in Schedule C, existing at the date hereof, not shown or referred to in Schedule B or excluded from coverage in Schedule B or in the Conditions and Stipulations; or
2. Unmarketability of such title; or
3. Any defect in the execution of any mortgage shown in Schedule B securing an indebtedness, the owner of which is named as an Insured in Schedule A, but only insofar as such defect affects the lien or charge of said mortgage upon the estate or interest referred to in this policy; or
4. Priority over said mortgage, at the date hereof, of any lien or encumbrance not shown or referred to in Schedule B, or excluded from coverage in the Conditions and Stipulations, said mortgage being shown in Schedule B in the order of its priority;

all subject, however, to the provisions of Schedules A, B and C and to the Conditions and Stipulations hereto annexed.

In Witness Whereof, Title Insurance and Trust Company has caused its corporate name and seal to be hereunto affixed by its duly authorized officers on the date shown in Schedule A.

Title Insurance and Trust Company

by *David H. Wells*
PRESIDENT

Attest *Richard W. Boullett*
SECRETARY

CONDITIONS AND STIPULATIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

(a) "land": the land described, specifically or by reference, in Schedule C and improvements affixed thereto which by law constitute real property;

(b) "public records": those records which impart constructive notice of matters relating to said land;

(c) "knowledge": actual knowledge, not constructive knowledge or notice which may be imputed to the Insured by reason of any public records;

(d) "date": the effective date;

(e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument; and

(f) "insured": the party or parties named as Insured, and if the owner of the indebtedness secured by a mortgage shown in Schedule B is named as an Insured in Schedule A, the Insured shall include (1) each successor in interest in ownership of such indebtedness, (2) any such owner who acquires the estate or interest referred to in this policy by foreclosure, trustee's sale, or other legal manner in satisfaction of said indebtedness, and (3) any federal agency or instrumentality which is an insurer or guarantor under an insurance contract or guaranty insuring or guaranteeing said indebtedness, or any part thereof, whether named as an insured herein or not, subject otherwise to the provisions hereof.

2. BENEFITS AFTER ACQUISITION OF TITLE

If an insured owner of the indebtedness secured by a mortgage described in Schedule B acquires said estate or interest, or any part thereof, by foreclosure, trustee's sale, or other legal manner in satisfaction of said indebtedness, or any part thereof, or if a federal agency or instrumentality acquires said estate or interest, or any part thereof, as a consequence of an insurance contract or guaranty insuring or guaranteeing the indebtedness secured by a mortgage covered by this policy, or any part thereof, this policy shall continue in force in favor of such Insured, agency or instrumentality, subject to all of the conditions and stipulations hereof.

3. EXCLUSIONS FROM THE COVERAGE OF THIS POLICY

This policy does not insure against loss or damage by reasons of the following:

(a) Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions, or location of any improvement now or hereafter erected on said land, or prohibiting a separation in ownership or a reduction in the dimensions or area of any lot or parcel of land.

(b) Governmental rights of police power or eminent domain unless notice of the exercise of such rights appears in the public records at the date hereof.

(c) Title to any property beyond the lines of the land expressly described in Schedule C, or title to streets, roads, avenues, lanes, ways or waterways on which

such land abuts, or the right to maintain therein vaults, tunnels, ramps or any other structure or improvement; or any rights or easements therein unless this policy specifically provides that such property, rights or easements are insured, except that if the land abuts upon one or more, physically open streets or highways this policy insures the ordinary rights of abutting owners for access to one of such streets or highways, unless otherwise excepted or excluded herein.

(d) Defects, liens, encumbrances, adverse claims against the title as insured or other matters (1) created, suffered, assumed or agreed to by the Insured claiming loss or damage; or (2) known to the Insured Claimant either at the date of this policy or at the date such Insured Claimant acquired an estate or interest insured by this policy and not shown by the public records, unless disclosure thereof in writing by the Insured shall have been made to the Company prior to the date of this policy; or (3) resulting in no loss to the Insured Claimant; or (4) attaching or created subsequent to the date hereof.

(e) Loss or damage which would not have been sustained if the Insured were a purchaser or encumbrancer for value without knowledge.

4. DEFENSE AND PROSECUTION OF ACTIONS — NOTICE OF CLAIM TO BE GIVEN BY THE INSURED

(a) The Company, at its own cost and without undue delay shall provide (1) for the defense of the Insured in all litigation consisting of actions or proceedings commenced against the Insured, or defenses, restraining orders, or injunctions interposed against a foreclosure or sale of the mortgage and indebtedness covered by this policy or a sale of the estate or interest in said land; or (2) for such action as may be appropriate to establish the title of the estate or interest or the lien of the mortgage as insured, which litigation or action in any of such events is founded upon an alleged defect, lien or encumbrance insured against by this policy, and may pursue any litigation to final determination in the court of last resort.

(b) In case any such action or proceeding shall be begun, or defense interposed, or in case knowledge shall come to the Insured of any claim of title or interest which is adverse to the title of the estate or interest or lien of the mortgage as insured, or which might cause loss or damage for which the Company shall or may be liable by virtue of this policy, or if the Insured shall in good faith contract to sell the indebtedness secured by a mortgage covered by this policy, or, if an Insured in good faith leases or contracts to sell, lease or mortgage the same, or if the successful bidder at a foreclosure sale under a mortgage covered by this policy refuses to purchase and in any such event the title to said estate or interest is rejected as unmarketable, the Insured shall notify the Company thereof in writing. If such notice shall not be given to the Company within ten days of the receipt of process or pleadings or if the Insured shall not, in writing, promptly notify the Company of any de-

fect, lien or encumbrance insured against which shall come to the knowledge of the Insured, or if the Insured shall not, in writing, promptly notify the Company of any such rejection by reason of claimed unmarketability of title, then all liability of the Company in regard to the subject matter of such action, proceeding or matter shall cease and terminate; provided, however, that failure to notify shall in no case prejudice the claim of any Insured unless the Company shall be actually prejudiced by such failure and then only to the extent of such prejudice.

(c) The Company shall have the right at its own cost to institute and prosecute any action or proceeding or do any other act which in its opinion may be necessary or desirable to establish the title of the estate or interest or the lien of the mortgage as insured; and the Company may take any appropriate action under the terms of this policy whether or not it shall be liable thereunder and shall not thereby concede liability or waive any provision of this policy.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the Insured shall secure to it the right to so prosecute or provide defense in such action or proceeding, and all appeals therein, and permit it to use, at its option, the name of the Insured for such purpose. Whenever requested by the Company the Insured shall give the Company all reasonable aid in any such action or proceeding, in effecting settlement, securing evidence, obtaining witnesses, or prosecuting or defending such action or proceeding, and the Company shall reimburse the Insured for any expense so incurred.

5. NOTICE OF LOSS — LIMITATION OF ACTION

In addition to the notices required under paragraph 4(b), a statement in writing of any loss or damage for which it is claimed the Company is liable under this policy shall be furnished to the Company within sixty days after such loss or damage shall have been determined, and no right of action shall accrue to the Insured under this policy until thirty days after such statement shall have been furnished, and no recovery shall be had by the Insured under this policy unless action shall be commenced thereon within five years after expiration of said thirty day period. Failure to furnish such statement of loss or damage, or to commence such action within the time hereinbefore specified, shall be a conclusive bar against maintenance by the Insured of any action under this policy.

6. OPTION TO PAY, SETTLE OR COMPROMISE CLAIMS

The Company shall have the option to pay or settle or compromise for or in the name of the Insured any claim insured against or to pay the full amount of this policy, or, in case loss is claimed under this policy by the owner of the indebtedness secured by a mortgage covered by this policy, the Company shall have the option to purchase said indebtedness; such purchase, payment or tender of payment of

(Conditions and Stipulations Continued and Concluded on Last Page of This Policy)

TO 1012-1 AB C
California Land Title Association
Standard Coverage Policy-1963

SCHEDULE A

Amount \$ 18,995.00

Effective July 19, 1965
Date at 10:41 a.m.

I N S U R E D

Premium \$159.00

Policy No. B-250756
GM 154550
610.3 (RW)

PACIFIC GAS AND ELECTRIC COMPANY

1. Title to the estate or interest covered by this policy at the date hereof is vested in:

PACIFIC GAS AND ELECTRIC COMPANY,
a California Corporation

2. The estate or interest in the land described or referred to in Schedule C covered by this policy is a fee.

SCHEDULE B

This policy does not insure against loss or damage by reason of the following:

PART I

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.

Appl. No. B0250756

TO 1012-1B Cont. C
California Land Title Association
Standard Coverage Policy-1963

SCHEDULE B — (Continued)

PART II

1. Taxes for the fiscal year 1965-66, a lien not yet payable.
2. Trust Indenture and Bond Mortgage by Pacific Gas and Electric Company, a corporation and Mt. Shasta Power Corporation, a corporation, to Mercantile Trust Company, a corporation and National City Bank of New York, a corporation, as Trustee, dated December 1, 1920 and recorded April 27, 1921 in Book 143 of Trust Deeds, page 60, and re-recorded September 17, 1935 in Book 740 of Official Records, page 404; and re-recorded September 5, 1939 in Book 943 of Official Records, page 382; and re-recorded August 11, 1943 in Book 1153 Official Records, page 290 to secure the payment of the bonded indebtedness of the corporation, mortgagors, in the aggregate principal sum of \$160,000,000.00 with interest, according to the terms of said instrument.

Supplemental Trust Indenture and Bond Mortgage by Pacific Gas and Electric Company, a corporation and Mt. Shasta Power Corporation to Mercantile Trust Company of California, formerly Mercantile Trust Company, a corporation and The National City Bank of New York, a corporation as Trustee, dated April 23, 1925 and recorded June 17, 1925 in Book 161 Official Records, page 455; and re-recorded August 11, 1943 in Book 1153 Official Records, page 290, wherein the aggregate principal sum secured by said trust indenture and bond mortgage was increased to \$250,000,000.00.

Supplemental Trust Indenture and Bond Mortgage by Pacific Gas and Electric Company and Mt. Shasta Power Corporation, each a corporation, to American Trust Company, a corporation, formerly Mercantile Trust Company, and City Bank Farmers Trust Company, a corporation, successor of The National City Bank of New York, as Trustees, dated October 1, 1931 and recorded October 30, 1941 in Book 591 Official Records, page 167, and re-recorded August 11, 1943 in Book 1153 Official Records, page 290, wherein the aggregate principal sum secured by said Trust Indenture and Bond Mortgage was increased to \$500,000,000.00.

Supplemental Trust Indenture and Bond Mortgage by Pacific Gas and Electric Company, a corporation, to American Trust Company (formerly Mercantile Trust Company and formerly Mercantile Trust Company of California) and City Bank Farmers Trust Company, a corporation, successor to The National City Bank of New York, as Trustee, dated March 1, 1941 and recorded March 27, 1941 in Book 1028 Official Records, page 408, and re-recorded August 11, 1943 in Book 1153 Official Records, page 290.

Application No. B-250756

Advice 3918-L
Attachment 2

TO 1012-1-1056-1 COCC
American Land Title Association Loan Policy
Additional Coverage-1962
or
California Land Title Association
Standard Coverage Policy-1963

SCHEDULE C

The land referred to in this policy is described as follows:

THE DESCRIPTION OF THE LAND REFERRED TO IN THIS POLICY
IS SET FORTH IN EXHIBIT A, WHICH IS ATTACHED HERETO
AND MADE A PART HEREOF.

ei

Fourth Supplemental Indenture and Refunding Mortgage, dated December 1, 1920 by Pacific Gas and Electric Company, a corporation to American Trust Company, formerly Mercantile Trust Company and City Bank Farmers Trust Company, successor to The National City Bank of New York, Trustees, dated September 1, 1947 and recorded September 24, 1947 in Book 1508 Official Records, page 279; wherein the aggregate principal sum secured by said Trust Indenture and Bond Mortgage was increased to \$600,000,000.00.

Fifth Supplemental Indenture by Pacific Gas and Electric Company a corporation, to American Trust Company, a corporation, formerly Mercantile Trust Company and Mercantile Trust Company of California and City Bank Farmers Trust Company, a corporation, successor to The National City Bank of New York, Trustees, dated May 15, 1950 and recorded June 21, 1950 in Book 2001 of Official Records, page 521; wherein the aggregate principal sum secured by said Trust Indenture and Bond Mortgage was increased to \$800,000,000.00

Sixth Supplemental Indenture by Pacific Gas and Electric Company, to American Trust Company, formerly Mercantile Trust Company and City Bank Farmers Trust Company, successor to The National City Bank of New York, Trustees, dated May 1, 1954 and recorded May 6, 1954 in Book 2868 Official Records at page 179; wherein the aggregate principal sum secured by said Trust Indenture and Bond Mortgage was increased to \$1,000,000,000.00.

Seventh Supplemental Indenture by Pacific Gas and Electric Company, to American Trust Company, formerly Mercantile Trust Company and City Bank Farmers Trust Company, successor to The National City Bank of New York, Trustees, dated May 21, 1958 and recorded May 26, 1958 in Book 4081 Official Records at page 638; wherein the aggregate principal sum secured by said Trust Indenture and Bond Mortgage was increased to \$1,500,000,000.00.

Eighth Supplemental Indenture by Pacific Gas and Electric Company, to Wells Fargo Bank, formerly American Trust Company and First National City Bank, successor to City Bank Farmers Trust Company, Trustees, dated November 1, 1964 and recorded November 30, 1964 in Book 6758 Official Records, page 372; wherein the aggregate principal sum secured by said Trust Indenture and Bond Mortgage was increased to \$2,000,000,000.00.

NOTE: This Company has made no examination of the corporate proceedings or of the proceedings before the State Corporation Department leading up to the execution of the above instruments, or of the bonds secured thereby and does not insure as to the regularity of such proceedings.

EXHIBIT A

All that certain real property situate in the City of San Jose, County of Santa Clara, State of California, described as follows:

BEGINNING at the 1/2 inch iron pipe marking the most westerly corner of the 401.73 acre parcel of land described and designated PARCEL NO. 1 in the deed from Earle Bradford to Warren G. Epstein dated October 8, 1964 and recorded in the Office of the County Recorder of said County of Santa Clara in Book 6738 of Official Records at page 711 and running thence north 48° 39' 46" East, along the Northwesterly boundary line of said 401.73 acre parcel of land 484.35 feet; thence South 20° 53' 53" East 1325.90 feet to a point in the Southwesterly boundary line of said 401.73 acre parcel of land; thence North 42° 19' 14" West, along the Southwesterly boundary line of said 401.73 acre parcel of land, 1242.61 feet, more or less, to the point of beginning; containing 6.907 acres, more or less.

Correct as to
Description *MMA*

CONDITIONS AND STIPULATIONS (Continued and Concluded From Reverse Side of Policy Face)

the full amount of this policy, together with all costs, attorneys' fees and expenses which the Company is obligated hereunder to pay, shall terminate all liability of the Company hereunder. In the event, after notice of claim has been given to the Company by the Insured, the Company offers to purchase said indebtedness, the owner of such indebtedness shall transfer and assign said indebtedness and the mortgage securing the same to the Company upon payment of the purchase price.

7. PAYMENT OF LOSS

(a) The liability of the Company under this policy shall in no case exceed, in all, the actual loss of the Insured and costs and attorneys' fees which the Company may be obligated hereunder to pay.

(b) The Company will pay, in addition to any loss insured against by this policy, all costs imposed upon the Insured in litigation carried on by the Company for the Insured, and all costs and attorneys' fees in litigation carried on by the Insured with the written authorization of the Company.

(c) No claim for damages shall arise or be maintainable under this policy (1) if the Company, after having received notice of an alleged defect, lien or encumbrance not excepted or excluded herein removes such defect, lien or encumbrance within a reasonable time after receipt of such notice, or (2) for liability voluntarily assumed by the Insured in settling any claim or suit without written consent of the Company, or (3) in the event the title is rejected as unmarketable because of a defect, lien or encumbrance not excepted or excluded in this policy, until there has been a final determination by a court of competent jurisdiction sustaining such rejection.

(d) All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto and no payment shall be made without producing this policy for endorsement of such payment unless the policy be lost or destroyed, in which case proof of such loss or destruction shall be furnished to the satisfaction of the Company; provided, however, if the owner of

an indebtedness secured by a mortgage shown in Schedule B is an Insured herein then such payments shall not reduce pro tanto the amount of the insurance afforded hereunder as to such Insured, except to the extent that such payments reduce the amount of the indebtedness secured by such mortgage. Payment in full by any person or voluntary satisfaction or release by the Insured of a mortgage covered by this policy shall terminate all liability of the Company to the insured owner of the indebtedness secured by such mortgage, except as provided in paragraph 2 hereof.

(e) When liability has been definitely fixed in accordance with the conditions of this policy the loss or damage shall be payable within thirty days thereafter.

8. LIABILITY NONCUMULATIVE

It is expressly understood that the amount of this policy is reduced by any amount the Company may pay under any policy insuring the validity or priority of any mortgage shown or referred to in Schedule B hereof or any mortgage hereafter executed by the Insured which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment to the Insured under this policy. The provisions of this paragraph numbered 8 shall not apply to an Insured owner of an indebtedness secured by a mortgage shown in Schedule B unless such Insured acquires title to said estate or interest in satisfaction of said indebtedness or any part thereof.

9. SUBROGATION UPON PAYMENT OR SETTLEMENT

Whenever the Company shall have settled a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the Insured, and it shall be subrogated to and be entitled to all rights and remedies which the Insured would have had against any person or property in respect to such claim had this policy not been issued. If the payment does not cover the loss of the Insured, the Company shall be subrogated to such rights and remedies in the proportion which said payment bears to the amount of said loss. If

loss should result from any act of the Insured, such act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against hereunder which shall exceed the amount, if any, lost to the Company by reason of the impairment of the right of subrogation. The Insured, if requested by the Company, shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect such right of subrogation, and shall permit the Company to use the name of the Insured in any transaction or litigation involving such rights or remedies.

If the Insured is the owner of the indebtedness secured by a mortgage covered by this policy, such Insured may release or substitute the personal liability of any debtor or guarantor, or extend or otherwise modify the terms of payment, or release a portion of the estate or interest from the lien of the mortgage, or release any collateral security for the indebtedness, provided such act does not result in any loss of priority of the lien of the mortgage.

10. POLICY ENTIRE CONTRACT

Any action or actions or rights of action that the Insured may have or may bring against the Company arising out of the status of the lien of the mortgage covered by this policy or the title of the estate or interest insured herein must be based on the provisions of this policy.

No provision or condition of this policy can be waived or changed except by writing endorsed hereon or attached hereto signed by the President, a Vice President, the Secretary, an Assistant Secretary or other validating officer of the Company.

11. NOTICES, WHERE SENT

All notices required to be given the Company and any statement in writing required to be furnished the Company shall be addressed to it at the office which issued this policy or to its Home Office, 433 South Spring Street, Los Angeles 54, California.

12. THE PREMIUM SPECIFIED IN SCHEDULE A IS THE ENTIRE CHARGE FOR TITLE SEARCH, TITLE EXAMINATION AND TITLE INSURANCE.



Title Insurance and Trust Company

FOUNDED IN 1893



POLICY
OF
TITLE
INSURANCE



*Offering complete title services throughout the
state of California with just one local call.*

Title Insurance
and
Trust Company

Santa Clara County Office
66 North First Street
San Jose 13, California

*Complete title services also available in the states
of Alaska, Nevada, Oregon and Washington
through subsidiary Companies.*

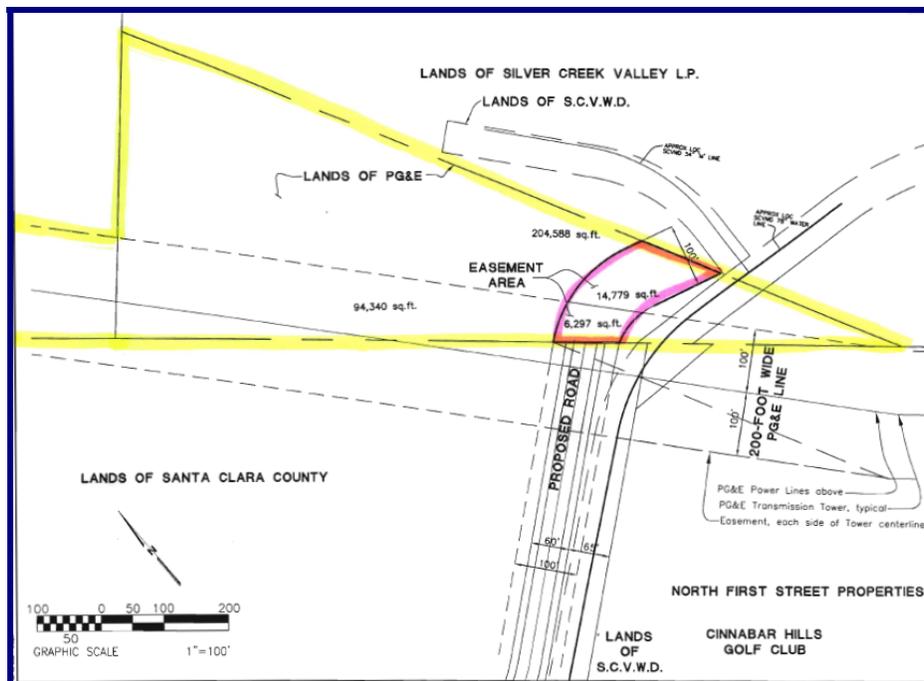


Attachment 3
Summary Appraisal Report

SUMMARY APPRAISAL REPORT

INGRESS/EGRESS EASEMENT

Portion of Assessor Parcel Number 712-03-038
Located near Bailey Avenue and McKean Road, Coyote Valley
San Jose, CA



Subject easement is highlighted in pink.

VALUATION DATE: October 31, 2009

APPRAISED FOR: Brandenburg Properties

APPRAISED BY: Hulberg & Associates, Inc.

OUR FILE NUMBER: 14244 S

HULBERG & ASSOCIATES Inc.

REAL ESTATE APPRAISERS

November 9, 2009

Norman C. Hulberg, MAI
Walter D. Carney, MAI
Stephen D. Kuhnhoff, MAI, ASA
John A. Hillas, SRA
Yvonne J. Broszus, MAI
Janis A. Lassner, SRA
Charles R. Marqueling, ASA, SRA
Larry W. Hulberg, MAI
Rebecca J. Barnes
Guido M. Villanueva
Kristin M. Davidson
Brian Rapela
Maria Aji, PhD
Josh Fronen, MAI
Russell J. Sherwood
Ryan A. Lorenzini
Jeremy Bargy
Georgia Kuhnhoff
Richard Taylor

Silicon Valley Office

One North Market Street
San Jose, CA 95113-2214
(408) 279-1520
(408) 279-3428 (fax)
E-mail: appraisals@hulberg.com

East Bay Office

3160 Crow Canyon Place, Ste. 245
San Ramon, CA 94583-1338
(925) 327-1660
(925) 327-1696 (fax)
E-mail: appraisals@hulberg.com

Monterey Bay Office

225 Crossroads Blvd., #326
Carmel, CA 93923
(408) 279-1520
(408) 279-3428 (fax)
E-mail: appraisals@hulberg.com

Central Valley Office

2813 Coffee Road
Modesto, Ca. 95335
(209) 569-0450
(209) 569-0451 (fax)
E-mail: appraisals@hulberg.com

Bill Baron
Brandenburg Properties
1122 Willow Street, Suite 200
San Jose, CA 95125

Re: Non-exclusive Ingress/Egress Easement on PG&E property near Bailey Avenue and McKean Road, San Jose

Dear Mr. Baron:

At your request, we have appraised the above-referenced ingress/egress easement. The purpose of this appraisal is to estimate the market value of the property. This is intended to be a complete appraisal presented in a summary format in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP).

This report presents only summary discussions of the data, reasoning and analyses that were used in the complete appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in the appraisers' file. The depth of discussion contained in this report is specific to the needs of the client and is for the intended use stated below. The appraiser is not responsible for unauthorized use of this report.

The property rights appraised are those of an easement. We were not provided with a description of the rights to be conveyed in the proposed easement. Based on our discussions with the client, though, it is our understanding that the easement will include surface rights only, be non-exclusive and for ingress/egress purposes only.

The subject proposed ingress/egress easement is located within lands owned by PG&E. The surface area of the proposed ingress/egress easement is primarily unimproved, vacant land. There are some surface lattice towers for the high-tension electrical transmission lines, which run overhead in the area and partially over the subject ingress/egress easement. The property rights valued are subject to the hypothetical condition that typical PG&E electrical and communications transmission easements remain and are reserved with the sale of the subject.

We have appraised the property assuming it to be free and clear of liens and encumbrances (aside from those specifically mentioned), such as mortgages or assessments outstanding.

Mr. Baron
Brandenburg Properties
November 9, 2009

The purpose of the appraisal is to estimate market value as defined by USPAP as of October 31, 2009, and the intended user of this report is Brandenburg Properties.

Statement of Value

Based on our research and analysis, as summarized in the foregoing report, it is our opinion that the market value of the proposed non-exclusive, ingress/egress easement, as of October 31, 2009, was:

FIVE THOUSAND DOLLARS
(\$5,000)
Equals ±\$10,400 per acre of easement area

This value is subject to the hypothetical condition that typical PG&E electrical and communications transmission easements remain and are reserved with the sale of the proposed ingress/egress easement.

This conclusion is subject to the assumptions and limiting conditions set forth in the Addenda of the attached appraisal.

Respectfully submitted,



Yvonne J. Broszus MAI
Certified-General Appraiser #AG019587



Josh Fronen, MAI
Certified-General Appraiser #AG028548

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ADDENDA

- Photographs of Subject Property
- Comparable Remnants
- Qualifications of Yvonne J. Broszus, MAI
- Qualifications of Josh Fronen, MAI
- Assumptions and Limiting Conditions
- Certification

SUMMARY OF SALIENT FACTS

Property Location: Near Bailey Avenue and McKean Road
Coyote Valley
San Jose, CA

Assessor Parcel Number (APN): Portion of 712-03-038

Property Rights Appraised: Ingress/egress easement, subject to the hypothetical condition that typical PG&E electrical and communications transmission easements remain and are reserved with the sale

Zoning: R-1-1

General Plan: Non-Urban Hillside

Site Size and Description of Easement: 21,076 square feet; 0.48 acres; the proposed easement is a non-exclusive ingress/egress easement and is for surface rights only

Owner of Record: Pacific Gas and Electric, Co. (PG&E)

Present Use: High-tension electrical transmission lines and lattice towers; vacant, raw land at surface.

Highest and Best Use: The highest and Best use is for assemblage

Date of Inspection: October 31, 2009

Valuation Date: October 31, 2009

Date of Report Preparation: November 9, 2009

Appraised Value: **\$5,000**

Special Assumptions and Limiting Conditions: Typical PG&E easement reservation(s) will be written to encumber the land as currently improved with high-tension electrical transmission lines and lattice towers easements, with potential for communications improvements.

SECTION I - INTRODUCTION

TYPE AND DEFINITION OF VALUE

The purpose of this appraisal is to estimate the market value of the subject property.

“Market Value,” as used in this appraisal, is defined as "the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- *Buyer and seller are typically motivated;*
- *Both parties are well informed or well advised, and acting in what they consider their best interests;*
- *A reasonable time is allowed for exposure in the open market;*
- *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”¹*

Our appraisal of the property is based on cash equivalent financial arrangements.

PROPERTY RIGHTS APPRAISED

The property rights appraised are those of an ingress/egress easement.

An easement is an interest in real property that conveys use, but not ownership, of a portion of an owner’s property and is usually restricted to its existing use (as specified in the deed of easement).

The property is appraised assuming it to be free and clear of liens and encumbrances, such as mortgages and assessments outstanding.

VALUATION AND INSPECTION DATES

The date of valuation is October 31, 2009 ,which in this case, is the date of physical inspection.

The effective date of the report is November 9, 2009.

¹ Uniform Standards of Professional Appraisal Practice (2009).

USE AND USER OF APPRAISAL

This appraisal report has been prepared at the request of and for the sole use of the client to whom it is addressed.

It is our understanding that this appraisal will be used in conjunction with a purchase of the subject easement from PG&E.

PROPERTY IDENTIFICATION

The subject non-exclusive ingress/egress easement is part of a larger parcel, identified as Assessor Parcel Number 712-03-038.

The subject is located in the general vicinity of Cinnabar Hills Golf Club, near McKean Road and Bailey Avenue in Coyote Valley.

LEGAL DESCRIPTION

We were not provided with a legal description for the subject property. We assume the legal description corresponds to the area outlined in the subject diagram as shown on the cover sheet of this report. Also, we were not provided with a description of the rights to be conveyed in the proposed easement. Based on our discussions with the client, though, it is our understanding that the easement will include surface rights only, be non-exclusive and for ingress/egress purposes only. Also, we assume that the legal description includes a reservation for the existing power transmission easements that are located overhead.

OWNERSHIP AND HISTORY OF CONVEYANCES

According to public records, ownership in the underlying parcel is vested in:

Pacific Gas & Electric Co

There are no transfers of record within three years of the valuation date. The underlying property is not under contract, nor is it listed for sale.

USPAP COMPETENCY PROVISION

We have appraised this type of property before and we have the qualifications and experience necessary to perform the assignment in a competent manner. Please see the summary of qualifications in the Addenda of this report.

APPRAISAL DEVELOPMENT AND REPORTING PROCESS

This is a summary appraisal report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of USPAP. As such, it presents only summary discussions of the data, reasoning and analyses that were used in the complete appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in the appraisers' file. The depth of discussion contained in this report is specific to the needs of the client and is for the intended use stated previously. The appraiser is not responsible for unauthorized use of this report.

The scope of this appraisal encompasses the necessary research and analysis to perform a complete appraisal in accordance with the intended use and USPAP requirements as we understand them. This is a complete appraisal presented in a summary report.

In preparing this appraisal:

- Josh Fronen, MAI inspected the subject site from McKean Road since access to the underlying site was not possible;
- area data were compiled;
- information on title, zoning, general plan, flood hazard and other relevant restrictions was obtained;
- market data concerning comparable land sales were gathered and verified;
- an opinion of highest and best use was formed;
- a final estimate of value was made.

SECTION II - DESCRIPTIVE INFORMATION

REGIONAL OVERVIEW

The subject property is located in the San Francisco Bay Region, an area with a population of approximately 7.0 million, which is comprised of the nine counties bordering San Francisco Bay. The San Francisco Bay Area is characterized by a moderate climate, diversified economy and one of the highest standards of living in the United States.



While San Francisco is the historical center of the region, phenomenal growth over the past three decades has led to the emergence of several distinct geographic and economic sub-regions. The area north of San Francisco (Marin, Napa and Sonoma counties) is noted for its rural charm and numerous wineries, many of which have acquired world renown. California wines, once relatively unknown, now rank among the best in the world and have led to a proliferation of vineyards and of tourism as a major industry. San Francisco, which is both a city and a county, has a reputation as a city of romance, culture and scenic beauty. The Golden Gate Bridge, Nob Hill, Golden Gate Park and the Army Presidio are just a few noted attractions.

San Mateo County lies south of San Francisco between San Francisco Bay and the Pacific Ocean. The eastern portion, bordering the Bay, is highly developed, but central San Mateo County is characterized by rugged mountains reaching westward to the ocean. Santa Clara County, located at the southern end of the bay, has emerged as a dominant force within the greater Bay Area and is known internationally as “Silicon Valley” due to its high concentration of semi-conductor manufacturers and other high-technology employers.

East Bay communities, including the cities of Oakland and Berkeley, are located in Alameda County. Contra Costa and Solano Counties comprise the Sacramento River Delta communities. While much of the area is agriculturally based, many communities are experiencing rapid expansion due to lower housing costs compared with more established areas closer to the Bay.

Santa Clara County

Santa Clara County is the most populous of the nine counties comprising the San Francisco Bay Region, with approximately 1.7 million residents. San Jose is the largest city in the county and the third largest in California, recently surpassing San Francisco.

The county extends south from the southern tip of San Francisco Bay, bounded by the Diablo Mountain Range to the east and the Santa Cruz or coastal mountain range to the west, to the point where the two ranges converge near the San Benito County line. While most of the original development in Santa Clara County was located to the north, development has slowly extended southward, limited largely by semi-mountainous terrain to the east and west. The level valley floor, which comprises about one-third of the county's land area was once fertile farmland but is now largely suburban with only a few orchards remaining.

Climate

The temperate climate of the region deserves mention as one of the reasons for its appeal as a residential and business location. The mountains surrounding Santa Clara Valley shield it from the Pacific Ocean's fog and the hot, dry central San Joaquin Valley summers. Temperatures range in the mid-70's in the summer and in the high 50's during the winter with frosts occurring only a few times each year. Certainly the temperate climate is one of the reasons for the attractiveness of the region. However, Santa Clara County is also known for its proximity to attractions ranging from mountains to the seashore. Although there is no snowfall, ski resorts are just a few hours away. Water sports and all types of outdoor recreation are immediately available and local mountains and the Pacific Ocean are within an easy hour's drive.

Transportation

Excellent transportation routes and linkages to all major cities within the region and throughout the state are primary reasons for the advancement of business activity in Santa Clara County. Air service in the area is provided by Norman Y. Mineta San Jose International Airport, which accommodated approximately 10.7 million passengers in 2007, a drop from the 10.85 million that moved through its gates in 2006. San Francisco and Oakland airports are also within an hour's drive from most portions of the county. Although air travel is down over the past two years, San Jose International Airport is embarking on a \$1.8 billion expansion that will eventually allow the airport to handle 17.3 million travelers a year.

The County is served by Southern Pacific Railroad. Although originally a factor in site selection for warehouse and distribution facilities, these routes have become less of criteria and are actually seen as a detriment by many high-technology firms due to vibration and noise. Most industrial users now depend on truck service because of the relatively small, fragile and valuable products that characterize high technology, as opposed to heavy manufacturing. However, passenger rail service has improved significantly over the past few years to meet consumer demand. Cal Train provides daily commuter service that runs along the Peninsula from Gilroy to San Francisco. Altamont Commuter Express (ACE) now provides rail service from the Central Valley to downtown San Jose.



The county has a 28-mile light rail system that runs from Mountain View to south San Jose and provides access to San Jose's central business district. The Capitol Corridor has fully been in operation since 2004. There is also a Vasona light rail line, which began service in the fall of 2005. This particular line serves parts of west San Jose, Campbell and Los Gatos.

The area has a well-developed freeway system although traffic congestion is unquestionably one of the negative aspects. Highways 101 and 280 provide major north-south linkages to San Francisco and Highway 101 continues south to Los Angeles. Highway 280 connects with Interstate 680 providing access to the East Bay and Central Valley. Highway 17/880 provides ready access to the coast and to Oakland and other East Bay communities.

Highway 237 runs east west between Mountain View and Milpitas and Highway 87 runs north south through central San Jose. Highway 85, the most recently completed freeway in the county, runs through the West Valley from Mountain View to south San Jose. However, Highway 237 and Highway 87 have been substantially upgraded over the past few years. Highway 87 links south San Jose and the central business district, shortening commute times for many workers and relieving congestion on surrounding arterials. Highway 87 is being upgraded to a six-lane freeway with interchanges at Highway 101 and Highway 280.

The county's transportation network includes a number of expressways, which provide streamlined access to most interior locations. Lawrence Expressway, San Tomas Expressway and Foothill Expressway run north-south, while Central Expressway and Montague Expressway run roughly east-west.

Although many routes are at gridlock during peak commute hours, routes are being extended or expanded, public transportation is being developed and the employment/housing balance is becoming a geographic issue and important consideration for municipalities when considering new development. Prospects for improvement in the transportation system in keeping with population growth are better than for many other Bay Area communities.

In November 1996 voters approved Measures A and B, which increased the local sales tax by 0.5% over a nine-year period to provide funding for road and transit improvements. A constitutional challenge was filed but the courts recently upheld these initiatives. As a result, road and transit projects totaling \$1.5 billion will be completed over the next several years. The highway projects most affected are improved interchanges at Highway 237/880 and Highways 85/101, the widening of Highway 880 from First Street to Montague Expressway and widening of Highway 101 from Bernal Road south to Morgan Hill.

On November 7, 2000 voters passed another transportation initiative: Proposition A, which required a two-thirds majority. Proposition A extends the 0.5% countywide sales tax an additional 30 years, thereby generating an additional \$6 billion for transit improvements. The most significant project is the extension of Bay Area Rapid Transit (BART) from Fremont to downtown San Jose. BART is a regional system of high-speed commuter trains with stations in San Francisco, Contra Costa and Alameda Counties. Although the BART extension will take years to complete, it will help relieve congestion on area freeways and provide an added impetus for redevelopment in downtown San Jose.

Economic and Political Forces

The United States economy is still experiencing a great deal of uncertainty; paralyzed between slowing growth, decreasing prices and a major banking and credit crisis. Most economists agree on a primary source of the problem. Sub-prime and adjustable rate mortgages, added with a long-term trend of rising housing prices and low interest rates in general had encouraged borrowers to assume difficult mortgages in the belief they would be able to quickly refinance at more favorable terms. The originators of these loans had little concern on whether the borrowers could perform, as they frequently packaged and sold these risky assets as Mortgage-Backed Securities. However, once interest rates began to adjust upward and the housing prices dropped, foreclosures on these loans stockpiled and the lenders and investors left holding the paper are suffering tremendous losses.

The volume of home sales began to taper off sometime in 2005/2006 and prices would soon follow. Today, in some areas, homes are worth half of what they were just five years ago while in stronger markets values have fared much better. The collapse of the housing market had a direct impact on several financial institutions. Those hit the hardest include IndyMac, Washington Mutual, Lehman Brothers, Bear Sterns, Merrill Lynch, Wachovia, Fannie Mae, Freddie Mac and AIG. These institutions all suffered tremendous losses to the point of complete, or near, collapse. The implications to the demise of these institutions have impeded the flow of credit, further depressing the economic situation. The impact of the credit crunch doesn't stop at our border, either, as the entire global economy is suffering from the crisis.

In an effort to quell the burdens of the crisis, in February of this year President Obama signed the American Recovery and Reinvestment Act into law, also known as the Stimulus Package. At \$787 billion, it is the largest spending bill in U.S. history. The Package is intended to save millions of jobs and "bring the country back from the brink of economic catastrophe." The plan pumps money into infrastructure projects, health care, renewable energy development and conservation, with twin goals of short-term job production and longer-term economic viability. Additionally it provides for tax breaks, dishes out billions to states so they can head off deep cuts and layoffs, and provides financial incentives for people to start buying major purchase items once again such as homes and cars. Most critics agree it will take time to see a noticeable change and also fear the uncertain long-term consequences, but hopefully a short-term result will be a boost to consumer and investor confidence and an ease on tightened credit conditions.

The Stimulus Package was approved four months after approval of a major relief effort dubbed the "Bailout Package." Unlike the Stimulus Package, the Bailout Package was aimed directly at our ailing financial institutions. This law allows the Treasury Secretary to put as much as \$700 billion in troubled assets, relieving the holders of bad loans in order to enable lenders to lend again. This resulted in the Troubled Asset Relief Program (or TARP) which are funds provided by the government intended to enable banks to begin lending again at levels seen before the crisis. However, to date the majority of banks continue to restrict lending as to cushion against future, unforeseen losses from troubled assets.

The severe problems in our housing, credit and financial markets has resulted in a significant increase in job losses. Unemployment rates for many states, particularly the west, are higher than they've been in nearly 25 years, as the national unemployment rates nears double digits. Steep declines are continuing in the area of manufacturing, but they have stabilized in the areas of construction and several service-providing industries.

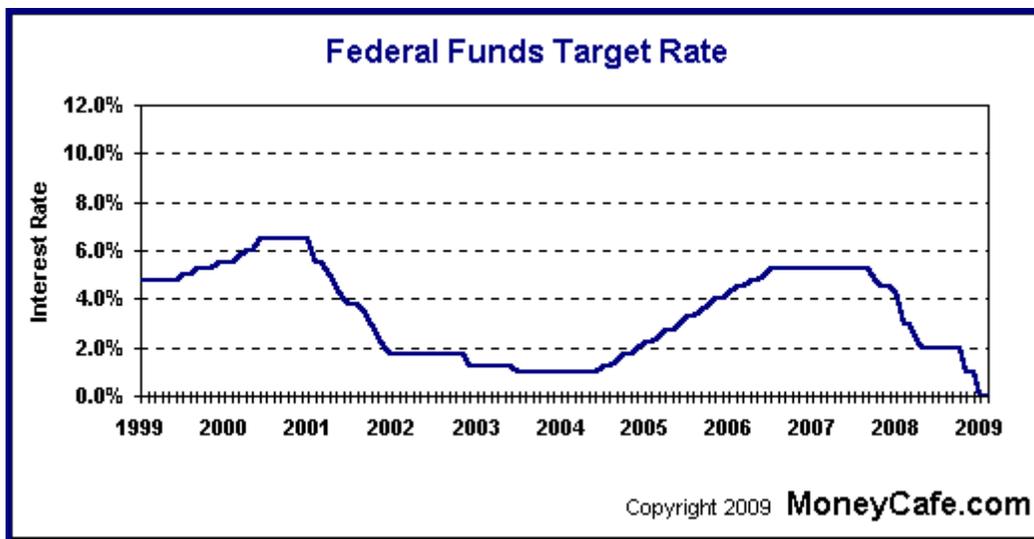
In California, one of the hardest hit states by sub-prime lending practices, the July unemployment rate was 12.1%, well above the national average. In the housing market, home building levels have fallen to their lowest level in 17 years, and there has yet to be any recovery from the sharp declines of the last several years. Job losses related to construction, financial institutions and real estate have contributed to a growing trend in unemployment.

The country has been in a recession since December of 2007, a panel of experts declared, confirming what many Americans already believed. The old record for the longest recession during the post-war period is 16 months, which was reached in the 1973-1975 and the 1981-1982 downturns. As to whether we are still in a recession, opinions are mixed. There are some

indications we are no longer in a recession but with all the varying criteria, a definitive acknowledgement of that fact has not been declared by the Fed or any other credible agency.

On Wall Street, economic uncertainty has wreaked havoc. The Dow Jones Industrial Average reached a peak in October 9, 2007 of 14,165. One year later on October 10, 2008 the Dow closed at just 7,883. In mid-February, the Dow closed at an 11-year low, following weekend plan reports about the government's new plan to bail out Citi Group. The Dow closed at 7,115, the lowest since May of 1997. Even so, there have been signs of encouragement from Wall Street of late. On April 3, 2009, the Associated Press reported that the stock market had four straight weeks of gains during the month of March. The last time this occurred was during the months of September and October 2007. It is still too early to determine how much of a positive impact this will have on the economy as a whole. We have since had ups and downs as the markets continue to be volatile.

For the first time since the 1930's, the Fed has decided to lend directly to securities dealers along with its unprecedented cut in its emergency lending rate. Ben Bernanke said that "those steps would provide financial institutions with greater assurance of access to funds." Since September of 2007, the Federal Funds Rates has been lowered from 5.25% to its current level of 0.25%. At its December meeting, the Committee established a target range for the federal funds rate of 0 to 0.25% and indicated that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for some time. The Fed has been holding rates steady between 0-0.25% and pledged again to keep it there for "an extended period" to help brace the economy.



The Consumer Confidence Index™, based on surveys of American households prepared by the Conference Board, was at its lowest point earlier this year since the inception in 1967. In February of 2009, the Index plunged to 25, down from 37.4 in January. Since then, the index has improved. As of May, it stood at 54.9, up considerably from April (40.9.) The survey also showed that 44.7% of consumers believe that jobs are hard to get, which is down from 46.6% in April. "After two months of significant improvements, the Consumer Confidence Index is now at its highest level in eight months (Sept. 2008, 61.4). Continued gains in the Present Situation

Index indicate that current conditions have moderately improved, and growth in the second quarter is likely to be less negative than in the first. Looking ahead, consumers are considerably less pessimistic than they were earlier this year, and expectations are that business conditions, the labor market and incomes will improve in the coming months. While confidence is still weak by historical standards, as far as consumers are concerned, the worst is now behind us, "Lynn Franco, director of the Conference Board Consumer Research Center, said in a written statement.

As the commercial real estate market grapples with current economic uncertainty and tightening credit, we have begun to see a reduction in the number of offerings and sales for most property types. After a decreasing trend over much of this decade, capitalization rates have clearly shown upward pressure over the past year. The lack of available financing has played a significant role despite low interest rates. Few buyers qualify for lenders' tightening requirements and some lenders have become very selective on what properties they will lend. Rent levels have flattened or declined for practically all property types. According to local real estate brokers, some properties in foreclosure, or almost in foreclosure, are coming available and there are buyers that are waiting for "fire sale" prices. Even so, for the most part, commercial real estate has remained relatively stable. We expect capitalization rates will continue to increase in the near term for all property types. For most property types, we expect to see continued decreasing asking rental rates and increases in vacancy for the remainder of 2009 before any sign of market recovery.

The Public-Private Investment Program (PPIP), the long-awaited federal plan to deal with the toxic assets weighing on banks' balance sheets was introduced March 23, 2009. The plan is intended to fix a financial system which continues to face "acute pressures" that are working against economic recovery. PPIP could have the effect of loosening credit for commercial real estate markets. The plan has lost some momentum as of July 2009, however, the potential long-term effects remain to be determined and are not clear at this point.

Summary

Overall, Santa Clara County is a worldwide leader in technology and a regional employment center. Desirable physical features and a well-diversified economy continue to attract both businesses and residents. Expectations for population and job growth remain strong over the long term, despite the fact that housing affordability and traffic congestion are significant problems. Local residents are among the most affluent in the country and, over the long-term, the local economy is expected to continue to grow at a moderate, well-founded rate. The intrinsic desirability of the region, a strong economic base, projected job and population growth and a dwindling supply of vacant land provide strong support for real estate values and their potential for long-term appreciation.

The long term effect of the current "credit crunch" in the financial markets is undermined at this point in time, but most sectors of the economy have already been adversely affected by current crisis.

Economists React to Monthly Homes Sale Figures: June 25, 2009 Wall Street Journal

Since the housing market is widely perceived to be at the root of the current economic troubles, we have also considered housing market dynamics below.

- If sales are able to sustain their recent stabilization, inventories could probably be worked down towards more normal levels by the first part of 2010 given how low new single-

family housing construction has fallen. But if the sales pace turns lower in coming months in response to the spike in mortgage rates, this will clearly take longer and likely require further drops in starts and prices. –*Ted Wieseman, Morgan Stanley*

- Mortgage rates remained low throughout May so it is unlikely that the recent increase played a role in the disappointing results. Higher rates may begin to dampen sales growth over the next few months, however. The inventory of new homes for sale fell to 292k – the lowest since 1999 – but relative to today’s subdued sales pace the inventory stock remains relatively high (months’ supply of 10.2). About half of the new home inventory is completed homes, while the other half represents homes at intermediate stages of construction. Although the latest new homes sales reports have shown encouraging signs of stabilization, the level of sales remains extremely low. –*Nomura Global Economics*
- It is worth noting that the raw, i.e., neither annualized nor seasonally adjusted, data show a total of 32,000 new home sales in May, the lowest figure for the month of May on record. The revisions to the seasonally adjusted annualized data leave new home sales settling into a fairly narrow range, but at an exceptionally low level. Compared to May 2008, new home sales were down by 32.8%. –*Richard F. Moody, Forward Capital*
- The housing market may be starting to come back, but the improvement is hardly a tsunami. While we did see a small improvement in existing home demand, new home sales were disappointing in May... There was some good news as the number of homes on the market dropped. Builders are doing what they can to cut the inventory that is hanging around their necks and they are succeeding. Homes for sale have declined faster than sales and are now at the lowest level since March 2001. But with demand so extraordinarily weak, even the minimal numbers of houses that are available are still too many. Unless demand picks back up more quickly than we have been seeing, construction will remain in the dumps. –*Naroff Economic Advisors*
- Looking ahead, reports from homebuilders indicate that activity dropped off a bit in June after improving in the two preceding months. This is consistent with an elongated bottom for housing rather than anything resembling a “v-shaped” recovery. The same appears to be true of existing homes, where first-timers are being tempted by deeply discounted properties coming out of foreclosure, but activity up the food chain remains spotty at best. –*Joshua Shapiro, MFR Inc.*
- This is disappointing. After the revival in the homebuilders index, albeit from a fantastically depressed level, we thought there was scope for sales to head to the 400,000 mark. Instead, while it is pretty clear that the post-Lehman plunge in sales is over, there is no sign yet of anything more than stability in the numbers. –*Ian Shepherdson, High Frequency Economics*
- The report was disappointing though the fact that the inventory of unsold homes edged down while there was a pullback in the pace of decline in prices provides some semblance of a silver lining. In addition, the massive upward revision to the prior month’s data does temper the negative connotation of the report, to an extent. Going forward, with mortgage rates edging higher and increased competition coming from the

foreclosed housing sector, new home sales will continue to be hard pressed to eke out gains of any significance. –*Ian Pollick, TD Securities*

- New and existing home sales, housing starts, building permits, and homebuilder sentiment all appear consistent with the picture of a bottoming out in housing activity, albeit at very low levels. –*RDQ Economics*

How Will We Know When The Worst Is Over?

The current downturn is shaping up to be worse than the recession of 1990-91 and the prolonged downturn that accompanied the 2000/2001 dot-com bust, according to an October 30, 2008 article published in the Wall Street Journal, entitled “Economists Search for End of Woes”. Banks are cutting back on lending, consumers are spending less, companies are shedding jobs amid sinking profits, and the housing bust that triggered the slide persists.

The article opines that there are five signal areas that economists are watching as indicators of a turn-around:

- One early sign of recovery will be when more banks are easing lending standards rather than tightening them.
- The key to how much further home prices fall is how fast the glut of empty homes is absorbed. As excess supply decreases, home prices will eventually stabilize.
- Willingness of consumers to buy big-ticket items such as cars, furniture, appliances and electronics.
- Improvement in the labor market, with declining unemployment.
- Stabilization of the stock market. The stock market, for all its imperfections, is one of the best indicators of corporate health.

Our sense is that economic woes will be with us for a while, particularly until the issue of defaulting mortgages is favorably resolved. We are encouraged that the volume of sales in foreclosure and short sale properties is increasing throughout the Bay Area. It is a difficult time to be a “seller” of real estate.

We anticipate that not all properties will be similarly impacted by the current downturn. The subject underlying parcel will likely underperform the rest of the market due to its location.

Current News

The following are some headlines from articles that were published in the Appraisal Institute’s Online News in September 9, 2009. The actual articles are not included here but the headlines are telling in and of themselves and provide some context for the current commercial real estate market cycle.

On the whole, the news does not appear to be good. However, a few of the headlines do suggest that some market participants are anticipating are seeing some signs of bottoming out in some sectors.

- Commercial Mortgage Backed Securities (CMBS) Delinquency Rate Passes 4 percent
- Commercial Real Estate Defaults Continue Momentum; Could Pass 5 Percent in 2010
- Investors Line up for Distressed Real Estate
- Community Banks Brace for Commercial Real Estate Losses
- FDIC: One in Six Construction Loans in Trouble
- Pending Home Sales Rise for Sixth Straight Month
- \$12 Billion in TALF Deals Now in Pipeline
- FDIC Problem Banks Top 400, Losing \$3.7 Billion; Experts Predict List will Grow
- Fed, Treasury Try to Preempt Potential Commercial Real Estate Downfall
- Extremely Distressed Commercial Real Estate Loans Rises to \$11 Billion
- China Becomes Major Commercial Real Estate Player
- S&P: Second Quarter Home Price Index Shows Improvement
- Hanley Wood: Home Sales Increase, Demand Expected to Taper
- Jones Lang LaSalle: Retail Could Rebound in 1Q-2010
- Westfield: Mall Values Have Bottomed Out, Recovery Ahead
- Concessions Being Made to Alleviate Apartment Vacancies
- Jones Lang LaSalle Study: Commercial Real Estate Sales Will Pick Up, But Values Expected to Stay Flat Through 2012

Conclusion

While it is impossible to predict the timing or extent of a possible recovery, many economists predict that the economy will begin to strengthen in late 2009 or into 2010.

LOCAL AREA ANALYSIS

Since the subject is part of the city of San Jose, a brief description of the city of San Jose is provided. The client is familiar with the location and only an abbreviated description is provided.

Historically, San Jose developed to support surrounding agricultural interests, acting as a cannery and distribution center. However, during the 1960's and 1970's San Jose served largely as a bedroom community for the more developed portions of Santa Clara County, providing affordable housing for workers. Today, San Jose has come into its own right as an industrial and commercial center and is now the largest city in the region and the County Seat. The city has a population of approximately 989,500 residents and encompasses 87,000 acres of which 22% is vacant or undeveloped. About 40% of the vacant land is designated for residential development. These residential land reserves will enable San Jose to accommodate demands for new housing created by future economic development.

The subject is part of Coyote Valley. Coyote Valley comprises the most southerly portion of the city. Coyote Valley is a semi-rural area, historically used for farming and livestock. Speculation regarding possible future development of Coyote Valley has existed for decades. However, the Metcalf Energy Plant is the only project that has come to fruition over the past few years. Despite considerable land use planning, no other office or industrial projects are currently on the horizon. However, Gavilan College is planning a satellite campus on Bailey Avenue west of Santa Teresa Boulevard.

While the subject is not located within the Coyote Valley Specific Plan area, it is located in close proximity to the planning boundaries. The Coyote Valley Specific Plan (CVSP) was funded by residential developers with a substantial stake in the Urban Reserve. By March 2008, the group had spent over \$17.2 million and produced a massive three-volume report. The plan called for a massive transition in land use in the area with industrial, office, retail, residential, and park spaces. However, the plan was shelved and is no longer in process.

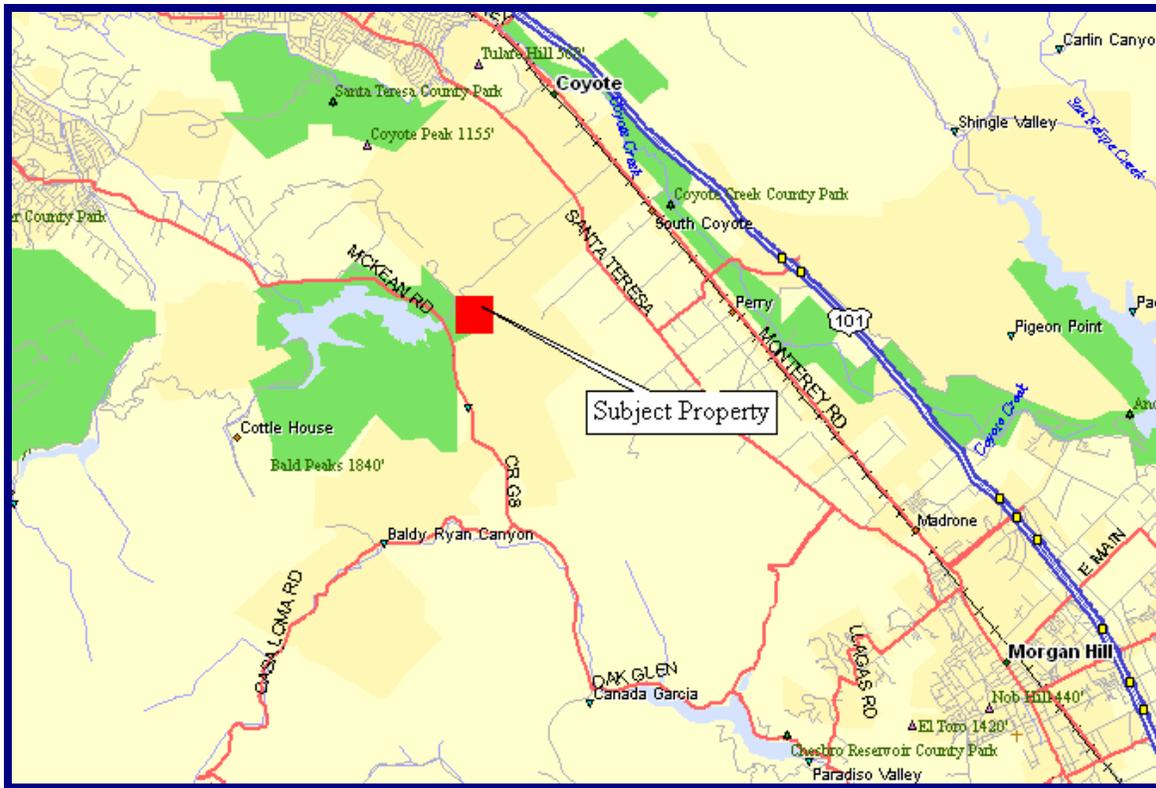
In short, there are a host of obstacles to eventual development of Coyote Valley. Although progress toward completion of the Specific Plan and construction of the Bailey Avenue interchange was a source of optimism for many, the housing slump, political climate and economic conditions have forced a halt to planning efforts and the future of Coyote Valley is as uncertain as ever. The city has a severe budget deficit that is projected to continue for years to come. This further compounds the many challenges to development. Given the costs involved and substantial vacancy elsewhere, there is no impetus for business or industry to move into the valley.

Overall, the subject area is comprised of agricultural uses and residential estate home uses. It is considered rural in nature. The aesthetic beauty of the area is a major consideration to buyers.

IMMEDIATE ENVIRONS

The subject property is part of an area designated as the San Jose Greenbelt, located directly west of the Coyote Valley floor in the Santa Teresa foothills. The subject property, while located within city limits, is outside of the Urban Growth Boundary (UGB) and the Urban Service Area (USA). In other words, the property is located in an area where development is limited in size/scope and where there is currently no access to city of San Jose services.

The Santa Teresa section of San Jose, which lies directly north of the subject property, is a bedroom community of Silicon Valley. The preponderance of development consists of single-family residential houses, and supporting commercial along the major arterials. Developments include industrial complexes, such the IBM West Coast Programming Development center located off of Bailey Avenue, just northeast of the subjects, the Great Oaks Business Park at Bernal Road and Santa Teresa Boulevard, and the Edenvale Technology Park at Hellyer Avenue and Silver Creek Valley Road.



The subject is located in an area that requires major utilities and infrastructure to support development. Although access to the area is good, it is inadequate to support the development densities envisioned. Indeed, the cost of infrastructure is in the hundreds of millions of dollars (\$400M in 2003 dollars), far beyond the capabilities of one small property.

In conclusion, the subject immediate environs are generally rural and agricultural in nature. For the foreseeable future, it is expected that the area of the subject properties will remain essentially rural/agricultural.

LAND MARKET ANALYSIS

The subject is an easement on a remnant land site, as will be explained further.

Land is valued in terms of the use pattern to which it is suited and adaptable, which is legal (in terms of zoning and deed restrictions), which is feasible (in terms of market reactions), and which represents the highest present worth of the benefits to be derived from the ownership and/or use of the site. Market value is measured in terms of the most probable price that an informed purchaser would pay.

As stated, the subject property is an easement located within a remnant property. A remnant property is typically a property with a limited buyer pool and/or which is excess to a public agency's needs. Such lands are sometimes called surplus lands and have limited marketability. Size, shape, and access are all important considerations when analyzing remnant properties.

The most likely buyer for the subject easement would base their purchase decision on a lump-sum basis given the relatively small amount of dollars involved. Easements and other remnant-like sites similar to the subject typically sell for between \$1,000 and \$10,000. Larger sites and sites with strong contributions to the assembled sites will sell for more.

Primary value characteristics include buyer motivation, potential buyer pool, and overall utility contribution to the assembled site. A remnant site with a larger pool buyer and good utility when assembled will have a higher value than a site with a small buyer pool and no contribution, or minimal contribution to the assembled site, all else being equal.

Overall, buyers of remnant properties are typically located adjacent to the site. Buyers of easements like the subject would most definitely be located adjacent to the property as the buyer would need to have a use for the ingress/egress easement.

PROPERTY TAXES AND ASSESSMENTS

In the State of California, real estate is assessed at 100 percent of market value as determined by the County Assessor's Office. The maximum tax rate cannot exceed 1 percent of the property's assessed value, plus any special assessment bonds or fees approved by voters. Proposition 13 was passed by voters in June 1978 which substantially changed the taxation of real estate in California. This constitutional amendment rolled back the base year for assessment purposes to the 1975-1976 tax years. Annual increases in assessed value are limited to 2 percent per year, regardless of the rate of inflation. Thus, for properties that have been under the same ownership for many years, the assessed value may not reflect current market value. However, real estate is subject to re-assessment to reflect current market value upon a change in ownership or new construction.

The underlying parcel is owned by PG&E and PG&E does not pay property taxes to the County of Santa Clara.

SITE DESCRIPTION AND ANALYSIS

Introduction

The subject proposed ingress/egress easement is part of a larger parcel that is primarily vacant land but which is partially encumbered by a public-utility power transmission corridor.

The easement value is considered within context of the lack of utility of the underlying parcel (as will be shown) and is related to the potential buyer demand and utility for the easement itself.

Size, shape, topography, utilities, and access

The subject ingress/egress easement is part of a larger parcel identified as APN 712-03-038. This parcel and the adjacent parcel to the north, APN 712-03-056, are both owned by PG&E. The underlying parcel is triangular in shape, which is an awkward shape.

These two parcels are contiguous, and continuous, portions of the PG&E transmission corridor in the area. Aside from the transmission facilities, both are vacant, raw land, typical of property in the area. Topography is typically level and rolling hills.

For a stand-alone parcel, the underlying parcel is landlocked. There are three ways which the subject underlying parcel could gain access. One way is through the purchase of the fee or an easement on/of the northern PG&E parcel since that parcel has access on Bailey Avenue. Secondly, the underlying parcel could gain access by acquiring an easement on the SCVWD property to the west, which has access off of McKean Road. Note that Brandenburg properties has acquired an easement on the SCVWD property to the west and buying the subject easement property would connect the Brandenburg sites to the east and west. This is considered as part of the potential buyer motivations for the subject easement. Lastly, the underlying parcel could gain access by assemblage with the Brandenburg properties to the east, which have access off of Bailey Avenue.

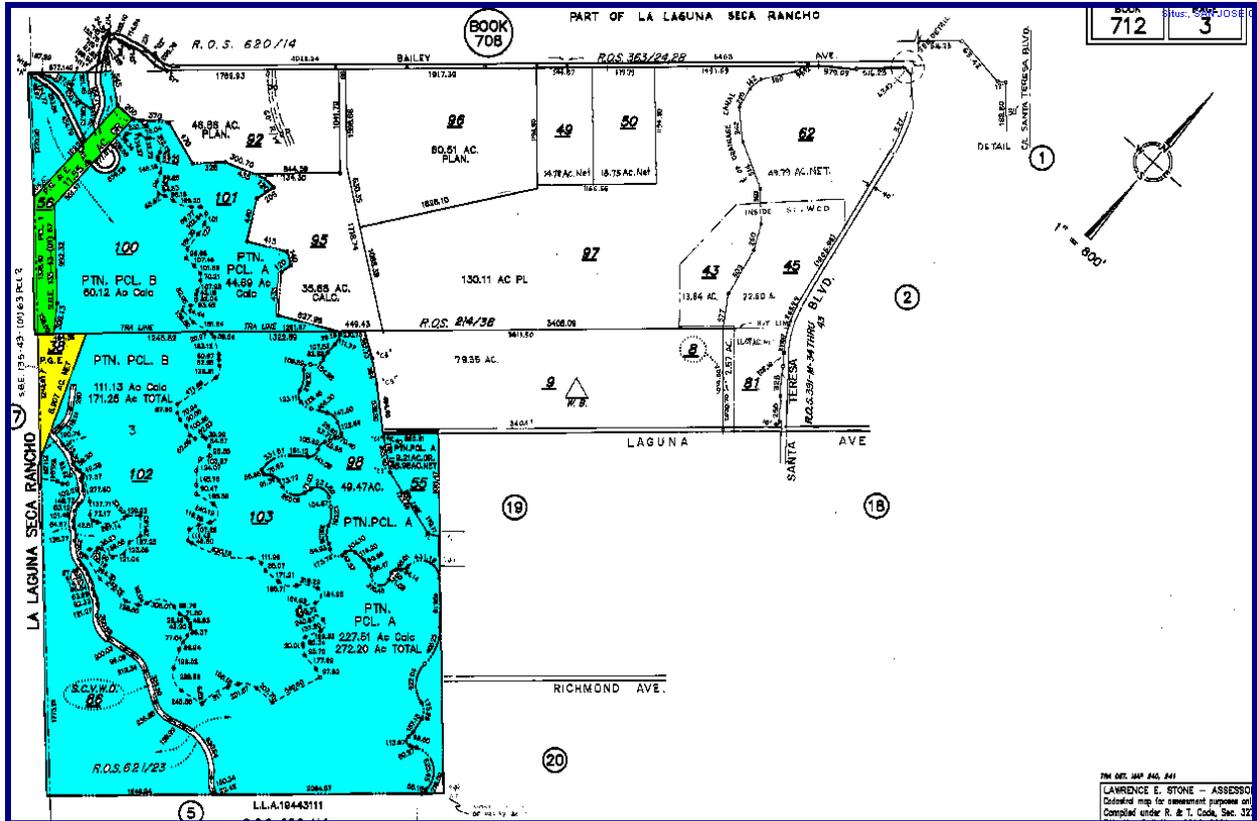
So, the subject access issue is problematic and limits the potential pool of buyers. The subject has potential only for an ingress/egress easement, as defined by the legal uses, which further limits the utility, marketability, and value of the easement. Overall, the access issues are not uncommon for remnant properties. Assemblage by Brandenburg would afford access to the subject via Bailey Avenue and McKean Road.

It is our understanding that, if PG&E were to sell their two properties or an interest in their properties (e.g. ingress/egress easement), PG&E will reserve rights to the existing transmission and communication improvements, as well as to “in-kind” improvements that may be required in the future. This is considered a hypothetical condition for this appraisal and the subject ingress/egress easement is valued within this context.

Utilities are rural: All typical public utilities including electricity, water, sewer, gas, and telephone services would be required to be extended into the site. As in all of Coyote Valley, the cost of extending infrastructure improvements is very expensive, which limits development potential and extends the typical timetable for development.

Water for low-intensity development is, however, available on-site, on the adjacent Brandenburg site. It is unknown if water is available on the subject underlying site. A shallow well generates at the approximate rate of 20 gallons per hour, we are informed. This is sufficient to meet low-density residential requirements.

A parcel map showing adjacent lands and ownerships is provided below.



Yellow: Subject underlying parcel (power line transmission corridor). Proposed ingress/egress easement is located within the yellow-highlighted parcel area. **Green:** Adjacent PG&E strip to the north (power line transmission corridor). **Blue:** Brandenburg adjacent properties to the east (vacant lands). **Not shown:** Santa Clara Valley Water District properties to the west which has access/frontage on McKean Road.

Existing Use and Reserved Easement Rights to be Retained by PG&E

The underlying PG&E parcel is improved with high-tension electrical transmission lines and lattice towers. PG&E informs that these are 115 kV lines. APN 056 (highlighted in green) is encumbered in its entirety. Of the approximate 6.907 acres comprising APN 038 (subject underlying parcel highlighted in yellow), it is estimated that about 4 acres would lie outside of the lines and swing requirements of a typical encumbrance.

A hypothetical condition of this report is that the sale of the subject ingress/egress easement would occur with formal easement language memorializing PG&E easement requirements to these power transmission improvements. These memorialized easements would further reduce the stand-alone utility and appeal of the underlying subject parcel.

Potential Demand Sources for Underlying Parcel and Proposed Ingress/Egress Easement

The parcel highlighted in yellow is 6.907 acres. The parcel highlighted in green is 11.55 acres. And the Brandenburg properties highlighted in blue are approximately ±502 acres. It is physically possible to assemble the yellow parcel (i.e. the subject underlying parcel) with the Brandenburg properties to the east.

Brandenburg properties could find the yellow parcel of interest for the following reasons. Many buyers of rural properties give important consideration to privacy, seclusion, and adjacent land use control. Some buyers prefer sites where no neighbor can look down on their properties from a property that is of higher elevation. Similarly, some rural property owners prefer not to be able to see any of their neighbors. So, in this manner, acquisition and assemblage of the yellow parcel with the Brandenburg properties would afford the Brandenburg owner these additional benefits by being able to control a property that is located at a higher elevation and is in the immediate area. Clearly, Brandenburg properties would be a logical user if the yellow parcel ever came on the market for sale. While Brandenburg would not need the yellow parcel to develop their properties to the east, similar buyer motivations are considered in the valuation analysis.

The properties to the west and south of the subject underlying parcel are owned by the Santa Clara Valley Water District and the Cinnabar Golf Course (also a Brandenburg property). There is no evident need or demand from these users although adjacent land use control could be a similar consideration for these owners as well.

Lastly, a possible owner for the yellow-highlighted underlying parcel is a speculator or land banker. A developer is a less likely buyer given the difficult size, shape, and power line easements in place.

Acquisition of the subject easement by Brandenburg would link their properties on either side of the underlying parcel. There are no other logical users for the subject easement given the use limitations and location.

Preliminary Title Report

We were not provided with Preliminary Title Reports on the title of the property being appraised, and therefore, the report must include the assumption that there are no liens, encroachments, encumbrances, easements (other than those specifically mentioned) or clouds upon the title that would impact the value and marketability of the subject property.

Site Influences

A Phase I Environmental Site Assessment was not provided to the appraisers for review. This report is typically prepared by a qualified engineer and generally indicates whether the soil, ground water, or property improvements are contaminated. The report summarizes the study of available public records about the former and current uses on the site, and identifies actual or potential contamination problems. It may also provide an analysis of soil and ground water samples from strategic borings on the site. As real estate appraisers, we are not qualified to determine if the soil or ground water is contaminated or if there is onsite or offsite source of contamination. *For the purpose of this appraisal, it is assumed the site is “environmentally clean.”*

We did not survey the subject site. We have relied on our casual observations in opining with regard to site encroachments. No encroachments were observed either from the subject site onto neighboring sites or from neighboring sites onto the subject site by the appraisers. The presence of site encroachments and their eventual resolution have the potential to materially affect the “market value” of a property. Our valuation of the subject property assumes that no encroachments exist that would affect its utility, marketability, and/or value. If the possible

existence of encroachments is of particular concern to any reader of this report, it is our recommendation that a survey be obtained from the appropriate professional.

Description of Proposed Easement

The subject easement is for non-exclusive, surface access (ingress/egress) rights. The easement size is 21,076 square feet. The easement is approximately 100 feet wide and the shape is irregular. We have not read a legal description but the allowed uses are derived from the client.

The subject is a surface easement. A surface easement typically carries the greatest value, when compared with air easement or sub-surface easements, for example. These factors are considered in the analysis.

The subject easement is located on the southern portion of the subject underlying parcel. The easement location and proposed surface use does not impact future development potential of the subject underlying parcel as a stand-alone parcel or as assembled. So, the effect of the easement rights should be less than the full fee rights, but likely very close to the full fee rights given the surface area nature of the easement.

Site Conclusion

The subject underlying parcel can be incorporated into a compatible development with adjacent lands (e.g. Brandenburg properties). As a stand alone parcel, the subject underlying parcel is non-developable: irregular and narrow shapes are inadequate and the parcel size is too small to comply with the local land use ordinances and the market forces for development independent of assemblage/“plottage” with the adjacent lands.

The shape is difficult to develop independent of assemblage with other sites. Shape, combined with its comparatively small size (for land uses in the area), severely impact the development potential of the parcel. Combine that (shape and size) with the reservations for continued power and communication transmissions eliminate independent development potential.

Overall, the subject is an easement located on a remnant. These factors limit the development potential, buyer pool, and value for the subject easement. Development would need to occur in conjunction with a larger land ownership, such as the Brandenburg ownership. This would occur through assemblage or combining the underlying parcel with the adjacent ownerships. These characteristics are recognized in the highest and best use analysis as it relates to the subject easement valuation.

ZONING AND LAND USE

The subject is located in the city of San Jose and is zoned R-1-1. The General Plan is Non-Urban Hillside.

There is a General Plan amendment in place to change the designation from Non-Urban Hillside to Private Open Space, which would allow for a cemetery, among other low-intensity open space uses. There also is an application out for a zoning change to A(PD) Planned Development to allow cemetery uses on a 443.5 gross acre site to the east of the subject, which is currently owned by Brandenburg Properties under the name of Silver Creek Valley. Both applications are related and are technically pending, according to planner Mr. Mike Enderby. But, both

applications have been inactive for years. So, clearly, there would be much work left to do to process a zoning change to allow for a cemetery. At this time, a change in the General Plan and zoning to allow the cemetery use is considered speculative.

Existing General Plan

The “Non-Urban Hillside” land use is reserved for those areas where the slope is greater than fifteen percent, and as such, development in these areas is limited. Because of the prevalent geologic conditions in hillside areas (landslides, soil creep, earthquake faults) and the extraordinary public costs of hillside development, uses must be limited to those having very little physical impact on the land and requiring no urban facilities or services.

The maximum residential density on property with a Non-Urban Hillside designation is determined by the Hillside Slope Density Formula which defines minimum lot sizes between 20 and 160 acres (i.e., a density range of .05 to .0063 DU/AC) based on average slope of an existing legal parcel.

The underlying subject parcel (APN 712-03-038) measures 6.907 acres. The adjacent parcel, APN 712-03-056, which is also owned by PG&E is 11.55 acres. The subject parcel is sub-standard in terms of minimum lot size per the most lenient slope density calculation (i.e. it is smaller than 20 acres). Thus, assemblage with surrounding parcels would be required in order to develop the subject underlying parcel.

Existing Zoning

The R-1-1 zoning is a residential zoning district that allows one dwelling unit per acre. The purpose of the single-family residence district is to reserve land for the construction, use and occupancy of single-family subdivisions.

Single family homes are permitted. Conditionally permitted uses include cemeteries and churches.

Conclusion

Overall, a low intensity use is likely for the subject underlying parcel, when combined with the adjacent Brandenburg sites. Stand-alone development is not likely given the size, shape, and access considerations. There is no stand-alone development potential for the area encompassed by the proposed ingress/egress easement. The proposed ingress/egress easement could however be used for the proposed road use.

The subject is an easement on a remnant property and the easement would allow ingress/egress access. The remainder of the underlying parcel would not be negatively affected considering the additional power line encumbrances and overall utility of the site.

OCCUPANCY

The underlying parcel is vacant land at the surface, but is improved with lattice towers and electrical transmission lines. These are reportedly 115kv lines.

HIGHEST AND BEST USE ANALYSIS

The highest and best use analysis is relevant to both land as if vacant considering the underlying site is essentially unimproved land aside from the lattice towers at the surface. We considered the legally permissible, physically possible, financially feasible, and maximally productive uses of each logical alternative use.

As Vacant

Legally Permitted

There is no existing legal access to the underlying parcel on a stand-alone basis and the underlying parcel would need to be assembled with adjacent lands to gain street access. This landlocked feature of the underlying parcel reduces the utility, marketability, and value of the underlying parcel. The underlying parcel takes on remnant characteristics. If assembled with the adjacent Brandenburg property, the underlying parcel would take on the value characteristics of that site. The power lines would be reserved in any transaction.

While we have not reviewed the easement language, we are told by our client that the proposed subject easement would allow ingress/egress only. PG&E will reserve power transmission line easements upon sale of the subject ingress/egress easement. No other uses are considered to be legally permitted either by the zoning or easement language in the subject proposed easement area.

The legally permitted uses include residential and low density uses such as open space and cattle grazing. There are no other legally permitted uses on a stand-alone basis for the underlying parcel.

Physically Possible

A variety of low-intensity uses would be physically possible on the underlying site, including low-density residential uses, cattle grazing, and open spaces.

The proposed easement is for the southern portion of the parcel, and would not interfere with other physically possible uses. A roadway is possible on the subject easement. Power transmission lines currently exist on a portion of the proposed subject ingress/egress easement and are physically possible.

Financially Feasible

Open space is feasible on the underlying site. A residential use is not feasible at the current time. Feasibility is expected in the long term, like the rest of Coyote Valley. At this point, feasibility is not expected within ten years, and 15 years may be more likely.

An ingress/egress easement to provide access to the adjacent Brandenburg lands is financially feasible.

Maximally Productive

Based on the legally permitted uses and physically possible uses, the maximally productive use for the underlying site is for open space with reservations for the power lines.

Highest and Best Use as Vacant Conclusion

The highest and best use of the underlying site is open space, while reserving power transmission easement rights to PG&E. The most likely buyer is Brandenburg. This analysis considered the small potential buyer pool and the fact that Brandenburg already has access to their adjacent property to the east (i.e. blue parcel on previous map) from Bailey Avenue.

SECTION III - VALUATION

THE APPRAISAL PROCESS

Three methods of valuation can be applied to the appraisal of land. The most often used approach is the Direct Sales Comparison Approach. This method involves the comparison of the subject with recent sales of comparable properties.

A second method of land appraisal is the Land Development Approach. This approach involves estimating the development costs of installing all utilities and off-sites. These costs can be subtracted from a known improved lot value (established by sales comparison) to arrive at an estimate of raw land value or added to the known raw land value to arrive at the value of an improved site.

The third method employed is an Income Residual Method. An estimate is made of the potential net income which can be earned from the site improved with buildings. The cost of these improvements is estimated to determine the portion of the income needed to supply a fair return on these costs. The residual income is available for a return on the land. Therefore, this income is capitalized into an indicated land value.

For purposes of this appraisal, the Sales Comparison Approach has been employed. The subject is an easement on a remnant parcel owned by PG&E. Key factors to this valuation include buyer motivations, limited buyer pool and limited development potential. These features are found in comparable sales of other remnant properties, included in the valuation section.

Sufficient sales data was available to provide a reliable value conclusion. This is the method that would most often be applied by a typical buyers and sellers of this type of property. Buyers for properties of the subject type typically pay lump-sum prices, or out-of-pocket prices.

SALES COMPARISON APPROACH

In the sales comparison approach, an opinion of market value is developed by comparing properties similar to the subject property that have recently sold. A major premise of the sales comparison approach is that the market value of a property is related to the prices of comparable, competitive properties. The comparable properties are adjusted to the subject to reflect differences in property right appraised, buyer/seller motivation, financing terms, market conditions at time of sale, size, location, physical features, and economic characteristics.

The best way to value the subject easement is to compare sales of other limited-marketability properties where similar buyer motivations can be analyzed. Five sales or remnant sites are included below which reflect similar limited buyer pools and motivation on behalf of the buyers. Remnant sites are selected since they bracket the subject in terms of physical and legally permitted uses as well as buyer motivations.

Buyers of these properties typically pay prices based on the lump-sum basis, given the relatively small amount of dollars involved in the transaction.

While the subject is an ingress/egress easement and the sales listed below represent the sales of fee interest, we have considered the easement rights implicitly in the analysis. We have recognized that some of the comparable sales data, for example, are also encumbered by additional easement reservations, and thus no adjustment would be needed for the easement

versus fee rights. Furthermore, the subject easement represents surface rights, which are typically the most valuable within a fee interest. The rights to be gained with the subject easement, therefore, are those relatively similar to those acquired in a fee interest.

Our analysis and experience with remnant sales concludes that these parcels typically fall into four major headings, numbered below in declining order (reflecting value characteristics), starting with Type I and ending with Type IV. In addition, we have found examples of what we characterize as subcategories of Types III and IV, and run-ons between II-III and III-IV. While this may argue for additional delineation among the types, we find that the actions and expectations of the marketplace participants are best explained in the four types outlined below. Type I is the most easily developable on its own; Type IV is the least independently developable:

- I The parcel has development potential on its own, sometimes arguable (speculative) until development plans are approved by the jurisdictional agency, i.e., planning department. It has shape allowing full or partial use without being assembling to an adjoining parcel, though gains a higher potential density, or less debatable development potential, when it is assembled.
- II The remnant is readily assembled with an adjoining parcel, and when combined, the two parcels make one developable parcel where neither was developable individually before combining the two.
- III The remnant is readily assembled to the adjoining parcel. The assemblage improves (to varying degrees) the development potential and use of the larger adjacent property.
- IV The remnant can be assembled, but there is very limited, or nominal, improvement to the adjacent or contiguous property. Often the adjacent property is already developed and the remnant minimally affects the overall property value and utility.

Examples of Type IV are typically parcels that would be plotted to an existing, improved property. It is not necessarily a contiguous parcel along all of its boundaries, but it provides at least a partial integrated use to a portion of the site. The integrated use, nonetheless, has a nominal to modest effect on the utility or value of the site to which it would be joined.

Discounts in value for remnants, from the value of the adjoining land, are substantial. Depending on the subcategory, the pricing reflects: discount percentages; or very low price per square foot bases; or lump sum prices based on what the buyer can afford out-of-pocket.

The subject is most similar to a Type IV remnant given its limited buyer pool and benefit to the adjacent ownership. As such, sales of other Type IV easements are included in the table that follows.

In selecting the comparable sales for this analysis, emphasis is placed on those land sales that have similar, limited development potential, buyer pool and demand, contribution to assembled parcel, and motivation.

Historically, sale dates and price trends have fluctuated, but only minimally. Until the recent economic reversal, a shift in remnant valuation was apparent: values were increasing. However, the economic crisis has shifted the trend to downward for land values in general. The effect of market condition changes is small though for these remnants since the prices paid are relatively little in real dollars.

COMPARABLE REMNANT SALES						
No.	Location	Sale Date	Size (SF)	Zoning	Lump-Sum Price	Comments
1	Dove Hill Road, south of Coly Way San Jose	Feb-00	10,343	n/a	\$ 8,500	Three road remnants assembled into existing adjacent single family homes. Subsequent assemblage resulted in additional development opportunity.
2	East side of Old Bayshore San Jose	Oct-03	871	n/a	\$ 2,500	Small irregularly shaped parcel purchased by adjacent industrial property owner. Lump-sum purchase.
3	42059 Paseo Padre Parkway Fremont	Jan-06	1,900	n/a	\$ 1,800	Landscaping remnants purchased by adjacent home-owner.
4	Easterly side of Guadalupe Hwy San Jose	Nov-98	76,230	n/a	\$ 74,000	Landlocked surplus land undevelopable on its own. Purchased price based on open space land use potential.
5	North side Bestor Street San Jose	May-03	8,734	n/a	\$ 11,000	Abandon alley assembled into residential sites flanking it.
Subj.	Bailey Avenue Coyote Valley, San Jose	Oct-09	21,076	R-1-1	n/a	Ingress/egress easement. Underlying parcel is land-locked unless accessed by assemblage with adjacent ownership.

HULBERG & ASSOCIATES, INC.



To assist the reader in understanding the buyer motivations, potential buyer pool, and contribution to the assembled parcel, we have provided a table below in which we qualitatively rate each comparable sale. We have also rated the subject for comparison. Generally, the lower the score, the lower the value, all else being equal.

Qualitative Ratings. Note Subject's Low Ratings.			
Comp #	Buyer Pool	Buyer Motivation	Contribution to Assembled Parcel
One	Small	Medium	Medium
Two	Small	Weak	Small
Three	Small	Weak	Small
Four	Small	Strong	Medium
Five	Medium	Moderate	Medium
Subject	Small	Moderate	Small
Rating Scale			
	Buyer Pool	Buyer Motivation	Contribution to Assembled Parcel
	Small, Medium, Large	Weak, Moderate, Strong	Small, Medium, Large

Remnant Sale Number One, at \$8,500, is the sale of three road remnants assembled into adjacent single family residences. This property is a smaller site than the subject at 10,343 square feet and sold in February 2000. The buyer pool is similar as the subject but the buyer motivation and contribution to the assembled parcel are superior to the subject. Also, this property is superior to the subject in terms of the rights (i.e. fee simple rights).

A downward adjustment is warranted for buyer motivation and easement rights. Overall, a lower value is warranted for the subject.

Remnant Sale Number Two, at \$2,500, is the sale of a small, irregular parcel that was purchased by an adjacent industrial user. This comparable has low qualitative rating in terms of buyer pool, buyer motivation, and contribution to assembled parcel. The subject buyer would have stronger motivation to acquire the easement as it would afford an additional access connection to McKean Road.

An upward adjustment is warranted for motivation. Overall, a higher value is warranted for the subject.

Remnant Sale Number Three, at \$1,800, is the sale of a landscaping remnant to the adjacent residential property owner. All three qualitative ratings for this property are low considering the limited buyer pool and contribution to the assembled parcel. This site is only 1,900 square feet and sold in January 2006.

Considering the physical characteristics and buyer motivations, a higher value is warranted for the subject.

Remnant Sale Number Four, at \$74,000, is the sale of a landlocked site undevelopable on its own. The buyer motivation and contribution to the assembled parcel are rated higher for this property than for the subject. The site sold in November 1998 and measures 76,230 square feet. The purchase price was based on open space land use potential. The buyer subsequently assembled this site for an affordable housing project. The subject is inferior in terms of its easement rights, when compared to fee rights.

Considering downward adjustments for buyer motivation, rights, and contribution to assembled parcel, a lower value is warranted for the subject.

Remnant Sale Number Five, at \$11,000, is the sale of an abandon alley that was flanked into the adjacent residential sites. This remnant measures 8,734 square feet and sold May 2003. This site did not have any independent development potential.

There was a larger buyer pool for this property with stronger buyer motivation, and a greater contribution to the assembled sites. Considering downward adjustments for these factors, a lower value is warranted for the subject.

Subject Ingress/Egress Easement Value Conclusion

After adjustment, the range is value is from \$2,400 to \$37,000, with all but one comparable in the \$2,400 to \$10,000 range.

The adjustments are difficult at best to quantify which is why qualitative analysis is more appropriate and given more weight. The important elements of comparison for this analysis are not so much location, date of sale, and size, but rather buyer motivation, potential buyer pool, and contribution to the assembled site. This holds true for other remnant properties as well.

In reaching our conclusion, we gave most weight to Comparables One, Two, and Five considering motivations, buyer pool, and utility contribution. A value that is less than \$10,000 but more than \$3,000 is supported.

The subject easement has a very limited buyer pool. We have identified Brandenburg to be the only logical buyer. The primary motivation would be to add another access point to McKean Road (in addition to the Bailey Avenue access point). The contribution to the assembled parcel (i.e. low intensity, rolling hills land) would be minor and so would the value.

Based on these factors we have concluded a value at the lower end of the range, at **\$5,000**.

Price Per Acre Equivalent

Note that the price per acre equivalent for the subject easement is \pm \$10,400, or \$5,000 / 0.48 acres for the subject proposed easement area. Low intensity rural sites and open space sites typically sell for between \$2,000 and \$16,000 as indicated in the chart below. Values above this range are possible for excellent sites with low to moderate density and for sites which have good development potential.

SUMMARY OF RURAL LAND SALES						
Sale No.	Location	Size (Acres)	Sale Date	Sale Price	Price/Acre	Comments
1	14400 Kaiser Aetna Rd. Gilroy APN: 865-10-011	949.3	4/09	\$2,000,000	\$2,107	Recreational ranch purchased for hunting.
2	10388 Panoche Rd. Paicines APN: 027-090-011	1028.9	2/09	\$3,000,000	\$2,916	Cattle ranch purchased by adjoining property owner.
3	1000 San Juan Canyon Rd. San Juan Bautista APN: 018-200-051	421	5/09	\$4,500,000	\$10,689	Former equestrian ranch purchased by Bonny Doon Winery for grape cultivation.
4	Higgins Canyon Rd. Half Moon Bay APN: 066-120-021	95.5	9/09	\$1,250,000	\$13,090	Rolling hillside land with ocean views near Half Moon Bay.
5	21151-21275 McKean Rd. San Jose APN: 742-05-015	964.4	6/09	\$16,045,000	\$16,637	Premium Almaden Valley Ranch purchased for open space.
6	Trout Gulch Rd. Aptos APN: 105-121-39	114.4	8/09	\$1,900,000	\$16,610	Premium ocean view property.

So, in effect, the subject easement value is low in part because the value of the underlying parcel is low. The value of the subject is reasonable of the typical value for low-density, rural sites in the area, especially when considering the access issues, easement reservations, and overall utility. Thus, the easement value is supported when looking at the underlying price per acre equivalent.

STATEMENT OF VALUE

Based on our research and analysis, as summarized in the foregoing report, it is our opinion that the market value of the proposed ingress/easement, as of October 31, 2009, was:

**FIVE THOUSAND DOLLARS
(\$5,000)**

This conclusion is subject to the assumptions and limiting conditions in the Addenda.

ADDENDUM

PHOTOGRAPHS OF SUBJECT PROPERTY



Gate on Mckean Road.



View of overhead power lines and lattice towers near subject property.



Lattice Tower.



View of Mckean Road gate with subject located in hills at background.



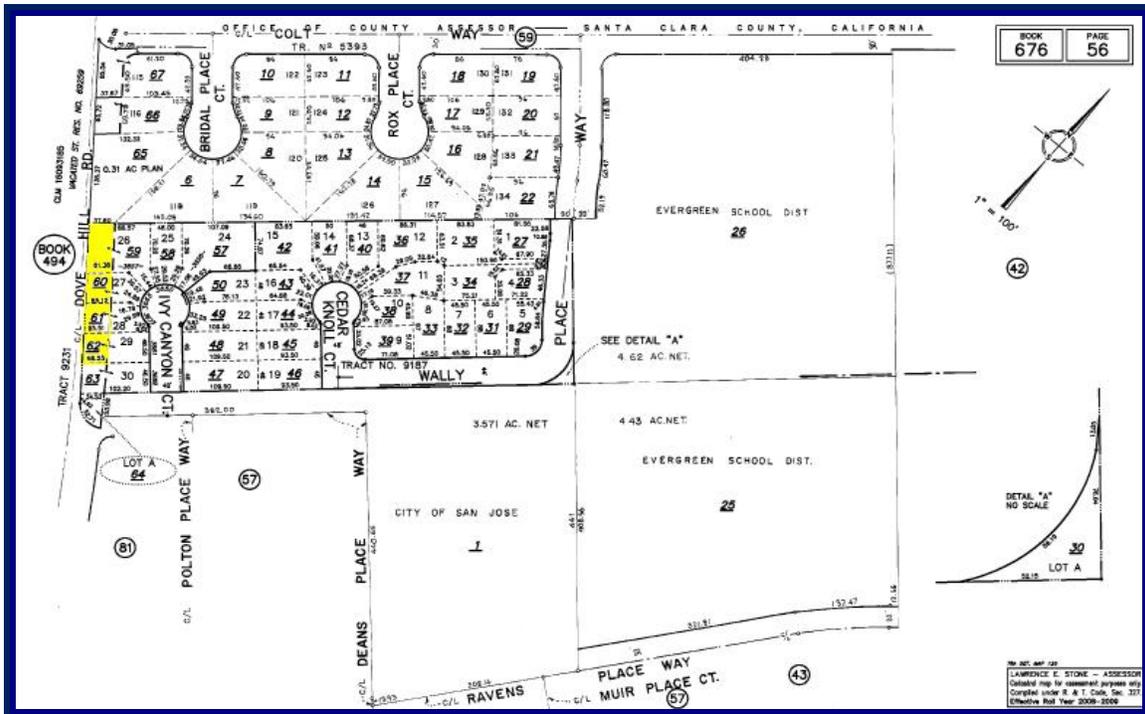
Street scene of McKean Road, looking north.



Street scene of Bailey Avenue, looking east.

COMPARABLE REMNANTS

Comparable Remnant Land Sale #1



Location: Dove Hill Road, south of Colt Way
San Jose , CA 95121

APN: Adjacent to APNs 676-56-002, 003, 004

Zoning: N/A

Grantor: City of San Jose

Grantee: Ryland Homes

Recording No: 15160981, 15160982, 15160983

Sale Date: 2/24/2000

Sale Price: \$8,500

Size (s.f.): 10,343

Price/s.f.: \$0.82

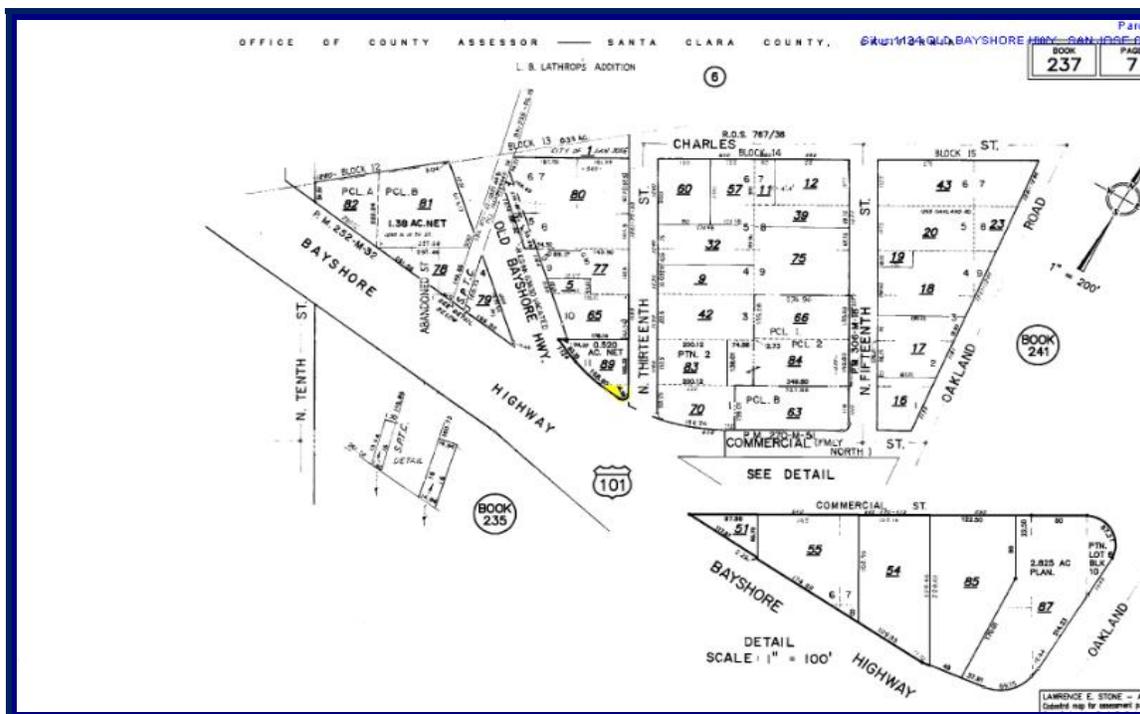
Price/acre: \$35,798

Comments: This is the sale of 3 segments of a larger parcel purchased by Ryland Homes from the City of San Jose and then conveyed to the adjacent homeowners. Ryland Homes purchased these three Type IV remnants in order to acquire a fourth remnant that had development, and provided additional dwelling units, when assembled into the contiguous site. The three remnants were purchased individually at: \$2,000 (2,265 s.f.); \$2,500 (2,982 s.f.); and \$4,000 (5,096 s.f.).

They are the vacated portions of Dove Hill Road adjacent to Highway 101 in the City of San Jose. Terms were all cash to the seller.

Comp Number: 49354

Comparable Remnant Land Sale #2



Location: East side of Old Bayshore Highway, west of 13th Street
San Jose , CA

APN: Adjacent to 237-07-064

Zoning: N/A

Grantor: City of San Jose

Grantee: Pavone & Pena

Recording No: N/A (In Escrow) Scheduled close is 8/03

Sale Date: 10/28/2003

Sale Price: \$2,500

Size (s.f.): 871

Price/s.f.: \$2.87

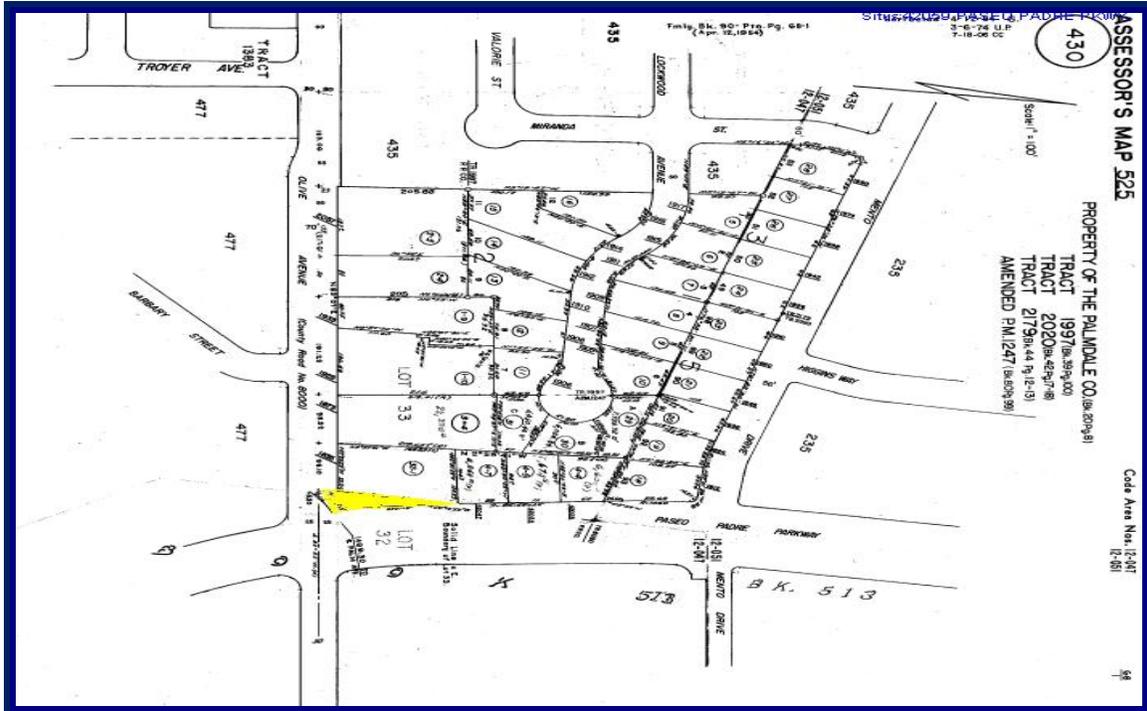
Price/acre: \$125,029

Comments: This is the sale of a type IV land remnant from the City of San. A small, irregularly shaped remnant, the parcel was originally intended for a street right-of-way. However, it was eventually determined to be surplus to the city's needs. The owners of the adjacent industrial site purchased the parcel at a lump-sum price negotiated between buyer and seller. The San Jose

City Council was scheduled to approved the sale on October 23, 2003. Terms of sale are all cash to the seller.

Comp Number: 49358

Comparable Remnant Land #3



Location: 42059 Paseo Padre Parkway
Fremont , CA 94539

APN: 525-0430-032-01 (portion of)

Zoning: N/A

Grantor: City of Fremont

Grantee: Nolan and Darcy Hughes

Recording No: N/A

Sale Date: 1/1/2006

Sale Price: \$1,800

Size (s.f.): 1,900

Price/s.f.: \$0.95

Price/acre: \$41,267

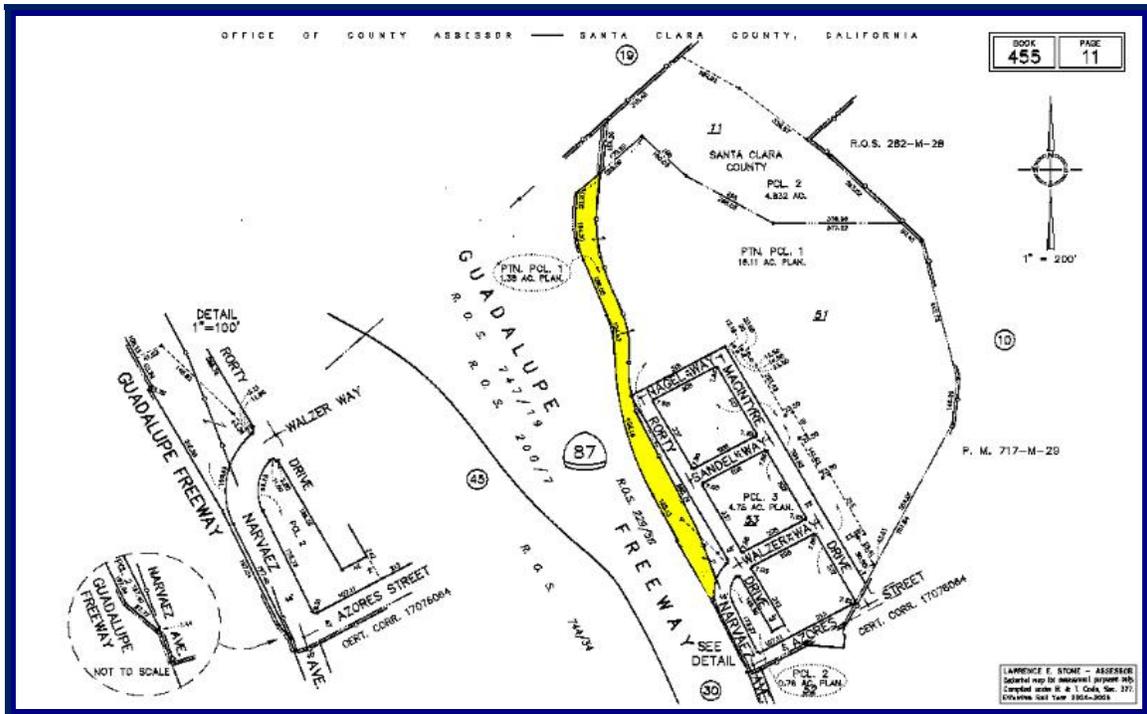
Comments: This is the sale of a narrow landscaping remnant to an adjacent homeowner. The property homeowner was utilizing the site for landscaping and was informed that the strip of land was owned by the City of Fremont.

The homeowner hired an appraiser who established a sales price and the City of Fremont agreed to the price.

The close of escrow date is approximate.

Comp Number: 47445

Comparable Remnant Land Sale #4



Location: Easterly Side of Guadalupe Highway,
San Jose , CA

APN:

Zoning:

Grantor: The County of Santa Clara

Grantee: Housing Authority of the County of Santa Clara

Recording No: 14520309

Sale Date: 11/24/1998

Sale Price: \$74,000

Size (s.f.): 76,230

Price/s.f.: \$0.97

Price/acre: \$42,286

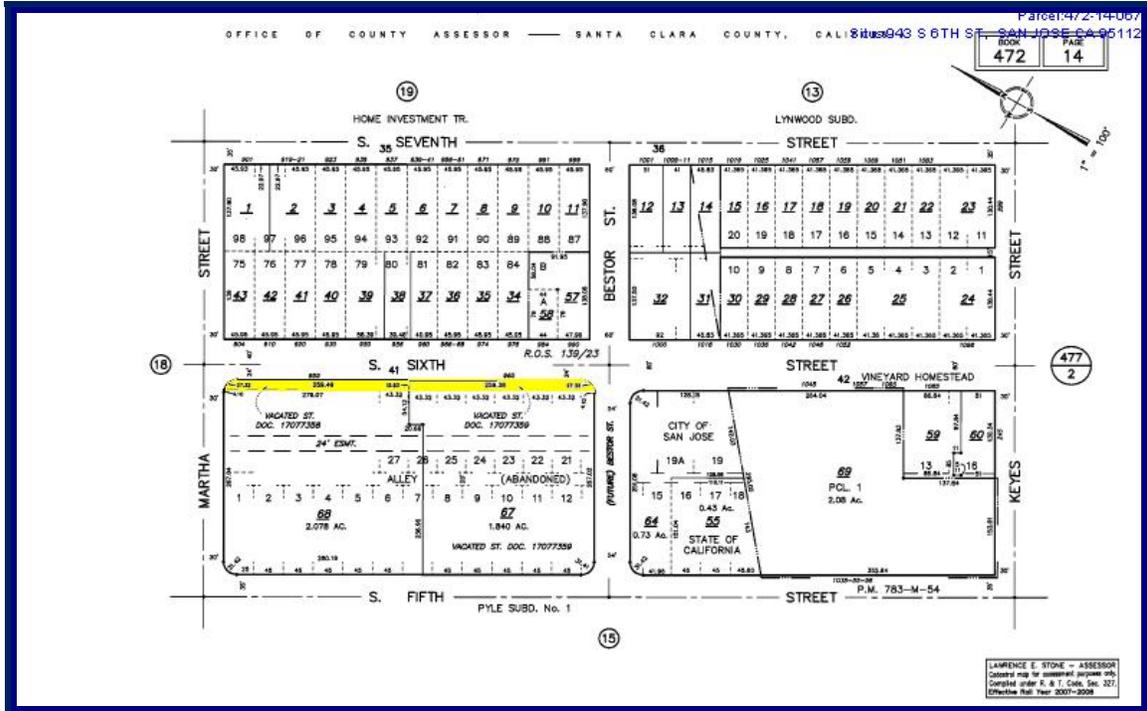
Comments: This 1.75 acre site is a vacant, landlocked, surplus land remnant remaining from the Guadalupe Corridor Project. The site is located on the east side of the Guadalupe Freeway (Route 87), north of Narvaez Avenue, south of Curtner Boulevard. It is landlocked on the north, south and west sides by vacant land; and on the east side by Route 87.

The site is a long and narrow, undevelopable portion of land sold to the Santa Clara Housing Authority for open space and a bicycle/pedestrian trail. Pricing was negotiated based on the site's market value as open space land. The Housing Department, then, assembled it into an adjacent 25.43-acre acre site it purchased for the construction of 155 units of affordable housing. The Board of Supervisors heard the purchase proposal and voted on it September 1, 1998.

Terms of sale were an open-market negotiated price with all cash to the seller.

Comp Number: 69175

Comparable Remnant Land Sale #5



- Location:** North side Bestor Street, south side Martha Street
San Jose , CA
- APN:** Adjacent to 472-14-065 & 066
- Zoning:** N/A
- Grantor:** City of San Jose
- Grantee:** 901 S. 6th St. Assoc., Inc. & 985 S. 6th St. Assoc., Inc.
- Recording No:** 17077358 & 17077359
- Sale Date:** 5/30/2003
- Sale Price:** \$11,000
- Size (s.f.):** 8,734
- Price/s.f.:** \$1.26
- Price/acre:** \$54,861

Comments: Concurrent sales of two long-narrow remnants, a full, abandoned alley extending from Martha to Bestor Streets, between South 5th and 6th Streets. The sale was negotiated to a residential developer that owned the site lying contiguous on both sides of the remnants. In addition to this purchase, negotiated based on a discount from \$50.00/s.f. land value, the buyer

will dedicate (at no cost) land for street widening of Bestor Street. That value (for Bestor dedication) was not calculated/determined; but it was recognized in the final pricing of these two remnant purchases that were individually priced at \$5,500 each. Terms were all cash to the seller.

Comp Number: 49356

**QUALIFICATIONS OF APPRAISERS
ASSUMPTIONS AND LIMITING CONDITIONS
CERTIFICATION OF APPRAISAL**

YVONNE J. BROSZUS, MAI
QUALIFICATION STATEMENT

EXPERIENCE

Vice President, affiliated with Hulberg & Associates, Inc. since October 1988.

Market Researcher with KRON-TV, San Francisco (1986-1988).

EDUCATION

Bachelor of Science Degree in Marketing from Santa Clara University, 1985

Courses in real estate appraisal, satisfying The Appraisal Institute's education requirements in:

- Basic Valuation Procedures
- Standards of Professional Practice, Parts A & B
- Highest and Best Use and Market Analysis
- Advanced Income Capitalization
- Advanced Sales Comparison and Cost Approaches
- Report Writing and Valuation Analysis
- Advanced Applications

Formal computer instruction and proficient in the use of Pro-Ject, a discounted cash flow module, and Excel. Also proficient in the use of Argus, another computerized discounted cash flow module.

PROFESSIONAL AFFILIATIONS

Member, Appraisal Institute - MAI #12244

State of California "Certified-General Appraiser Certificate No. AG019587

Chairman, Fall Conference Committee, Appraisal Institute, 2006

Committee Member, Silicon Valley Subchapter, Appraisal Institute, 2006-2007

APPRAISAL ASSIGNMENTS

Some of the types of real estate appraisal assignments to which Mrs. Broszus has contributed are listed below:

- | | |
|------------------|--|
| Commercial: | Retail buildings (community, specialty, neighborhood and strip), office buildings (professional and medical/dental), and vacant land. |
| Industrial: | Warehouses, manufacturing, mini-warehouse, light industrial, research and development, and vacant land. |
| Residential: | Apartments, single-family, condominiums, subdivisions, mobile home parks and vacant land. |
| Special Purpose: | Auto dealerships, worship facilities, truck stops, food processing and cold storage facilities, fixed base operators at airports, agricultural land. |
| Other: | Litigation and arbitration; qualified as an expert witness: expert testimony and depositions. |

QUALIFICATION STATEMENT, YVONNE J. BROZUS, MAI - Continued

CLIENTS

Clients of Hulberg & Associates, Inc. include banks, savings and loans, insurance companies, attorneys, public agencies and individuals. A partial list of past clients includes:

Acacia Capital Corporation	Hopkins & Carley
Advanced Micro Devices	Housing Capital Company
A.G. Spanos Companies	Howard, Rice, Nemerovski, Canady
Aldrich, Eastman & Waltch	IBM
Alza Corporation	Intel Corporation
Apple Computer, Inc.	IRS
Arnelle, Hastie, McGee, Willis & Greene	KB Home
Arcadia Homes	The Koll Company
Bank of America	Larwin Homes
Bank of the West	Lehmann Brothers
Barry Swenson Builder	Legacy Partners
Berliner-Cohen	Lockheed Martin Co.
Bingham, McCutcheon	Matteoni, Saxe & O'Laughlin
Bridge Bank	McDonald's Corporation
NAI-BT Commercial	Merrill Lynch
Calpine Corporation	Metropolitan Life Insurance Co.
CalTrans	Meyers, Nave, Riback & Silver
Castle & Cook, Inc.	Miller, Starr & Regalia
Century Partners	Morrision & Foerster
Champion International	Murray & Murray
Charles W. Davidson Company	Nature Conservancy
Chevron U.S.A., Inc.	Orchard Properties
China Trust Bank	Pinn Brothers
City of Alameda	Ponderosa Homes
City of Fremont	Prudential Insurance Company of America
City of Milpitas	Richmond American Homes
City of Richmond	Ryland Homes
City of San Jose	Sears
City of Santa Clara	Shea Homes
City of Sunnyvale	Shell Oil Company
Coast Counties Truck & Equipment Co.	Silicon Valley Law Group
Comerica Bank-California	Sobrato Development Cos.
County of Santa Clara	South Bay Construction & Devt. Co.
Cox, Castle & Nicholson	Stanford University
Dept. Of Housing and Urban Devt.	State of California
DLA Piper	Steefel, Levitt & Weiss
D. R. Horton Company	SummerHill Homes
Federal Home Loan Bank Board	Thelen, Reid & Priest
Federal Home Loan Mortgage Corp.	Toeniskoetter & Breeding
Federated Department Stores	Trust for Public Land
Ferrari, Olsen, Ottoboni	United States Postal Service
Fidelity National Life Insurance Co.	University of California
Firemans Fund Insurance Co.	Valero Energy Company
First American Title Insurance Co.	Washington Mutual Bank
Ford Motor Company	Wells Fargo Bank
GMAC	Wendel Rosen Black & Dean
Greater Bay Bancorp	Westfield Corporation
Goldfarb & Lipman	Wilson Sonsini
Hoge, Fenton, Jones & Appel	

JOSH FRONEN, MAI
QUALIFICATION STATEMENT

EMPLOYMENT EXPERIENCE:

Associate appraiser, Hulberg & Associates, Inc., real estate appraisers, (2004 - present)

Associate appraiser, TMG Realty Advisors, real estate appraisers, (2001-2004)

Market researcher/appraiser assistant, Akiba Appraisal Services, residential appraisals (2001)

PROFESSIONAL AFFILIATIONS AND LICENSE:

Member, Appraisal Institute - MAI #12636

State of California "Certified-General" Appraiser Certificate No. AG028548

Chairman, Fall Conference Committee, Appraisal Institute, 2009

Member, Board of Directors, Northern California Chapter of the Appraisal Institute, 2009-current

Northern California Chapter of the Appraisal Institute: Membership Development and Recruitment Committee. Appraisal Institute Fall Conference Board Member, 2007-2008.

EDUCATION

Bachelor of Arts, University of California Los Angeles (UCLA). Major in History with business specialization. Cum Laude.

Continuing education courses and seminars from the Appraisal Institute and others including:

Appraisal Principles	Appraisal Fundamentals
Operating Expenses	CAM Escalations/Lease Audit Preparation
Appraisal Procedures	Income Property Valuation
National USPAP	Business Practices and Ethics
Laws and Regulations	Advanced Income Capitalization
Advanced Sales Comparison and Cost Approaches	Understanding Property Taxes
California Eminent Domain Appraisal Practice	Scope of Work
Highest and Best Use & Market Analysis	Legal Aspects of Easements
Estimating Loss in Value	Report Writing and Valuation Analysis
Advanced Applications	Report Conditions & Assumptions
Litigation Conference	Tenant Credit Analysis
Entrepreneurial Profit and Return on Cost	Commercial Lending and Supporting Values

APPRAISAL ASSIGNMENTS

Commercial: Offices: professional and medical/dental; suburban and high-rise. Shopping centers: community, specialty, neighborhood, and strip. Swap meets. Storefront retail buildings.

Residential: Apartments, condominiums, subdivisions, and single-family.

Industrial: R&D, Light industrial, warehouses, food processing, and manufacturing.

Other: Land and remnant appraisals. Retrospective valuations. Arbitration, litigation, estate work, tax appeals, contamination, rent loss, and diminution in value. Has provided court testimony and is a qualified expert witness.

ASSUMPTIONS AND LIMITING CONDITIONS

The appraisal is subject to the following assumptions and limiting conditions:

We believe the information furnished by others in this report to be reliable, but we assume no responsibility for its accuracy.

The legal description furnished us is assumed to be correct. We assume no responsibility for matters legal in character nor do we render any opinion as to the title, which is assumed to be good. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear under responsible ownership and competent management.

We have made no survey of the property and assume no responsibility in connection with such matters. The sketch in this report is included to assist the reader to visualize the property. Stable soil conditions are assumed. Water and mineral rights have not been valued, unless noted.

If this appraisal contains a valuation relating to a portion of a larger parcel of real estate, the value reported for such portion relates the portion only. It should not be construed as applying with equal validity to other portions of the larger parcel.

Any structure(s) is assumed by the appraiser to have been constructed in accordance with applicable building code requirements. Any use of the structure(s) is assumed to be in conformance with applicable zoning ordinances, unless otherwise noted in the appraisal. No specific investigation of these issues has been undertaken by the appraiser. It is recommended that the client secure appropriate legal opinions if these issues pose any concern.

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraisers have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since the appraisers have no direct evidence relating to this issue, possible noncompliance with the requirements of ADA in estimating the value of the property has not been considered.

Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

This appraisal shall be used only for the function outlined in the attached report, unless expressly authorized by Hulberg & Associates, Inc. The format and value reported may or may not be valid for other purposes.

Assumptions and Limiting Conditions - (continued)

Distribution of this report is at the sole discretion of the client and we will make no distribution without the specific direction of the client.

If the client provides copies of this report to third parties, the client shall ensure that the report is copied in its entirety.

The liability of Hulberg & Associates, Inc., and its employees is limited to the client only and to the fee actually received by the appraiser (total per appraisal). Any party who is not the "client" identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Hulberg. "Client" shall not include partners, co-owners, affiliates or relatives of the party named in the engagement letter. The client also agrees that in case of lawsuit arising from or in any way involving this appraisal assignment (brought by lender, partner or part owner in any form of ownership, tenancy or any other party), client will hold Hulberg & Associates and its employees harmless from and against any liability, loss, cost or expense incurred or suffered by appraiser in such action, regardless of its outcome.

If this report is placed in the hands of anyone but the client, client shall make such party aware of all the assumptions and limiting conditions of the assignment. The appraiser is in no way responsible for costs incurred to discover or correct any deficiencies of any type present in the property, physically, financially, and/or legally.

This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use. The appraiser is not responsible for unauthorized use of this report.

The value or values presented in this report are based on the premises outlined herein and are valid for the purpose stated.

We were not provided with Preliminary Title Reports on the title of the property being appraised, and therefore, the report must include the assumption that there are no liens, encroachments, encumbrances, easements or clouds upon the title that would adversely impact the value and marketability of the subject property.

We were not provided with a soils, environmental, or geotechnical report. The appraisal therefore contains the assumption that there are no soils, environmental, or geological conditions that would adversely impact the marketability or value of the subject property.

CERTIFICATION OF APPRAISAL

The undersigned does hereby certify that, except as otherwise noted in this appraisal report:

1. I have no present or contemplated future interest in the real estate that is the subject of this appraisal.
2. I have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved. The appraisal has not been based on a requested minimum valuation, specific valuation or the approval of a loan.
3. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
4. To the best of my knowledge and belief, the statements of facts contained in this appraisal report are true and correct.
5. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
6. Our analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.
7. Josh Fronen, MAI inspected the property. Yvonne J. Broszus, MAI, did not inspect the property but did contribute to the analysis and value conclusions in the report.
8. No one other than the undersigned prepared the analysis, conclusions, and opinions concerning real estate that are set forth in this appraisal report.
9. Members of the Appraisal Institute are required to meet certain continuing education requirements. As of the date of this report, Ms. Broszus and Mr. Fronen have completed the requirements of the continuing education program of the Appraisal Institute.
10. I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.



Yvonne J. Broszus, MAI
Certified-General Appraiser #AG019587



Josh Fronen, MAI
Certified-General Appraiser #AG028548

**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

AT&T	Dept of General Services	Northern California Power Association
Alcantar & Kahl LLP	Douglass & Liddell	Occidental Energy Marketing, Inc.
Ameresco	Downey & Brand	OnGrid Solar
Anderson & Poole	Duke Energy	Praxair
Arizona Public Service Company	Economic Sciences Corporation	R. W. Beck & Associates
BART	Ellison Schneider & Harris LLP	RCS, Inc.
Barkovich & Yap, Inc.	Foster Farms	Recurrent Energy
Bartle Wells Associates	G. A. Krause & Assoc.	SCD Energy Solutions
Bloomberg	GLJ Publications	SCE
Bloomberg New Energy Finance	GenOn Energy, Inc.	SMUD
Boston Properties	Goodin, MacBride, Squeri, Schlotz & Ritchie	SPURR
Braun Blasing McLaughlin, P.C.	Green Power Institute	San Francisco Public Utilities Commission
Brookfield Renewable Power	Hanna & Morton	Seattle City Light
CA Bldg Industry Association	Hitachi	Sempra Utilities
CLECA Law Office	In House Energy	Sierra Pacific Power Company
CSC Energy Services	International Power Technology	Silicon Valley Power
California Cotton Ginners & Growers Assn	Intestate Gas Services, Inc.	Silo Energy LLC
California Energy Commission	Lawrence Berkeley National Lab	Southern California Edison Company
California League of Food Processors	Los Angeles Dept of Water & Power	Spark Energy, L.P.
California Public Utilities Commission	Luce, Forward, Hamilton & Scripps LLP	Sun Light & Power
Calpine	MAC Lighting Consulting	Sunshine Design
Cardinal Cogen	MBMC, Inc.	Sutherland, Asbill & Brennan
Casner, Steve	MRW & Associates	Tabors Caramanis & Associates
Chris, King	Manatt Phelps Phillips	Tecogen, Inc.
City of Palo Alto	McKenzie & Associates	Tiger Natural Gas, Inc.
City of Palo Alto Utilities	Merced Irrigation District	TransCanada
City of San Jose	Modesto Irrigation District	Turlock Irrigation District
Clean Energy Fuels	Morgan Stanley	United Cogen
Coast Economic Consulting	Morrison & Foerster	Utility Cost Management
Commercial Energy	NLine Energy, Inc.	Utility Specialists
Consumer Federation of California	NRG West	Verizon
Crossborder Energy	NaturEner	Wellhead Electric Company
Davis Wright Tremaine LLP	Navigant Consulting	Western Manufactured Housing Communities Association (WMA)
Day Carter Murphy	Norris & Wong Associates	eMeter Corporation
Defense Energy Support Center	North America Power Partners	
Department of Water Resources	North Coast SolarResources	